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House of Representatives

The House was not in session today. Its next meeting will be held on Wednesday, September 6, 2006, at 2 p.m.

Senate

MONDAY, JULY 31, 2006

The Senate met at 2:01 p.m. and was called to order by the Honorable JOHN CORNYN, a Senator from the State of Texas.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Almighty God, holy, powerful, loving, and good, we thank You for Yourself, whom we have come to know and love. Let Your presence be felt today on Capitol Hill. Where there is discord, let there be peace. Where there is hatred, let there be love. Where there is sadness, let there be joy. Where there is sickness, let there be health. Where there is poverty, let there be true wealth.

Use our lawmakers for Your purposes. Give them peaceful satisfaction in doing Your will. Teach them the wisdom of confession without coercion and conciliation without compromise.

We pray in Your powerful Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JOHN CORNYN 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.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 31, 2006.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JOHN CORNYN, a Senator from the State of Texas, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. CORNYN thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period for the transaction of morning business for up to 1 hour of time equally divided between the majority and the minority.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, today we will start a period of morning business until 3 p.m. Following that time, we will return to the debate on the Gulf of Mexico energy security bill. We have a cloture vote scheduled for 5:30 on this bipartisan bill. I hope cloture will be invoked and that we can then work together to bring that bill to a close at the earliest opportunity.

This is our final week of business prior to the August adjournment, and we have some extraordinarily important measures to consider before we leave.

We now have a freestanding pensions bill that has arrived from the House which we will need to consider before the close of the week. We also have a bill that relates to an increase in the minimum wage, death tax reform, and some other very important tax provisions. I expect to schedule that bill at the earliest time, and I hope we can get cooperation from all Senators. The Senate will address that package before we adjourn for the recess. Chairman STEVENS is ready to bring the Department of Defense appropriations bill to the floor, and we will look for a window to have that bill debated and voted on as well. There are a number of nominations—judicial and otherwise—that I hope we can consider this week.

We have a very aggressive agenda this week that has been laid out before us—a very important one because I believe the importance and weight of each of these bills demands that we address them this week.

We have acted on a number of issues over the past several weeks, and most of the recent debate has been on the issue we will consider later today, the Gulf of Mexico Energy Security Act.

Today we are scheduled to conclude that debate on this important piece of legislation. It fundamentally is a bill which will substantially reduce overwhelming dependence on foreign sources of oil. It would move us toward energy independence. It strengthens our national security, and it helps reduce the cost of living for American families and businesses.

Moving toward that energy independence is not only possible, but it is the key to reducing the energy prices that people feel every day when they fill up their cars with gas, when they cool their homes, or other times of the year when they heat their homes. The high energy prices affect people in their everyday lives.

I believe energy independence can be achieved, but a first and very important major starting point will be to make sure we bring more of America's energy to American consumers. That is what the bill does by allowing deep sea exploration in the Gulf of Mexico.

As I mentioned, we have a cloture vote this afternoon, and I expect the final vote on the Energy Security Act hopefully sometime tomorrow.

There are a number of different issues before us as we continue to move and produce meaningful solutions to the problems facing Americans—and that is what we will continue to do.

ORDER OF PROCEDURE

I ask unanimous consent that following the remarks by myself and Senator REID, Senator HAGEL be recognized for 30 minutes.

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

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Democratic leader is recognized.

109TH CONGRESS

Mr. REID. Thank you very much, Mr. President.

Very difficult thing to get anything out of this . . . Congress. They don't want to do anything for the people. They are awful anxious to do things to the people, and they have done a lot of things to the people . . . and it's beginning to hurt.

That is a quote of Harry Truman.

Again:

Very difficult thing, to get anything out of this . . . Congress. They don't want to do anything for the people. They are awful anxious to do things to the people, and they have done a lot of things to the people . . . and it's beginning to hurt.

Those are the words of Harry Truman in 1948. He was referring to the 80th Congress, but those remarks are directly in tune with the 109th Congress.

Like the ''do-nothing Congress'' of 1948, it is ''very difficult'' to get anything out of this Republican Congress. The things they are doing are ''beginning to hurt.''

Look at national security. The majority's rubberstamping of President Bush in Iraq has made America less safe and emboldened our enemies such as Iran, North Korea, and al-Qaida. For the third week in a row, Iraq and the Middle East are plunging further into crisis, and what is the response of this Republican Congress? The estate tax, repeal of the estate tax.

Look at our economy. The majority's reckless fiscal policies have created a $9 trillion debt, placing a birth tax on our children and our children's children. In recent years, the poor have gotten poorer and the rich have gotten richer, and the middle class have been squeezed.

What is the response of the Republicans? Repeal the estate tax—hundreds of billions of dollars to go to a small group of Americans, a very small group of Americans, a country with 300 million people. This repeal of the estate tax may affect 10,000 people—less than two-tenths of 1 percent of the American people.

Look how divided America has become. The majority's focus on issues such as marriage and flag desecration has divided our country and distracted this body from more pressing concerns, problems in health care, ignoring global warming, energy and gas prices.

I appreciate the distinguished majority leader saying he believes we should move to energy independence—and we certainly should. I support this drilling bill. President Clinton supported it. It allows drilling in the gulf coast. And it is important because it allows coastal restoration—and money goes to that. But it has little to do with energy independence.

With energy and gas prices and the rising cost to the middle class, what is the response of the Republicans? Repeal the estate tax.

There are just 15 legislative days left this year. Everyone knows that Mondays and Fridays are not voting days in this Republican Senate. That leaves us with 3 days this week and 12 when we return. What is the response of the Republicans today in the U.S. Senate? Move to repeal the estate tax. Fifteen days ahead of us, and behind us 19 wasted months. The truth is this Republican Congress is actually worse than the famous ''do-nothing Congress'' of 1948. That Congress worked almost a month longer than we have.

Republicans ought to be ashamed of their dismal record, but it is clear from press reports that they are not. I got up to read the Washington Post yesterday morning and was really appalled when I read a quote from the House Republican leader in which he actually bragged about how little this Congress has done.

I quote:

Republican leaders shrug off the ''do-nothing'' charge.

''You get used to hearing that nonsense,'' said House Majority Leader John Boehner (R–OH).

He went to say:

As for beating the 1948 Congress' record for lethargy, he joked, ''Most Americans will be pretty happy with that.''

I don't know what his congressional district is like and how people feel there, but in the rest of the country, that is not how they feel. Americans aren't ''happy'' that they are paying hundreds of dollars more for gasoline—sometimes every month—because this Republican Congress refuses to pass relief measures and won't investigate the surging profits of big oil. Exxon is going to make $40 billion net profit this year—$40 billion; British Petroleum, the best year they have ever had.

They will not be investigating the surging profits of big oil because this administration is the most oil-friendly administration in the history of the country.

This Congress doesn't have the political will necessary to rapidly make us more energy independent. And what is the Republican response? Repeal the estate tax for two-tenths of 1 percent of the American people, the richest of the rich.

Americans aren't ''happy'' that our troops are in the middle of a civil war in Iraq because the Republican Congress won't demand the President change course.

That is the law which passed on a bipartisan basis. The law, as we speak, is there should be a change of course in Iraq. The law says that the year 2006 will be a year of significant transition in Iraq. Not happening.

I get a report on my way to work every morning from my stalwart staffers. I talked to Nathan this morning on the way to work. He said:

Senator, I don't know where to start with Iraq. We know at least four American soldiers have been killed, as mentioned on page A10 of the Washington Post. It doesn't make the front page anymore.

The death and destruction of Iraq, as Nathan said, is hard to keep up with. In the past 24 hours, scores dead. Today, there were a dozen Iraqis beheaded. In the last month alone, 1,200 Iraqis have been killed, murdered. We tried to offer the military in Iraq a strategy for success, but Republicans chose instead to rubberstamp the President.

What is the response to date to all these problems? Repeal the estate tax. We have spent more time on repealing the estate tax than any other one issue for the entire Congress, in this Senate. It should be clear who the majority favors. We have spent all this time on less than .2 percent of the American people, costing the country hundreds of billions of dollars.

Americans are not happy this President has worn down, exhausted, overstretched our military. In a paper I don't read very often, the Washington Times today reported that the military is in a state of disrepair. If you are not on the front lines, you are using equipment that does not work, equipment that is in need of repair. As Senator JACK REED has said for months and months, we have a military infrastructure that is failing. The soldiers are

fighting valiantly. The Washington Times reports our military is showing the wear of 5 years of war.

Rather than doing the Defense appropriations bill, we are going to work on the estate tax repeal. Think about that. The Defense appropriations bill should take a few days. Readiness levels for the Army are at lows not seen since Vietnam as virtually no active nondeployed combat brigade is prepared to perform its wartime mission. The Army has asked for $17 billion in emergency funds, but the President has not submitted that. His military leaders in the field have said $17 billion is what we need.

We do not hear anything from the President on this except ''repeal the estate tax.'' Can anyone imagine that? Rather than doing what we should do to help our valiant soldiers, we are going to move this week to repealing the estate tax. Talk about dangerous incompetence from the administration and Congress, as well as making us less safe.

America is not happy with our borders remaining unsecure 6 years after September 11, but this Republican Congress cannot pass comprehensive immigration reform. Rather than the President pushing on this—he says he is in favor of it—we still have this bill in the House that makes a felon of everyone, including health care workers, preachers, Catholic priests, and undocumented people in this country.

What is the answer to that in the Senate today? Repeal the estate tax, giving hundreds of billions of dollars to a few of the richest people in the world.

Contrary to Majority Mr. Leader BOEHNER, Americans are not happy with this Republican Congress which has bowed to the radical right and refused to override a Presidential veto of legislation to allow our best and brightest scientists to explore the promise of stem cell research. On the news today it was reported Prime Minister Blair is going to California to do a deal with the State of California to do stem cell research in Great Britain. We have farmed out hope for the most desperate of the sick, people who have suffered injuries, who are paralyzed from the neck down, the waist down.

And what is the answer of this Congress, this Senate? Repeal the estate tax. Contrary to what my friend says, the majority leader in the House, Americans are not happy. This Republican Congress has concentrated all its efforts on the well-off, well-connected few and done nothing to assist America's middle-class families who are struggling to pay the rising costs of health care, education, energy, with paychecks that keep shrinking. If you are college educated in America today, you have lost 5 percent of your earning power under this administration. What is the answer of this Senate, led by the Republicans? Repeal the estate tax.

Americans are not happy this Republican Congress has virtually ignored the health care crisis. I have talked about stem cell research. That is only part of it. Forty-six million Americans have no health care. During this administration, 1 million people every month have been added to the roll of those who have no health insurance, and millions of others have inadequate health insurance. The Republicans have sat on their hands for 6 years as millions and millions have lost their insurance, while companies such as Ford and General Motors, companies that used to drive this economy, staples of the U.S. economy, have been crippled by the rising costs. What are we doing to help them? We are being asked to repeal the estate tax.

Americans are not happy with this Republican Congress that has pushed its investigation of the President's manipulation of Iraq intelligence until after the election. We were promised—promised—we would do all five investigations. No way. Nine months after Democrats sent the Senate into a closed session over this issue, it has been announced the Republican-led Intelligence Committee will not complete its work before November. And I bet they don't do it even after that. Vice President CHENEY will not let them. He runs the Intelligence Committee; we all know that.

The only conclusion to draw is that the investigation is too embarrassing to Republicans to make public before the November 7 election. What is the answer? I repeat, repeal the estate tax.

Even though my friend Congressman BOEHNER thinks Americans are happy, Americans are not happy with this Republican Congress's cynical plan to play politics with minimum wage and pensions later this week. For 10 years, American workers have waited for the Republican Congress to raise the minimum wage. Isn't it interesting, even though it is in a convoluted legislative package—and that is an understatement—when we said there would be no congressional pay raises until the minimum wage is increased, they are suddenly interested? During the 10 years that poor Americans have been waiting for a wage increase, Congress has given itself $30,000 in pay increases. In that time, the cost of everything—from gas to housing to heat—has gone up. And the answer of the Republicans? Repeal the estate tax.

The Federal minimum wage has stayed the same, $5.15 an hour. For someone earning $10,000 a year, it is hard to live. Oprah did a story on that. Maybe that is one reason—in addition to Congress not further getting pay raises—for this bill. This issue is about to catch up with them. But they are afraid to come forward on a straight minimum wage vote. They stick it in with everything else. To think they have stuck the minimum wage package into the estate tax repeal. The majority does understand that elections are just around the corner and they are about to pay the price for ignoring America's workers. In a most transparent and cynical trick, Republicans have offered to give America a raise if, and only if, their wealthiest friends also get billions of dollars in tax breaks. It is such an unbelievable ploy, let me say it again: Republicans are threatening to deny a $2.10 raise for 11 million Americans unless they can give away hundreds of billions to less than .2 of 1 percent of the American people. The $2.10 raise is over a period of years. It should be immediate. The $2.10 an hour raise occurs if the richest of the rich get billions of dollars. It is political blackmail that reeks of desperation. It should fail. The estate tax has been defeated before in the Senate. Democrats have been willing to deal with the estate tax and change it. We are willing to do that.

Now Republicans have backed off and only about 80 percent agree. This is the most contemptuous election year trick I have ever seen. It has nothing to do with giving workers a raise and everything to do with providing Republicans political cover. Everything we have done in this Senate has been directed toward repealing the estate tax.

We had a deal we worked for a year on a conference on pensions. It was all done. They were ready to sign the papers. It was a bipartisan agreement. It is gone because of the estate tax. Now we have a freestanding bill on pensions coming to the Senate.

To make matters worse, Republicans are willing to put the defense of our Nation on the back burner. I talked about the deterioration of our military. It was recorded in the news today all over the country. I read it in the Washington Times. The Senate has not acted on a Defense appropriations bill even though the President's own military leaders have said they need an emergency supplemental appropriation of $17 billion to take care of the equipment that has gone to pieces as a result of the war.

The Defense appropriations bill funds our national security policy and includes money for our troops and our equipment and determines how we address our national security challenges around the world. What are they doing? Not the Defense appropriations bill, but how can they get to the meat of repealing the estate tax?

With all the problems we have in this country, where are their priorities? We see what their priorities are. In a time of war, one would think this bill would be priority No. 1, that we would do everything in our power to ensure the Senate has ample time to debate and pass this important legislation, but Republicans are threatening to jeopardize Senate passage of this bill so they can focus on their million-dollar friends. It is an insult that the American people can see through, as they can see through the tricks Republicans are playing with the pension bill.

As I indicated, the conferees have worked to reconcile this House pension bill for more than a year. They basically have completed it, and now the wealthy few are ahead of the retirement security of millions of working

Americans, further evidence that America needs a new direction. Cry as they might, Republicans cannot escape the record. History will record this as the do-nothing Congress of 2006 and it will be forever, most likely, the 1948 do-nothing Congress. No one is happy about this situation, contrary to what Republican leaders say.

We have 15 days left. I respectfully suggest to the other side it is time to get to work on the real problems, not the estate tax.

Mr. DURBIN addressed the Chair.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Nebraska is next.

Mr. REID. I have not yielded the floor. I still have the floor.

I yield for a question.

Mr. DURBIN. I see the Senator from Nebraska, and I will not take much time, but I would ask a question of the Senator from Nevada.

The Senator from Nevada has been in the Congress as long as I have. We came together in 1982. We have seen a lot of things happen. I ask the Senator from Nevada if, in his time in serving in Congress, he has ever seen a worse special interest bill than this bill which would repeal the estate tax which affects about 2 families out of every 1,000, families who are the wealthiest in America, that the Republican leadership in the House and Senate insist we have to reduce their taxes before we can ever consider giving an increase in the minimum wage to 11 million workers who get up every morning and go to work? For 9 straight years, the Republican leadership in the White House and Congress has said to these hard-working Americans, no pay raise. Now—now—comes the deal. The Republicans have finally said: OK, all right, our conscience has finally gotten to us—or maybe it is the fear of losing our congressional pay raise—but now we will consider the minimum wage pay raise as long as you will cut the taxes on the wealthiest people in America as part of the bargain.

Has the Senator from Nevada ever seen a worse special interest bargain in 24 years?

Mr. REID. I say to my friend, the distinguished minority whip, the time we have spent on this Senate floor dealing with estate tax, think what we could have done in energy, health care, education, the debt, but they are spending it on this massive debt increase. Hundreds of billions of dollars we will increase the debt—this year's deficit—the debt over the next 10 years. I have never seen anything like it.

Mr. DURBIN. I would like to ask the Senator from Nevada this—and he goes to the point. It is not just the basic injustice and unfairness of saying you will not give the hardest working, lowest paid Americans any increase in their hourly wage unless you give the wealthiest Americans a tax break that, frankly, only but a few of them have asked for.

I ask the Senator from Nevada, the outcome of this deal—if they pull it off—will increase the debt of America, will increase the money we have to borrow from China and Japan and Korea and Saudi Arabia, will leave a greater debt for our children so the Republican dream of reducing the estate tax for the wealthiest people in America will come true. Does the Senator from Nevada think that increasing America's debt, cutting taxes in the midst of a war, is sound evidence of fiscal conservatism?

Mr. REID. This increases the national debt by hundreds of billions of dollars. I ask my friends on the other side of the aisle, how could you let this happen? I say that. I plead: How can you let this happen?

We will try to stop it. We would like a little help. How can you let this happen? I am really troubled. I cannot understand how they would even have the audacity to bring this up: a $2.10 increase over 2 or 3 years—it is not all at once—and a massive, immediate cessation of the richest of the rich having to pay basically any taxes on their estates.

Mr. DURBIN. Last question I would like to ask the Senator——

The ACTING PRESIDENT pro tempore. The time of the minority in morning business has expired.

Mr. REID. I will use my leader time.

Mr. DURBIN. I ask the Senator from Nevada to yield for one further question. I thank the Senator from Nebraska for his patience.

We have struggled long and hard over the last several months to ask the Republican leadership in the Senate to bring up the issues, the bills, the laws that people care about: reducing the cost of gasoline for working families and businesses and farmers in Nevada, Illinois, Texas, and Nebraska; working on doing something about the 46 million uninsured Americans; dealing with the issues that we face when people cannot afford to send their kids to college; dealing with the real security of America so we live up to the 9/11 Commission recommendations to make America safe.

I will ask the Senator from Nevada, in closing, as we have asked time and time and time again, to bring up the real issues that count, such as an increase in the minimum wage, is it not a fact that, instead, the Republican leadership has pushed aside the real issues, such as money for our troops, pushed aside the energy program which we need for America, and said, instead: We are going to have a parade of constitutional amendments that are extreme—many of them—and then we have to always come back to repealing the estate tax? It is a higher priority to them than anything I have mentioned.

Mr. REID. Legislative heaven, obviously, for the Republicans in this Congress is the estate tax.

Mr. DURBIN. I thank the Senator.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska is recognized.

Mr. HAGEL. Thank you, Mr. President.

MIDDLE EAST—A REGION IN CRISIS

Mr. HAGEL. Mr. President, the Middle East today is a region in crisis. After 3 weeks of escalating and continuing violence, the potential for wider regional conflict becomes more real each day. The hatred in the Middle East is being driven deeper and deeper into the fabric of the region, which will make any lasting and sustained peace effort very difficult to achieve.

How do we realistically believe that a continuation of the systematic destruction of an American friend, the country and people of Lebanon, is going to enhance America's image and give us the trust and credibility to lead a lasting and sustained peace effort in the Middle East?

The sickening slaughter on both sides must end, and it must end now. President Bush must call for an immediate cease-fire. This madness must stop. The Middle East today is more combustible and complex than it has ever been. Uncertain popular support for regime legitimacy continues to weaken governments in the Middle East. Economic stagnation, persistent unemployment, deepening despair, and wider unrest enhance the ability of terrorists to recruit and succeed.

An Iran with nuclear weapons raises the specter of broader proliferation and a fundamental strategic realignment in the region, creating more regional instability. America's approach to the Middle East must be consistent and sustained, and it must understand the history, the interests, and the perspectives of our regional friends and allies.

The United States will remain committed to defending Israel. Our relationship with Israel is a special and historic one. But it need not and cannot be at the expense of our Arab and Muslim relationships. That is an irresponsible and dangerous false choice.

Achieving a lasting resolution to the Arab-Israeli conflict is as much in Israel's interest as any other country in the world. Unending war will continually drain Israel of its human capital, resources, and energy as it continually fights for its survival.

The United States and Israel must understand that it is not in their long-term interests to allow themselves to become isolated in the Middle East and the world. Neither can allow themselves to drift into an ''us against the world'' global optic or zero-sum game. That would marginalize America's global leadership, our trust and influence, further isolating Israel, and it would prove disastrous for both countries, as well as the region. It is in Israel's interest, as much as ours, that the United States be seen by all states in the Middle East as fair. This is the currency of trust.

The world has rightly condemned the despicable actions of Hezbollah and

Hamas terrorists who attacked Israel and kidnapped Israeli soldiers. Israel has the undeniable right to defend itself against aggression. This is the right of all nations.

Hezbollah is a threat to Israel, to Lebanon, and to all who strive for lasting peace in the Middle East. However, military action alone will not destroy Hezbollah or Hamas. Extended military action is tearing Lebanon apart, killing innocent civilians, devastating its economy and infrastructure, and creating a humanitarian disaster, further weakening Lebanon's fragile democratic government, strengthening popular Muslim and Arab support for Hezbollah, and deepening hatred of Israel's position across the Middle East. The pursuit of tactical military victories at the expense of the core strategic objective of Arab-Israeli peace is a hollow victory. The war against Hezbollah and Hamas will not be won on the battlefield.

To achieve a strategic shift in the conditions for Middle East peace, the United States must use the global condemnation of terrorist acts as the basis for substantive change. For a lasting and popularly supported resolution, only a strong Lebanese Government and a strong Lebanese Army, backed by the international community, can rid Lebanon of these corrosive militias and terrorist organizations.

President Bush and Secretary Rice must become and remain deeply engaged in the Middle East. Only U.S. leadership can build a consensus of purpose among our regional and international partners. To lead and sustain U.S. engagement, the President should appoint a statesman of global stature, experience, and ability to serve as his personal envoy to the region. This individual would report directly to the President and be empowered with the authority to speak and act for the President. Former Secretaries of State Baker and Powell fit this profile.

The President must publicly decry the slaughter today and work toward an immediate cease-fire in the Middle East. The U.N. Security Council must urgently adopt a new binding resolution that provides a comprehensive political, security, and economic framework for Lebanon, Israel, and the region—a framework that begins with the immediate cessation of violence.

I strongly support the deployment of a robust international force along the Israel-Lebanon border to facilitate a steady deployment of a strengthened Lebanese Army into southern Lebanon to eventually assume responsibility for security and the rule of law.

America must listen carefully to its friends, its partners in the region. Saudi Arabia, Egypt, Jordan, and others—countries that understand the Middle East far better than we do—must commit to help resolve today's crisis, and they must be active partners in helping realize the already-agreed-upon two-state solution.

The core of all challenges in the Middle East remains the underlying Arab-Israeli conflict. The failure to address this root cause will allow Hezbollah, Hamas, and other terrorists to continue to sustain popular Muslim and Arab support—a dynamic that continues to undermine America's standing in the region and the Governments of Egypt, Jordan, Saudi Arabia, and others, whose support is critical for any Middle East resolution.

The United States should engage our Middle East and international partners to revive the Beirut Declaration, or some version of that declaration, proposed by King Abdullah of Saudi Arabia and adopted unanimously by the Arab League in March of 2002. In this historic initiative, the Arab world recognized Israel's right to exist and sought to establish a path toward a two-state solution and broader Arab-Israeli peace. Even though Israel could not accept it as it was written, it represented a very significant starting point—starting point—document initiated by Arab countries. Today, we need a new Beirut Declaration-type initiative. We squandered the last one.

The concept and intent of the 2002 Beirut Declaration is as relevant today as it was in 2002. An Arab-initiated, Beirut-type declaration would reinvest regional Arab States with a stake in achieving progress toward Israeli-Palestinian peace. This type of initiative would offer a positive alternative—a positive alternative—vision for Arab populations to the ideology and goals of Islamic extremists. The United States must explore this approach as part of its diplomatic engagement in the Middle East.

Lasting peace in the Middle East, and stability and security for Israel, will come only from a regionally oriented political settlement. Former American Middle East Envoy Dennis Ross once observed that in the Middle East a process is necessary because a process absorbs events. Without a process, events become crises. He was right. Look at where we are today in the Middle East with no process. Crisis diplomacy is no substitute for sustained, day-to-day engagement.

America's approach to Syria and Iran is inextricably tied to Middle East peace. Whether or not they were directly involved in the latest Hezbollah and Hamas aggression in Israel, both countries exert influence in the region in ways that undermine stability and security. As we work with our friends and allies to deny Syria and Iran any opportunity to further corrode the situation in Lebanon and the Palestinian territories, both Damascus and Tehran must hear from America directly.

As John McLaughlin, the former Deputy Director of the Central Intelligence Agency, recently wrote in the Washington Post—and I quote Mr. McLaughlin—

> Even superpowers have to talk to bad guys. The absence of a diplomatic relationship with Iran and the deterioration of the one with Syria—two countries that bear enormous responsibility for the current crisis [in the Middle East]—leave the United States with fewer options and levers than might otherwise have been the case.
>
> Distasteful as it might have been to have or to maintain open and normal relations with such states, the absence of such relations ensures that we will have more blind spots than we can afford and that we will have to deal through surrogates on issues of vital importance to the United States.''

Ultimately, the United States will need to engage Iran and Syria with an agenda open to all areas of agreement and disagreement. For this dialog to have any meaning or possible lasting relevance, it should encompass the full agenda of issues.

There is very little good news coming out of Iraq today. Increasingly vicious sectarian violence continues to propel Iraq toward civil war.

The U.S. announcement last week to send additional U.S. troops and military police back into Baghdad reverses last month's decision to have Iraqi forces take the lead in Baghdad and represents a dramatic setback for the U.S. and the Iraqi Government.

The Iraqi Government has limited ability to enforce the rule of law in Iraq, especially in Baghdad. Green zone politics appear to have little bearing or relation to the realities of the rest of Iraq. The Iraqis will continue to face difficult choices over the future of their country.

The day-to-day responsibilities of governing and security will soon have to be assumed by Iraqis. This is not about setting a timeline. This is about understanding the implications of the forces of reality. This reality is being determined by Iraqis, not Americans.

America is bogged down in Iraq and this is limiting our diplomatic and military options. The longer America remains in Iraq in its current capacity, the deeper the damage to our force structure—particularly the U.S. Army.

And it will continue to place more limitations on an already dangerously overextended force structure that will further limit our options and public support.

The Middle East crisis represents a moment of great danger, but it is also an opportunity.

Crisis focuses the minds of leaders and the attention of nations. The Middle East need not be a region forever captive to the fire of war and historical hatred. It can avoid this fate if the United States pursues sustained and engaged leadership worthy of our history, purpose, and power. America cannot fix every problem in the world; nor should it try. But we must get the big issues and important relationships right and concentrate on those.

We know that without engaged and active American leadership, the world is more dangerous. The United States must focus all of its leadership and resources on ending this madness in the Middle East now.

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

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

The bill clerk proceeded to call the roll.

Mr. JOHNSON. I ask unanimous consent that the order for the quorum call be rescinded.

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

The minority has no remaining time in morning business.

Mr. JOHNSON. I ask unanimous consent to speak for up to 10 minutes as in morning business.

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

HONORING ROGER ANDAL

Mr. JOHNSON. Mr. President, today I pay tribute to my very close friend, Roger Andal. Last month, Roger died following a long battle with Crohn's disease. His passing is a tremendous loss to our veterans, as well as a personal loss for my family and me. His friendship will be terribly missed.

Roger began his extraordinary service to our country as a combat medic with the Army's Fourth Infantry Division during the war in Vietnam. It was Roger's duty to help his fallen comrades and tend to their wounds, and it was a responsibility that came naturally to him.

He braved enemy fire to ensure the injured were safely evacuated from the battlefield. Roger often did so with little regard to his own personal safety and was ultimately wounded in battle.

He received the Purple Heart, the Vietnam Service Medal, the Campaign Medal, and the Army Commendation Medal for his service to his country. But for Roger what mattered most were not the commendations, but the knowledge that he had helped his fellow soldiers.

After returning stateside, Roger dedicated himself to working on behalf of our Nation's veterans. For the next 30 years, he was active in various veterans' causes, and at the time of his death he was completing his service as the South Dakota commander of the Disabled American Veterans.

The creed of the Disabled American Veterans is ''building better lives for America's disabled veterans and their families.'' I think it's profoundly true to say Roger personified these words and made them his life's mission.

As a former Army medic, Roger understood both the physical and emotional wounds of war. Some soldiers survive the harrows of battle, only to suffer severe injuries including brain trauma and amputated limbs. These veterans required lifelong medical treatment, and Roger was adamant that they receive it.

Roger also recognized that some wounds heal long after the battle is over, if at all. That is why he consistently called upon his congressional Representatives to increase funding for posttraumatic stress disorder initiatives.

Roger fought to make sure homeless veterans were sheltered. He worked to make sure that soldiers returning from war were transitioned back to society with as much ease as possible. But the issue most identified with Roger was mandatory funding.

I have introduced mandatory funding legislation in each of the past three Congresses, and Roger was the bill's most tireless and dedicated champion. If it were possible to pass mandatory funding based on Roger's passion and commitment, enacting this legislation into law would have happened long ago.

Mandatory funding is long overdue, and in honor of Roger, I believe we must redouble our efforts to ensure the VA health care program has guaranteed funding adequate to provide veterans' health care each and every year.

For over three decades Roger never shied away from a fight. He was motivated by his sincere belief that if you make a promise to the men and women placed in harm's way, then you have a responsibility to honor those commitments when they return.

But what Roger valued most was honesty. He was a straight-shooter, and it was one of his most endearing personality traits. If you asked Roger a question, he would give you a straight answer—and he expected one in return.

It speaks volumes about Roger's character that his peers continually elected him to leadership positions within the Disabled American Veterans. In addition to holding every elected position in the Sioux Falls chapter of the DAV, Roger served twice as the State commander, and represented South Dakota on the executive national committee.

On a personal note, Roger had a close working relationship with my staff and in particular with my Chief of Staff, Drey Samuelson. He was an invaluable resource and often provided insight on legislation and veterans' benefits programs. Despite occasional legislative setbacks, Roger always kept a positive outlook on the process.

In the days following Roger's death some veterans have expressed how much more difficult the fight will be without Roger to lead the charge. Without question, Roger's voice will be missed. But we should remember that the best way to honor Roger's life is to fight wholeheartedly for the causes he championed.

Mr. President, my thoughts are with Roger's wife Peggy and their two children during this difficult time. Roger left us much too soon, but his commitment to our veterans and his service to the public and to our Nation will continue to inspire us all.

I suggest the absence of a quorum.

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

The bill clerk proceeded to call the roll.

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

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

Mr. MARTINEZ. I rise to speak on S. 3711. My understanding is, through a unanimous consent agreement, I am permitted to speak for 10 minutes on the bill.

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

GULF OF MEXICO ENERGY SECURITY ACT

Mr. MARTINEZ. Mr. President, over the last several days we have been discussing the Gulf of Mexico Energy Security Act. Today, in an hour or so from now, we will have a cloture vote on this very important legislation. For my part, I have tried to make it clear how important this legislation is to my State of Florida, how important the protection of our fragile environment in our State is to our people. As a young 15-year-old, I came to Florida as many people who have been transplanted from elsewhere, to enjoy a Florida lifestyle. Since that time I have been in love with this wonderful State, what it has to offer to people, to families, and the great traditions Florida has had as a place to enjoy the outdoors. I have on countless occasions enjoyed Florida's beaches, fishing, enjoyed other outdoor pursuits which are such a natural part of what Florida is about.

As the years have gone by, I have passed that on and instilled that in my children, as I did a little bit yesterday, passing it on to my grandchildren when we were enjoying New Smyrna beach yesterday, under that hot Florida sun, but also the beautiful sandy beaches. Part of what this bill is about for Floridians is protecting the future, passing that love on to other generations by ensuring that Florida remains pristine, that it remains the kind of place a visitor from all over the country would choose to come to enjoy year after year and where other Florida families might begin to develop and enjoy their own family traditions, enjoying the great outdoors Florida has to offer, our sandy beaches, the fishing, and other recreational opportunities that come about as a result of this wonderful natural habitat we have.

But also protecting it is important as an economic consideration. It is part of what makes Florida's economy so thriving and important—the tourism. Before there was Disney and Universal Studios, and those types of attractions, it was the beaches and the climate that brought folks to Florida to come and enjoy. At the end of the day, that is our calling card.

Protecting Florida's environment is not something we take lightly. Protecting the environment in Florida is not something that is a Republican or a Democratic issue. That is why Senator NELSON, my colleague from Florida, and I have worked so closely together over the last year or so as this great debate has raged on about what to do to protect Florida, while at the same time yielding ever more increasing pressures to drill and explore in the Outer Continental Shelf.

In the Senate, I maintain another tradition—the tradition of other Florida Senators, Connie Mack, Bob Graham, others who have fought over time to protect Florida's treasures from those who don't share our values. I am proud to be part of that tradition.

I am firmly committed to this tradition. And in that tradition, I have worked very hard on—and I am proud to say—what I believe has been a good compromise for our State, along with Senator NELSON and members of the Florida delegation in the House of Representatives, who have worked diligently as well to protect their areas of Florida, protect the State and at the same time understanding the great pressures we are under and the battle that has gotten fiercer and fiercer as demand has increased for ever more production of gas and oil.

As the prices at the pump continue to go up, as prices drive businesses abroad and overseas because of the high cost of natural gas, that pressure has been ever increasing. What I want to do today, in hoping that the people across the State and also across our Nation understand, is say that this bill puts the control of the future of our State in our hands.

As the map here shows, it provides a tremendous zone of protection for the State of Louisiana—125 miles south of Pensacola and the panhandle, but almost 320 some miles from Naples and 237 miles from Tampa. This yellow area is all part of the zone of protection that Florida will enjoy until the year 2022, a long time from now.

As a result of that protection, we have also done something very important to our State, which is upholding the tradition of our military readiness. This is a military mission line here, where no drilling will take place east of this line. What this does is protects the training missions that take place out of Eglin Air Force Base, Hurlburt Field, and the Naval Air Station in Pensacola as well. They train and practice. They test in this area here the guided munitions that are such a part of the necessary and difficult and dangerous world in which we live. Those marvelous weapons can sometimes make the difference between striking the right target or not due to these tests in the Gulf of Mexico. The F–22 fighter, which is going to be a very important part of the future of our military readiness, is going to train here. It is so fast that it requires the vastness of the Gulf of Mexico to be able to conduct maneuvers and training exercises that are necessary.

So this is a zone of protection for our State until 2022. Some might say it is just protection for the gulf. What about the Keys and the east coast of Florida? That is under a moratorium presently. The important protection here is to the gulf coast.

What has been under siege, gone after, is this area denoted as 181 and this shore, which is the stovepipe. This is what we have been seeking to protect, so we could protect our beaches until we had assurances that as exploration took place in this area for what is such a needed product, we also were protecting the military line and Florida's west coast. The east coast at this point is not under the same kinds of threat.

At the end of the day, there are going to be other attempts that we will have to fight and do what we can to protect Florida. At this moment, the crucial protection was to the gulf coast.

I am very thankful to Senator DOMENICI, chairman of the Energy Committee, who worked closely with me and has allowed me to play a role in crafting this important legislation, attempting to understand Florida's concerns, attempting to understand the difficult choices we have to make in this issue. Also, I appreciate the members of the House of Representatives. They have passed a very different bill from this one. I believe the protections for Florida in this bill are superior. I will take a moment to thank them for their diligence and vigilance for our State and for trying to come up with solutions and answers in a different environment than I have worked in with Senator NELSON in the Senate.

I want to make sure that, with great respect, we hope this is the legislation that will ultimately emerge and be passed by both Houses. I cannot support the House version. I have had clear assurances from our leaders that we are committed to working from the framework of the Senate bill. That has been important to me, and while I respect the hard work of our House colleagues and their autonomy as a body of Congress, I believe also we have to prevail on this Senate version of the bill. It is what the Senate can pass this year. It is the reality of the situation. I am hopeful we can impress upon our colleagues in the House by an overwhelming vote of support for this measure. Now is the time and this is the opportunity to protect Florida while at the same time providing some measure of improvement to the conditions we find ourselves in today with such a desperate need for oil and gas.

This area is rich in not only oil but natural gas. The natural gas production from this area may be greater than that of oil. That is a tremendously important resource for our Nation today as we try to power our plants and other facilities, at a time when so much electricity is being generated by the use of natural gas. It is important that we do all we can to bring down the price of natural gas. Chairman DOMENICI believes that, in talking with people in the industry, the passage of this bill could have a significant impact on the price of futures as it relates to natural gas. I hope that will come to pass because that will bode well for our Nation's energy needs and also for those who are trying to maintain jobs here that have been recently moving overseas.

Another part of the bill—and the Senator from Louisiana is on the floor; she has been such a good person to work with and is very understanding of Florida, but also has a very different perspective from her State. I know the revenue-sharing parts of the bill are going to be a great opportunity for the Gulf States that do so much of the dirty work involving this—that put their shoreline on the line so the United States can be more energy self-sufficient—to do the things that are necessary as a result of the demanding nature of this work. Florida won't be doing that. Florida sought protection rather than revenue, and that is what we got.

I feel good about the bill. I think this is the best Florida can do at this time. The zone of protection we wanted to have, which was 125 miles, has been greatly exceeded in most dimensions, and we can go forward until the year 2022 with a settled plate, understanding that there will be production coming out of the gulf, but it will not impact our State.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is now closed.

GULF OF MEXICO ENERGY SECURITY ACT OF 2006—MOTION TO PROCEED

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 3 p.m. having arrived, the Senate will resume consideration of S. 3711, which the clerk will report.

The bill clerk read as follows:

A bill (S. 3711) to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes.

The ACTING PRESIDENT pro tempore. Under the previous order, the time until 5:30 p.m. shall be divided equally between the two managers or their designees.

The Senator from Louisiana is recognized.

Ms. LANDRIEU. Mr. President, before the Senator from Florida leaves the floor—and he may be staying through the debate—he has been extremely essential and instrumental and vital to the compromise that has come forward. I want to thank him for his leadership. As he alluded to, the five States in the gulf coast came together—the States of Louisiana, Mississippi, Alabama, Florida, and the State of the presiding officer, Texas, and he did an outstanding job as part of the coalition as well—with an arrangement that would have many mutual beneficial parts. One, it is going to provide oil and gas, and particularly natural gas. That is in such short supply. The Senator from Florida knows and all of our colleagues from Florida understand that natural gas is a raw material that is used to literally produce almost every product in America that you can think of, from rubber tires, to the automobiles themselves, to the products of ethanol, to fertilizers, chemicals—you name it, natural gas is used as a raw material.

The prices are too high. They have to come down. The industry is doing a

very good job of conserving, but we must open domestic supply, as well as—unfortunately, because the demand is so high—import liquefied natural gas, now that the technology has presented itself. But before we establish another network of dependency, let's at least do our part and produce the natural gas we have here. So on this bill, the Gulf Coast States have come together to open up 8 million new acres, four times more than the original bill—in the compromise we provided, four times more than the original bill to open natural gas for the country.

The other beneficial aspect of this bill is establishing a strong and reliable, trustworthy partnership between the Federal Government and the Gulf Coast States—the four producing States, of which Texas is one—and to say the infrastructure that we provide, basically allowing the Federal Government to access the land it owns—and there is no question that this land off the coast of the United States is owned by everybody, not just the States along the coast. But, frankly, as you know, without our highways and helicopter pads, and our sheds, and our boat launches, and our shipping facilities, and fabrication facilities, the Federal Government could not even access the minerals. So, basically, by providing the servitude and the services and the platform, if you will, to host this great industry, we are saying let us share in all future revenues—as you know, 37.5 percent. That is the second most important thing in my mind that has been established.

For Louisiana's purposes, and according to the way the bill is currently structured for all of the Gulf Coast States, we will use that money to restore a great coastline, to secure and buffer America's only energy coast. We don't have to roll the reels back or rewind the tape of Katrina and Rita. We know what megastorms can mean for the gulf coast. We have all lived through them. We have watched our families struggle. We have watched our constituents struggle, having lost homes, churches, and schools, having seen the great infrastructure, the huge pipelines and facilities, drilling ships, and oil rigs and platforms bent by the great winds and waves. We know how important it is to take a little bit of that money we are paying in taxes and reinvest back into the gulf coast to strengthen the infrastructure, not just for the people who live there in the big towns such as New Orleans and Creole, LA, and midsize towns such as Beaumont and Galveston, and Gulfport, and Pass Christian, but for the whole Nation, because the Nation needs the gulf coast to be strong and secure in these storms.

So using this money to restore the great wetlands, which our scientists know we can do—but, frankly, we have not had the money to do it. People say, Senator, get a plan. I could almost fill up this Chamber with plans our people have had—or I can say dreams our people have had.

We have dreamed all we can dream. We have thought all we can think about this. We need money to turn the dirt and restore the wetlands. The technology is there to do it.

That is another great reason that we can have industry and the environmental community support this bill shoulder to shoulder, because the uses of the revenue sharing are going to be of such benefits to our communities.

Besides the drilling and the additional revenues for the gulf coast and the additional gas for the Nation, we also have the benefit of directing these revenues to a great purpose, which is the restoration of these wetlands.

Just a little more on that subject that might bring this home to those who are listening. When Katrina and Rita hit—and we are just about a month away from the anniversary, August 29 for Katrina and about 7 weeks away from the anniversary of Rita—we lost an area the size of the District of Columbia to open water, 100 square miles. The District isn't 100 square miles today, as you know, Mr. President, because a portion was given back to Virginia, but about 70 square miles is the District of Columbia now. We lost in a matter of a few days that amount of expanse. It went from marsh to open water because of the catastrophic loss of this great wetland. At that rate, all of our communities along the gulf coast will eventually be threatened.

I laugh at my colleagues from Arkansas because the reason they are very supportive of this bill is because they told me privately: Senator, we don't want to be a coastal State; we like Arkansas the way it is.

I know that is a little bit of an exaggeration, but, Mr. President, you have been down to east Texas, to Padre Island, to Galveston and coastal communities in Texas. You understand the wetland losses that are occurring. Ours in Louisiana are exacerbated because we are the mouth of the Mississippi River. We are truly a delta, not just a coastal wetland, which you find all over our coast from the east to the west. But the delta, the mouth of the river system, is strong, yet fragile, and these wetlands are leaving us in extraordinary numbers. This money, this sharing of revenues we are going to get from this bill, will go a long way to build on the science and technology that is there to restore these wetlands. We know we can do it.

Mr. President, 37.5 percent will go to the gulf coast producing States for these purposes; 12.5 percent will establish a great stream of revenue for the Land and Water Conservation Fund that benefits the whole Nation.

I see the Democratic whip on the floor. I will wrap up my remarks in just a moment. I think I am scheduled later to speak.

I am very grateful to particularly Senator SALAZAR and others who stepped up—Senator ALEXANDER—and said: Senator LANDRIEU, why don't we try, with Senator DOMENICI's leadership, to see if we can restore the real purpose of the Land and Water Conservation Fund when it was created in 1965.

I wish I could take credit for creating it. I didn't, but I have been determined since I got here to help fund it so we can live up to a promise we made to America's Governors a long time ago: If you want to build parks, we will help you. If you want to build recreational opportunities for your community, we will help you. The Federal Government said that and then backtracked year after year until today we are spending less than $40 million a year nationally. I would say that is a disgrace, $40 million nationally. The program is authorized at $450 million. At $450 million, it is still not enough, but at least it gives a few million dollars to each State to match private donations, to match faith-based donations, to match literally the pennies children collect for the planting of a tree in a park or the expansion of a bike path that means a lot to them. We can at least do our part in Congress, and this bill will do that.

Then finally, 50 percent will go to the Federal Treasury. So as those revenues come in, we can help reduce the deficit, help encourage drilling where people will accept it. Maybe they won't accept it everywhere. We have made a lot of mistakes in Louisiana, we admit it. We have learned from our mistakes. We have perfected the technology, and we believe we can minimize the environmental footprint and maximize the benefit to the Federal Treasury. There are many benefits.

I yield the time to those scheduled to speak as well. I have some time reserved later in the day. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The assistant Democratic leader.

Mr. DURBIN. Mr. President, I ask unanimous consent to speak as in morning business.

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

Mr. DURBIN. Mr. President, first let me acknowledge my colleague from the State of Louisiana. No person has worked harder than Senator MARY LANDRIEU for a State devastated by Hurricane Katrina and the city of New Orleans, which is still in recovery. My colleague, Senator OBAMA, visited there 2 weeks ago and came back and told me personally of traveling for long periods of time within the city of New Orleans and seeing very few homes that have not been devastated by Hurricane Katrina and were still barely inhabitable, some virtually uninhabitable. It is hard to imagine in the United States of America, almost a year after the devastation of Hurricane Katrina, that great city is still reeling from all the damage done.

I know Senator LANDRIEU feels as strongly as anyone—maybe more

strongly because of her personal experience—that the State of Louisiana needs a helping hand. I want to do my best to try to be on her side as she continues this battle. I thank her for her leadership on this issue.

(The remarks of Mr. DURBIN pertaining to the introduction of S. 3765 are printed in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. WARNER. Mr. President, when the matter of the pending Gulf of Mexico Energy Bill was first brought to my attention, and every day thereafter, I repeatedly spoke to the distinguished managers of this legislation about the need for States other than those specifically cared for in this legislation—namely, the Gulf States—the other coastal States to be permitted to amend this bill such that coastal States could begin the long process of asserting our rights as coastal States to those energy resources that, in all probability, are on the Outer Continental Shelf. Therefore, I readied an amendment that I send to the desk, and I ask unanimous consent that it be printed in the RECORD following my statement.

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

(See exhibit 1.)

Mr. WARNER. My amendment represents a unique opportunity for this Senate, and indeed the entire Nation as a whole, to seek to determine if we cannot, as several coastal States, help our Nation in this dire need for additional sources of natural gas, and possibly, in some instances, States might elect to include oil, to meet the ever-looming resource crisis.

I remember when the Energy bill which is now law was passed by the Senate. I stood at this very desk and I had an amendment very similar to the one which I am speaking about today. When that amendment was pushed to one side, I said I would stand here again, and here I am again today. But I understand—this is the 28th year I have been in the Senate—there are parliamentary means under the rules of the Senate to preclude Senators from offering amendments, and as such, I am being denied that opportunity.

The bill before us today represents a step in the right direction—and I commend those who have worked on it—to open access to more natural gas and oil in the Gulf of Mexico. However, I, like many others in this body, believe that more must be done because there is such a time lag between the potential passage of my amendment and the actual recovery of gas and oil from any of these moratorium states. We have to begin, and I had hoped on this bill I could mark that beginning.

I worked with many of my colleagues on a proposal to address this supply issue by giving opportunities to the individual States to open up areas in the Outer Continental Shelf waters for the future potential exploration of gas and oil; thus, the coastal States. The amendment I crafted would address the current moratorium on energy and exploration in most of America's Outer Continental Shelf and is the evolution of various amendments and bills I have offered since the debate on last year's Energy Policy Act. It would give States the authority to extend the current moratorium prohibiting oil and gas development in most of the Nation's offshore waters or petition for waivers on their own terms to contribute to the Nation's energy supply. The facts, as I understand them, are as follows:

U.S. demand for natural gas will grow by 40 percent in this country in the next decade to decade and a half. The demand for oil in the United States will grow by 31 percent over the same period of time. At current rates, domestic production will only meet one-third—I repeat—one-third of our demand growth, leaving us increasingly dependent on politically unstable regions. I shall not recount all of them because they are growing by day. Regrettably, it looks as if Venezuela, from which we receive a good deal of our energy supplies, could be placed in the column of ''politically unstable.'' Indeed, many parts of Africa have become unstable, and we all know at this very moment the tragic situation that is unfolding in the Middle East.

We must also be aware of the virtually exponential growth and demand in the developing nations, all competing in the world market for this fungible good named ''energy.'' China's energy consumption has grown by over 100 percent in the past 20 years. It is expected to double again in the next 20 years. Mexico's natural gas demand is expected to double by 2025. Energy consumption in India is expected to more than double in the next 20 years.

We are too dependent indeed on overseas supplies, so we turn to our continental limits. Indeed, the question at hand is about the Gulf of Mexico. The bill authored by Chairman DOMENICI does increase our supplies, and I am very hopeful the Senate will act in passing this important piece of legislation. I propose to support it.

I want to make clear that more must be done outside the Gulf of Mexico. With 20 percent to 25 percent of our domestic oil and gas production located in the Gulf of Mexico, we simply have to diversify our geographic supply.

The Gulf of Mexico is subject to natural disasters. It is a tragic situation, but history records it. As a result of last year's hurricanes alone, we will lose 30 percent of our oil and 21 percent of our projected annual natural gas from in the Gulf of Mexico. This is all because of the extended closure of a significant number of platforms. In fact, a report issued last month by the Department of Interior states that 12 percent of U.S. oil production in the Gulf of Mexico remains shut in almost a year after last summer's events. Hopefully, that production will eventually return to normal levels, but it shows a certain degree of fragility in that area of the United States upon which we rely for such a high percentage of our energy requirements.

The bill Chairman DOMENICI has brought to the floor will open up more than 8 million acres of oil and gas production. The amendment I propose would not directly open any areas or mandate any production. However, depending on the will of the individual States—and that is a combination of, depending on the State, the Governor, the legislature, and indeed the people themselves—my proposal would provide the opportunity for up to 350 million acres—mind you, 8 million acres under this bill pending—350 million acres to be considered for development. That is the coastal area around the United States.

Now, I fully recognize the concerns of the environmentalists, and many times I have tried to work on this, but we have to strike a balance. We must do that. We have an obligation to our citizens. Modern technology has enabled the drillers to put down pipes and other devices to extract the oil and gas which, if subjected to a natural disaster or other problem, seal up quickly and do not spew forth into the pristine ocean and on to the shores the pollution we have witnessed in other catastrophic situations usually involving the transportation of oil from overseas. The Minerals Management Service reports that since 1980, 4.7 billion barrels of oil have been produced offshore with a spill rate of less than one-thousandth of one percent. Technology has progressed and it must be accepted that production of and protection of our natural resources are not mutually exclusive opportunities.

Based upon preliminary resource estimates, my amendment could provide more than $2 billion in new Federal revenues and over $1 billion to States and their citizens that are willing to accept whatever risks still remain, who authorize production in Federal waters off their shores over the next 10 years.

Many of my colleagues have expressed concerns about the Gulf of Mexico bill, and they stem from what is in the House bill. They said they do not want to lift the moratorium as the House bill would do. Well, I am not going to inject myself into the conference. I will leave that to the able leadership of others. However, I will say that my amendment would not lift one square inch of the current Federal moratorium. Instead, it would establish a process by which the States can petition the Secretary of Interior, subject to their own specifications, for a waiver from the moratorium on natural gas or oil production in most of the Outer Continental Shelf. If a State would rather continue the moratorium beyond 2012, the amendment establishes a process that would authorize the extension of that moratorium for up to 10 additional years. The principle of my amendment is simply to enable

the individual States to have more control over the waters off their coasts than they do today and more control than they would under the recently passed House bill.

I support the effort to open up areas of the Gulf of Mexico to enhanced energy production. However, it is my sincere hope that the Members of this body do not believe that this alone will solve our oil and gas supply problem. More must be done in conservation and more must be done in the area of American production.

The time has come for the Senate to act on the issue of American production of natural gas and oil. Energy Security is National Security and for the people of America to be dependent upon foreign sources of energy is dangerous to our economy and our way of life.

I have offered a balanced approach to address supply needs and environmental concerns. This is the way for all States to have a say in the policy. The current moratorium expires in 2012 and without legislation like that which I propose, these States would have no guarantee of protection.

Mr. President, I see a number of our colleagues waiting here. But I will return to this floor time and time again, as long as I can draw breath, to fight for the rights of the individual coastal States to decide for themselves—not to be mandated by the Federal Government but to decide for themselves whether they want to step up and help America reach its energy needs.

Now, I have talked to the managers of this bill—and at some point, maybe I can have a colloquy put into the RECORD today—but some assurances are being given to Senators who, like myself, represent the coastal States to see whether the legislation along the lines of the bill I have introduced today, a copy of which is appended to this statement, can, once again, be brought before this Chamber.

EXHIBIT 1

Beginning on page 17, strike line 19 and all that follows through page 18, line 17 and insert the following:

(f) LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES AND COVERED REVENUES.—

(1) IN GENERAL.—Subject to paragraph (2), the total amount of qualified outer Continental Shelf revenues and covered revenues made available under subsection (a)(2) and section 6(j)(1)(B) shall not exceed $500,000,000 for each of fiscal years 2016 through 2055.

(2) EXPENDITURES.—For the purpose of paragraph (1), for each of fiscal years 2016 through 2055, expenditures under subsection (a)(2) and section 6(j)(1)(B) shall be net of receipts from that fiscal year from any area in the 181 Area in the Eastern Planning Area, the 181 South Area, or any area off the coastline of a covered State.

(3) PRO RATA REDUCTIONS.—If paragraph (1) limits the amount of qualified outer Continental Shelf revenue or covered revenues that would be paid under subparagraphs (A) and (B) of subsection (a)(2) or clauses (i) and (ii) of section 6(j)(1)(B)—

(A) the Secretary shall reduce the amount of qualified outer Continental Shelf revenue and covered revenue provided to each recipient on a pro rata basis; and

(B) any remainder of the qualified outer Continental Shelf revenues and covered revenues shall revert to the general fund of the Treasury.

SEC. 6. OFFSHORE OIL AND GAS LEASING IN AREAS OUTSIDE THE GULF OF MEXICO.

(a) DEFINITIONS.—In this section:

(1) ADJACENT ZONE.—The term ''Adjacent Zone'' means the Adjacent Zone of each State, as defined by the lines extending seaward and defining the adjacent Zone of each State indicated on the maps for each outer Continental Shelf region entitled—

(A) ''Alaska OCS Region State Adjacent Zone and OCS Planning Areas'';

(B) ''Pacific OCS Region State Adjacent Zones and OCS Planning Areas''; and

(C) ''Atlantic OCS Region State Adjacent Zones and OCS Planning Areas'';

all of which are dated September 2005 and on file in the Office of the Director, Minerals Management Service.

(2) COVERED REVENUES.—

(A) IN GENERAL.—The term ''covered revenues'' means all rentals, royalties, bonus bids, and other sums due and payable to the United States from leases entered into on or after the date of enactment of this Act in a moratorium area.

(B) EXCLUSIONS.—The term ''covered revenues'' does not include—

(i) revenues from the forfeiture of a bond or other surety securing obligations other than royalties, civil penalties, or royalties taken by the Secretary in-kind and not sold; or

(ii) revenues generated from leases subject to section 8(g) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)).

(3) COVERED STATE.—The term ''covered State'' means—

(A) a State for which—

(i) the Governor of the State requests the Secretary to allow natural gas or oil or natural gas leasing in a moratorium area; and

(ii) the Secretary allows the leasing; and

(B) effective for fiscal year 2017 and each fiscal year thereafter, a State—

(i) off which oil and gas activities on the outer Continental Shelf are conducted under a lease entered into on or after the date of enactment of this Act;

(ii) that is offshore of any State that is not a Gulf producing State; and

(iii) that does not have an area described in section 2(6)(B)(i) off the coast of the State, as determined on the basis of the administrative lines established by the Secretary under the notice published on January 3, 2006 (71 Fed. Reg. 127).

(4) LEASE.—The term ''lease'' includes a natural gas lease under section 8(q) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(q)).

(5) MORATORIUM AREA.—The term ''moratorium area'' means—

(A) any area withdrawn from disposition by leasing in the Atlantic OCS Region or the Pacific OCS Region Planning Area under the ''Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition'', from 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998; and

(B) any area of the outer Continental Shelf (other than an area in the Gulf of Mexico) as to which Congress has denied the use of appropriated funds or other means for preleasing, leasing, or related activities.

(b) PROHIBITION AGAINST LEASING.—Except as otherwise provided in this section, prior to June 30, 2012, the Secretary shall not offer a lease for oil and gas, or natural gas, in a moratorium area.

(c) OPTION TO PETITION FOR EXTENSION OF WITHDRAWAL FROM LEASING.—

(1) OPTION TO PETITION.—

(A) IN GENERAL.—The Governor of a State may submit to the Secretary a petition requesting that the Secretary extend for a period of time described in subparagraph (B) the withdrawal from leasing in a moratorium area for all or part of any area within the Adjacent Zone of the State within 125 miles of the coastline of the State.

(B) LENGTH OF EXTENSION.—

(i) IN GENERAL.—The period of time requested in a petition submitted under subparagraph (A) shall not exceed 5 years for each petition.

(ii) LIMITATION.—The Secretary shall not grant a petition submitted under subparagraph (A) that extends the remaining period of a withdrawal of an area from leasing for a total of more than 10 years.

(C) MULTIPLE PETITIONS.—A State may petition multiple times for a particular area, but not more than once per calendar year for any particular area.

(D) CONTENTS OF PETITION.—A petition submitted under subparagraph (A) may—

(i) apply to either oil and gas leasing or natural gas leasing, or both; and

(ii) request some areas to be withdrawn from all leasing and some areas only withdrawn from 1 type of leasing.

(2) ACTION BY SECRETARY.—Not later than 90 days after receipt of a petition submitted according to the guidelines described in paragraph (1), the Secretary shall approve the petition.

(3) FAILURE TO ACT.—If the Secretary fails to approve a petition in accordance with paragraph (2), the petition shall be considered to be approved 90 days after the date on which the Secretary received the petition.

(d) RESOURCE ESTIMATES.—

(1) REQUESTS.—At any time, the Governor of an affected State (acting on behalf of the State) may request the Secretary to provide a current estimate of proven and potential gas, or oil and gas, resources that may result, and resulting State revenues, in any moratorium area (or any part of the moratorium area the Governor identifies) adjacent to, or lying seaward of the coastline of, that State.

(2) RESPONSE OF SECRETARY.—Not later than 45 days after the date on which the Governor of a State requests an estimate under paragraph (1), the Secretary shall provide—

(A) a current estimate of proven and potential gas, or oil and gas, resources in any moratorium areas off the shore of a State;

(B) an estimate of potential revenues that could be shared under this Act if resources were developed and produced; and

(C) an explanation of the planning processes that could lead to the leasing, exploration, development, and production of the gas, or oil and gas, resources within the area identified.

(e) AVAILABILITY OF CERTAIN AREAS FOR LEASING.—

(1) PETITION.—

(A) IN GENERAL.—On consideration of the information received from the Secretary, the Governor (acting on behalf of the State of the Governor) may submit to the Secretary a petition requesting that the Secretary make available for leasing any portion of a moratorium area in the Adjacent Zone of the State.

(B) CONTENTS.—In a petition under subparagraph (A), a Governor may request that an area described in subparagraph (A) be made available for leasing under subsection (b) or (q), or both, of section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337).

(2) ACTION BY SECRETARY.—Not later than 90 days after the date of receipt of a petition under paragraph (1), the Secretary shall approve the petition unless the Secretary determines that leasing in the affected area presents a significant likelihood of incidents

associated with the development of resources that would cause serious harm or damage to the marine resources of the area or of an adjacent State.

(3) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with paragraph (2), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

(4) TREATMENT.—Notwithstanding any other provision of law, not later than 180 days after the date on which a petition is approved, or considered to be approved, under paragraph (2) or (3), the Secretary shall—

(A) treat the petition of the Governor under paragraph (1) as a proposed revision to a leasing program under section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344); and

(B) except as provided in paragraph (5), expedite the revision of the 5-year outer Continental Shelf oil and gas leasing program in effect as of that date to include any lease sale for any area covered by the petition.

(5) INCLUSION IN SUBSEQUENT PLANS.—

(A) IN GENERAL.—If there are less than 18 months remaining in the 5-year outer Continental Shelf oil and gas leasing program described in paragraph (4)(B), the Secretary, without consultation with any State, shall include the areas covered by the petition in lease sales under the subsequent 5-year outer Continental Shelf oil and gas leasing program.

(B) ENVIRONMENTAL ASSESSMENT.—Before modifying a 5-year outer Continental Shelf oil and gas leasing program under subparagraph (A), the Secretary shall complete an environmental assessment that describes any anticipated environmental effect of leasing in the area covered by the petition.

(6) SPENDING LIMITATIONS.—Any Federal spending limitation with respect to preleasing, leasing, or a related activity in an area made available for leasing under this subsection shall terminate as of the date on which the petition of the Governor relating to the area is approved, or considered to be approved, under paragraph (2) or (3).

(7) APPLICATION.—This subsection shall not apply to—

(A) any area designated as a national marine sanctuary or a national wildlife refuge;

(B) any area not included in the outer Continental Shelf; or

(C) the Great Lakes (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3)).

(8) GREAT LAKES.—The Great Lakes (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3)))—

(A) shall not be considered part of the outer Continental Shelf under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.); and

(B) shall not be subject to production.

(f) NEIGHBORING STATE CONCURRENCE.—

(1) NOTICE.—The Secretary shall provide notice to a neighboring State of any proposed lease of oil or natural gas in a moratorium area if the lease would be located within 20 miles of the nearest point on the coastline of the State.

(2) OBJECTION.—Not later than 30 days after receiving the notice, the Governor of the State may object to the issuance of the lease on grounds that the lease presents a significant risk to environmental and economic resources of the State.

(3) SECRETARY REVIEW.—If the Secretary, after review of the objection and consultation with the adjacent State, concurs that the lease presents a significant risk described in paragraph (2), and that the risk cannot be reasonably mitigated, the Secretary shall not approve an exploration plan for the lease.

(4) NONAPPLICABILITY.—This subsection does not apply to a State covered by subsection (h).

(g) NATURAL GAS LEASES.—

(1) IN GENERAL.—Beginning with the 5-year outer Continental Shelf oil and gas leasing program for 2007 through 2012, the Secretary may issue a lease under this section that authorizes development and production of gas and associated condensate and other hydrocarbon liquids in a moratorium area in accordance with regulations issued under paragraph (2).

(2) REGULATIONS.—Not later than October 1, 2006, the Secretary shall issue regulations that, for purposes of this subsection—

(A) define the term ''natural gas'' in a manner that includes—

(i) hydrocarbons and other substances in a gaseous state at atmospheric pressure and a temperature of 60 degrees Fahrenheit;

(ii) liquids that condense (gas liquids) from natural gas in the process of treatment, dehydration, decompression, or compression prior to the point for measuring volume and quality of the production established by the Secretary, acting through the Minerals Management Service;

(iii) other associated hydrocarbon liquids if the predominant component is natural gas and gas liquids; and

(iv) natural gas liquefied for transportation;

(B) provide that natural gas leases shall contain the same rights and obligations as oil and gas leases;

(C) provide that, in reviewing the adequacy of bids for natural gas leases, the Secretary, acting through the Minerals Management Service, shall exclude the value of any crude oil estimated to be discovered within the boundaries of the leasing area;

(D) provide for cancellation of a natural gas lease, with payment of the fair value of the lease rights canceled, if the Secretary determines that hydrocarbons other than natural gas and natural gas liquids will be the predominant production from the lease; and

(E) provide that, at the request and with the consent of the Governor of the State adjacent to the lease area, and with the consent of the lessee, an existing natural gas lease may be converted, without an increase in the rental royalty rate and without further payment in the nature of a lease bonus, to a lease under section 8(b) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(b)), in accordance with a process, to be established by the Secretary, that requires—

(i) consultation by the Secretary with the Governor of the State and the lessee with respect to the operating conditions of the lease, taking into consideration environmental resource conservation and recovery, economic factors, and other factors, as the Secretary determines to be relevant; and

(ii) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(3) EFFECT OF OTHER LAWS.—Any Federal law (including regulations) that applies to an oil and gas lease on the outer Continental Shelf shall apply to a natural gas lease issued under this subsection.

(h) EXCHANGE OF LEASES FOR AREAS LOCATED WITHIN 100 MILES OFF STATES IMPOSING A MORATORIUM.—

(1) IN GENERAL.—Effective beginning on the date that is 180 days after the date of enactment of this Act, the lessee of an oil and gas lease in existence on the date of enactment of this Act for an area located completely within 100 miles of the coastline and within the Adjacent Zones of States that have extended a moratorium under subsection (c) shall have the option, without compensation, of exchanging the lease for a new oil and gas lease having a primary term of 5 years.

(2) TRACTS.—For the area subject to the new lease, the lessee may select any unleased tract—

(A) at least part of which is located within the area between 100 and 125 miles from the coastline; and

(B) that is located—

(i) completely beyond 125 miles from the coastline; and

(ii) within the same Adjacent Zone of the adjacent State as the lease being exchanged.

(3) ADMINISTRATIVE PROCESS.—

(A) IN GENERAL.—The Secretary shall establish a reasonable administrative process through which a lessee may exercise the option of the lessee to exchange an oil and gas lease for a new oil and gas lease in accordance with this subsection.

(B) RELATIONSHIP TO OTHER LAWS.—An exchange of leases conducted in accordance with this subsection (including the issuance of a new lease)—

(i) shall not be considered to be a major Federal action for purposes of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.); and

(ii) shall be considered in compliance with the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.).

(C) WITHDRAWAL.—The Secretary shall issue a new lease in exchange for the lease being exchanged notwithstanding that the area that will be subject to the lease may be withdrawn from leasing under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) or otherwise unavailable for leasing under any other law.

(4) PRIORITY.—

(A) BONUS BID.—The Secretary shall give priority in the lease exchange process under this subsection based on the amount of the original bonus bid paid for the issuance of each lease to be exchanged.

(B) EXCHANGE OF PARTIAL TRACTS FOR FULL TRACTS.—The Secretary shall allow leases covering partial tracts to be exchanged for leases covering full tracts under this subsection conditioned on payment of additional bonus bids on a per-acre basis, as determined based on the average per acre of the original bonus bid per acre for the partial tract being exchanged.

(5) CANCELLATION OF LEASE.—As part of the lease exchange process under this subsection, the Secretary shall cancel a lease that is exchanged under this subsection.

(6) CONDITIONS FOR LEASE EXCHANGE.—For a lease to be cancelled and exchanged under this subsection—

(A) each lessee holding an interest in the lease must consent to cancellation of the leasehold interest of the lessee;

(B) each lessee must waive any rights to bring any litigation against the United States related to the transaction; and

(C) the plugging and abandonment requirements for any well located on any lease to be cancelled and exchanged under this subsection must be complied with by the lessees prior to the cancellation and exchange.

(i) OPERATING RESTRICTIONS.—A new lease issued under this section shall be subject to such national defense operating restrictions on the outer Continental Shelf tract covered by the new lease as apply on the date of issuance of the new lease.

(j) DISPOSITION OF COVERED REVENUES FROM MORATORIUM AREAS.—

(1) IN GENERAL.—Notwithstanding section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) and subject to the other provisions of this subsection, for each applicable fiscal year, the Secretary of the Treasury shall deposit—

(A) 50 percent of covered revenues in the general fund of the Treasury; and

(B) 50 percent of covered revenues in a special account in the Treasury from which the Secretary shall disburse—

(i) 75 percent to covered States in accordance with paragraph (2); and

(ii) 25 percent to provide financial assistance to States in accordance with section 6 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460*l*-8), which shall be considered income to the Land and Water Conservation Fund for purposes of section 2 of that Act (16 U.S.C. 460*l*-5).

(2) ALLOCATION AMONG COVERED STATES AND COASTAL POLITICAL SUBDIVISIONS.—

(A) ALLOCATION AMONG COVERED STATES FOR FISCAL YEAR 2007 AND THEREAFTER.—

(i) IN GENERAL.—Subject to clause (ii), effective for fiscal year 2007 and each fiscal year thereafter, the amount made available under paragraph (1)(B)(i) shall be allocated to each covered State in amounts (based on a formula established by the Secretary by regulation) that are inversely proportional to the respective distances between the point on the coastline of each covered State that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract.

(ii) MINIMUM ALLOCATION.—The amount allocated to a covered State each fiscal year under clause (i) shall be at least 10 percent of the amounts available under paragraph (1)(B)(i).

(B) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

(i) IN GENERAL.—The Secretary shall pay 20 percent of the allocable share of each covered State, as determined under subparagraph (A), to the coastal political subdivisions of the covered State.

(ii) ALLOCATION.—The amount paid by the Secretary to coastal political subdivisions shall be allocated to each coastal political subdivision in accordance with subparagraphs (B), (C), (D), and (E) of section 31(b)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a(b)(4)).

(3) TIMING.—The amounts required to be deposited under paragraph (1)(B) for the applicable fiscal year shall be made available in accordance with that paragraph during the fiscal year immediately following the applicable fiscal year.

(4) AUTHORIZED USES.—

(A) IN GENERAL.—Subject to subparagraph (B), each covered State and coastal political subdivision shall use all amounts received under paragraph (2) in accordance with all applicable Federal and State laws, only for 1 or more of the following purposes:

(i) Projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses.

(ii) Mitigation of damage to fish, wildlife, or natural resources.

(iii) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

(iv) Mitigation of the impact of outer Continental Shelf activities through the funding of onshore infrastructure projects.

(v) Planning assistance and the administrative costs of complying with this section.

(B) LIMITATION.—Not more than 3 percent of amounts received by a covered State or coastal political subdivision under paragraph (1)(B) may be used for the purposes described in subparagraph (A)(v).

(5) ADMINISTRATION.—Amounts made available under paragraph (1)(B) shall—

(A) be made available, without further appropriation, in accordance with this subsection;

(B) remain available until expended; and

(C) be in addition to any amounts appropriated under—

(i) the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.);

(ii) the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–4 et seq.); or

(iii) any other provision of law.

(k) REPEAL OF REQUIREMENT TO CONDUCT COMPREHENSIVE INVENTORY OF OCS OIL AND NATURAL GAS RESOURCES.—Section 357 of the Energy Policy Act of 2005 (42 U.S.C. 15912) is repealed.

I yield the floor.

Ms. LANDRIEU. Mr. President, will the Senator yield for a question?

Mr. WARNER. I am happy to do so.

Ms. LANDRIEU. I thank the Senator. I know our colleague from Massachusetts is here to speak on another subject, but I would just ask a question of the distinguished Senator from Virginia.

First of all, I would like to thank him for the bill he has introduced. I know in the form of an amendment it won't be appropriate in this debate, but I thank him for that.

Would the Senator just explain briefly for maybe a minute or so the feelings of people in Virginia—your legislature has done a lot of good work—about the possibilities of opening additional drilling, perhaps at a later date, and how that might affect the neighbors of Maryland, Delaware even, and perhaps even the Carolinas? Could the Senator just comment for a minute about how those negotiations are potentially moving forward, if not for this bill, then maybe at a later time?

Mr. WARNER. Mr. President, I thank my distinguished colleague from Louisiana. Indeed, in two consecutive sessions of the General Assembly of Virginia, this subject has been on the agenda and bills have been passed by the House of Delegates and State Senate to send bills to the Governor. For whatever reason, Governor Warner—I am not here to criticize, but he saw fit not to let the bill become legislation, and Governor Kaine likewise disapproved of the language this past legislative session encouraging offshore development. I think progress has been made in our legislature as evidenced by the overwhelming votes of more than 75 percent of the State Senate and House of Delegates on this year's bill, and clearly the legislature is speaking for the people of Virginia, and they are ready to take on this challenge and to accept the consequences, whatever they may be. But I repeat: I think technology has gotten to the point where that risk is minimal, in my judgment. How it would affect adjoining States, that is subject to debate. If there were a mishap off the shore of Virginia and depending on the winds, the drift, the seas, and other things, if there were an accident which did emit some pollution, I am not sure anyone could write that into law as to what happens. It is important to note that my amendment includes provisions requiring the concurrence of neighboring states that would be within twenty miles of any production and, as I have said before, modern technology has made these risks very minimal.

But it is an important aspect worth consideration—any legislation of the type I have offered. But it would seem to me collectively the coastal States should look to this as a possible increase in their energy and financial resources. As a matter of fact, my bill allows the citizens of any coastal State authorizing such production to retain a significant part of the proceeds from such drilling. I thank you for asking the question.

Ms. LANDRIEU. I thank the Senator for his comments.

I yield the floor.

The PRESIDING OFFICER. Who seeks time?

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

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

Mr. KENNEDY. I ask the Chair, how much time remains?

The PRESIDING OFFICER. There is 51 minutes remaining on the minority side.

Mr. KENNEDY. I would like to yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

(The remarks of Mr. KENNEDY are printed in today's RECORD under ''Morning Business.'')

The PRESIDING OFFICER. Who yields time?

Ms. SNOWE. Mr. President, I yield myself 15 minutes under the previous time agreement.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. DORGAN. Mr. President, if my colleague will yield for a unanimous consent request, my colleague from Maine and I wish to speak in 15-minute increments, taking the time from each side in the debate. I ask unanimous consent to follow my colleague from Maine.

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

The Senator from Maine.

Ms. SNOWE. Thank you, Mr. President. I thank my colleague, Senator DORGAN.

I rise today, along with my colleague, Senator DORGAN, to address the amendment before the Senate based on legislation that Senator DORGAN and I introduced regarding drug importation.

First and foremost, I thank my colleague, Senator DORGAN, for his relentless and dedicated leadership on this very important question which we hopefully can address once and for all here in the Senate and in the overall Congress because it certainly is an issue that deserves consideration. But more importantly, it deserves to become law because it is so important to the interests of the American people.

We have been joined on this legislation by a broad coalition of 30 of our colleagues and many of the leaders of the importation effort, along with Senators GRASSLEY, KENNEDY, MCCAIN, and STABENOW unified with us in advancing this bipartisan legislation. Our voice has echoed those 7 out of 10 Americans who have called for the lifting of the ban on prescription drug importation. We have worked together to see that this legislation is considered in the Senate, and we have had 10 related hearings on this very matter in the Senate since 2004.

When we recently considered the Homeland Security appropriations bill, over two-thirds of the Senate responded to the increase in seizures of medications from Canadian pharmacies earlier this year by voting to stop impeding safe access to affordable medications.

Today, we must do more to respond to this issue. We must pass the legislation we have introduced which will ensure Americans have a safe and effective system to provide access to affordable medications. Our constituents are suffering as the cost of health care is rising rapidly in America, and prescription drug costs have led to that increase.

In response to a request of Senator WYDEN and myself to track the price of medications most used by seniors, the GAO has repeatedly reported that the cost of these medications has increased at two to three times the rate of inflation as indicated by this chart. In fact, AARP reported recently that the fact is this the highest third-quarter increase in the cost of brand drugs since they began these studies. We can see here two to three times the rate of inflation in the cost of medications.

As a nation, we are growing older, and as we do we use more prescription drugs. At the same time, relentless price increases have made access to lifesaving drugs more and more unaffordable for Americans. The problem of affordability is shared by everyone. If you have prescription drug coverage, rapid price increases drive up your premiums. If you are one of the millions without drug coverage, the situation is far worse. You bear the full cost of the world's highest prices for medications.

Today, even with the new Medicare prescription drug benefit in place, over 46 million Americans are saddled with the burden of exorbitantly priced medications. A drug can be safe and effective, but what good is it if you can't afford to take it? That is why we simply cannot afford to postpone action any longer on this legislation. We have acted before repeatedly in the Senate and in the overall Congress. It has been law since 2000, when Congress last acted to allow importation.

We have also required certification by the Department of Health and Human Services, that the HHS Secretary must certify the safety of importation. Unfortunately, that has been the caveat and a disguise for blocking the importation measure. It has denied access to importation. The Department of Health and Human Services has not taken steps to ensure that we can allow Americans to import drugs safely from other countries—and in particular Canada. While the FDA was unable to point to any single individual harmed by Canadian drugs, they have actually denied importation from Canada. In Europe, in over 30 years of parallel trading of pharmaceuticals, no death or injury has ever been documented because they know it is safe.

While our constituents have found importation offers them access to lifesaving drugs, we have repeatedly heard from FDA how the practice threatens health. Opponents claim importation will cause harm, but they fail to note that the greatest prescription drug threat to the safety of Americans—that is, the inability to take drugs that are prescribed—exacts a toll of thousands of American lives every year. As Dr. Peter Rost—a former Pfizer executive up until a few months ago—who joined Senator DORGAN and I and others in a press conference, observed, ''Holding up a vote on reimportation, stopping good reimportation bills has a high cost, not just in money but in American lives.'' He is a former executive of Pfizer who actually had the courage to make that statement.

Today, thanks to the intensive reporting of health professionals, we are seeing more evidence of the cost of unaffordable medications. In my own State of Maine, one of our physicians reported hospitalizing two patients in a single month—one of them in the intensive care unit with a dangerous heart arrhythmia simply because they could not afford to refill a prescription.

But Americans recognize the value of prescription drugs, and they have turned to affordable sources of these medications so they can preserve and protect their health. Many of my Maine constituents have used Canadian pharmacies and found both savings and safety. But dangers do exist. There are certainly those who would exploit consumers with dangerous or counterfeit medications. It is imperative that we work proactively to ensure that the importation of prescription drugs is safe.

That is why Senator DORGAN and I, along with our colleagues, have comprehensively addressed the various concerns that have been raised over the months and years about drug importation—so that we can get something done. But certifying safety isn't the answer; any measure should actually make it safe. And there are two key issues we must address as we consider importation legislation. First and foremost, is it safe? Second, will the legislation be effective in delivering real savings for consumers? Our legislation which is incorporated in the amendment before us today does both.

Our constituents have taken action to purchase the drugs they could afford—mostly in Canada—and have demonstrated that importation can be safe. In Europe, with over 30 years of parallel trading of pharmaceuticals, no death or injury has ever been documented. They know it is safe.

Dr. Rost, as I said, who was a Pfizer executive up until several months ago, stated from his own firsthand experience in Europe—and I quote:

> I think it is outright derogatory to claim that Americans would not be able to handle reimportation of drugs when the rest of the educated world can do this.

And I agree. Under our legislation, Americans will receive imported drugs from 30 countries. In most cases, Americans will purchase imported prescription drugs from their local pharmacy. The pharmacist will receive those drugs from a U.S. wholesaler which imports them. These wholesalers will be registered, inspected, and monitored by the FDA. This higher level of safety is also a first step in establishing a higher standard for the handling of all medications in the United States.

Our legislation also allows individuals to directly order medications from outside the United States when using an FDA registered and approved Canadian pharmacy. Again, just as with wholesalers handling prescription drugs, the FDA will examine, register, and inspect these facilities on a frequent basis. The FDA will assure the highest standards for such essential functions as recording medical history, verifying prescriptions, and tracking shipments. But regardless of whether one purchases imported drugs from the local pharmacist or uses a Canadian pharmacy, we assure that a legitimate prescription and a qualified pharmacist will be vital ingredients in ensuring safety.

Toward that end, we have also worked with Senator FEINSTEIN to incorporate provisions of the Ryan Haight Act to assure that as we provide safety in an importation system we do not ignore the need to assure safety and integrity in domestic internet pharmacies. These provisions will assure that properly licensed pharmacies and pharmacists are behind Web sites offering prescription drugs and that we no longer see prescriptions issued based on a submitted form or a telephone conversation. There must be integrity and a proper professional relationship between medical professionals and patients.

For those who say the consumers could unwittingly purchase an unapproved or suspect drug, our legislation assures that the drug received will always be FDA approved. If any difference exists in a foreign drug, even the most minute, our legislation assures FDA will evaluate the product and determine its acceptability.

We provide a process to assure imported drugs are the same FDA-approved product, and if a minor difference exists, such as a coloring or inactive ingredient is different, and has no effect on the efficacy of the drug,

our legislation assures that it will be tested and labeled so that differences are known. So there will not be motivation for a manufacturer to game the system by making a minor change in order to make a product unapproved and thus unimportable.

For those who say that counterfeiting is a threat, our legislation requires the use of anticounterfeiting technologies to protect drugs. The fact is, we can employ technologies like the one now used on the new $20 bill. We can do the same with prescription drugs. Moreover, this bill supports the development of future anticounterfeiting and track-and-trace technologies which we hope will be used to protect all prescription drugs.

For those who say consumers won't know who has handled an imported prescription drug, our bill requires that a chain of custody—a ''pedigree''—be maintained and inspected to help ensure the integrity of the imported prescription drugs. A pedigree for medications was mandated by law, believe it or not, back in 1988—that is correct, in 1988—and we still await its implementation by the FDA. Almost 20 years later, the FDA has yet to implement that requirement to establish a pedigree for medications to ensure that we have a chain of custody so we understand how they have been handled from the initial process of manufacturing.

Some even attempt to alarm Americans about the countries from which we import drugs, citing Latvia, Estonia, and Slovakia, members of the European Union. Another member is Ireland, where Lipitor is made.

I call your attention to this chart on which the European Union and other countries from which we would import is in blue. These countries meet or exceed our standards. In contrast, we have in red many additional countries in which the FDA inspects pharmaceutical manufacturing plants. These include China, India, Bulgaria, Jordan, and others with lower standards.

For those who say importation isn't safe, we show that it will be, and this legislation sets a model of improving safety in the handling of all prescription drugs. The safety has been attested to by none other than the former FDA Commissioner, Dr. David Kessler. He said our legislation '' . . . provides a sound framework for assuring that imported drugs are safe and effective. Most notably, it provides additional resources to the agency to run such a program, oversight by FDA of the chain of custody of imported drugs back to FDA-inspected plants, a mechanism to review imported drugs to ensure that they met FDA's approval standards, and the registration and oversight of importers and exporters to assure that imported drugs meet those standards and are not counterfeit. Some say the consumers will not see significant savings, but drugs imported under this program will be labeled as imports, and consumers will be able to compare the side-by-side savings. With increasing consumer awareness of foreign prices and competition between importing wholesalers, we are confident of consumer savings.

Let me say in conclusion, I hope the Senate will give due consideration to this legislation. In the final analysis, it incorporates every issue regarding safety concerns, every measure, every standard that could be put in place to ensure we can have safe drug importation and accomplish the ultimate goal, ensuring affordable medications to the American people. They deserve it.

Mr. DORGAN. I yield myself 15 minutes from the time on our side.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. I thank my colleague from Maine, Senator SNOWE, who has spoken at some length about the piece of legislation we have offered dealing with prescription drugs and the price of prescription drugs in this country.

Thirty-two Senators have cosponsored a piece of legislation. It is a bipartisan group, including Senator SNOWE, myself, Senator KENNEDY, Senator MCCAIN, Senator GRASSLEY and Senator STABENOW. A wide range of Senators have cosponsored a piece of carefully crafted legislation that allows the American people to import FDA-approved prescription drugs that are, in almost all cases, sold for a much lower price in other countries.

I will not go over all of the issues that have been raised by my colleague, Senator SNOWE, because she has done an excellent job of laying out the issue. The issue, very simply, is this: The pharmaceutical industry prices FDA-approved prescription drugs in this country with the highest prices in the world. The American consumer is required to pay the highest prices for prescription drugs in the world. That is unfair.

This chart shows United States versus Canada. But the chart could show the United States versus Italy, the United States versus Germany, the United States versus Spain, and it would show the same result.

I ask unanimous consent to show in the Senate two bottles of Lipitor.

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

Mr. DORGAN. The two bottles of Lipitor are identical bottles: same company, same pill, made in the same manufacturing plant, sent to different places. One is sent to the United States to be purchased by a United States consumer, and the other is sent to Canada to be purchased by a Canadian consumer. What is the difference? This is 40 percent less expensive than this one. The American consumer is charged more than the Canadian consumer.

Why is the American consumer not able to get that 40 percent discount or pay a price that is 40 percent less? The answer is, the pharmaceutical industry stops the reimportation of prescription drugs except for the small use by those who can go back and forth physically across the border. They do that because that enforces their pricing mechanism which requires the highest prices be paid by the American consumer.

Prevacid, 50 percent savings in Canada versus the United States—same pill, same bottle, made by the same company, shipped to two different places, and one is a dramatically lower price. Zocor, 46 percent difference; Celebrex, a 55-percent difference—and the list goes on. The American consumer is charged the highest prices in the world for these prescription drugs.

I, personally, think it is unfair. The way to deal with that is to allow the American consumer access, as others have access, to an international trading system; to say if you can purchase an FDA-approved drug from Canada, you are welcome to import it into this country. The pharmaceutical industry says there are safety issues with that. There are no safety issues with that, not if it is an FDA-approved drug produced in FDA-approved plants.

The Europeans have been doing something called parallel trading for a couple of decades. If you are in Germany and want to buy a prescription drug from Spain, no problem. You can do that. If you are in Italy and want to buy a prescription drug from France, no problem. Under a system called parallel trading, they are able to import and reimport prescription drugs to find the best price. Only in the United States are we prevented from doing that.

We put together a piece of legislation. We worked very hard on the legislation. Thirty-two Senators, Republicans and Democrats, have worked to accomplish this legislation.

On March 11, 2004, over 2 years ago now, at midnight in the Senate, I lifted a hold I had on a nominee in exchange for what I thought was a commitment by the majority leader to bring drug importation legislation to the Senate. I thought it was a commitment. He says he didn't think it was a commitment. I am not going to try to question his integrity but, nonetheless, we still wait 2 years later and are not able to have a vote on this legislation.

In July of 2005, my colleague, Senator VITTER from Louisiana, said he received a commitment from the majority leader to bring this very issue to the Senate if the Senate achieved a 60-vote demonstration of support for reimportation. The Senate met that hurdle when it adopted the Vitter-Nelson amendment on a 68-to-32 vote. On July 14, I and my colleagues—three Democrats and three Republicans—wrote to the majority leader saying: We have now waited for a long while, and we hope that you will decide to do what you had assured us you would do; that is, give us an opportunity in the Senate to pass this legislation.

The U.S. House has already passed legislation on this. The Senate clearly has the votes to pass it if the attempts to block it are ceased and we would be

able to pass legislation that, according to the Congressional Budget Office, will save consumers $50 billion over 10 years, $5 billion a year. That is not an insignificant savings.

It seems to me this is an issue that ought not be very controversial except, as I understand, to the prescription drug industry. Let me hasten to say there are some good people working in that industry. Those companies produce some miracle lifesaving drugs. But there are no miracles from miracle drugs if you cannot afford to take them. That is why I believe the pricing of those prescription drugs to the U.S. consumer, charging the highest prices in the world, is fundamentally unfair. It is why I and many others are attempting to remove a restriction in law that prohibits the reimportation of FDA-approved prescription drugs. In many cases, these drugs are actually made in the United States and then exported to be sold for a much lower price in other countries. Then the U.S. consumer is prevented from accessing those same lower priced drugs despite the fact they were made in this country.

We passed a prescription drug benefit in Medicare recently, and it has now been implemented. That had a provision in it that prevents the negotiation for lower prices—just as the VA and others have done. This actually prevents Medicare from negotiating lower prices. I cannot think of anything that makes less sense than a prohibition of the Federal Government from negotiating lower prices. But that is what has happened.

Since the prescription drug benefit in Medicare has taken effect, in the first quarter of 2006, we see while the inflation increased at 1.1 percent, we can see the increase in the price of prescription drugs on this chart. I have developed several of them—Ambien, Proscar, Atrovent inhaler, Lexapro—and the price on average has run triple the rate of inflation in the first quarter. This is like hooking a hose to the tank and sucking it dry.

It will break the bank from two standpoints: One, the cost of this program to the Federal Government; and No. 2, the ability of consumers to be able to access the same FDA-approved drug for lower prices from Canada and other countries just makes great sense. It is why 32 Members of the Senate have cosponsored the legislation before the Senate.

As I said when I started, the majority leader has indicated he fully expected legislation such as this to be in the Senate and to be considered. He said: But we will take it up in the committee of jurisdiction first. That happened last year, in April of last year. They had a hearing. We expected then, and they all said then: We will report legislation out and have time in the Senate to deal with it. But the fact is, it has not happened.

On behalf of the American people, who deserve to have the opportunity to have fair prices on their prescription drugs, this Congress, this Senate, ought to take up this legislation and pass it.

The legislation that is before the Senate is an authorization bill. We are now on the legislation. It is open for amendment. The amendment that I will ask to be considered is not an amendment that falls by the rules. It is an amendment that is perfectly appropriate under the rules. My understanding is that the bill on the floor of the Senate has been amended. I think we have a first-degree amendment and a second-degree amendment. What has been done, as they say in legislative terms, the tree has been filled so that no other amendments are in order.

So in order to offer an amendment, which is proper, you have to ask that the current amendment be set aside, which is the last second-degree amendment that was offered.

My expectation is, and I am told this request will be objected to, but let me say, even if it is objected to, I hope the majority leader will work with us. We have limited time. Representations have been made to a number of Members, including Senator VITTER, myself, and others, that we would have an opportunity in this Congress to deal with this issue.

The U.S. House of Representatives has done so; the Senate has not. My hope is the Senate would allow consideration of a very carefully developed bipartisan piece of legislation that nearly one-third of the Senate has embraced as cosponsors.

With that, I ask unanimous consent the pending amendment be set aside, that the Senate immediately consider the Dorgan-Snowe amendment number 4742 to make drug importation legal and safe.

Mr. ALLEN. On behalf of the leader, I object.

The PRESIDING OFFICER. The objection is heard.

Ms. SNOWE. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Ms. SNOWE. Mr. President, I appreciate all of the Senator's leadership on this issue, but would the Senator agree it is so important for our colleagues to recognize the savings that would be realized for our American consumers? Their counterparts in other countries pay 35 to 55 percent less, so this is an enormous savings both in terms of the U.S. Government and the $50 billion the Senator has mentioned, but also more than $6 billion in direct savings to the Federal Government and to the U.S. budget. Not only do we save $50 billion, with $6.1 billion of that in savings to the U.S. budget according to the CBO, but we begin to address the fact that the American consumers are paying $87 billion more than counterparts in other countries.

This is an enormous savings in all respects. Would the Senator not agree this also would advance those savings to American consumers but, as well, to our Government?

Mr. DORGAN. Mr. President, the large bipartisan group of Senators that has worked to put this bill together and endorsed the bill through cosponsorship has done so believing, first of all, that there is no safety issue. These are FDA-approved drugs that would be allowed to be imported, No. 1. And, No. 2, very substantial savings would exist. The Congressional Budget Office has said that it would be $50 billion over 10 years, $5 billion a year. There would be additional savings to the Federal Government itself.

At a time when we are up to our necks in debt, it is very important to do the right thing not only on behalf of the American consumers but also on behalf of our Government's fiscal policy. The right thing is allowing this to be an opportunity to access the identical FDA-approved drugs at the much lower price that they are being sold in virtually every other country of the world.

I yield the floor.

Mr. ALLEN. Mr. President, I rise this afternoon in strong support of the Gulf of Mexico Energy Security Act. This is commonsense legislation. It will have a powerful and positive impact on one of the truly most important challenges facing our country today: we need to reduce the price of gas. We need to reduce our dependence on foreign sources of energy. It needs to be reduced for our competitiveness. We need to reduce the dependence on energy for our national security, especially the amount of foreign oil we get from the Middle East.

American households, families, and businesses are paying high prices for gasoline. They are paying high prices for natural gas as well as diesel. Our country, the United States of America, is far too dependent on a single source of energy which is primarily located in a hostile, unstable region of the world, 8,000 miles away.

This dependence that we have on the Middle East needs to be reduced. We have paid a very high price for our energy dependence, not just in the actual cost of energy—which has skyrocketed in the last year, harming individuals, harming families, harming manufacturing jobs, having an adverse impact on our farmers and small businesses—we have also, as Americans, paid a high price in terms of our national security since our economy is becoming increasingly vulnerable to the whims of some Iranian mullah or some dictator in Venezuela.

Moreover, there is increasing demand around the world. Every barrel of oil produced in Saudi Arabia or Iran or anywhere else is in competition with the growing economies in Central Europe, and the very large growing economies in India and China—all competing for that same barrel of oil.

This dependence on foreign oil is a serious problem, a serious challenge which requires and demands a serious long-term solution. The old brain-dead energy policies of the past are not

going to work in today's innovative and expanding global economy. We need to adopt a comprehensive, 21st century energy program that will increase energy affordability, energy reliability, and, above all, our mission of energy independence.

The best way to strengthen our energy independence is through more American energy diversity. We need to adopt a flexible, diverse portfolio of energy options. That, also, of course, first and foremost, must include increased domestic energy production, including American oil and natural gas. As to clean coal, American coal, we are the ''Saudi Arabia'' of the world in coal, and we ought to be using clean coal technology for electricity generation as well as gasifying coal or making it into a diesel-like fuel. We also ought to be using American advanced nuclear power for electricity generation.

We need to increase our refinery capacity. Right now, refineries are going at 100 percent capacity. When they shift from one formulary to another, there is disruption, increased prices, some shortages, and not just at the refineries but also in the pipelines. So we need more refineries in this country.

We need, as Americans, to conserve and become more efficient and smart in the use of our energy and our methods and even the engines of propulsion. We also need to unleash the power to free, creative minds and free markets right here in America. We have to unleash the best scientists, the best engineers, and the best technicians in the world. It is time to put them to work to develop a 21st century energy program.

Fuel cells can be part of it. Hybrids, clean-burning natural gas, the use of biofuels, whether that is soy diesel or ethanol, are part of the innovative ideas. Also, with advancements in nanotechnology, materials can be lighter and stronger, needing less energy to propel that particular vehicle. Nanotechnology is also making solar photovoltaics much more of a part of our options. Lithium-ion batteries are moving forward, and that is another method of propulsion for the future.

We have to adopt, we have to be determined, and we have to move forward with a comprehensive 21st century energy independence policy focused on energy production, innovation, and diversity. When we do that, we will see lower gas prices for American consumers. We will see more jobs for American workers and a stronger, more competitive and safer America in the world.

I believe that the Gulf of Mexico Energy Security Act, which is designed to expand deepwater exploration in the Gulf of Mexico, is an important first step toward a long-term energy solution. Although, I know there is much more to be done—and I will be offering an amendment to allow other States to have the same options as well—but this is a bipartisan measure, a bill crafted by Chairman DOMENICI and Senator BINGAMAN, with the support of Senators from, expectedly, Louisiana, Mississippi, and Alabama, and also breakthrough leadership from the Senators—including the Presiding Officer, Senator MARTINEZ—from Florida.

This measure is going to permit energy exploration of 1.7 million acres in the eastern Gulf of Mexico, otherwise known as lease sale 181. It would also lift the production moratorium or ban for 6.3 million acres south of that area. Experts estimate that by permitting exploration of this area, we will eventually extract 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas.

This home-produced American energy can run our cars, heat our homes, power our factories. And, best of all, the money stays right here in America instead of being sent outside of America. This will have a big impact on jobs.

People wonder: Why does it matter for jobs? Well, the natural gas aspect of this is very important. Our manufacturers of chemicals and fertilizers—which affects so many of us, particularly the farmers, but everything we use—those manufacturing jobs could be anywhere in the world, whether it is for chemicals, whether it is for fertilizers, manufacturing tires in Danville, VA, at the Goodyear plant. Those tires could be manufactured anywhere. And the cost of natural gas, the affordability, the reliability of it matters a great deal.

Plastics can be manufactured everywhere. But plastic manufacturers rely a great deal on petroleum-based products as well as natural gas. Forestry products for paper, cardboard, and lumber use natural gas. Again, it is very important we have affordable natural gas to keep those jobs in America rather than going overseas.

Now, as a former Governor, I believe a large portion of the royalties from the new deepwater exploration should be shared with the adjacent States. That is why I am supporting the revenue-sharing portion of this legislation, notwithstanding opposition from the White House. In this legislation, as much as 37.5 percent of the available revenues will go to the Gulf Coast States, many of which were severely damaged by Hurricanes Katrina and Rita.

Now, these revenues will free up money for worthy projects, such as education, transportation, and coastal shoreline erosion remediation. This is an outstanding bill. It will increase jobs and income, obviously, in the Gulf Coast States. It will help Alabama, Mississippi, and Louisiana, and Florida, but also the whole country. What is most important is that for the whole country this will increase the affordability of energy. It will increase our reliability of having energy in every State in our Union.

This bill will not harm our environment. I would remind my colleagues that hundreds of deepwater oil rigs were in the paths of Hurricane Katrina and Rita, and although these rigs were shut down and disabled by the roaring winds and the rising seas, not one of them released oil into the Gulf of Mexico. So this is a good record of performance that should alleviate any concerns about environmental safety.

I believe so strongly in this measure and this program that I want my own Commonwealth of Virginia to participate in it. This is why I am offering an amendment. And I will continue in the months and years ahead to allow not only the Gulf of Mexico States to share in revenues, and to permit those folks to have the deepwater exploration, but I want to permit and allow the people of Virginia to explore for oil and/or natural gas 50 miles off of our coastline and no closer than 25 miles from any neighboring State.

It would be a completely voluntary arrangement. My amendment allows deepwater exploration if that is the will of the people of Virginia. It simply gives the people an option. It gives the people a choice. And I sincerely believe the people of Virginia will choose to allow deepwater exploration once they are conversant with the facts and the opportunities. In fact, the General Assembly of Virginia, 2 years in a row, has passed legislation, with bipartisan support, to allow deepwater Outer Continental Shelf exploration far off the coast of Virginia.

Here are the facts. In the far part of the eastern seaboard, 45 miles off of our coast, Cuba is exploring for natural gas. Then in Canada, off the Grand Banks and the Maritime Provinces, they are exploring for oil and natural gas.

Now, for the U.S. area, and near Virginia, according to the Minerals Management Service, there are 1.23 billion barrels of oil and 11.68 trillion cubic feet of natural gas along the Mid-Atlantic Outer Continental Shelf. This remarkable, significant amount of energy is just sitting there, waiting for us to use it. Yet Federal law prevents the people of Virginia and America from using it.

Now, the gasoline prices are surging at over $3 per gallon. It is, to me, unbelievable and irresponsible to continue this obstructionist, detrimental restriction and regulation on Virginia and other States.

In my amendment, I have ensured that the people of Virginia are able to reap the benefits of any successful deepwater exploration far off our Virginia coast. Using Senator DOMENICI's legislation as a model, I have established that 37.5 percent of revenues would be allocated to Virginia. I recommend that half of these revenues would go to much needed transportation projects in Virginia. It could be for the third crossing down in Hampton Roads or for the widening of a variety of interstates across our Commonwealth. That would get half of the revenue.

A quarter of the revenue would go to reducing instate tuition at our Virginia colleges, and another quarter of the revenues would go to the coastal communities which are the counties on the eastern shore of Northampton and Accomack and to Virginia Beach, which they may want to use for shoreline or beach, sand replenishment.

Now, how much money are we talking here? Experts estimate that it could be nearly $3 billion over a period of time. That's right, $3 billion—all paid into Virginia's treasury, benefiting all Virginians, whether it is in education, whether it is for the shoreline, or improving our transportation.

Now, if Senators from other States think to themselves: I wouldn't want to have those jobs and those billions of dollars for my State, I would only say to them: Fine. That is your choice. I respect that choice. But please allow us in Virginia to make a choice as well, a choice that helps us and does not hurt any of the other States at all.

We did not get into this energy dependence challenge and predicament overnight, and we are not going to get out of it overnight. This legislation is a vitally important aspect of bolstering our energy security for generations to come. I support it, and I strongly advocate its swift passage because it is a long stride forward toward our ultimate American goal of America's energy independence. And for the future, I encourage my colleagues to support what I consider to be my fair, commonsense approach to empower the people of Virginia to explore for oil and/or natural gas in the deep water off our Outer Continental Shelf, if they so choose to do so.

This expanded proposal is consistent with the principles of federalism and free choice, and it respects the will of the people. It is a win-win situation for jobs, competitiveness, and, most importantly, it will incentivize and encourage the people of the States to join in with our national mission of energy independence.

I hope the underlying bill passes, of course. And I look forward—I see the chairman is here. I commend him for his outstanding work in a bipartisan manner. And I see Senator LANDRIEU here from Louisiana as well. This is a long stride forward. But please understand, Mr. Chairman, that I am going to continue fighting for Virginia. It is good for Virginia. It is also good for America because we need to have America independent from foreign sources of energy, particularly that from the Middle East. I say to the Senator, thank you for your leadership.

Mr. President, I yield the floor.

Mr. LEVIN. Mr. President, I intend to support cloture on S. 3711, the Gulf of Mexico Energy Security Act of 2006, and will vote for final passage. I am voting for cloture and for final passage because I believe we need to move forward to open up more areas for natural gas exploration to address the increasingly tight natural gas supply in the U.S. and its resulting high prices, but to do so in a way that protects our environment.

Over the past 6 years, the tight natural gas supply and increasing costs of natural gas has had a significant impact on consumers and particularly on the U.S. manufacturing sector, which depends on natural gas as both a fuel source and a feedstock and raw material. With U.S. natural gas prices the highest in the industrialized world, many companies have made decisions to move their manufacturing operations offshore. More than 2 million manufacturing jobs have been lost to overseas operations in the last 5 years, and I believe we need to take reasonable efforts to bring down the cost of natural gas in the U.S.

I agree with many of my colleagues that this compromise on offshore oil and gas exploration represents what is achievable in the Senate, and I urge the leadership on both sides to resist strongly any efforts by the House to broaden the scope of this legislation. If the bill comes back from conference with the House of Representatives without the Senate limits and environmental protections, I will not support the final product worked out by the conferees. Senator REID's letter to Senator NELSON is very reassuring in that regard.

The PRESIDING OFFICER. Who yields time?

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I believe I have 15 minutes at this point.

The PRESIDING OFFICER. The Senator is recognized. There is no time limit.

Mr. DOMENICI. Mr. President, let me say, before the distinguished Senator from Virginia leaves the floor, here is how I see the situation in terms of coastal waters and the tremendous resources that are along the coast today, including the Senator's State. I see us on the verge of making the first breakthrough in 25 years. If this breakthrough occurs and this bill passes and this bill gets signed, the breakthrough is that your State and your people—openly and bright—might want it, too. In fact, you have been talking about that.

The point I am making is, we are doing this right. Let us get this one done, as you have said, and you certainly have not said we should not. I don't imply that. But the right thing for the country, in fact, of these prolonged moratoria is to pass 181 before us because it is big. It is real. It is right. It is now. It will happen and it will hurt no one. Besides, you will see bids to open with short periods of time saying: We will drill. You will see companies announcing what they are going to do. That will be the stimulus. I am not a football expert, but it is sort of like if the goal is to maximize, eventually, over time, the coastal production of America from a venue of stagnation, if that is the goal—and I am not there yet, but if that is the goal—what you do is you make the first 10 yards right now. This is the first 10 yards. This is the breakthrough.

Now you are going to see it, and you can say: Man, we can make it. Then your State will come, and other States will come. So I am very pleased we chose to limit it to the four States plus Florida and to this big piece called 181, plus 181 south, which you have lauded here today.

I will close by telling you something that you can now tell your people when this bill passes. On the day of the vote, for those who don't think this is a good bill, I want to remind them, and you can remind them, that it was just announced that natural gas had its biggest gain this year. Bloomberg announced that natural gas rallied to its biggest gain this year in the U.S. on a record-breaking heat wave, and the prices went up. So right now we are celebrating something very negative, that the supply is not sufficient. And with the excess heat, the price went up. What we want to tell them is, pass this bill. Start using these resources. Put them in our inventory, right? Get our businesspeople out there investing to drill, and we will have natural gas coming from 181, this big piece of real estate, energy laden, 6 trillion cubic feet on this one piece, enough for 6 million homes for 15 years, 1.2 billion barrels of oil on just this one piece. Get started, right? That is why we are going to do it.

I think we have the votes. But if you know anybody who is not for it, I say to the Senator, you tell them we celebrated the wrong thing today because we have been doing things wrong. It is time to do it right. That is what I think, and that is what this bill is. You are on the right track, and I commend you. This bill will get us started. I hope you understand that.

Mr. ALLEN. I am certain.

Mr. DOMENICI. We can't do it all at once. I am so pleased we picked the right one. And with the help of that man sitting in the chair, the Presiding Officer today—we call him ''President'' today, but he is actually a Senator—with his help, because he had a little guts, he decided to talk to his people instead of echoing. He went out there and talked and said: Let's do something. They agreed to this, after years of dilly-dallying, right? We are doing something for the country. The Presiding Officer, MEL MARTINEZ, the junior Senator, is part of this three or four or five people who led this actual attack on this moratorium. Moratorium has something to do with death. That is what the moratorium was, death for us, this crazy idea that these resources should be locked up when you could drill for them and not hurt anybody. It is finally going out the window, little by little, with this bill. Two windows going out. We will see how it works. The public is going to say: Boy, it works. And then some more windows will go out later. And that is what you are talking about.

Thank you so much.

Mr. ALLEN. If I may, Mr. President——

Mr. DOMENICI. I yield to the Senator. I have the floor.

Mr. ALLEN. Will the Senator yield?

Mr. DOMENICI. Yes.

Mr. ALLEN. I would say to the chairman of the Energy Committee, I wanted to get on that committee in this session because I really do believe energy independence, energy security is the most important issue facing our country. The Senator has provided great leadership, working with a variety of different forces, and getting things done on a bipartisan basis. I agree that Senator MARTINEZ was absolutely crucial in this bipartisan effort. I would hope, though, that you recognize that while I am introducing this amendment, I know my colleague, Senator WARNER, has a different sort of amendment, trying to get to the same point. I hope I can count on you, and I hope the American people can count on you to work in a bipartisan fashion in the future, whether this year or future years, to allow the people of Virginia, if they so desire, to explore off our coasts and use this as a model in sharing revenues with the States because I think sharing of revenues with the States will be an incentive for States to help the national mission of energy independence and not allow that good energy to stay there fallow in deep water off our Outer Continental Shelves.

Mr. DOMENICI. I thank the Senator.

In response to what the junior Senator from Virginia just said, obviously, this bill sets not only the precedent of getting rid of the moratorium for deep water drilling off the coast of Florida, but it also sets a precedent of revenue sharing with the coastal States that surround the activity. That is what the Senator is talking about. Obviously, the Senator from New Mexico favors that. I don't have to answer his question specifically. I favor that. I took a gamble and said: I am one to do that. I started off saying, I think I can get it done. I think we can get it done without it. That is where I started, right, I ask the Senator from Louisiana? I reported a bill out, found out we probably would get nothing. I am not sure of that, but probably the country would get nothing, the coastal States would get nothing, the Treasury would get nothing, the coastal repair would get nothing. And we would be right back here telling the public: We can't do anything.

So when the coastal States and the Senator from Florida started negotiating with us about the coastal States and about Florida's linear protections, distance protections, I had to move from no coastal revenues. I am very pleased with the way it turned out because I believe over the long run we have by at least 10, maybe 20 years, accelerated the timeframe for coastal exploration. I am not saying forever because I think sooner or later reality had to set in. I think we are just pushing reality here and pushing hard, saying: OK, we are going to share, but we are going to get the resources.

We might be ready soon to have hearings in the committee, have other bills, move in other directions. But for right now, this is the best bill to clear the Senate.

We have this terrible 60-vote threshold in this place. You are aware of that. It is no longer a majoritarian place. There are 60 votes for everything. You ask for a motion for a pin to drop, and somebody says: I am going to filibuster. Right? You have to have 60 votes. Appointment of conferees is filibustered now. Somebody like Senator BYRD will say: Senator DOMENICI, don't think that is new. That was around forever. Of course, it was. But it wasn't used very much.

But you know that is being used now. A motion to appoint conferees on a bill is now an acceptable measure on which to have a filibuster. The point is, this is no turkey shoot, passing a bill in the Senate. You don't just have to sharpen up and hit one; you have to get 60 votes. That is why it is so important you know how to put it together. That is why we did this. That is why some people, looking down on this bill, wondering how far can you go—you know where that is coming from—how far we can go and still get something passed—have to understand, the 60-vote threshold probably, if we make it tonight, and even if we break it, the point is, it is fragile. You fool around with it and change it and you could go back down to 59, 58, and be dead again.

So if you want some energy for America, not big time, not like a whole new country has been invented, we still have a lot of coast left, a lot of other places left, but this is a big one. If you want this, you have to remember, you have to get 60 votes. We have got to get 60 votes here tonight. We have got to get 60 votes later on. And we better not be thinking too far ahead of our nose or we will find out we don't have the votes.

So I want to close by reminding everybody that the price of natural gas increased by a record amount. The public can note that. They might be thinking: Why didn't you do something about it? We want to tell them we are trying tonight to do something about it. We have a ways to go, right? We have to get it passed, and we have to get it past the House. But we are trying to do something about this report that says the price went up the highest amount. We are trying to do something about it. We don't guarantee anything, but we guarantee you that we are going to help if we add 6 trillion cubic feet of natural gas to the inventory of natural gas for Americans from this piece of real estate off the coast of Florida, off the coast of Louisiana that belongs to the people, that had a moratorium on it, that had a death wish on it: You can't do anything with it.

We are taking that off, and that is why it is important.

It is also important that everybody knows it is not easy to do because in the Senate you need 60 votes. No, you don't, people told me the other day. What is the matter with you, Senator? Fifty-one votes will do that.

I said: Well, we changed business in the Senate. Almost everything is a filibuster. I just explained that to you. This bill was filibustered. No question. So we have this fancy-named thing called cloture. That means a request that the filibuster be restrained. We are going to vote on that. Do you want to throw out the filibuster tonight? That is what the vote is going to be about. But that is the 60 votes. People should know that, and they should know that about our bill, whomever it is. This is tough sledding. Don't be thinking that we could change it helter-skelter. And if they are wondering why we have been tough on amendments, just remember with us, who knows what amendments would do to this bill.

It is a good bill like it is. Sorry to fellow Senators who want to offer amendments for a week. I am sorry. I wish you could preside, Mr. President, over wonderful debates, about 20 amendments or 30 on this bill. I hope we don't have to because I hope we close it up with the cloture vote, a couple of hours after that, maybe tomorrow, vote on final passage, send this bill to conference, and then take a little while with the House and have this same message to them: 60-vote problem in the Senate. Can't send them any old thing or we will get nothing.

I think my friend from Louisiana knows that. She is here. She knows what I am going through. I mean, she can comment on that. She does. It is not easy to get this through, if you are worrying about adding things to it or changing it.

I see the Senator would like to speak.

Ms. LANDRIEU. Will the Senator yield for a question?

Mr. DOMENICI. Of course.

Ms. LANDRIEU. The Senator is absolutely correct.

The PRESIDING OFFICER. The Senator has used 15 minutes.

Ms. LANDRIEU. I ask unanimous consent for 1 more minute for the chairman.

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

Ms. LANDRIEU. The Senator is on to a very excellent point. I was wondering if he could remind those listening, getting ready for the vote, one of the reasons the debate was restricted is so that we could move on this very important piece of legislation. But if the Senator would remind those of the good things that were done in last year's Energy bill on conservation so that we didn't need a broad debate, we did so many good things, as the Senator will recall, in the last Energy bill to conserve, promote renewables. The Senator is well aware of the many things since he led that fight.

Mr. DOMENICI. The Senator is absolutely correct. I have been referring to

the Chair and the Presiding Officer in one way because it was the Senator from Florida, talking to him as the Senator from Florida. He has taken a seat as a Senator. Another Senator from the committee, Senator LAMAR ALEXANDER, has taken the Presiding Officer's seat.

(Mr. ALEXANDER assumed the Chair.)

Mr. DOMENICI. The question fits right in with all four. LAMAR ALEXANDER is on the Committee of Energy and Natural Resources, as is the Senator from Florida. A big participant is the Senator from Tennessee. I am looking at the Senator who took on the issue of natural gas, the Senator from Tennessee. We knew we could not do this on that bill, so we put it off. We did 10 or 15 major things that are still having an impact on America—everything from seeing to it that all possibilities for the alternative of shale being turned into oil be given a chance. It might happen. We promoted coal to gas, coal to liquid. The only thing keeping that from happening is the uncertainty of investment because the price of $70 is not certain. If we can address that issue, we will fix that, too. Ethanol came out of that bill. The whole idea of hybrid automobiles came out of that bill. Scores of that are in the area of conservation, which were promoted even before I was chairman; they are on that bill and are done. So this is a followup for some supply. That is why it is important that we get it done.

I thank the Senator for the question. There are many other things we could list. I thank the Senate for yielding me additional time.

I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Ms. LANDRIEU. Mr. President, I think we are going to vote around 5:30. I may need 10 minutes to speak, and others may follow suit. I wanted to follow up on what Chairman DOMENICI said, as a member of the Energy Committee—and, Mr. President, you serve so ably on that committee, as does the Senator from Florida—to say exactly that point.

Some people have been critical of this debate, questioning why it is so limited. The answer is because almost everything was included in last year's Energy bill, which we debated for 10 years—a lot of debate, over weeks and months, over a 10-year period. This part was the part that was left out—actually increasing the supply of gas. As the Senator from New Mexico said earlier, today is probably a propitious day to be debating this because the price went up over a dollar.

Earlier today, the manufacturing association, the agricultural interests, and the paper and pulp industry shared a press conference. The equivalent price of gas to oil, when gas went up earlier to $15—it is now today at $8, yesterday at $7. But at $15, which is what our industry folks pay, and residents pay as well—that high price of gas—it was the equivalent of a $7-per-gallon price of gasoline at the pump. So if you are thinking, because all of us know when we fill our tank up how expensive that $2.89 or $3.10 or $3.25 is—can you imagine the shock of going to the pump and having it say $7.50 a gallon? Imagine that. That is how high the price of gas got this year in the United States of America.

So the reason our farmers are supporting this bill, the reason rural communities are supporting this bill, the reason the manufacturing industries are supporting this bill, the reason the chemical association is supporting this bill, and many environmental groups as well, is because we must find more domestic supply to reduce the price of natural gas.

We are going to also have to import, unfortunately, more liquefied natural gas. I say ''unfortunately,'' although my State benefits from those imports. I can honestly say that I really belong to the group of Senators who believe we can be energy independent, and we should. This bill is the piece that didn't get done in the last energy bill, and it must get done before we begin writing another comprehensive energy bill, which we can and will do because there is always room for improvement.

I wanted to answer the critics about why just focus on this. It wasn't done in the last bill, so it needs to get done today. Why the gulf coast? Because the gulf coast Senators came together, working with Senator DOMENICI, and figured out our neighborhood. We live in the neighborhood of the gulf coast. Five States share the gulf; four of us drill and one doesn't. Maybe that one will one day, but who knows? That is for the State of Florida to decide. We will defer that debate. Texas, Louisiana, Mississippi, and Alabama came together and decided we wanted to stay in the business despite the fact that there have been difficulties to our coast. We believe in drilling and strengthening America's domestic reserves. We want to continue to serve the coast, but we can and will not any longer do it for free.

My critics say: Well, Senator, you are not thinking about all the jobs you get and about the taxes. I am thinking about the jobs created, and we are grateful. I am thinking about the taxes we get from onshore drilling. But I am also thinking about the $150 billion in royalties that have been paid by the offshore industry to the Federal Government, of which Texas, Louisiana, Mississippi, and Alabama got zero.

When I think about our beaches, our coasts, our marshes, our great fishing places, and our beautiful marshland, it is compelling that we would enter into a smarter partnership for the future than the one we failed, for many reasons, to enter into in the past. So I am proud to have argued and helped with our gulf coast Senators to negotiate a good deal, a square deal for the gulf coast, and a good deal for the Federal Government.

I also repeat that the country needs the gas now. The gulf coast needs the revenues now, the country needs the jobs now, and the companies in the industry need the competitive edge now. Today, again, at that press conference earlier, it was shocking to see how many manufacturing jobs have been lost. When the price of natural gas for our manufacturing sector exceeds the price of labor, we have a serious problem. That problem is getting addressed at 5:30 today when the Senate votes to open, for the first time, almost 8.3 million new acres of rich natural gas and send a positive signal to the markets and to the industry that we are serious again about finding resources right here.

Fifth, the companies in these industries need to gain a competitive edge. The States will get a reliable partner in conservation. Mr. President, you have done more to spearhead that debate since you came to the Senate. You did it as Governor of Tennessee, as a Secretary for our country. You have been a leader in conservation. I have spoken many times about the coast and wetlands. I am not quite as passionate or articulate as you, but I share your enthusiasm for the fact that this Nation is a great nation of the outdoors. It separates America from our European neighbors. It sets us apart from places like Japan. We have great open spaces. It is the character of America, as I have heard you say many times.

If we don't work harder to preserve those open spaces, they will not be there because they just don't happen; they are dreamed about, nurtured, and created, and not by words, not by wishes, but by money that buys and sets aside land. I know we cannot do it in every place and for the Federal part, but for the States, for our 50 Governors who are looking to the Federal Government to be a good partner and want to work with nonprofit organizations to expand conservation, I say to my colleagues that this bill finds balance.

We tried to do this in 1965 when some great Senators, such as Scoop Jackson from Washington and others, created the Land and Water Conservation Fund—the first time ever that the Federal Government said: Let's create a fund to help the States. It wasn't much of one. You could barely see this little dot. It was probably $10 million for all the States. That is just pennies. But it was a beginning. We went up to $75 million and back down to $50 million, and we kept trying, through the budgets, to get a little bit of money set aside for our parks and bike paths and soccer fields where our kids play. I am not just talking about suburban areas, I am talking about urban areas, such as small city parks in New Orleans or the large Central Park in New York. We did a pretty good job over time, and we have fallen off the wagon, if you will. It is time to get back up in the saddle and fund the Land and Water Conservation. That is what this bill does.

To some undecided Democrats who are thinking: What should I do, please consider that the country needs the gas, manufacturing needs their competitive edge back, the gulf coast could certainly use the revenues, the country needs the jobs, and the States need a reliable, steady stream of revenue for the Land and Water Conservation Fund that our Governors, legislators, mayors, county commissioners, and parish officials in Louisiana can certainly count on to help. It is down to $40 million, one of the lowest levels it has been.

Under this bill, it will go up $450 million a year. Not right away, but over time it will go up to its full authorized funding. We are going to do what we can between now and the time the bill gets to the House to make these adjustments in these early years to get these numbers up. We will see. We cannot make any promises because there is a lot to be done. The idea is to pass this bill today and get something to the President's desk that he can sign.

I thank the administration for supporting the framework of the Senate bill, for Secretary Kempthorne's visit to Louisiana and Mississippi, to the gulf coast. I thank all Senators who have come down—almost all of them now have come before the anniversary of Katrina—and seen firsthand the great needs America's only energy coast has.

I want to show a final picture of the gulf coast because this is what I have shown so many times when I have come to the Senate floor. This is America's only energy coast. I am not making this up. This is a USGS satellite view of the Gulf of Mexico. You see the great boot of Louisiana, the mouth of the Mississippi River here, Mobile Bay, Galveston, and the great expanse of the Texas coast. This is America's energy coast. All of these are pipelines that are out into the gulf. There is no way to get oil and gas from this part of the gulf unless you connect it to someplace on land. Whether it is Port Fourchon, Venice, Buras, Gulfport, Pass Christian, Morgan City, Beaumont, Cameron—all of these towns and communities support this industry.

When I see people come to the Chamber and say this doesn't belong to the States, this belongs to the Federal Government, I am not even making the argument; I know this belongs to the Federal Government. What I am saying is the Federal Government could not access what it owns without a right-of-way through the States of Alabama, Mississippi, Louisiana, and Texas. It is as simple as that. You can own all the valuable land you want; if you cannot access it, it is as if you don't own it. That is what we are talking about, sharing these revenues to protect this great coastline. We most certainly need every penny we can get to build these levees to protect these people so we can keep the lights on in the Chamber.

I ask unanimous consent that Senator ALEXANDER and Senator HAGEL be added as cosponsors to S. 3711.

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

Ms. LANDRIEU. Mr. President, I yield back the time in the event there are any other Senators wishing to speak for or against the measure.

I suggest the absence of a quorum and ask that it be equally divided between the two sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. BINGAMAN. Mr. President, in a few minutes we will be voting on S. 3711, which is the Gulf of Mexico Energy Security Act of 2006. I urge all Senators to oppose cloture on this bill which is the vote that will occur at 5:30. Last week, I outlined my reasons for my strong opposition to the bill. The bill is not good energy policy and, in my view, it is even worse fiscal policy.

Turning first to Energy, S. 3711 actually expands areas that are under moratorium off the coast of Florida. It also sets a precedent for imposing a new long-term congressional moratorium. The chart behind me has been referred to by many on both sides of this debate. This chart depicts the area, which is in yellow, that will be locked up under S. 3711 until the year 2022. For the first time, as I can determine, Congress will be enacting a multiple-year moratorium—not a moratorium for just 1 year, which we have done many times in the past but, rather, a moratorium until 2022.

In addition, Congress will be placing parts of this area under moratorium that have never been under a moratorium before.

The bottom line is that in return for access to an additional 2.76 trillion cubic feet of natural gas, the bill puts almost 10 times as much natural gas—that is 21.83 trillion cubic feet—off limits until 2022. Again, that is all of the area colored in yellow.

This is certainly not my idea of how we should be addressing our Nation's energy needs.

In addition, the claims of the natural gas that will be produced under the bill are exaggerated. The sponsors of the bill claim that 5.83 trillion cubic feet of natural gas will be produced. However, over half of that natural gas will be leased next year and produced anyway under the Department of the Interior's proposed plan. The actual amount of additional natural gas made available because of this bill is 2.76 trillion cubic feet.

Last year, the Congress enacted the far-reaching Energy Policy Act of 2005. The legislation addressed energy efficiency and energy production, nuclear energy, renewable energy, energy technologies, and energy taxes. We made progress, but there is much more work to be done. That is why I am deeply disappointed that the only energy legislation that the Senate is likely to consider this year is S. 3711, which I do not believe takes us in the right direction.

I am also disappointed that the right of Senators to offer amendments addressing other important aspects of energy policy will be cut off if cloture is invoked. There were amendments to S. 3711 filed by my colleagues that address important unfinished business on the topic of energy policy. Prominent among these are amendments to improve efficiency in our use of oil and gas. But there are also other meritorious energy amendments which my colleagues will not be able to offer if cloture is invoked today.

I turn now to the enormous adverse fiscal impacts of S. 3711. The bill would divert from the Federal Treasury 37.5 percent of revenues from the new sale areas to the four States—Texas, Louisiana, Mississippi, and Alabama. Starting in 2017, this percentage is applied to new leases in existing areas of the Gulf of Mexico that are open to production.

To put it simply, we are not talking about diverting revenues from the new lease sale area. Ultimately, S. 3711, by its language, would divert revenues from the entire Gulf of Mexico.

This is chart No. 2. The area that is highlighted is the area in the western gulf and the middle gulf which are open to production, and the revenue from new production in those areas would begin to be diverted to the four States I mentioned beginning in 2017.

As any Senator can see, this includes the entire western and central Gulf of Mexico and also, of course, the newly opened lease sale 181 and lease sale 181 south areas.

Even with S. 3711's so-called cap on revenues paid to the States for the period from 2016 to 2055, the amount flowing to the four Gulf States that would otherwise go to the Federal Treasury would be somewhere between $28.5 billion and $30.5 billion. Estimated losses to the Treasury balloon beginning at that later date of 2056, with annual losses between $12.5 billion and $15 billion starting that year.

There is no policy justification for diverting these Outer Continental Shelf revenues to the coastal States. The resources of the Outer Continental Shelf belong to the entire Nation. The Supreme Court ruled that offshore lands were and always have been owned by the United States as a feature of national sovereignty. In 1953, Congress passed the Submerged Lands Act which granted coastal States title to submerged lands to within 3 miles of their coast. This action by Congress several decades ago settled any issue of State equities.

Finally, there has been much discussion as to whether passage of S. 3711

will lead us to a conference on the House-passed bill, which is H.R. 4761. I understand that the minority leader has made a commitment that we will not accept any version of this legislation other than that which is before the Senate today. In my view, he is right to take that stance because the House-passed bill would take us down a road to even greater fiscal irresponsibility. The administration has warned that the House-passed bill would cost hundreds of billions of dollars.

In addition, the House bill contains many other far-reaching and extreme provisions that do not lead to the type of balanced energy policy that is in the best interest of our Nation.

For these reasons, Mr. President, I again urge my colleagues to oppose the motion to invoke cloture.

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

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

CLOTURE MOTION

The PRESIDING OFFICER. By unanimous consent, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The bill clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on Calendar No. 529, S. 3711: a bill to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes.

BILL FRIST, PETE DOMENICI, RICHARD G. LUGAR, MITCH MCCONNELL, KAY BAILEY HUTCHISON, JIM BUNNING, TRENT LOTT, CHRISTOPHER S. BOND, TOM COBURN, WAYNE ALLARD, DAVID VITTER, MEL MARTINEZ, THAD COCHRAN, JIM DEMINT, JOHN CORNYN, LINDSEY GRAHAM, JEFF SESSIONS.

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call has been waived.

The question is, Is it the sense of the Senate that debate on S. 3711, a bill to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes, shall be brought to a close?

The yeas and nays are mandatory under the rule. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MCCONNELL. The following Senators were necessarily absent: the Senator from Kentucky (Mr. BUNNING) and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from Kentucky (Mr. BUNNING) would have voted ''yea.''

Mr. DURBIN. I announce that the Senator from Massachusetts (Mr. KERRY), the Senator from New Jersey (Mr. LAUTENBERG), and the Senator from Connecticut (Mr. LIEBERMAN) are necessarily absent.

I further announce that, if present and voting, the Senator from New Jersey (Mr. LAUTENBERG) would vote ''no.''

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

The result was announced—yeas 72, nays 23, as follows:

[Rollcall Vote No. 218 Leg.]

YEAS—72

Alexander	Dole	McConnell
Allard	Domenici	Murkowski
Allen	Dorgan	Nelson (FL)
Baucus	Ensign	Nelson (NE)
Bennett	Enzi	Pryor
Bond	Frist	Reid
Brownback	Graham	Roberts
Burns	Grassley	Rockefeller
Burr	Gregg	Salazar
Byrd	Hagel	Santorum
Carper	Hatch	Schumer
Chafee	Hutchison	Sessions
Chambliss	Inhofe	Shelby
Clinton	Inouye	Smith
Coburn	Isakson	Specter
Cochran	Johnson	Stabenow
Coleman	Kohl	Stevens
Collins	Kyl	Sununu
Conrad	Landrieu	Talent
Cornyn	Levin	Thomas
Craig	Lincoln	Thune
Crapo	Lott	Vitter
DeMint	Lugar	Voinovich
DeWine	Martinez	Warner

NAYS—23

Akaka	Durbin	Mikulski
Bayh	Feingold	Murray
Biden	Feinstein	Obama
Bingaman	Harkin	Reed
Boxer	Jeffords	Sarbanes
Cantwell	Kennedy	Snowe
Dayton	Leahy	Wyden
Dodd	Menendez	

NOT VOTING—5

Bunning	Lautenberg	McCain
Kerry	Lieberman	

The PRESIDING OFFICER (Mr. BURR). On this vote, the nays are 23, the yeas are 72. Three-fifths of the Senators chosen and duly sworn having voted in the affirmative, the motion is agreed to.

Mr. FRIST. Mr. President, I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FRIST. 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.

Mrs. BOXER. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

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

Mrs. BOXER. Mr. President, thank you so much for your courtesy—and my colleagues. I wanted to be heard on this bill. I haven't spoken on it. It is a bill that I call a drilling bill; I don't call it an energy bill. I rise to speak against it, and I am against it for three very simple reasons.

First, I have no assurances—nor does Senator FEINSTEIN—that the California coast will continue to be protected from new offshore oil and gas drilling. That protection is crucial to my State, to my State's economy, and, of course, it is crucial to the promise that we made to our children and our grandchildren—that this coast will be forever protected. It is one of God's greatest gifts to our State. Every history book that writes about California talks about the beauty of our State—and it starts with the ocean. We know if we lose that beauty it is irreplaceable.

I also wanted to make a point to my friends that in our State, offshore oil drilling is an issue that unites the vast majority of Republicans and Democrats. They do not want to see it happen, whether it is our Governor or our Democratic candidate for Governor. They are in full agreement. This is an issue that unites California.

Clearly, we know that our economy is heavily reliant on tourism. It is reliant on fisheries. And offshore oil drilling threatens both of those economic engines.

Second, this bill will drain billions of dollars from the Federal Treasury. That is indisputable. And it does nothing to help us meet the critical goal of reducing America's dependence on oil. As a matter of fact, this bill deepens our dependence on oil.

Achieving real energy independence must be more than just a slogan. In this unbalanced bill, we admit our addiction to oil. As a matter of fact, I heard many colleagues say we need more oil, that we need this oil. But with this bill, we continue to feed this habit.

I personally believe there are places in this country where you can drill off the coast. I respect Senator LANDRIEU very much, and I don't have a problem if there is unanimity that there ought to be drilling off her state's coast. And I support her efforts to have some conservation fund to restore the area. But what are we getting on the other side? We are getting drilling, we are feeding the addiction to oil. It seems to me we are getting nothing because we are not allowed to amend this bill with some forward-thinking amendments. We are getting, for sure, a greater and greater deficit and a greater and greater debt.

How would we better balance this bill? We should promote vehicle technologies that get better gas mileage. We can develop and incentivize the use of alternative fuels. We can encourage energy conservation.

We have seen countries such as Brazil just within a 10-year timeframe become independent of foreign oil—become energy independent. But guess what. Because the Republican leadership won't allow it, we cannot offer any amendments to alter this bill. It is either drilling and giving four States a ton of money to reward them for that, causing the Federal deficit to swell, or it is nothing.

It is sad because this is a great country. It is a country of great ideas. Yet the ideas on both sides of the aisle take a back seat to the same old, same old, drill, drill, drill.

We can't drill our way out of this problem. As tempting as the mirage of a quick fix might be, we must not endanger the California coast with new drilling. And that is what will happen if this bill is merged with the House drilling bill.

If the House would take the Senate bill, then I would breathe a sigh of relief for my State—and the west coast and the east coast can also breathe a sigh of relief. But we don't have any assurances that the Pombo bill, which will open up the door to drilling in the most beautiful areas, will not become part of this bill.

Let me tell you that Californians—again, across party lines—rejected coastal drilling long ago. Even in the days when our State was a red State, we rejected offshore oil drilling across party lines.

It was because we had a devastating Santa Barbara rig blowout that contaminated our ocean waters and beaches almost 40 years ago. The memories of that are still ever present. The memories of that also became a warning sign that we want to preserve our precious coast.

The people of California decided that the potential benefits of future offshore oil and gas development were not worth the risk of destroying our priceless coastal treasures and our most important tourist industry that draws millions and millions to our coast.

I ask anyone listening to this debate: Is there a time when you visit California that you don't go to the coast? Everyone comes to our coast. What you do there is observe the wonder of an unspoiled coastline. There are certain areas where we do have drilling. But for many years we have kept the moratorium in place. When you go to our coastline, from the very far north of the State, down to the south, what you see is God's beauty. When you come to our State and you stay in our beautiful hotels and our bed and breakfasts and go to our restaurants, often having a view of our ocean, you can't help but come away in awe that this is a gift that has been given to us, and a gift that we must preserve. It brings dollars to our State.

This is one of those times when it is the right thing to do economically to keep that coast beautiful. It is the right thing to do spiritually. And, it is the right thing to do environmentally. The California State legislature understands it. In 1994 they passed a law that permanently prohibits oil and gas exploration in our State's waters. I thank them for that. We learned the lesson that drilling is dangerous. We learned it the hard way.

The Senate bill, if it is merged with the House bill, could be disastrous for the California environment and economy. We know it is disastrous for the Federal Treasury. By the year 2017, four States in our Nation would be entitled to $590 million per year; by 2022, $1.2 billion per year. These States will get part of the Federal Treasury. We cannot afford this kind of imbalanced fiscal policy at a time when the Federal deficit is expected to be $300 billion this year and the national debt is over $8.4 trillion and growing.

I think back to the year that President Clinton left office. The budget projections were that we were going to be debt free. Since my friends on the other side have taken control, deficits are back in full bloom. The debt is back and this bill adds to the debt and the deficit. How could we possibly do that today? Sadly, we are not only doing it with the energy bill, we are doing it in another bill I will talk about in a minute.

How about this? No amendments allowed to this bill. What is the other side afraid of? We might have an amendment that will pass? We might have an amendment that increases fuel economy for our automobiles? We might have an amendment that makes sure we have flex-fuel vehicles? We might have an amendment pass that invests in cellulosic ethanol so we can have more farmers get into this act and produce ethanol from products other than corn? That would not use up as much energy to produce.

Americans are paying $3 per gallon at the pump. By the way, in my State, in San Diego, I saw gas at over $4 for full serve. Talk about sticker shock, picture that one. There is not one thing in this bill about going after the gougers. What are they afraid of on the other side of the aisle? That we will go after the people who are essentially holding us up at the pump every single day?

They say the gas prices are going through the roof because of unrest in the Middle East and Nigeria and companies are simply passing along higher costs. If that were true, it would be one thing. It isn't true. How do we know?

While the American people are suffering, the oil companies are raking in record profits. If this were simply about passing along higher costs, the oil companies' profits would be flat.

I used to be an economics major. It is pretty basic. If you are passing along costs, your profits are flat. But if you are passing along costs plus a huge increase in profit, your profits are up.

Yes, Senator CANTWELL, who had a great provision to go after the gougers, was not allowed to offer it as an amendment.

Oil executives prosper. We have seen them, by the way, come before our committee. Senator CANTWELL and I tried to swear them in. The Republican chairman would not allow us to swear in the oil company executives. I found that to be a bit disgraceful. So they were not under oath. By the way, they did not tell the truth, either. The fact is, transportation fuel costs for families have doubled since the Bush administration has taken office. Yet we cannot offer an amendment to go after the oil companies because the Republicans, who run the House, who run the Senate, and run the White House, do not want the oil companies to face the music. Pretty simple.

I thought we were a country of, ''by and for the people.'' It turns out we are a country of, ''by and for the oil companies.'' You do not learn that in your textbooks.

We have to do better. Democrats have written a bill called the Clean EDGE Act that would require increases in flex-fuel vehicle production, that would make price gouging a Federal crime, would provide incentives for manufacturing hybrid cars, and would set minimum fuel economy standards for tires.

Why do you need standards for tires? Efficient tires on cars and keeping them inflated to the proper pressure improve mileage and would cut oil consumption by 160 million barrels per year. But we cannot offer an amendment. No, we cannot offer an amendment. They are protecting the oil companies. Why are we surprised? The President is an oil man. The Vice President is an oil man.

My Democratic colleagues and I have worked with Republicans to raise CAFE standards. That is the corporate average fuel economy. That is what CAFE is. The Ten-in-Ten Fuel Economy Act would raise CAFE standards for all vehicles, including SUVs, from 25 miles per gallon to 35 by 2017. This is a bill written by my colleagues, Senator FEINSTEIN and Senator SNOWE, but they cannot offer their amendment. Why? Because the Republicans want to protect the oil companies as the price for gas goes up.

By closing the SUV loophole, we could save the equivalent of one Alaska National Wildlife Refuge every 7 years. We do not have to drill our way out of this crisis in the God-given wild places. We just need to be a little smarter. We can do it.

I had amendments I would have offered that would have said the Federal Government has to purchase the most fuel-efficient vehicles available. It is kind of a no-brainer, but I cannot offer it. The President could issue an Executive Order today requiring that. He won't do that because he supports the oil companies, folks. Follow it, all of it; it leads back to that one point.

The average fuel economy of the Federal fleet was an abysmal 21.4 miles per gallon. I have had, for many years, a hybrid car. The new model, if it is driven properly, gets over 50 miles per gallon. Surely, we can do better than 21.4 miles a gallon.

I would have offered an amendment to promote research for cellulosic ethanol, a type of fuel produced by agricultural waste. Promoting this innovative fuel will reduce our dependence on oil and provide our Nation's farmers with new income sources. No, I could not offer it because they are protecting the oil companies. It all comes back to that.

With no amendments, we have a narrow drilling bill that busts the budget. We had an opportunity to work together across the aisle and come up with a comprehensive energy bill. But instead, we are going to protect the oil companies.

So we have more of the same failed policies that, in the end, could, in fact, endanger all of our coasts.

Once again, we call on the Republican leadership to start standing up for an energy policy for this country; not a narrow drilling bill that busts the Federal budget but an energy policy that will save the budget of the American people and help our economy by being on the cutting edge of these technologies.

If a country such as Brazil can do it, aren't we a little embarrassed that we can't? We are so far behind, it is extraordinary. I guess when you run the Senate for the oil companies, that is what you get at the end of the day.

I find it incredible that this Republican Congress that is supposed to care about fiscal responsibility has thrown fiscal responsibility out the window.

You have this bill that will drain the Treasury of over $1 billion a year over time. Then we have this grand compromise in the House headed our way that is going to make changes in the tax laws that impact the top 8,200 wealthiest families in America. It will cut their taxes and, again, rob the Treasury of billions of dollars. Guess what they say. They didn't care too much about that.

Let me tell the truth about what is headed our way, folks. The moderates on the House side went over to the leadership and said—these are the Republicans—we need to vote on the minimum wage because we may lose our seats. We are looking crass and cold because we have never had the ability to vote for the minimum wage because you never let us get it through. So we need to pass a minimum wage increase.

The leadership said: We have not done that in 10 years. We are not about to do it now. But maybe we could figure out a way to twist that around and cut back on that minimum wage increase and let those people at the bottom of the ladder struggle a bit longer while we give tax breaks to the wealthiest 8,200 families. But we will send it over to the Senate, and if they vote no because they decide they do not want to bust the budget, they will look bad because they have been calling for an increase in the minimum wage.

A long time ago when I was a girl, there was a great man who went up against Senator Joe McCarthy. He said to him: Have you no shame? We ought to bring out those words again. I say to my friends, have you no shame? People who work at the minimum wage have not had a raise in almost 10 years. You, Senators, have had a raise almost every year. How about tens of thousands of dollars of raises?

Finally, because you are caught between a rock and a hard place, you decide to pass an increase in the minimum wage, but you do it over 3 years. I never heard any Senator say: I will take my raise over 3 years. Never, and we get thousands of dollars in 1 year. I never had a colleague come over from the other side of the aisle against raising the minimum wage, saying: We will take our raise in 3 years. We will wait 3 years for another increase. No, we get our cost-of-living adjustment, while minimum wage workers are going to wait 3 years.

By the way, for some the House bill will be a pay cut. Some States, such as my State, where employers cannot reduce the state minimum wage paid just because a worker receives tips, will now be allowed to cut that worker's wages.

Have you no shame? Anyone in this Senate live on $10,000 or $11,000 a year? Do you think if you work your fingers to the bone you should be stuck at that level for 10 long years, while people at the top, like us—and, by the way, we are not at the very top, but we are at the top 1 percent or so—we get our cost-of-living adjustments every single year.

I have so much respect for working people. I have tried every year since I have been here to give them a pay raise. I want to give them a pay raise where they can hold their head high and support their families, not tell them they have to wait 3 years to get their full increase after being held to $5.15 an hour for 10 years.

By the way, there are many Republicans who do not believe in any minimum wage. There are some I have heard who have been here 20 years and have voted against it every time. So if they had their way the minimum wage would be $2.25 an hour. I am waiting for the Republicans to come up and tell me they want to take their cost-of-living adjustment over 3 years. Then I am waiting for them to say, if they have a spouse who works: If my spouse gets a little extra money, I will give back some of my raise—as they have done with their tip policy.

I say to those at the very top of the income ladder, the billionaires out there: You are not asking for this. The truth is, many of us here are very willing to say, on the estate tax, that the exemption should be lifted. We have said that. I am on an amendment to do that. Because it is true that the price of houses has gone up, and we do not want to have this estate tax be an onerous burden to anyone—not to a family, not to a farmer—and we can work it out. But what is coming to us in this ''minimum wage train'' is a lot more than an increase in the minimum wage. It is a cruel hoax because it does not give minimum wage workers that raise in a year—after they have waited for 10 years.

And for those workers that receive tips, it may actually decrease their wages if they live in one of six states, including California, that doesn't reduce the minimum wage employers must pay because they get tips. And, of course, it is coupled with this big gift to the richest families of America, which means, at the end of the day, millions—hundreds of millions—and eventually billions of dollars will be drained from the Federal Treasury. And the very people who claim to be fiscally responsible are at it again, adding to the deficit, adding to the debt.

This is really a time for people to stand up and be counted. This is really a time to speak the truth. This is a tough time in the world. All of us are heartsick about what is going on in the world, and we all pray for an end to the fighting, not only in Lebanon and in Israel but in Iraq where things are deteriorating every single day. Hard times. In the middle of these hard times, is this the time to say to the wealthiest 8,200 families: ''We are worried about you''?

And we will have less money for our troops and we will have less money for our kids. This Senate and this Congress has underfunded the No Child Left Behind Act. Oh, everyone said this was the greatest thing since sliced bread. And I voted for it. I really thought George Bush and my Republican friends would fully fund it. I wrote the afterschool section there. We have a million kids on waiting lists. We cannot take them. Funding for that program has been frozen for years now. This President signed the largest increase in student loan costs ever and the biggest cuts in education ever, but they are going to give a big tax break to the richest 8,200 families. I do not get it. I do not think the American people get it. We are going to find out pretty soon.

We have an energy bill that Leader FRIST would not let us amend. He is not letting us offer any amendments to slow our oil addiction, to go after the oil companies, to create a bold, new energy policy, get us on the path of energy independence. And then, with Democrats calling for an increase in the minimum wage for 10 years, they give it to us over a 3-year period, when they take their raises to the bank. It is an outrage. Have they no shame? Have they no shame? I do not know. I do not know.

I always say here, sometimes I feel like Alice in Wonderland, and I feel that way today. But my voice will be raised on these issues. And the American people will be the judge if these are the kinds of priorities they want: a drilling bill, no energy independence, no antigouging legislation; a minimum wage increase, long overdue, that takes away money from some minimum wage earners; and two budget-busting bills—this one and the one that has the estate tax cut—that are going to add billions and billions to our debt. By the way, in closing, we should know who carries that debt: foreign countries, folks. They pick up the bonds. If they decide to take their money and go home, we are left in a mess.

So I hope the American people are listening in on these debates. I look forward to discussing these matters as they come up before the Senate.

I thank my colleague very much for his patience.

Mrs. FEINSTEIN. Mr. President, I rise today to oppose S. 3711, which will allow drilling in the gulf and create a new revenue-sharing scheme to provide additional resources for the Gulf States.

Let me first say that I am not opposed to drilling in the gulf. In fact, in 2001, I voted to open a portion of the gulf, known as lease sale 181, to drilling. That vote was a codification of the agreement between former President Clinton and the former Governor of Florida, Lawton Chiles. Yet the agreement was repudiated after President Bush came into office and reduced the amount of acreage that could be drilled in the Gulf of Mexico at the request of Florida's Governor Jeb Bush.

In fact, I rise today in opposition to this bill not because it opens up areas of the Gulf to drilling, but because it protects the west coast of Florida from drilling until 2022—10 years beyond the current Presidential moratorium, while providing no additional protections for California's coast.

California should be accorded the same protection as Florida gets in this bill.

An oilspill would scar our coastline, costing billions of dollars and destroying vulnerable marine ecosystems.

In addition, a healthy coast is vital to California's economy and our quality of life. Our State's Ocean-dependent industries are estimated to generate $17 billion of revenue each year.

That is why Californians continue to be nearly united in their opposition to drilling off the coast. Today, 64 percent of Californians oppose drilling, and the number of Californians opposing drilling off our coast has only grown.

The opposition to drilling off of California's coast dates back more than 30 years. In 1972, California voters passed a citizen-initiated proposition which created the California Coastal Zone Conservation Commission, charged with developing a statewide plan for protecting the State's coastal resources. In the years that have followed, 17 cities and 9 counties have passed voter-approved ordinances opposing oil drilling.

In 1994, the California Legislature passed a bill that prohibited the extraction of oil and gas in State waters. Every year since the passage of this law, the State legislature has passed joint resolutions opposing oil drilling off the California coast.

The Governor, the California Resources Secretary, the Secretary of California Environmental Protection Agency, and the Lieutenant Governor, have all been on record supporting the moratorium on offshore oil and gas leasing activities off the coast of California.

Resources Secretary Mike Chrisman, who is also the chairman of the California Ocean Protection Council, has in fact stated:

> Any pending federal legislation regarding Outer Continental Shelf (OCS) oil and gas leasing must retain all protections from the Congressional leasing moratorium and should seek to make these protections permanent.

Governor Schwarzenegger has sent a letter to every Senator expressing his ''opposition to any measure that would weaken the national oil and gas leasing moratorium that has been protecting the California coast for the last 25 years.''

I will ask that the Governor's letter be printed in the RECORD.

This bill cannot be viewed in a vacuum. Last month, the House of Representatives passed a bill that would lift the current moratoria that exists for the Pacific and Atlantic coasts.

Congressman POMBO, a key sponsor of the House bill, has said that the House will not accept the Senate bill. Congressman BARTON, chairman of the House Energy and Commerce Committee, said on Wednesday, July 26, that ''we would certainly encourage—the Senate—to go broader'' than allowing drilling in the gulf.

Without a concrete commitment from the House leaders that they will take up the Senate bill and pass it without amendment, I cannot support this bill.

I would also like to express my disappointment that we have been denied an opportunity to offer amendments to this bill.

First, I believe we need a vote on an amendment I have cosponsored, authored by Senator MENENDEZ, which would extend the moratoria for the Pacific and Atlantic coasts through 2022. For California, this would extend the Federal moratorium by 10 years as it is set to expire in 2012.

This amendment would provide the same protections to California as the underlying bill does for Florida. In so doing, the amendment would reliably protect the California coast by enacting a long-term legislative moratorium.

But we will not be allowed to consider this, or any other amendments that would promote energy efficiency and new energy technologies.

With oil prices at $75 per barrel, and natural gas almost $7 per million Btus, we need real fixes to our energy problems.

Unfortunately, the underlying bill is not going to fix this nation's energy problems.

I have also filed an amendment, with the bipartisan support of Senators SNOWE, DURBIN, CHAFEE, INOUYE, COLLINS, CANTWELL, LAUTENBERG, BOXER, MENENDEZ, LIEBERMAN, and REED to increase fuel economy standards by 10 miles per gallon in 10 years.

Not only is this technologically feasible to do today, the proposal would also save more oil in just over 1 year than the underlying bill will generate.

Specifically, this amendment would save 2.5 million barrels of oil per day by 2025, the same amount of oil we currently import from the Persian Gulf every day.

That translates into 912.5 million barrels of oil per year, or just less than the 1.25 billion barrels that the underlying bill would generate.

Increasing fuel economy standards would also prevent 420 million metric tons of carbon dioxide from entering the atmosphere, or the equivalent of taking 90 million cars—or 75 million cars and light trucks—off the road in 1 year.

Perhaps most importantly, though, the bill would save consumers as much as $2,500 over the life of a vehicle.

So if we are serious about bringing down the cost of gasoline at the pump, this amendment would be considered and adopted by the Senate.

And if we want to have a real impact on natural gas prices, we would be promoting energy efficiency.

California has proven that energy efficiency works—through the most aggressive energy efficiency policies in the Nation, the State has kept its per capita energy use flat while the rest of the Nation's energy use has increased by 50 percent.

That is why Senator SNOWE and I wanted to offer an amendment on tax incentives for consumers to install the most energy efficient technologies in both residential and commercial buildings.

While proponents of the underlying bill say that lease sale 181 and 181 south will provide 5.83 trillion cubic feet of natural gas, our amendment would save 7 trillion cubic feet of natural gas. In other words, we can save more natural gas through the Snowe-Feinstein energy efficiency tax incentive package than from lease sale 181 and 181 south combined.

I also have significant fiscal concerns with the underlying bill.

While I commend Senator LANDRIEU for shepherding a proposal through the Senate that will generously benefit her State, I have concerns about the cost of the proposal.

According to estimates, the bill will cost the Treasury approximately $20 billion from fiscal year 2007 through fiscal year 2055.

This bill creates a new permanent Federal entitlement for just four States that could cost the Federal Treasury $12–15 billion per year in 2056 and every year thereafter.

At a time this Nation is facing a mounting national debt of $8.4 trillion and a crushing Federal deficit of $300 billion, we should not be creating a new entitlement program for four States that could cost us hundreds of billions of dollars over the next century.

We are already struggling to meet our long-term commitments and face a looming entitlement crisis as baby boomers retire, straining the already overextended Social Security and Medicare systems.

For all these reasons, I am going to vote no on cloture and no on the bill.

Before I close, though, Mr. President, I would like to say that Senator LANDRIEU has been a tireless advocate for her constituents. I had hoped to support her in her efforts to restore coastal Louisiana.

Unfortunately, though, given the potential for a bill to come back that would threaten California's coast, I must vote against this bill.

I ask unanimous consent that the Governors letter to which I referred be printed in the RECORD.

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

GOVERNOR ARNOLD SCHWARZENEGGER,
July 12, 2006.

Hon. DIANNE FEINSTEIN,
Senate Office Building,
Washington, DC.

DEAR SENATOR FEINSTEIN: I am writing each member of the United States Senate to express my extreme disappointment about the recent action taken by the House of Representatives to approve the Deep Ocean Energy Resources Act (DOER).

I have repeatedly expressed my opposition to any measure that would weaken the national oil and gas leasing moratorium that has been protecting the California coast for the last 25 years. When I ran for Governor, I promised the people of California that I would do everything in my power to oppose efforts to weaken federal protections against offshore oil drilling. The DOER would be the beginning of the end of these protections that we have enjoyed for the last 25 years. In fulfilling my promise to all Californians I continue to oppose this bill in the strongest terms.

I have been asked to consider new amendments to the bill, but I can tell you that certain things are not negotiable. Our coast is not for sale and no amount of promises of money or other ''incentives'' will alter my position on that. California has the most aggressive energy-efficiency measures in the nation. Because of our efforts, California's per capita energy use has remained nearly flat, while nationwide energy use has increased by nearly 50 percent.

Let us change this debate and start talking about a comprehensive energy policy that incorporates the full range of energy efficiency measures and alternative energy sources that can keep this nation running strong now and for generations to come.

I urge you to oppose the Deep Ocean Energy Resources Act and to also oppose any amendments intended to make this bill appear acceptable to the American people. Absent an amendment that would uphold the current moratorium in perpetuity this bill is an unacceptable approach and no amount of tinkering will fix it.

Sincerely,

ARNOLD SCHWARZENEGGER.

LAND AND WATER CONSERVATION FUND

Mr. ALEXANDER. Mr. President, I commend the chairman of the Committee on Energy and Natural Resources for his leadership in moving this bill to the floor. Is it his understanding that the conservation and outdoor recreation royalty established by his legislation has tremendous value for the stateside program of the Land and Water Conservation Fund over the long term?

Mr. DOMENICI. Yes, the Senator from Tennessee is correct. Those who want to make sure our citizens have access to the great American outdoors have long advocated the principle that some of the funds from offshore oil and gas drilling should become a royalty for conservation and outdoor recreation, providing a reliable and permanent stream of funding for the Land and Water Conservation Fund. This basic concept was proposed in 1962 by the Outdoor Recreation Resources Review Commission—also known as the Rockefeller Commission—and it was also a primary recommendation of President Reagan's Commission on Americans Outdoors in 1986. This legislation is an important first step in the right direction, one that has been 40 years in the making.

Mr. SALAZAR. I join the Senator from Tennessee in expressing my appreciation for Chairman DOMENICI's leadership, and I wish to thank both of my colleagues for working with me on providing this permanent funding stream for the LWCF stateside grant program. This program supports the state and local parks and recreation projects that improve the quality of all Americans' lives, and enables American families to enjoy our precious natural resource of open spaces.

Mr. ALEXANDER. Would the Senator from New Mexico clarify whether this conservation and outdoor recreation royalty would prevent additional appropriations for the Land and Water Conservation Fund stateside program?

Mr. DOMENICI. No, it would not. The LWCF stateside program will continue to be eligible to receive funding in the appropriations process just as it is currently. The mandatory funding stream established under this bill would not replace appropriated funding, and does nothing to disadvantage the program in the appropriations process.

Mr. SALAZAR. The Senator from New Mexico makes a critical point. The projected revenues for the LWCF stateside program under this bill are important, but they are not sufficient to keep that program, which has contributed to the improvement of 98 percent of the counties in the United States since 1964, strong and vital. And I know that all of us aim to bolster the LWCF stateside grant program, and to achieve the level of support envisioned by Congress's authorization. So we must supplement the revenues directed to LWCF under this bill with meaningful annual appropriations. I have spoken to the majority leader about this issue as well, and he has assured me that he shares my concerns. I look forward to working with him and with all of my colleagues on this issue in the years ahead.

Mr. ALEXANDER. Would the Senator from New Mexico support an appropriation of $100 million in fiscal year 2007 for stateside LWCF?

Mr. DOMENICI. I was pleased that the Senate Committee on Appropriations included $30 million for the stateside program in the fiscal year 2007 Interior and Related Agencies appropriations bill. This was a significant improvement over the President's budget request and the House Interior bill, both of which zeroed out stateside for the second straight year. Still, there is room for improvement. I would share the Senator's interest in adding to the stateside funding in the Senate committee mark if appropriate offsets can be found. In fiscal year 2007, zero revenues will be allocated to stateside LWCF from this conservation royalty because it will take time for the new areas to be brought on line and begin producing. So we will need to appropriate funding in fiscal year 2007 to fill that gap.

Mr. SALAZAR. That would certainly be in the interest of all Americans. Of course, we commit to working together to support LWCF with supplementary appropriations beyond the next fiscal year as well. Only constant vigilance and steady support will ensure that the provision providing a permanent stream of funding for LWCF in the bill before us acts as it was intended—as a strong and growing core, but not the totality, of support for this vital program.

Mr. ALEXANDER. I thank the Senator from New Mexico, and look forward to working with him to ensure adequate funding for the Land and Water Conservation Fund.

Ms. COLLINS. I would also like to thank Chairman DOMENICI, as well as Senators ALEXANDER and SALAZAR, for confirming that the LWCF funds provided by this legislation are intended as additional funds to supplement the program, not a replacement for full funding through the normal appropriations process. I would also note that over 50 senators signed the Collins-Salazar-Alexander letter in support of $100 million in funding for LWCF-stateside in fiscal year 2007. As evidenced by this support, this program is absolutely vital to communities throughout the Nation. Almost every county in the Nation has taken advantage of this program to conserve open spaces or build playgrounds, ballparks, and trails. I sincerely hope the Senate will restore this historic level of funding through the appropriations process, in addition to those funds that will be made available under this bill.

Mr. ALEXANDER. I thank the Senator from Maine.

SECURING OUR ENERGY FUTURE

Mr. COLEMAN. Mr. President, I rise today to speak about America's energy crisis, and I am glad to see that my friend, Majority Leader FRIST, is on the floor to discuss this issue with me.

High natural gas prices continue to be a terrible burden for Minnesota's families and businesses. High natural gas prices had a severe impact on Minnesotans last winter—I am sure many of my colleagues remember the push that I, along with Senators SNOWE and COLLINS, made early this year for emergency LIHEAP assistance—assistance the majority leader helped us deliver. Moreover, I don't need to remind my farm State colleagues of the severe

impact high natural gas prices have had on their input costs, straining even the most efficient farms.

Whether high natural gas prices or $3 gas at the pump, high energy costs take a toll on all Americans, which is why I will vote in favor of the Gulf of Mexico energy bill that will provide 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas. Yet I believe this bill is only a piece of the larger energy mission America must accept.

Clearly, Americans feel the strain of high energy costs at home, in the car, and at work, but all must realize our foreign oil dependence threatens our very economy and national security.

I would like to ask the majority leader about the importance of fuel independence to our national and economic security and the need to build upon the Gulf of Mexico energy bill by considering, on this floor, additional energy proposals that will help to secure our energy future.

Mr. FRIST. I thank my friend, the Senator from Minnesota, for his question because I truly believe energy security is one of the great challenges this Congress must continue to address.

As we all know, America is dangerously dependent on foreign sources of energy—much of it coming from countries with unstable governments or with interests contrary to those of the United States. And this disparity will only increase if we do not take action to increase the amount of American energy that we use here in America. The bill before us today, the Gulf of Mexico Energy Security Act, will do just that. As my friend from Minnesota mentioned, it will reduce our dependence on foreign oil and natural gas by opening more than 8 million acres in the Gulf of Mexico to domestic exploration. The area opened up under this bill is estimated to contain 1.26 billion barrels of oil and 5.8 trillion cubic feet of natural gas.

However, as I said on the floor last week, while this bill is a critical step toward addressing the energy challenges we face, it is only a first step. There is more that we can—and must—do to break what the President called our ''addiction'' to oil. We must diversify our energy resources, increase the use of renewables and alternative sources such as ethanol and biodiesel, clean coal technology, and nuclear power, and we must take steps to reduce consumption by consumers. Finally, we must do more to encourage the development of the innovative new technologies that will wean us off of foreign oil in the future.

Mr. COLEMAN. Mr. Leader, I appreciate those comments. Some people dismiss such an ambitious goal as reducing our growing dependence on foreign oil, but I recall a time when the Moon was also once out of reach. We all know the power of America's innovative, relentless spirit when called to an objective, no matter how formative.

I am particularly pleased the majority leader supports an aggressive, multifaceted energy strategy that includes renewable fuels and energy conservation. As a member of the Foreign Relations Committee, I know we cannot afford to rely on oil imports that are subject to the whims of Hugo Chavez in Venezuela or the political stability of Nigeria. The fact is that countries rated by Freedom House as ''not free'' produce more than two-thirds of the world's oil and have nearly 80 percent of the proven reserves.

I believe the imperative is clear: America must free itself from its oil dependence, and I believe the solution is also clear: renewable energy and energy conservation. The Vehicle Fuel Choices for American Security Act that I have coauthored and now has 27 cosponsors lays out an ambitious plan for saving 2.5 million barrels of oil per day in 10 years, roughly the amount of oil we currently import from the Middle East, through renewables and energy conservation. Further, the bill will promote E85 fueling infrastructure and speed the development of cellulosic ethanol, while investing in the development of efficient vehicle technologies and assisting auto manufacturers' transition to fuel-efficient vehicle production.

Last week, chairman of the Energy and Natural Resources committee, and my good friend, PETE DOMENICI expressed on the floor his affinity for the ideas in this bill, and a portion of the bill has already received a hearing in the Energy Committee. Mr. Leader, will you work with me to develop an energy package that boosts our renewable fuel production and energy conservation?

Mr. FRIST. I will tell my good friend from Minnesota that I do not consider the Gulf of Mexico energy bill to be the last word on energy policy this year. I am well aware of your proposals promoting renewables and energy conservation, and I look forward to working with the Senator and Chairman DOMENICI on many of these important ideas in the months ahead.

Mr. COLEMAN. Mr. President, I thank the Senator for his support and leadership on energy issues. I believe America faces a great threat in foreign oil dependence, but more importantly, I believe in Americans' ability to accomplish the impossible. I know if Congress will put forth a vision and provide the tools to accomplish that vision, Americans can break our addition to foreign oil.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. SPECTER. Mr. President, I think there is no doubt, given the energy situation in the world and in the United States, that there is a need for the United States to work toward energy independence and to have additional exploration, development, and production activities where they can be done in an environmentally safe way.

I believe that, all factors considered, S. 3711 is, on balance, at a close question, worthy of enactment. But I think it would have been vastly preferable had the leader not filled the tree so as to prevent further amendments so that the Senate could have undertaken a broader examination of energy issues, done more than just authorize further exploration but instead taken positive steps on other important lines.

For example, I filed an amendment numbered 4741, which would have made very significant changes in the antitrust laws in the United States, which would have had a significant impact on reducing our dependence on OPEC oil and would have promoted competition in the oil industry by taking a firm stand against anticompetitive mergers.

The oil and gas industry has seen over 2,600 mergers since the 1990s, including transactions involving the largest oil companies in the nation, like Conoco's merger with Phillips, Chevron's merger with and Texaco, Exxon's merger with Mobil, Ultramar Diamond Shamrock's merger with Valero, and many others which will be specified in a statement I will append at the conclusion of these extemporaneous remarks.

My amendment would have required the Government Accountability Office to study whether remedies ordered by the antitrust enforcement agencies to ensure that mergers do not substantially lessen competition have been adequate. Once the study was completed, the antitrust enforcement agencies would then be required to consider whether any additional remedies are necessary.

The amendment would have required the Federal Trade Commission and the Justice Department to consider whether current merger laws are adequate, given the particular problems that exist in the oil and gas markets. The thrust is to determine whether we need to change the Clayton Act to make it tougher to get massive mergers in these markets approved.

I know there are those who contend that the mergers provide efficiencies. But I think it is virtually incontrovertible that these mergers lessen competition. When you have Exxon and Mobil and the other oil companies merging, there simply is less competition. This amendment stops short of amending the Clayton Act, but does require a study to see if the Clayton Act ought to be changed.

This provision was included in S. 2557, the Oil and Gas Industry Antitrust Act of 2006, which was taken up by the Judiciary Committee, which I chair. We had two hearings and a markup and the Committee reported it to the floor. So, this was an ideal occasion to consider this legislation—as

part of the debate over an overall energy policy aimed at lessening dependence upon foreign oil.

A second part of S. 2557 provided that OPEC would be subject to our antitrust laws. It is obvious that OPEC is a cartel that fixes output and prices for oil, an arrangement that would violate our antitrust laws. However, they are currently exempt. By statute, we could bring them under our antitrust laws. It would have made a lot of sense to do that, especially at a time when we are considering the legislation now pending, S. 3711.

In addition, I believe it would have been very beneficial to our national energy policy to have considered an amendment offered by Senator BINGAMAN, No. 4692, which provides for oil conservation. Senator BINGAMAN and I have cosponsored legislation in the past which would have lessened the amount of oil projected to be consumed in the United States under an oil conservation system. When we are considering S. 3711 and we are considering the basic issues as to how to achieve energy independence for the United States, and provide security for the United States, there are other avenues that this legislation should have explored. However, we were prevented from doing so by the procedures adopted by the Republican leadership, which precluded additional amendments. I think that is contrary to the public interest, and I expressed that view to the leadership.

I thought we ought to have an opportunity to consider additional ways of achieving energy independence. Once the so-called tree is filled, you cannot offer any further amendments, so that I could not offer amendment No. 4741, which is the legislation reported out of the Judiciary Committee under the caption S. 2557, the Oil and Gas Industry Antitrust Act of 2006, nor could we take up the amendment offered by Senator BINGAMAN on oil conservation. I think that is most unfortunate. Once the tree is filled and these amendments cannot be offered, there is no alternative but to move for cloture, move to complete action on the bill so that we can take up other important matters to come before the Senate which are awaiting action on the docket.

I ask unanimous consent that the full text of my remarks be printed in the RECORD.

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

FLOOR STATMENT OFFERING S. 2557, THE OIL AND GAS INDUSTRY ANTITRUST ACT OF 2006 AS AN AMENDMENT TO S. 3711, THE GULF OF MEXICO ENERGY SECURITY ACT OF 2006

Mr. President, I seek recognition to speak on my amendment that I have filed to S. 3711, The Gulf of Mexico Energy Security Act of 2006. My amendment was reported by the Judiciary Committee earlier this year as a stand-alone bill, S. 2557, The Oil and Gas Industry Antitrust Act of 2006. My amendment fits in well with the goals of S. 3711 because it is aimed at ensuring that the oil and gas industry is responding to the forces of supply and demand, not market manipulation.

Over the years, the oil and gas industry in the United States has become significantly more concentrated. Over 2,600 mergers have occurred in the industry since the 1990s, including transactions involving the largest oil and gas companies in the nation.

As recently as March, the Department of Justice approved Conoco-Phillips' acquisition of Burlington Resources, a merger that created the Nation's largest natural gas company and the third largest oil company.

The Federal Trade Commission also recently approved Occidental's acquisition of Vintage Petroleum, a transaction that would create the fifth largest U.S. oil company.

Last summer, the FTC approved Chevron's acquisition of Unocoal and Valero's acquisition of Premcor. The latter transaction created the Nation's largest refiner.

In 2002, Valero acquired Ultramar Diamond Shamrock and Phillips merged with Conoco.

In 2001, Chevron bought Texaco and Ultramar Diamond Shamrock acquired Total.

The year 2000 saw the merger of British petroleum and ARCO.

The largest transaction occurred in 1999 when Exxon merged with Mobil.

Other transactions have included British petroleum's acquisition of Amoco, Marathon's joint venture with Ashland Petroleum and another joint venture that combined the refining assets of Shell and Texaco.

As an industry becomes more concentrated, the remaining competitors are able to exercise market power and prices inevitably rise. Market power is a particular problem in the petroleum industry because consumers are generally unable to respond to rising prices. While some conservation is possible, consumers still must get to work and, as prices rise, homeowners generally do not stop heating their homes. As a result, even moderate increases in concentration can provide oil and gas companies with substantial market power.

The Judiciary Committee held two hearings on the issue of concentration in the oil and gas industry earlier this year. The Committee heard considerable testimony indicating that concentration and market power could impact prices. At one of the hearings, Joseph Alioto, an attorney who is currently challenging the Shell/Texaco transaction that I just mentioned, testified that after the transaction, Shell and Texaco increased the price of Texaco gasoline, which had traditionally been lower than the price for Shell gasoline. Later, the companies raised prices for both brands of gasoline—by 50 to 70 percent in some areas. In another example, an FTC investigation uncovered internal communications indicating that one major oil company had exported Alaskan oil to East Asia in an effort to reduce supply and raise prices on the West Coast. That company clearly knew that it had the ability to exercise market power in West Coast markets.

My amendment would require the Government Accountability Office to study whether remedies ordered by the antitrust enforcement agencies to ensure that mergers do not substantially lessen competition have been adequate. Once the study is complete, the antitrust enforcement agencies must consider whether any additional remedies are necessary. My amendment also requires the FTC and Justice Department to consider whether current merger laws are adequate given the particular problems that exist in oil and gas markets.

During its hearings, the Judiciary Committee also heard testimony from the oil companies. They argued that the market for crude oil is a ''world market'' and they could not possibly affect the price. This contention may be true. Pretty much everyone knows that the ''big boys'' in the world oil market are the members of OPEC. They openly exercise their market power in the world market for oil. OPEC is a cartel engaged in limiting the supply, and in doing that, fixing the price of oil. Cartels violate U.S. antitrust laws. They violate Section 1 of the Sherman Act, which prohibits agreements in restraint of trade.

Since OPEC members sell their product to the United States, they would normally be subject to U.S. antitrust laws. However, certain judge-made laws prevent the Justice Department from prosecuting OPEC members for fixing the price of oil. My amendment would eliminate those laws and allow the Justice Department to pursue price fixing by OPEC members. As I said at the outset, my amendment ensures that petroleum markets are responding to the laws of the supply and demand, not the manipulation of a few countries, or a few companies, or a few corporate executives.

While the U.S. companies may not control the world market for crude oil, the market for refined products is different. At the level of production where crude oil is turned into gasoline and heating oil and other refined products, the major U.S. oil companies do exercise market power. At the Judiciary Committee's hearing, Severin Borenstein, who is a Professor of Business and Public Policy at Berkeley and holds a Ph.D. in economics from M.I.T., testified that ''market power in the refining industry is becoming a serious problem.''

Significant anecdotal evidence exists that the major oil companies exercise market power in refined product markets. For example, during an investigation involving gasoline price spikes in the Midwest, the FTC concluded that at least one firm had excess supplies—and capacity to produce even more—but had limited the amount that it sold in order to keep prices high. My amendment would address some of this conduct by clarifying that it is unlawful for oil and gas companies to divert, export or refuse to sell existing supplies with the intention of raising prices or creating a shortage.

Increased concentration not only conveys market power, it makes conspiracy easier. At the hearings conducted by the Judiciary Committee, David Boies, the antitrust litigator that prosecuted Microsoft for the Justice Department, testified about evidence that British Petroleum and Exxon have conspired to limit the supply of Alaskan natural gas that is sold. Boies testified that Exxon and British Petroleum had ''decided between themselves that they would prefer to withhold this gas and maintain artificially high natural gas prices throughout the U.S.''

Current antitrust laws prohibit such conduct, but collusion is not always so straightforward. Simply put, if there are few enough competitors in a market, each competitor knows that if it lowers its prices, other competitors will notice and lower theirs. As a result, a competitor does not have the normal incentive to sell more by lowering its prices. Such conduct frequently results when competitors can easily share information with each other. In other words, actual conspiracy may not be needed. As Tom Greene, the Senior Assistant Attorney General for California testified, ''[T]he more concentrated the industry, the less explicit the communications that are required to organize prices and limit production.''

U.S. oil companies appear to have several mechanisms by which they are able to share market information. The Judiciary Committee came to no conclusions as to whether the sharing of information among U.S. oil companies is truly a problem, so my amendment directs the Federal Trade Commission to study the Issue.

As I have said, my amendment will help ensure that the oil and gas industry is responding to the forces of supply and demand, not market manipulation. I understand that we are not able to vote on amendments to S. 3711, but I urge my colleagues to suppose the Oil and Gas Industry Antitrust Act of 2006 at such time as it receives a vote.

Mr. SPECTER. Mr. President, in the absence of any other Senator seeking recognition, 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. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. SPECTER. Mr. President, I ask unanimous consent that at 5 p.m. on Tuesday, August 1, the two pending amendments be withdrawn, S. 3711 then be read the third time, and the Senate proceed to a vote on passage of the bill, with no intervening action or debate; provided further that no motions to proceed be in order during Tuesday's session of the Senate.

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

MORNING BUSINESS

Mr. SPECTER. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for up to 10 minutes each.

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

MINIMUM WAGE AND THE ESTATE TAX

Mr. KENNEDY. Mr. President, I rise because this week is going to be enormously important for the American people and also enormously important in terms of deciding what kind of country we are. Over the period of these last 4 months, I have had the opportunity, the responsibility given by the Senate, to serve on the pension conference with a number of our colleagues on our side, and a number of our colleagues on the other side. That conference was chaired by our friend and the chairman of our human resource committee, Senator ENZI. He did a splendid job.

It took 4½ months to effectively wind up that conference. There are certainly provisions that are included in the conference that I would not have included. We were meeting as late as 1 o'clock in the morning last Thursday night in order to conclude the conference itself.

As would happen in a situation like that, I think there were gaps in the final recommendations which I wish we had addressed, but we will have an opportunity to deal with those issues later this week. It will be enormously important.

I am in strong support of the pensions legislation. But, also, later this week we are going to consider legislation that is coming over from the House of Representatives on the estate tax. Attached to that estate tax—it is not a new issue for this body—attached in the House of Representatives has been an increase in the minimum wage, with which I have been involved over a long period of time. Actually, since I came to the Senate, I have been involved in increasing the minimum wage, championing that with many others. Years ago we had Republicans and Democrats who supported the increase in the minimum wage. Now unfortunately—fortunately, in the last vote that we had on the minimum wage, we did have eight Republicans who supported it. We have a clear majority in the Senate for an increase in the minimum wage.

The American people overwhelmingly support an increase in the minimum wage. It has not been increased in the last 9 years and over a corresponding period of time we here in the Senate have increased our own pay more than $30,000. We increased our own pay more than $30,000 during that same period of time, but the Senate has refused to address an increase in the minimum wage for the American workers who are at the lowest rung of the economic ladder.

Most Americans believe a job ought to get you out of poverty. But those on the other side believe if you have a minimum wage job, you ought to remain in poverty. That is a very big, very major difference.

What we have seen across the country, however, is sort of a wildfire of support for increases in the minimum wage. We have had a number of States that have offered the minimum wage increase on the State ballots. We have seen increases in Florida, increases in Nevada. In more recent times we have seen increases in Arkansas, the home of Wal-Mart, and increases in North Carolina. The campaigns for increases in the minimum wage are alive and well in many different States across the country, and they are going to be successful in a number of States. It reminds us how the American people feel. They feel we should have an increase in the minimum wage.

What has happened now is our Republican leadership in the House of Representatives has added an increase in the minimum wage to an estate tax cut for the wealthiest individuals in this country. That is what they did, thinking if they put these together maybe those of us who believe in an increase in the minimum wage will go ahead and support this because we are so committed to the rise in the minimum wage.

No one in this body is more committed to an increase in the minimum wage than am I, but I am going to fight this fraudulent—I think arrogant—decision by the Republican leadership, disdaining, effectively, and dishonoring hard-working Americans by going about with this gimmick of adding an increase to the minimum wage to legislation on the estate tax.

If you look at who is for the increase in the minimum wage, you will see only 22 percent of Americans support the repeal of the estate tax, and 86 percent of Americans support raising the minimum wage. Why, I wonder. It is fair enough to say to whom the benefits are going to go if we consider a piece of legislation. That is a fair enough rule. Who is going to benefit and who is going to lose out? If you look at the estate tax, you will see there will be 8,200 of the richest heirs in the country. Some have called this the Paris Hilton tax giveaway; 8,200 of the richest heirs will receive a tax giveaway close to $1.4 million per estate. The total cost will be $753 billion for the first 10 years of full implementation, according to the Center of Budget and Policy.

We are talking about a very modest increase in the minimum wage, to $7.25. But what will happen to those individuals? As long as they are still below the poverty line they are going to be eligible for a number of the programs that we have out there that have been built in to try to help and assist hard-working Americans who are being hard pressed because they don't have adequate income. What we have seen in the most recent 5 years is cuts in Medicaid, cuts in food stamps, cuts in veterans programs, and cuts in unemployment insurance. That has been the record in the past, and that will be the record in terms of the future, trying to make up for that $753 billion. These are the programs, Medicaid programs that, by and large, look after children, long-term care for the elderly, the Food Stamp Program—again, for those who are in very serious need.

That is really what we are faced with. What have we seen over the period of these last few years? Let's look at what has been happening to our fellow Americans. We have seen an increase in the total number of Americans living in poverty that has increased by 5.4 million in the United States of America in the last 4 years that there has been no increase in the minimum wage. What does the Republican Senate want to have us do? Have another tax cut for the largest fortunes in this country.

What has happened in terms of children over the period of the last 4 years? We have seen a dramatic increase in the number of children who are living in poverty. There are 1.4 million more children living in poverty. There has been no increase in the minimum wage.

The list goes on. If you look at what has happened to the purchasing power of the minimum wage, it has actually gone down some 21 percent. Yet the spread between the most wealthy individuals and the most needy individuals has never been more dramatic in the history of this country.

We have an opportunity—we will have—to try to do something, hopefully, about an increase in the minimum wage. If it were here before the Senate, there is a majority of the Members of the Senate who support an increase in the minimum wage. But we are not given that opportunity. We are not given that opportunity to just vote on that issue and then vote separately in terms of the increase in the estate tax. No, no; we are not given the opportunity to do that. Republicans say you have to take both or you don't get an increase in the minimum wage.

That is a contemptuous attitude—not toward those of us who are for the increase but for those workers, men and women of dignity. They work hard, work long, work in our schools, work to look after our senior citizens, work to clean the great buildings of American commerce—men and women of dignity, and you are saying they can't have what ought to be a right in the richest country of this world: If you work hard and play by the rules, you and your family should not live in poverty.

Oh, no. They say: No, you have it wrong over there for an increase in the minimum wage, unless we are going to provide another tax benefit for the most wealthy individuals in the country—then you can have an increase. That is a contemptuous attitude.

Beyond that, what this proposal contains is an ingenious proposal, suggested by the restaurant association. They say: People who work for tips in the restaurants, they often make $5.25 an hour. They often make that in tips. So why are we required to pay them? They were able to persuade Republicans—this is strictly a Republican proposal—to say: If they are going to receive tips, you are only required to pay $2.13 an hour. The rest can be made up in tips. That person still effectively gets the minimum wage. But the restaurant doesn't have to pay that. Do you hear me? They don't have to pay the worker the $5.15 an hour.

A number of States said that is not fair; that is not really fair. We have, now, seven States that say to the restaurants: You have to pay the full tally. It says minimum wage of $5.15 an hour, you have to pay the $5.15 an hour. The States have said it. Seven States have said that. About 30 States have done somewhat in between, but seven States have said: You have to pay the whole thing.

The Congress has said an increase in the minimum wage—a tip is a tip. That goes with the territory. I wonder how many Americans, when they go into the restaurant and they are thinking about being served, try to figure out—I wonder, should I give this person $1 or $2 because they really are only getting $2.13 an hour paid by the restaurant. Of course they don't. If the service is good they give them something to show their appreciation for it.

What have our Republican friends said? We don't like the fact that States have made that judgment, that decision. We know more than the seven States that said you have to pay the full fare. We in the Senate of the United States are saying you don't know what is necessary in your State, about paying an adequate sum to those workers. So we, the Congress, are going to tell you, the State, and tell your workers, that we, the Republicans in the Senate and the House of Representatives, are going to say we are going to tell you that you only can pay $2.13.

I hope we don't hear any more about the one big solution to all of the problems back home. How many times do we listen to a large solution, a single solution for all the problems back home? How many times do we hear: Let the States make a judgment and decision in order to protect their workers?

Here the States have made a judgment, here the States have made a decision, and the Republican Party says: We know better. We know better. We know how to save our constituency a little more money, for them, and a little less for the workers. A wonderful, Republican, ingenious concept tied on to this proposal.

At another time, and we will have more time, we will have a chance to get into this in greater detail. I will just conclude.

I note, as I gave the figures about the number of families who are living in poverty, and also the number of children in poverty, there has been a different story in one of our neighboring countries. The second strongest economy in Europe is England. No. 1 is Germany, No. 2 is England. Their minimum wage is going to nearly $10 in October—$9.83. They have increased it now over the last 5 years. Do you want to know something? They have taken 1.8 million children out of poverty with their increase. And they have a strong economy and a more fair economy.

But not here. Nine years, eight pay increases for Members of the Senate over 9 years, and we have not been willing to give an increase in the minimum wage. No, if you want that increase, you vote to give the wealthiest individuals another bouquet, another bouquet. How contemptuous can it be?

At another time later in this debate—I know we have limited time. There are others who want to speak on the underlying bill. I look forward to addressing the Senate in greater detail on this issue and also on the pension issue, which is going to be extremely important.

I reserve the remainder of my time and yield the floor.

SERVICES FOR ENDING LONG-TERM HOMELESSNESS ACT

Mr. HATCH. Mr. President, as a member of the Senate Health, Education, Labor, and Pensions—HELP—Committee, I rise to express my support for the Services for Ending Long-Term Homelessness Act, S. 709, as introduced by Senator MIKE DEWINE.

Many low-income housing advocates in Utah have asked me to cosponsor this important legislation because it establishes a grant program, run by the Substance Abuse and Mental Health Services Administration, SAMHSA, for services to end chronic homelessness. In Utah alone, there are approximately 1,900 chronically homeless individuals whose lives are in a constant state of peril because they are repeatedly homeless for long periods of time. They usually have one or more disabilities, and often cycle between homeless shelters, the streets, mental health facilities, emergency rooms, hospitals, and jails. The public cost for their continued care is extremely high, and their medical outcomes are generally very poor.

I believe that ending chronic homelessness requires housing with supportive services, and policies which prevent high-risk individuals from returning to the streets. Based on several estimates, including an estimate published in the President's New Freedom Commission on Mental Health Report, it will take approximately 150,000 units of supportive housing and over 10 years to end long-term homelessness. S. 709 would authorize funding for a flexible array of services in permanent supportive housing, focused on helping people move toward recovery and self sufficiency.

Although I support the bill and its intent, I am very concerned about its cost. Throughout my Senate career, I have fought hard for fiscal discipline. Although the cost of the bill has not been estimated by the Congressional Budget Office, everyone agrees that the issues and associated costs are complex.

S. 709 provides accountability, has mechanisms for controlling costs, and mechanisms for maximizing cost savings. For example, the bill prioritizes accountability and cost control through a required competitive process. In an effort to save on overall public spending, the bill gives priority to applicants who serve individuals who have proven to be more expensive to the public health system and to law enforcement. Additionally, S. 709 requires that the grantee match the Federal funds received, and the match requirement increases over time. It is important to note that the amount of funding an applicant receives cannot rise above the rate of inflation. Finally, the bill ensures accountability by requiring grantees to report on their performance. This effort is to ensure that chronic homelessness is being reduced, thus reducing costly mental health and substance abuse problems, and increasing education and employment.

Mr. President, I support strongly the goals of this bill and I believe our continued economic expansion and improving Federal budget will enable us to fully implement the objectives of this bill and end homelessness in this country forever.

IRAQ RECONSTRUCTION FAILURES

Mr. LEAHY. Mr. President, we learned this past week of the latest example of the colossal waste, fraud and abuse in the administration's reconstruction program in Iraq.

Documented in the Special Inspector General's report released last Friday is the fiasco of the Basra Children's Hospital, yet another casualty on the long list of U.S.-financed infrastructure projects in Iraq to face cost overruns, mismanagement, delays and potential cancellation.

Back in 2003, Congress allocated $50 million for the construction of a 94-bed state-of-the-art children's cancer treatment hospital in southern Iraq. Despite repeated calls from humanitarian organizations and experts at the United States Agency for International Development to instead work with the Iraqis to rebuild their primary health system, the Bush administration promoted this high-profile, glitzy project championed by the White House.

Nearly 3 years later, due to gross mismanagement, the hospital is only 35 percent complete, out of money and teetering on the verge of collapse. The cost overruns are so significant that the project will cost between $120 and $160 million to complete and is not expected to be finished until December 2007, over a year later than planned. Meanwhile, Iraqis continue to suffer from low quality and poor access to basic health services.

USAID is at fault for not properly accounting for all the costs of constructing the hospital and should have consulted with Congress when they knew about cost overruns and scheduling delays. But press reports have ignored the fact that from the beginning, USAID wisely opposed this costly, misguided infrastructure project in a dangerous and corrupt environment, knowing of the likelihood that these problems could arise.

Bechtel, the lead government contractor for the Basra Hospital project and the same contractor for the flawed Boston Big Dig tunnel project, has once again been dismissed from a large-scale project due to incompetence. Sadly, this is not the first nor is it likely to be the last instance of waste, fraud and abuse in the reconstruction of Iraq under the negligent leadership of the Bush administration.

The Office of the Special Inspector General for Iraq Reconstruction has been the watchdog for the billions of dollars appropriated for Iraq reconstruction programs and operations. The creation of the office was initially opposed by the White House and by some in Congress who would prefer that the appalling blunders of the Iraq reconstruction program not be exposed to the light of day.

By all accounts, the Special Inspector General has done an excellent job under difficult and dangerous conditions by uncovering numerous instances of waste and fraud and there are dozens of investigations and prosecutions under way.

The picture provided by the Special Inspector General is in stark contrast to the rhetoric coming from the administration that reconstruction is moving forward at a rapid pace. Thanks to the persistent leadership of Senator FEINGOLD, and with support from Senators WARNER and LEVIN, we were able to include a Feingold-Leahy Amendment to the Senate version of the fiscal year 2007 Defense authorization bill to extend the life of the Special Inspector General for Iraq Reconstruction and ensure continued and necessary audits of the very programs the Special Inspector General was created to oversee. It is crucial that this provision be retained in the final version of the bill.

Mr. President, the tragedy of the Basra Children's Hospital project speaks volumes about this administration's Iraq policy. It is a legacy of arrogance, squander and incompetence. Just throw money at the problem and hope for the best. Use expensive American contractors rather than Iraqis who are unemployed or underemployed and could do the work for a fraction of the cost. And then try to shut down the office that exposes the waste. It is shocking, it is tragic and it is inexcusable.

AMERICAN LEADERSHIP

Mr. HAGEL. Mr. President, I ask unanimous consent to have printed in the RECORD my remarks given at the Brookings Institution on July 28, 2006.

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

A DEFINING TIME FOR 21ST CENTURY AMERICAN LEADERSHIP

U.S. SENATOR CHUCK HAGEL, REMARKS AS PREPARED FOR DELIVERY AT THE BROOKINGS INSTITUTION JULY 28, 2006

I am honored to be invited to speak here today as a part of the Brookings Institution's 90th Anniversary Leadership Forum. Brookings has been at the center of every important policy debate in this country for 90 years. Thank you to Strobe Talbot, Carlos Pascual, and all the men and women of Brookings for your continued contributions to our national debate. I see Martin Indyk and Ken Pollack in the audience. Thank you for the fine work you do with the Saban Center for Middle East Policy.

As we recognize the 90th Anniversary of the Brookings Institution, it is instructive to reflect back on the world of 1916 when Brookings was born . . . then known as the Institute for Government Research. In 1916, the world was in a period of wrenching and bloody transition. War raged in Europe. It was a war triggered by a series of tragic misjudgements stemming from decades-old resentments and shifting European alliances. It was a war fueled by the Industrial Revolution . . . the most deadly war the world had ever known. Within one year, the United States would shake-off its historic isolationism and engage in its first global conflict.

The Treaty of Versailles brought an end to the fighting, but it did not bring resolution. The United States retreated from a position of world leadership and back into its shell of irresponsible isolationism . . . the world economy collapsed, and lingering global resentments continued to heighten. Roughly twenty years later, harsh post-war reparations and arrogant nationalism gave rise to an even deadlier period of global transition: World War II.

America's leaders following World War II learned from the failed and dangerous polices of the first half of the 20th century. After World War II, the United States became the indispensable global leader. Along with our allies, we created organizations of global interests and common purpose like the United Nations, the General Agreement on Tariffs and Trade (now the World Trade Organization), NATO, the World Bank, the International Monetary Fund and dozens of other multilateral institutions. Leaders like Truman, Marshall, Acheson, Hull, Vandenberg and Eisenhower led in the rebuilding of Europe and Japan.

Ninety years after the creation of the Brookings Institution, we live in a different world . . . but once again a world in transition. The lessons learned after World War II still apply. American leadership is still indispensable in the world . . . and the institutions and alliances formed after World War II are as vital today as when they were formed.

For decades, the United States used its power and influence to help forge international consensus on vital issues. America's leadership inspired the trust and confidence of a generation of governments and nations around the world . . . because we pursued common actions that reflected common interests with our allies . . . because we remained committed to global engagement . . . and because we exercised our power with restraint. We made mistakes. It was imperfect. There were differences with our allies. But despite the imperfections and shortcomings, the United States and its allies contributed to world stability and the spread of freedom and prosperity.

Today, the world and America are in deep trouble. In a speech before the Council on Foreign Relations last November, I warned that the world's trust and confidence in America's purpose has seriously eroded. America is increasingly not seen as the wellspring of consensus that for decades helped create alliances and coalitions grounded in common objectives and common interests.

This is in contrast to a very troubling trend toward isolationism that is emerging in America today—a trend that was reflected in this week's New York Times/CBS News poll of Americans about our country's role in the world. This trend is a looming concern that may not be obvious but is manifest across seemingly unconnected events and issues. We must avoid the trap of limiting our power by allowing ourselves to become isolated in the world. America must not allow itself to become isolated through mindless isolationist remedies to difficult and complicated problems.

In the 1930s, the threat of Adolph Hitler's Nazi Germany was not taken seriously. Most did not recognize this threat until World War II was upon them. But there was a voice sounding an alarm. Throughout the 1930s, Winston Churchill urged his countrymen and Europe to see the world through the clear lens of reality—not through the blurred lens of misplaced hope. On October 3, 1938, the House of Commons debated the Munich Agreement that Prime Minister Chamberlain had negotiated with Hitler. Many saw this agreement as the assurance of peace with Germany. Churchill disagreed. He said:

''Can we blind ourselves to the great change which has taken place in the military situation, and to the dangers we have to meet? This is only the beginning of the reckoning. This is only the first sip, the first foretaste of a bitter cup which will be proffered to us year by year unless by a supreme

recovery of moral health and martial vigour, we arise again and take our stand for freedom as in the olden time.''

Today, there is no such threat to world order. Global threats today are less defined than Hitler. However, the challenges are more insidious, more difficult to comprehend and identify, yet more interrelated, more dynamic, and more dangerous. In the 21st century, we are confronted by a universe of challenges, threats, and opportunities unlike any that we have ever known. The margins of error for miscalculation are less than ever before. Dramatic shifts in security, stability and prosperity can occur in weeks or even days.

On April 16, 1953, President Dwight D. Eisenhower delivered a speech before the American Society of Newspaper Editors that we now know as the ''Chance for Peace'' speech. In the aftermath of the death and destruction of World War II and the ongoing war in Korea, the world then was confronted with the threat of the Soviet Union and communism. A different time. A different generation. Yet, Eisenhower's words and wisdom still ring true today. He said,

''No nation's security and well-being can be lastingly achieved in isolation but only in effective cooperation with fellow-nations.''

Just as Eisenhower said in 1953, America's security, prosperity and freedom cannot be separated from the dangers, challenges, and opportunities abroad. There are no national boundaries from terrorism, proliferation of weapons of mass destruction, pandemic disease, environmental degradation, and despair. No nation, unilaterally, possesses the power to defeat the threats of the 21st century. A global society underpinned by a global economy is our world today. The world's problems and dangers are interconnected. Nowhere are these realities clearer than in the Middle East.

The Middle East is a region in crisis. A continuous and escalating volley of violence has the potential for wider regional and global conflict. Centuries-old religious, ethnic and tribal hatreds and tensions are being manipulated by Islamic extremists for their own unholy purpose. The Middle East is today as combustible and complex as it has ever been. More than fifty percent of the world's proven oil and natural gas reserves reside in this troubled land . . . at a time when the world's six and a half billion people rely on these resources in an interconnected world economy. Uncertain popular support for regime legitimacy continues to weaken governments of the Middle East. Economic stagnation, persistent unemployment, deepening despair and wider unrest enhance the ability of terrorists to recruit and succeed. An Iran with nuclear weapons raises the specter of broader proliferation and a fundamental strategic realignment in the region, creating more regional instability.

America's approach to the Middle East must be consistent and sustained, and must understand the history, interests and perspectives of our regional friends and allies.

The United States will remain committed to defending Israel. Our relationship with Israel is a special and historic one. But, it need not and cannot be at the expense of our Arab and Muslim relationships. That is an irresponsible and dangerous false choice. Achieving a lasting resolution to the Arab-Israeli conflict is as much in Israel's interest as any other country in the world.

Unending war will continually drain Israel of its human capital, resources, and energy as it fights for its survival. The United States and Israel must understand that it is not in their long-term interests to allow themselves to become isolated in the Middle East and the world. Neither can allow themselves to drift into an ''us against the world'' global optic or zero-sum game. That would marginalize America's global leadership, trust and influence, further isolate Israel, and prove to be disastrous for both countries as well as the region.

It is in Israel's interest, as much as ours, that the United States be seen by all states in the Middle East as fair. This is the currency of trust.

Israel, Lebanon and the Palestinian territories have experienced devastating violence in the last couple of weeks. The world has rightly condemned the despicable actions of Hezbollah and Hamas terrorists who attacked Israel and kidnapped Israeli soldiers. Israel has the undeniable right to defend itself against aggression. This is the right of all states.

Hezbollah is a threat to Israel, to Lebanon and to all who strive for lasting peace in the Middle East. This threat must be dealt with, as Israel's military operations continue to weaken Hezbollah's capacity for violence.

However, military action alone will not destroy Hezbollah or Hamas. Extended military action will tear apart Lebanon, destroy its economy and infrastructure, create a humanitarian disaster, further weaken Lebanon's fragile democratic government, strengthen popular Muslim and Arab support for Hezbollah, and deepen hatred of Israel across the Middle East. The pursuit of tactical military victories at the expense of the core strategic objective of Arab-Israeli peace is a hollow victory. The war against Hezbollah and Hamas will not be won on the battlefield.

To achieve a strategic shift in the conditions for Middle East peace, the United States must use the global condemnation of terrorist acts as the basis for substantive change. For a lasting and popularly supported resolution, only a strong Lebanese government and army, backed by the international community, can rid Lebanon of these corrosive militias and terrorist organizations.

President Bush and Secretary Rice must become and remain deeply engaged in the Middle East. Only U.S. leadership can build a consensus of purpose among our regional and international partners.

The Rome meeting of the Lebanon core group this week must be the beginning of a very intensive diplomatic process—at the highest levels—with the objective of ending the military conflict, securing the Israel-Lebanon border, and invigorating the political track. To lead and sustain U.S. engagement, the President should appoint a statesman of global stature, experience and ability to serve as his personal envoy to the region who would report directly to him and be empowered with the authority to speak and act for the President. Former Secretaries of State Baker and Powell fit this profile.

America must listen carefully to its friends and partners in the region. Saudi Arabia, Egypt, Jordan and others—countries that understand the Middle East far better than we do—must commit to help resolve today's crisis and be active partners in helping build a mechanism to move toward realizing the already agreed-upon two-state solution.

A robust international force deployed along the Israel-Lebanon border will be required to facilitate a steady deployment of a strengthened Lebanese Army into southern Lebanon to eventually assume responsibility for security and the rule of law. The UN Security Council should negotiate a new binding resolution that strengthens its demands to disarm militias and to remove Syrian influence from Lebanon that were made in UN Security Council Resolution 1559, and commits the international community to help Lebanon re-build its country.

The core of all challenges in the Middle East remains the underlying Arab-Israeli conflict. The failure to address this root cause will allow Hezbollah, Hamas and other terrorists to continue to sustain popular Muslim and Arab support, continuing to undermine America's standing in the region, and the governments of Egypt, Jordan, Saudi Arabia, and others—whose support is critical for any Middle East resolution.

The United States should engage our Middle East and international partners to revive the Beirut Declaration, or some version of it, proposed by King Abdullah of Saudi Arabia and adopted unanimously by the Arab League in March 2002. In this historic initiative, the Arab world recognized Israel's right to exist and sought to establish a path toward a two-state solution and broader Arab-Israeli peace. Even though Israel could not accept it as written, it represented a very significant ''starting point'' document initiated by Arab countries. Today, we need a new Beirut Declaration-type initiative. We squandered the last one.

The concept and intent of the 2002 Beirut Declaration is as relevant today as it was in 2002. An Arab-initiated Beirut-type declaration would re-invest regional Arab states with a stake in achieving progress toward Israeli-Palestinian peace. This type of initiative would offer a positive alternative vision for Arab populations to the ideology and goals of Islamic militants. The United States must explore this approach as part of its diplomatic engagement in the Middle East.

Lasting peace in the Middle East, and stability and security for Israel will come only from a regionally-oriented political settlement.

Former American Middle East Envoy Dennis Ross once observed that in the Middle East a process is necessary because process absorbs events . . . without a process, events become crises. He was right. Look at where we are today in the Middle East with no process. Crisis diplomacy is no substitute for sustained, day-to-day engagement.

America's approach to Syria and Iran is inextricably tied to Middle East peace. Whether or not they were directly involved in the latest Hezbollah and Hamas aggression in Israel, both countries exert influence in the region in ways that undermine stability and security. As we work with our friends and allies to deny Syria and Iran any opportunity to further corrode the situation in Lebanon and the Palestinian territories, both Damascus and Tehran must hear from America directly.

As John McLaughlin, the former Deputy Director of Central Intelligence recently wrote in the Washington Post,

''Even superpowers have to talk to bad guys. The absence of a diplomatic relationship with Iran and the deterioration of the one with Syria—two countries that bear enormous responsibility for the current crisis—leave the United States with fewer options and levers than might otherwise have been the case. Distasteful as it might have been to have or to maintain open and normal relations with such states, the absence of such relations ensures that we will have more blind spots than we can afford and that we will have to deal through surrogates on issues of vital importance to the United States. We will have to get over the notion that talking to bad guys somehow rewards them or is a sign of weakness. As a superpower, we ought to be able to communicate in a way that signals our strength and self-confidence.''

Ultimately, the United States will need to engage Iran and Syria with an agenda open to all areas of agreement and disagreement. For this dialogue to have any meaning or possible lasting relevance, it should encompass the full agenda of issues.

There is very little good news coming out of Iraq today. Increasingly vicious sectarian violence continues to propel Iraq toward civil war. The U.S. announcement this week to send additional U.S. troops and military police back into Baghdad reverses last month's decision to have Iraqi forces take the lead in Baghdad . . . and represents a dramatic set back for the U.S and the Iraqi Government. The Iraqi Government has limited ability to enforce the rule of law in Iraq, especially in Baghdad. Green Zone politics appear to have little bearing or relation to the realities of the rest of Iraq.

The Iraqis will continue to face difficult choices over the future of their country. The day-to-day responsibilities of governing and security will soon have to be assumed by Iraqis. As I said in November, this is not about setting a timeline. This is about understanding the implications of the forces of reality. This reality is being determined by Iraqis—not Americans. America is bogged down in Iraq and this is limiting our diplomatic and military options. The longer America remains in Iraq in its current capacity, the deeper the damage to our force structure—particularly the U.S. Army. And it will continue to place more limitations on an already dangerously over-extended force structure that will further limit our options and public support.

The Cold War, while dangerous, created a fairly stable and mostly predictable world order. That is no longer the case today. The challenges of the 21st century will be more complex and represent a world of greater degrees of nuance, uncertainty and uncontrollables than those of the last 60 years. America's policy choices will be more complicated than ever before.

We must be clear in our principles and interests, with friends and foes alike. But framing the world in ''absolutes'' constrains our ability to build coalitions and alliances, alienates our friends and partners, and results in our own isolation. No country will view its interests as coinciding exactly with ours; nor will countries simply subsume their national interests to maintain relations with America. U.S. policies that are premised on such assumptions will be flawed, with little likelihood for success, and ultimately work against our national interests.

In pursuing our objectives, America must always be mindful of the risks of sudden change and the dangers of unintended consequences. Rarely will America succeed if its actions seek to impose its objectives on others, or achieve change and reform through power alone. America is always strongest when it acts in concert with friends and allies. This approach has enhanced our power and magnified our influence. The Middle East and other regions of the world have been left behind and not experienced the political and economic reform that many other regions have enjoyed in the last 60 years.

The Middle East crisis represents a moment of great danger, but it is also an opportunity. Crisis focuses the minds of leaders and the attention of nations. The Middle East need not be a region forever captive to the fire of war and historical hatred. It will and can avoid this fate if the United States pursues sustained and engaged leadership worthy of our history, purpose, and power. America cannot fix every problem in the world—nor should it try. But we must get the big issues and important relationships right and concentrate on those. We know that without engaged and active American leadership the world is more dangerous.

When President Franklin Delano Roosevelt delivered his State of the Union Address on January 6, 1945, he counseled the United States and the world to look beyond the immediate horror of war to the challenges and opportunities that lay ahead. Roosevelt understood the requirements of U.S. leadership and the essence of alliances and partnerships. He said:

''We must not let those differences divide us and blind us to our more important common and continuing interests in winning the war and building the peace. International cooperation on which enduring peace must be based is not a one-way street. Nations like individuals do not always see alike or think alike, and international cooperation and progress are not helped by any nation assuming that it has a monopoly of wisdom or of virtue.''

Over the last 60 years since Roosevelt's remarks, the United States has been a force for peace and prosperity in the world. Decades of investment in geopolitical security, economic stability, political freedom, innovation and productivity have resulted in a 21st century of both cooperation and competition. This is a defining time for 21 st Century American leadership. With enlightened American leadership this century offers the world the prospects of unprecedented global peace, prosperity and security . . . ifwe are wise enough to sense the moment, engage the world and share a nobility of purpose with all mankind.

HOMELAND SECURITY APPROPRIATIONS

Mr. JOHNSON. Mr. President, recently the Senate approved the fiscal year 2007 Homeland Security appropriations bill. As a member of the Senate Appropriations Committee, I voted in favor of this measure.

The bill allocates a total of $32.8 billion in discretionary spending for the Department of Homeland Security. This funding will increase the current number of detention beds and Border Patrol agents, and during floor consideration, the Senate supported additional funding for border infrastructure upgrades and port security.

While this funding will help secure our borders and protect our homeland, President Bush's continued insistence on maintaining tax breaks for the extremely wealthy has made it incredibly difficult to fund important first responder grant programs.

The Assistance to Firefighters Grant Program provides critical funding to our local fire departments for training, equipment, and facility improvements. In his fiscal year 2007 budget request, President Bush recommended only $293 million for this important program—a dramatic reduction from the previous fiscal year's funding level of $545 million. If this request had been enacted, it would have undermined the efforts of local fire departments in meeting their training and equipment needs.

As a member of the Senate Appropriations Committee, I was pleased the committee provided $680 million for firefighter assistance grants, of which $127.5 million will be allocated for the Staffing for Adequate Fire and Emergency Response Firefighters, SAFER, Act grant program. These grants help communities hire firefighters, and in turn, local governments are responsible for providing funds to match a portion of each grant. Regrettably, President Bush requested no funding for this important program. As a result, the money appropriated by the Senate will go a long way toward helping our first responders.

Finally, first responders also rely upon the Emergency Management Performance Grant Program. This program provides funding to State and local governments for all-hazards emergency management including natural disasters, accidents, or terrorist threats. Unfortunately, the President requested only $170 million for this program in his fiscal year 2007 budget proposal—$15 million less than what Congress appropriated the previous year. As a member of the Senate Appropriations Committee, we restored this important funding and recommended $205 million for this program.

In a post-September 11 world, we must make homeland security one of our top priorities. As a member of the Senate Appropriations Committee, I will continue my efforts to ensure that our first responders have the resources and tools necessary to respond to threats against our homeland.

ADDITIONAL STATEMENTS

RETIREMENT OF GLORIA TOSI

• Mr. LOTT. Mr. President, today I pay tribute to Gloria Cataneo Tosi, president of the American Maritime Congress, on her upcoming retirement. The American Maritime Congress is a research and educational organization in Washington, DC, whose membership comprises ship owners and operators having U.S.-flag vessels in both the domestic and international trades. All of the American Maritime Congress's member companies have labor agreements with the Marine Engineers Beneficial Association.

Mrs. Tosi has been with the American Maritime Congress since 1981 and has served as its chief executive officer for the past 15 years. She is a well-known maritime advocate in the Washington, DC community, including the Propeller Club of the United States. In particular, she often plays a lead industry role on issues affecting the operation of, and cargo opportunities for, U.S.-flag shipping.

While many people think of the U.S. maritime industry as only a commercial interest, it is actually a vital element of our Nation's defense. The Department of Defense could not execute its military strategies and deploy its forces worldwide without the help of U.S. shipyards, ports, shipping lines, and maritime workers. As president of the American Maritime Congress, Mrs. Tosi worked closely with the National Defense Transportation Association to ensure the maritime industry remained aligned with the Department of Defense's requirements.

Mrs. Tosi is a native of Baltimore, MD, whose family was active in the maritime industry. She came to Washington, DC, in 1969 to join the staff of

Helen Delich Bentley, who had been named by President Nixon to chair the Federal Maritime Commission. I served with Helen in the House of Representatives and know her to be an ardent supporter of the U.S. Merchant Marine and the Port of Baltimore. Mrs. Tosi remained at the Federal Maritime Commission for nearly 6 years, which means she gained invaluable experience and insight into the maritime industry at the national level. Upon leaving the Federal Maritime Commission, Mrs. Tosi was employed by the International Longshoremen's Association as the union's director of governmental affairs from 1976–1981. In 1981, she joined her current organization as its legislative and corporate affairs director. In time, her expertise and leadership qualities were recognized and she was selected to be the organization's president. This marks her 25th year with the American Maritime Congress.

I have known Gloria for many years. There has not been a significant piece of maritime legislation that has been considered by the Congress during the past dozen or so years that has not benefitted from her counsel. From the Maritime Security Act of 1995, to the Ocean Shipping Reform Act of 1998, to the Maritime Security Act of 2003, and including many provisions included in other laws, she helped ensure that the U.S. maritime industry's concerns were addressed. Equally important, she ensured that the industry's concerns were understood when legislation was proposed that would have had a negative impact on the industry.

Gloria is trusted as an honest voice for all of America's maritime world. She has devoted her professional life to enhancing the American fleet, improving its business opportunities, and establishing a better regulatory regime under which to operate the fleet. She may be retiring, but I expect she will be called on from time to time to offer her expertise as the need arises. In the meantime, she will have more time to spend with her husband Jeff.

Mr. President, I congratulate Gloria for her exemplary career and salute her contributions to the maritime industry. She is to be commended for the productive use of her insights and talents and appreciated for her years of service to the U.S. maritime industry.●

125TH ANNIVERSARY OF GRANDIN, NORTH DAKOTA

● Mr. CONRAD. Mr. President, today I wish to recognize a community in North Dakota that recently celebrated its 125th anniversary. On July 14–16, the residents of Grandin gathered to celebrate their community's history and founding.

Grandin, set in the fertile Red River Valley, is a thriving community in southeastern North Dakota. Grandin was also home to American painter and artist, Clyfford Still. Still, who used rich, vibrant colors and imagery, is just one of the many great talents that the small communities of rural America have produced to enrich our culture.

The citizens of Grandin take pride in their quiet and comfortable community that still welcomes guests with a friendly smile and wave. Grandin had an exciting anniversary that included an all-school reunion, parade, tractor pull, dinner, and street dance.

Mr. President, I ask the Senate to join in me congratulating Grandin, ND, and its residents on their first 125 years and wishing them well through the next century. By honoring Grandin and all the other historic small towns of North Dakota, we keep the great pioneering frontier spirit alive for future generations. It is places such as Grandin that have helped to shape this country into what it is today, which is why this fine community is deserving of our recognition.

Grandin has a proud past and a bright future.●

REMEMBERING BILL HANCOCK

● Mr. SMITH. Mr. President, today I wish to honor the memory and work of Mr. Bill Hancock, a constituent of mine who led a most selfless and compassionate life. Several weeks ago, Bill lost his long struggle with AIDS. The story of his life demonstrates just how much progress we have made in our efforts to stem the tide of this disease, and how much work remains to be done before we find a cure.

Bill led a very rich and full life—one that should fill his family and friends with a sense of overwhelming pride. While he accomplished much, I am most moved by his tireless work to improve the lives of those who suffered from the very illness he had. Many of us might have given up if we found ourselves in Bill's position—choosing to allow a set of unfortunate circumstances to stagnate our lives. Instead, Bill fully realized his life's purpose through his sincere dedication to supporting and advancing the needs of the HIV/AIDS community.

Since the early days of the AIDS epidemic, Bill was involved in building the grassroots momentum needed to generate a national response to the public health crisis that was emerging in many of America's cities. His own health problems led him to Our House of Portland for hospice care and with the support he received there, he was able to begin to manage the symptoms of his illness. Amazingly, he was the very first resident of Our House to leave alive. I believe this is a clear testament to the tenacity of Bill's character.

Shortly after leaving Our House, Bill returned—not as a patient but as a member of its fundraising board and as a personal care assistant. His compassion prompted him to reciprocate the care he was provided by becoming a caregiver himself. His involvement in HIV/AIDS advocacy only grew from that point. He became the chair of the Multnomah County Community Health Council and the Citizen's Advisory Board to the local health department. He also served on Multnomah County's Citizen's Budget Advisory Committee and the board of the Tri-County Safety Net Enterprise.

In addition to his service in local government, Bill represented the needs of those living with HIV/AIDS as public policy coordinator for the Cascade AIDS Project. Cascade AIDS is Oregon's leading provider of community-based medical and social services, offering access to health care, temporary housing, career assistance, and education and prevention programs. My staff had the pleasure of working closely with Bill to more effectively coordinate State and Federal resources aimed at supporting individuals with HIV/AIDS. He truly served the members of Oregon's HIV/AIDS community with dignity and compassion.

On marking the occasion of Bill Hancock's passing, I can't help but ask myself what more we as public servants can do to prevent the untimely death of individuals living with HIV/AIDS. The Federal Government has made great progress in the battle against this horrific epidemic, but there is much more we can do. It is essential that we move forward with reauthorizing the Ryan White CARE Act and appropriately funding the medical and social support programs that help individuals lead more full and productive lives. It would be a testament to Bill's life's work and dedication if we could do our part to help address the medical and social needs of the HIV/AIDS community. Bill never gave up, and neither should we.

In closing, I would like to offer my condolences to the family, friends, and fellow advocates whom Bill touched with his compassion and love of life. They have much to be proud of, and I hope their memories will be filled with the many great accomplishments he achieved as a dedicated community servant.●

MESSAGE FROM THE HOUSE DURING ADJOURNMENT

Under authority of the order of the Senate of July 28, 2006, the Secretary of the Senate, on July 31, 2006, received a message from the House of Representatives announcing that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 4. An act to provide economic security for all Americans, and for other purposes.

H.R. 5970. An act to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes.

MESSAGE FROM THE HOUSE

At 2:03 p.m., a message from the House of Representatives, delivered by

Ms. Niland, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 3693. An act to make technical corrections to the Violence Against Women and Department of Justice Reauthorization Act of 2005.

The message also announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 112. Concurrent resolution relating to correcting a clerical error in the enrollment of S. 3693.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 459. Concurrent resolution providing for a conditional adjournment of the House of Representatives and a conditional recess or adjournment of the Senate.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House of Representatives to the bill (S. 250) to amend the Carl D. Perkins Vocational and Technical Education Act of 1998 to improve the Act.

The message further announced that the House has passed the bill (S. 3741) to provide funding authority to facilitate the evacuation of persons from Lebanon, and for other purposes, with an amendment, in which it requests the concurrence of the Senate.

MEASURES PLACED ON THE CALENDAR

The following bills were read the second time, and placed on the calendar:

H.R. 4. An act to provide economic security for all Americans, and for other purposes.

H.R. 5970. An act to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes.

MEASURES READ THE FIRST TIME

The following bills were deemed read the first time on July 28 (legislative day July 26), pursuant to the order of July 28, 2006:

H.R. 4. An act to provide economic security for all Americans, and for other purposes.

H.R. 5970. An act to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

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

EC–7683. 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-Fairchild SF340A and SAAB 340B Airplanes'' ((RIN2120–AA64)(Docket No. 2005–NM–235)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7684. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; BAE Systems Limited Model BAe 146 Airplanes and Model Avro 146–RJ Airplanes'' ((RIN2120–AA64)(Docket No. 2005–NM–212)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7685. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; McDonnell Douglas Model DC–9–10, DC–9–20, DC–9–30, DC–9–40, and DC–9–50 Series Airplanes; Model DC–9–81, DC–9–82, DC–9–83, and DC–9–87 Airplanes; Model MD–88 Airplanes; Model MD–90–30 Airplanes; and Model 717–200 Airplanes'' ((RIN2120–AA64)(Docket No. 2005–NM–001)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7686. 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 Airplanes'' ((RIN2120–AA64)(Docket No. 2004–NM–32)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7687. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Honeywell International Inc. T5311A, T5311B, T5313B, T5317A, T5317A–1, and T5317B Series Turboshaft Engines and Lycoming Former Military T53–L–11B, T53–L–11D, T53–L–13B, T53–L–13B/D and T53–L–703 Series Turboshaft Engines'' ((RIN2120–AA64)(Docket No. 98–ANE–72)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7688. 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 Aerospace LP Model Galaxy and Model Gulfstream 200 Airplanes'' ((RIN2120–AA64)(Docket No. 2005–NM–175)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7689. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Sikorsky Aircraft Corporation Model S–92A Helicopters'' ((RIN2120–AA64)(Docket No. 2006–SW–03)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7690. 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 AS355E, F, F1, F2, and N Helicopters'' ((RIN2120–AA64)(Docket No. 2003–SW–10)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7691. 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 EC130 B4 Helicopters'' ((RIN2120–AA64)(Docket No. 2005–SW–41)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7692. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Raytheon Model HS.125 Series 700A and 700B Airplanes; Model BAe.125 Series 800A, 800B, 1000A, and 1000B Airplanes; and Hawker 800, 800XP, and 1000 Airplanes'' ((RIN2120–AA64)(Docket No. 2006–NM–118)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7693. 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 A318, A319, A320, and A321 Airplanes'' ((RIN2120–AA64)(Docket No. 2006–NM–110)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7694. 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 737–100, –200, –200C, –300, –400, and –500 Series Airplanes'' ((RIN2120–AA64)(Docket No. 2006–NM–109)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7695. 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 A318, A319, A320, and A321 Airplanes'' ((RIN2120–AA64)(Docket No. 2006–NM–110)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7696. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Bell Helicopter Textron Canada Model, 222, 222B, 222U, 230, and 430 Helicopters'' ((RIN2120–AA64)(Docket No. 2006–SW–12)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7697. 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 757–200 Series Airplanes Modified by Supplemental Type Certificate (STC) SA979NE'' ((RIN2120–AA64)(Docket No. 2006–NM–099)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7698. 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 747–200B, –200C, –200F, –300, –400, and 747SP Series Airplanes'' ((RIN2120–AA64)(Docket No . 2005–NM–223)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7699. 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 14RF–9 Propellers'' ((RIN2120–AA64)(Docket No. 2006–NE–18)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7700. 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 767–200, –300, and –300F Series Airplanes'' ((RIN2120–AA64)(Docket No. 2005–NM–099)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7701. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Goodrich Evacuation Systems Approved Under Technical Standard Order (TSO) TSO–C69b and Installed on Airbus Model A330–200 and –300 Series Airplanes, Model A340–200 and –300 Series Airplanes, and Model A340–541 and –642 Airplanes—CORRECTION'' ((RIN2120–AA64)(Docket No. 2005–NM–229)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7702. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Bombardier Model CL–600–2B19 Airplanes'' ((RIN2120–AA64) (Docket No. 2005–NM–215)), received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7703. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of Class E Airspace; Scottsbluff, NE'' ((RIN2120–AA66) (Docket No. 06–ACE–5)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7704. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of Class E Airspace; Keokuk, IA'' ((RIN2120–AA66) (Docket No. 06–ACE–7)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7705. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of Legal Description of Class D and E Airspace; Fairbanks, Fort Wainwright Army Airfield, AK'' ((RIN2120–AA66) (Docket No. 06–AAL–16)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7706. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of Legal Description of Class D and E Airspace; Fairbanks, Fort Wainwright Army Airfield, AK'' ((RIN2120–AA66) (Docket No. 06–AAL–16)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7707. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Revision of Class E Airspace; Togiak, AK'' ((RIN2120–AA66) (Docket No. 06–AAL–06)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7708. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of VOR Federal Airways; and Establishment of Area Navigation Route; NC'' ((RIN2120–AA66) (Docket No. 06–ASO–1)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7709. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Revocation of Low Altitude Reporting Point; AK'' ((RIN2120–AA66)(Docket No. 06–AAL–17)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7710. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Establishment of Offshore Airspace Area 1485L and Revision of Control 1485H; Barrow, AK'' ((RIN2120–AA66) (Docket No. 06–AAL–9)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7711. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Establishment of Area Navigation Instrument Flight Rules Terminal Transition Route (RITTR) T–210; Jacksonville, FL'' ((RIN2120–AA66) (Docket No. 05–ASO–10)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7712. 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 Canada PW535A Turboshaft Engines'' ((RIN2120–AA64) (Docket No. 06–NE–07)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7713. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures (10); Amdt. No. 3166'' ((RIN2120–AA65) (Docket No. 30493)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7714. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures (33); Amdt. No. 3167'' ((RIN2120–AA65) (Docket No. 30494)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7715. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''IFR Altitudes; Miscellaneous Amendments (23); Amdt. No. 461'' ((RIN2120–AA63) (Docket No. 30495)) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7716. A communication from the Attorney, Pipeline and Hazardous Materials Safety Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Hazardous Materials: Infectious Substances; Harmonization with the United Nations Recommendations'' (RIN2137–AD93) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7717. A communication from the Attorney, Pipeline and Hazardous Materials Safety Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Hazardous Materials: Preemption Determination; Procedural Regulations'' (RIN2137–AE18) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7718. A communication from the Program Analyst, National Highway Traffic Safety Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Motorcyclist Safety Grant Program'' (RIN2127–AJ86) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC–7719. A communication from the Docket Clerk, Federal Railroad Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Locomotive Crashworthiness'' (RIN2130–AB23) received on July 25, 2006; to the Committee on Commerce, Science, and Transportation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ENZI, from the Committee on Health, Education, Labor, and Pensions, with an amendment in the nature of a substitute:

S. 707. A bill to reduce preterm labor and delivery and the risk of pregnancy-related deaths and complications due to pregnancy, and to reduce infant mortality caused by prematurity (Rept. No. 109–298).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 997. A bill to direct the Secretary of Agriculture to convey certain land in the Beaverhead-Deerlodge Forest, Montana, to Jefferson County, Montana, for use as a cemetery (Rept. No. 109–299).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 1529. A bill to provide for the conveyance of certain Federal land in the city of Yuma, Arizona (Rept. No. 109–300).

S. 1548. A bill to provide for the conveyance of certain Forest Service land to the city of Coffman Cove, Alaska (Rept. No . 109–301).

S. 2003. A bill to make permanent the authorization for watershed restoration and enhancement agreements (Rept. No. 109–302).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with an amendment:

S. 2028. A bill to provide for the reinstatement of a license for a certain Federal Energy Regulatory Commission project (Rept. No. 109–303).

S. 2035. A bill to extend the time required for construction of a hydroelectric project in the State of Idaho, and for other purposes (Rept. No. 109–304).

S. 2054. A bill to direct the Secretary of the Interior to conduct a study of water resources in the State of Vermont (Rept. No. 109–305).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with amendments:

S. 2150. A bill to direct the Secretary of the Interior to convey certain Bureau of Land Management Land to the City of Eugene, Oregon (Rept. No. 109–306).

S. 2373. A bill to provide for the sale of approximately 132 acres of public land to the City of Green River, Wyoming, at fair market value (Rept. No. 109–307).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 2403. A bill to authorize the Secretary of the Interior to include in the boundaries of the Grand Teton National Park land and interests in land of the GT Park Subdivision, and for other purposes (Rept. No. 109–308).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with an amendment:

S. 2568. A bill to amend the National Trails System Act to designate the Captain John Smith Chesapeake National Historic Trail (Rept. No. 109–309).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, without amendment:

S. Res. 468. A resolution supporting the continued administration of Channel Islands National Park, including Santa Rosa Island, in accordance with the laws (including regulations) and policies of the National Park Service (Rept. No. 109–310).

H.R. 394. A bill to direct the Secretary of the Interior to conduct a boundary study to evaluate the significance of the Colonel James Barrett Farm in the Commonwealth of Massachusetts and the suitability and feasibility of its inclusion in the National Park System as part of the Minute Man National Historical Park, and for other purposes (Rept. No. 109–311).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

H.R. 482. A bill to provide for a land exchange involving Federal lands in the Lincoln National Forest in the State of New Mexico, and for other purposes (Rept. No. 109–312).

H.R. 486. A bill to provide for a land exchange involving private land and Bureau of Land Management land in the vicinity of Holloman Air Force Base, New Mexico, for the purpose of removing private land from the required safety zone surrounding munitions storage bunkers at Holloman Air Force Base (Rept. No. 109–313).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with amendments:

H.R. 1492. A bill to provide for the preservation of the historic confinement sites where Japanese Americans were detained during World War II, and for other purposes (Rept. No. 109–314).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, without amendment:

H.R. 4000. A bill to authorize the Secretary of the Interior to revise certain repayment contracts with the Bostwick Irrigation District in Nebraska, the Kansas Bostwick Irrigation District No. 2, the Frenchman-Cambridge Irrigation District, and the Webster Irrigation District No. 4, all a part of the Pick-Sloan Missouri Basin Program, and for other purposes (Rept. No. 109–315).

By Ms. COLLINS, from the Committee on Homeland Security and Governmental Affairs, without amendment:

S. 2068. A bill to preserve existing judgeships on the Superior Court of the District of Columbia (Rept. No. 109–316).

By Mr. GRASSLEY, from the Committee on Finance, without amendment:

S. 3495. A bill to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of nominations were submitted:

By Mr. CRAIG for the Committee on Veterans' Affairs.

*Patrick W. Dunne, of New York, to be an Assistant Secretary of Veterans Affairs (Policy and Planning).

*Thomas E. Harvey, of New York, to be an Assistant Secretary of Veterans Affairs (Congressional Affairs).

*Nomination was reported with recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

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. PRYOR:

S. 3763. A bill to amend title 49, United States Code, to modify bargaining requirements for proposed changes to the personnel management system of the Federal Aviation Administration; to the Committee on Commerce, Science, and Transportation.

By Mr. LAUTENBERG:

S. 3764. A bill to amend title XVIII of the Social Security Act to eliminate the coverage gap under the Medicare part D prescription drug program; to the Committee on Finance.

By Mr. DURBIN (for himself, Mr. SUNUNU, Mr. FEINGOLD, and Ms. STABENOW):

S. 3765. A bill to designate Lebanon under section 244(b) of the Immigration and Naturalization Act to permit nationals of Lebanon to be granted temporary protected status in the United States; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Ms. STABENOW (for herself, Mr. ISAKSON, Mr. CHAMBLISS, and Mr. LEVIN):

S. Res. 545. A resolution recognizing the life and achievements of Will Keith Kellogg; to the Committee on the Judiciary.

ADDITIONAL COSPONSORS

S. 707

At the request of Mr. ALEXANDER, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 707, a bill to reduce preterm labor and delivery and the risk of pregnancy-related deaths and complications due to pregnancy, and to reduce infant mortality caused by prematurity.

S. 709

At the request of Mr. DEWINE, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 709, a bill to amend the Public Health Service Act to establish a grant program to provide supportive services in permanent supportive housing for chronically homeless individuals, and for other purposes.

S. 1035

At the request of Mr. INHOFE, the name of the Senator from Florida (Mr. MARTINEZ) was added as a cosponsor of S. 1035, a bill to authorize the presentation of commemorative medals on behalf of Congress to Native Americans who served as Code Talkers during foreign conflicts in which the United States was involved during the 20th century in recognition of the service of those Native Americans to the United States.

S. 1630

At the request of Mr. OBAMA, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1630, a bill to direct the Secretary of Homeland Security to establish the National Emergency Family Locator System.

S. 1791

At the request of Mr. SMITH, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of S. 1791, a bill to amend the Internal Revenue Code of 1986 to allow a deduction for qualified timber gains.

S. 2079

At the request of Mr. SMITH, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of S. 2079, a bill to improve the ability of the Secretary of Agriculture and the Secretary of the Interior to promptly implement recovery treatments in response to catastrophic events affecting the natural resources of Forest Service land and Bureau of Land Management land, respectively, to support the recovery of non-Federal land damaged by catastrophic events, to assist impacted communities, to revitalize Forest Service experimental forests, and for other purposes.

S. 2401

At the request of Mr. BAUCUS, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 2401, a bill to amend the Internal Revenue Code of 1986 to extend certain energy tax incentives, and for other purposes.

S. 2425

At the request of Mr. CONRAD, the name of the Senator from Washington (Mrs. MURRAY) was added as a cosponsor of S. 2425, a bill to apply amendments to the Immigration and Nationality Act related to providing medical services in underserved areas, and for other purposes.

S. 2460

At the request of Mr. MENENDEZ, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 2460, a bill to permit access to certain information in the Firearms Trace System database.

S. 2590

At the request of Mr. COBURN, the names of the Senator from Ohio (Mr. VOINOVICH), the Senator from California (Mrs. BOXER) and the Senator from Kentucky (Mr. MCCONNELL) were added as cosponsors of S. 2590, a bill to require full disclosure of all entities and organizations receiving Federal funds.

S. 2677

At the request of Mr. SMITH, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 2677, a bill to amend the Internal Revenue Code of 1986 to extend the investment tax credit with respect to

solar energy property and qualified fuel cell property, and for other purposes.

S. 2819

At the request of Mr. COLEMAN, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 2819, a bill to amend part C of title XVIII of the Social Security Act to provide for a minimum payment rate by Medicare Advantage organizations for services furnished by a critical access hospital and a rural health clinic under the Medicare program.

S. 3519

At the request of Mr. HATCH, the name of the Senator from Wyoming (Mr. THOMAS) was added as a cosponsor of S. 3519, a bill to reform the State inspection of meat and poultry in the United States, and for other purposes.

S. 3590

At the request of Mr. AKAKA, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 3590, a bill to amend title XIX of the Social Security Act to delay the effective date of the amendments made by the Deficit Reduction Act of 2005 requiring documentation evidencing citizenship or nationality as a condition for receipt of medical assistance under the Medicaid program.

S. 3634

At the request of Mr. JEFFORDS, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 3634, a bill to amend the Nuclear Waste Policy Act of 1982 to improve the material control and accounting and data management systems used by civilian nuclear power reactors to better account for spent nuclear fuel and reduce the risks associated with the handling of those materials.

S. 3680

At the request of Mr. KERRY, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 3680, a bill to amend the Small Business Investment Act of 1958 to reauthorize and expand the New Markets Venture Capital Program, and for other purposes.

S. 3681

At the request of Mr. DOMENICI, the names of the Senator from Mississippi (Mr. COCHRAN) and the Senator from Texas (Mrs. HUTCHISON) were added as cosponsors of S. 3681, a bill to amend the Comprehensive Environmental Response Compensation and Liability Act of 1980 to provide that manure shall not be considered to be a hazardous substance, pollutant, or contaminant.

S. 3682

At the request of Mr. ALEXANDER, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. 3682, a bill to establish the America's Opportunity Scholarships for Kids Program.

S. 3697

At the request of Mr. INHOFE, the name of the Senator from South Carolina (Mr. DEMINT) was added as a cosponsor of S. 3697, a bill to amend title XVIII of the Social Security Act to establish Medicare Health Savings Accounts.

S. 3711

At the request of Ms. LANDRIEU, the names of the Senator from Tennessee (Mr. ALEXANDER) and the Senator from Nebraska (Mr. HAGEL) were added as cosponsors of S. 3711, a bill to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes.

At the request of Mr. TALENT, his name was added as a cosponsor of S. 3711, supra.

S. 3744

At the request of Mr. DURBIN, the name of the Senator from New Jersey (Mr. MENENDEZ) was added as a cosponsor of S. 3744, a bill to establish the Abraham Lincoln Study Abroad Program.

S. 3754

At the request of Mr. MARTINEZ, the name of the Senator from Oklahoma (Mr. COBURN) was added as a cosponsor of S. 3754, a bill to amend the Internal Revenue Code of 1986 to allow individuals a refundable credit against income tax for the purchase of private health insurance, and for other purposes.

S. CON. RES. 97

At the request of Mr. GRASSLEY, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of S. Con. Res. 97, a concurrent resolution expressing the sense of Congress that it is the goal of the United States that, not later than January 1, 2025, the agricultural, forestry, and working land of the United States should provide from renewable resources not less than 25 percent of the total energy consumed in the United States and continue to produce safe, abundant, and affordable food, feed, and fiber.

S. CON. RES. 113

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. Con. Res. 113, a concurrent resolution congratulating the Magen David Adom Society in Israel for achieving full membership in the International Red Cross and Red Crescent Movement, and for other purposes.

At the request of Mrs. CLINTON, the names of the Senator from Delaware (Mr. BIDEN), the Senator from California (Mrs. BOXER), the Senator from Georgia (Mr. CHAMBLISS), the Senator from Minnesota (Mr. COLEMAN), the Senator from Ohio (Mr. DEWINE), the Senator from New Jersey (Mr. LAUTENBERG), the Senator from Connecticut (Mr. LIEBERMAN) and the Senator from Oregon (Mr. SMITH) were added as cosponsors of S. Con. Res. 113, supra.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DURBIN (for himself, Mr. SUNUNU, Mr. FEINGOLD, and Ms. STABENOW):

S. 3765. A bill to designate Lebanon under section 244(b) of the Immigration and Naturalization Act to permit nationals of Lebanon to be granted temporary protected status in the United States; to the Committee on the Judiciary.

Mr. DURBIN. Mr. President, I rise today to introduce the Lebanese Temporary Protected Status Act of 2006.

I thank Senator JOHN SUNUNU, a Republican from New Hampshire, and Senator RUSS FEINGOLD, a Democrat from Wisconsin, for joining me as original cosponsors of this bipartisan legislation.

I come to the floor today with a heavy heart. The attacks by the terrorist organization Hezbollah against the State of Israel have led to ongoing hostilities in the Middle East. The hostilities have already cost many innocent Israeli and Lebanese lives, but yesterday was a particularly tragic day. This morning, as I woke up in Springfield, IL, and pulled up the local newspapers. There on the front page of the Chicago Tribune was a heartbreaking photograph of a Lebanese aid worker carrying the lifeless body of a child out of the rubble from the events of yesterday. Over 50 innocent Lebanese civilians, including dozens of children, perished in the southern Lebanese town of Qana.

I join my colleagues and all Americans in offering my heartfelt condolences to Prime Minister Siniora and to the people of Lebanon on the loss of these innocent lives. The victims and their families are in our thoughts and prayers.

Lives have been lost on both sides of the border, but we know it is particularly dangerous at this moment in Lebanon.

In reflecting on the deaths of hundreds of innocent civilians in recent weeks, Lebanese Prime Minister Fuad Siniora asked:

> Is the value of human life less in Lebanon than that of citizens elsewhere? Are we children of a lesser God?

The Lebanese people are not children of a lesser God. We are all children of the same God and we are all equal in God's eyes. Christians, Jews, and Muslims—we are all children of Abraham. We mourn the loss of every innocent life lost in the Israeli-Arab conflict, whether Israeli, Palestinian, or Lebanese.

Enacting the Lebanese Temporary Protected Status Act of 2006 is a modest, but important, step that will help alleviate the suffering of innocent Lebanese people. This legislation would make Lebanese nationals who are currently residing in the United States eligible for temporary protected status for an initial 12-month period.

Temporary protected status allows nationals of another country who are visiting the United States to remain here temporarily if returning to their country would pose a serious threat to their personal safety. Tragically, Lebanon faces just such a situation today.

There is an ongoing urgent humanitarian crisis in Lebanon. The United Nations estimates that 700,000 people have been displaced from their homes, almost 20 percent of the population of that nation. According to Catholic Relief Services:

Many of those who have been displaced have taken refuge in mosques, churches and schools. The stocks of basic food and relief items, including much needed medicines, are dwindling.

The U.N. said:

There has been widespread damage to infrastructure with hospitals, schools, roads, bridges, fuel storage depots, airports and seaports sustaining damage. This, of course, has severe implications on the ability to deliver humanitarian assistance to those most in need. In addition, prices of even basic necessities have skyrocketed.

U.N. emergency relief coordinator Jan Egeland has called the crisis, ''The hour of greatest need for the Lebanese people.''

Think of the images of thousands of frightened Americans trying desperately to escape the violence in Lebanon. Thankfully, many who have sought to escape have managed to do so. Unfortunately, unknown numbers of Americans still remain trapped.

Many Americans traveled to Lebanon this summer to spend time with relatives. This bipartisan bill would assist Lebanese who have traveled to the United States for similar reasons. They might have come here to visit family, to study, or to work. Now they face the prospect of being told they must return to this war zone. If conditions in Lebanon are so unsafe that we were forced to evacuate American citizens, innocent Lebanese who are visiting in the United States should be permitted to remain here until conditions in Lebanon improve.

Granting temporary protected status to Lebanese nationals who are currently in the United States is consistent with America's national interest.

At this delicate moment in relations between the United States and the Middle East, giving temporary protected status to Lebanon will send a positive signal about United States concern for the suffering of innocent Lebanese civilians.

Granting temporary protected status would also assist the fragile Lebanese Government by delaying the return of thousands of people who might be unable to return to their homes and would find themselves arriving back in their country only to become refugees.

The efforts of Prime Minister Siniora and millions of other Lebanese to build a sovereign and democratic Lebanon deserve the respect and continued support of the United States. Granting temporary protected status to Lebanese citizens now in the United States would take the pressure off their Government as it struggles to meet its many new challenges.

This would not be the first time we have done this. The United States extended temporary protected status to the people of Lebanon from March 1991 to March 1993. Before Congress created temporary protected status in 1990, we granted something called extended voluntary departure to provide blanket relief from deportation to Lebanese nationals during the height of the Lebanese civil war.

Granting this type of relief will not endanger our security. The Government can deny or withdraw temporary protected status from any individual who might do harm to our Nation. Individuals convicted of serious crimes who are a threat to national security, such as suspected members of Hezbollah, are automatically ineligible for this status. The Department of Homeland Security may withdraw temporary protected status any time it finds an individual poses any threat to our country. So it isn't a blank check.

Nor is temporary protected status a backdoor to U.S. citizenship. Aliens who are granted this status are not eligible to become legal permanent residents in this country.

Granting this temporary protected status to Lebanon is consistent with American values. The people of Lebanon face a grave humanitarian crisis and we have a tradition in this country of providing safe haven to people in such circumstances.

We must all work to a resolution to the current hostilities that creates lasting peace and security for both Israel and for Lebanon. In the meantime, let us provide a safe haven to Lebanese who are already within the United States while we strive for these larger goals.

I urge my colleagues to support the Lebanese Temporary Protected Status Act of 2006.

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

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

S. 3765

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 ''Lebanese Temporary Protected Status Act of 2006''.

SEC. 2. SENSE OF CONGRESS.

It is the sense of Congress that, due to the hostilities in Lebanon, Lebanon qualifies for designation under subparagraphs (A) and (C) of section 244(b)(1) of the Immigration and Nationality Act (8 U.S.C. 1254a(b)(1)), pursuant to which Lebanese nationals would be eligible for temporary protected status in the United States.

SEC. 3. DESIGNATION FOR PURPOSES OF GRANTING TEMPORARY PROTECTED STATUS.

(a) DESIGNATION.—

(1) IN GENERAL.—For purposes of section 244 of the Immigration and Nationality Act (8 U.S.C. 1254a), Lebanon shall be treated as if it had been designated under subsection (b) of that section, subject to the provisions of this section.

(2) PERIOD OF DESIGNATION.—The initial period of the designation under paragraph (1) shall begin on the date of the enactment of this Act and shall remain in effect for 1 year.

(b) ALIENS ELIGIBLE.—An alien who is a national of Lebanon shall be deemed to satisfy the requirements of section 244(c)(1) of such Act only if the alien—

(1) has been continuously physically present in the United States since the date of the enactment of this Act;

(2) is admissible to the United States as an immigrant, except as otherwise provided under section 244(c)(2)(A) of such Act;

(3) is not ineligible for temporary protected status under section 244(c)(2)(B) of such Act; and

(4) registers for temporary protected status in a manner established by the Secretary of Homeland Security.

(c) CONSENT TO TRAVEL ABROAD.—The Secretary of Homeland Security shall give an alien granted temporary protected status pursuant to the designation made under subsection (a) prior consent to travel abroad under section 244(f)(3) of such Act if the alien establishes to the satisfaction of the Secretary that emergency and extenuating circumstances beyond the control of the alien require the alien to depart for a brief, temporary trip abroad. An alien returning to the United States in accordance with such an authorization shall be given the same treatment as any other returning alien provided temporary protected status under section 244 of such Act.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 545—RECOGNIZING THE LIFE AND ACHIEVEMENTS OF WILL KEITH KELLOGG

Ms. STABENOW (herself, Mr. ISAKSON, Mr. CHAMBLISS, and Mr. LEVIN) submitted the following resolution; which was referred to the committee on the Judiciary:

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

S. RES. 545

Whereas Will Keith Kellogg was born on April 7, 1860, and died at the age of 91 on October 6, 1951;

Whereas W.K. Kellogg believed that—

(1) a proper diet plays an important role in maintaining a healthy lifestyle; and

(2) breakfast is the most important meal of the day;

Whereas W.K. Kellogg developed the now world-famous Kellogg's Corn Flakes cereal in his Battle Creek, Michigan, production facility on April 1, 1906;

Whereas, for 100 years, the Kellogg Company has provided citizens of the United States and countries around the world with nutritious food products;

Whereas, throughout its development, the Kellogg Company has set milestones in consumer awareness of proper nutrition by—

(1) becoming the first company to include a nutrition facts label on its ever-changing and innovative packaging; and

(2) adhering to the strict values of quality and health consciousness that W.K. Kellogg had always valued;

Whereas, while the citizens of the United States struggled during the time of economic depression and stagnation during the 1930's, W.K. Kellogg famously announced ''I'll invest my money in people.'';

Whereas W.K. Kellogg started the W.K. Kellogg Foundation to operate separately from the Kellogg Company, and led the foundation by adhering to the guiding principle of ''helping people to help themselves'';

Whereas today, the W.K. Kellogg Foundation is 1 of the largest philanthropic institutions in the world, funding projects throughout the world in—

(1) health;

(2) education;

(3) agriculture;

(4) leadership; and

(5) youth development;

Whereas the assets of the W.K. Kellogg Foundation were nearly $6,000,000,000 when the foundation approached its 75th Anniversary in 2005;

Whereas, during those 75 years of service, the foundation donated more than $3,000,000,000 to help people help themselves;

Whereas, during the Second World War, the production facilities of the Kellogg Company were used to assist the Armed Forces in many engineering efforts;

Whereas, during that time, the products of the Kellogg Company became a common item in packages sent by families to soldiers serving overseas;

Whereas W.K. Kellogg was later awarded the Army-Navy ''E'' Flag for Excellence for his valuable contributions to the United States during the Second World War;

Whereas, throughout its history, the Kellogg Company introduced many of their most famous and successful cereals and characters, including—

(1) Tony the Tiger; and

(2) Snap, Crackle, and Pop;

Whereas, in 1969, astronauts on board the Apollo 11 breakfasted on cereal produced by the Kellogg Company during their successful mission to the moon, thereby making it the first breakfast cereal ever to reach outer space;

Whereas the Kellogg Company opened a new headquarters facility in Battle Creek;

Whereas, throughout the 1980's and 1990's, the Kellogg Company continued its commitment to social responsibility by supporting numerous organizations, including—

(1) the United Negro College Fund;

(2) the Statue of Liberty-Ellis Island renewal project; and

(3) organizations that sought to end the policy of apartheid that was enforced by the Government of South Africa;

Whereas today, the Kellogg Company produces more than 40 different cereals on 6 continents, and markets the products of the company in more than 180 countries;

Whereas the Kellogg Company employs 25,000 people throughout the world; and

Whereas the Kellogg Company currently has production facilities in 13 states, including—

(1) California;

(2) Georgia;

(3) Illinois;

(4) Kansas;

(5) Kentucky;

(6) Michigan;

(7) Nebraska;

(8) New Jersey;

(9) North Carolina;

(10) Ohio;

(11) Pennsylvania;

(12) Tennessee; and

(13) Washington: Now, therefore, be it

Resolved, That the Senate recognizes—

(1) the great contributions of Will Keith Kellogg to—

(A) the citizens of the United States; and

(B) the people of the world;

(2) the 100th anniversary of the creation of the first flaked breakfast cereal, which occurred on April 1, 2006; and

(3) the achievements of W.K. Kellogg and the benefits enjoyed by all those touched by his life.

Ms. STABENOW. Mr. President, today I am pleased to offer this resolution in honor of Will Keith Kellogg, who founded the Kellogg Company in 1906 in Battle Creek, MI. I am pleased to be joined by my colleagues, Senators Isakson, Chambliss, and Levin.

Today, Kellogg's company employs more than 25,000 people worldwide and operates production sites in thirteen states. Additionally, the Kellogg Foundation is one of the largest philanthropic institutions in the world. Last year, it celebrated its seventy-fifth anniversary and has donated more than $3 billion to health, education, agricultural, and youth-development projects.

I am proud of the work of Mr. Kellogg and the great work of both the Kellogg Company and the Kellogg Foundation. I ask for unanimous consent that the text of the bill be printed in the RECORD.

AMENDMENTS SUBMITTED AND PROPOSED

SA 4742. Mr. DORGAN (for himself and Ms. SNOWE) submitted an amendment intended to be proposed by him to the bill S. 3711, to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes; which was ordered to lie on the table.

SA 4743. Mr. KERRY submitted an amendment intended to be proposed by him to the bill S. 3711, supra; which was ordered to lie on the table.

SA 4744. Mr. KERRY (for himself and Mr. JEFFORDS) submitted an amendment intended to be proposed by him to the bill S. 3711, supra; which was ordered to lie on the table.

SA 4745. Mr. KERRY submitted an amendment intended to be proposed by him to the bill S. 3711, supra; which was ordered to lie on the table.

SA 4746. Mr. SMITH (for himself, Mr. MENENDEZ, Ms. SNOWE, Mr. KERRY, Mr. SALAZAR, Ms. CANTWELL, Mr. LIEBERMAN, Mr. KENNEDY, Mr. ALLARD, Mr. WYDEN, Mrs. CLINTON, and Mr. DODD) submitted an amendment intended to be proposed by him to the bill S. 3711, supra; which was ordered to lie on the table .

SA 4747. Mr. WARNER submitted an amendment intended to be proposed by him to the bill S. 3711, supra; which was ordered to lie on the table.

SA 4748. Mr. ALLEN submitted an amendment intended to be proposed to amendment SA 4713 proposed by Mr. FRIST to the bill S. 3711, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 4742. Mr. DORGAN (for himself and Ms. SNOWE) submitted an amendment intended to be proposed by him to the bill S. 3711, to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE ____—IMPORTATION OF PRESCRIPTION DRUGS

SEC. ___1. SHORT TITLE.

This title may be cited as the ''Pharmaceutical Market Access and Drug Safety Act of 2006''.

SEC. ___2. FINDINGS.

Congress finds that—

(1) Americans unjustly pay up to 5 times more to fill their prescriptions than consumers in other countries;

(2) the United States is the largest market for pharmaceuticals in the world, yet American consumers pay the highest prices for brand pharmaceuticals in the world;

(3) a prescription drug is neither safe nor effective to an individual who cannot afford it;

(4) allowing and structuring the importation of prescription drugs to ensure access to safe and affordable drugs approved by the Food and Drug Administration will provide a level of safety to American consumers that they do not currently enjoy;

(5) American spend more than $200,000,000,000 on prescription drugs every year;

(6) the Congressional Budget Office has found that the cost of prescription drugs are between 35 to 55 percent less in other highly-developed countries than in the United States; and

(7) promoting competitive market pricing would both contribute to health care savings and allow greater access to therapy, improving health and saving lives.

SEC. ___3. REPEAL OF CERTAIN SECTION REGARDING IMPORTATION OF PRESCRIPTION DRUGS.

Chapter VIII of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381 et seq.) is amended by striking section 804.

SEC. ___4. IMPORTATION OF PRESCRIPTION DRUGS; WAIVER OF CERTAIN IMPORT RESTRICTIONS.

(a) IN GENERAL.—Chapter VIII of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381 et seq.), as amended by section ___3, is further amended by inserting after section 803 the following:

''SEC. 804. COMMERCIAL AND PERSONAL IMPORTATION OF PRESCRIPTION DRUGS.

''(a) IMPORTATION OF PRESCRIPTION DRUGS.—

''(1) IN GENERAL.—In the case of qualifying drugs imported or offered for import into the United States from registered exporters or by registered importers—

''(A) the limitation on importation that is established in section 801(d)(1) is waived; and

''(B) the standards referred to in section 801(a) regarding admission of the drugs are subject to subsection (g) of this section (including with respect to qualifying drugs to which section 801(d)(1) does not apply).

''(2) IMPORTERS.—A qualifying drug may not be imported under paragraph (1) unless—

''(A) the drug is imported by a pharmacy, group of pharmacies, or a wholesaler that is a registered importer; or

''(B) the drug is imported by an individual for personal use or for the use of a family member of the individual (not for resale) from a registered exporter.

''(3) RULE OF CONSTRUCTION.—This section shall apply only with respect to a drug that is imported or offered for import into the United States—

''(A) by a registered importer; or

''(B) from a registered exporter to an individual.

''(4) DEFINITIONS.—

''(A) REGISTERED EXPORTER; REGISTERED IMPORTER.—For purposes of this section:

''(i) The term 'registered exporter' means an exporter for which a registration under subsection (b) has been approved and is in effect.

''(ii) The term 'registered importer' means a pharmacy, group of pharmacies, or a wholesaler for which a registration under subsection (b) has been approved and is in effect.

''(iii) The term 'registration condition' means a condition that must exist for a registration under subsection (b) to be approved.

''(B) QUALIFYING DRUG.—For purposes of this section, the term 'qualifying drug' means a drug for which there is a corresponding U.S. label drug.

''(C) U.S. LABEL DRUG.—For purposes of this section, the term 'U.S. label drug' means a prescription drug that—

''(i) with respect to a qualifying drug, has the same active ingredient or ingredients, route of administration, dosage form, and strength as the qualifying drug;

''(ii) with respect to the qualifying drug, is manufactured by or for the person that manufactures the qualifying drug;

''(iii) is approved under section 505(c); and

''(iv) is not—

''(I) a controlled substance, as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802);

''(II) a biological product, as defined in section 351 of the Public Health Service Act (42 U.S.C. 262), including—

''(aa) a therapeutic DNA plasmid product;

''(bb) a therapeutic synthetic peptide product;

''(cc) a monoclonal antibody product for in vivo use; and

''(dd) a therapeutic recombinant DNA-derived product;

''(III) an infused drug, including a peritoneal dialysis solution;

''(IV) an injected drug;

''(V) a drug that is inhaled during surgery;

''(VI) a drug that is the listed drug referred to in 2 or more abbreviated new drug applications under which the drug is commercially marketed; or

''(VII) a sterile opthlamic drug intended for topical use on or in the eye.

''(D) OTHER DEFINITIONS.—For purposes of this section:

''(i)(I) The term 'exporter' means a person that is in the business of exporting a drug to individuals in the United States from Canada or from a permitted country designated by the Secretary under subclause (II), or that, pursuant to submitting a registration under subsection (b), seeks to be in such business.

''(II) The Secretary shall designate a permitted country under subparagraph (E) (other than Canada) as a country from which an exporter may export a drug to individuals in the United States if the Secretary determines that—

''(aa) the country has statutory or regulatory standards that are equivalent to the standards in the United States and Canada with respect to—

''(AA) the training of pharmacists;

''(BB) the practice of pharmacy; and

''(CC) the protection of the privacy of personal medical information; and

''(bb) the importation of drugs to individuals in the United States from the country will not adversely affect public health.

''(ii) The term 'importer' means a pharmacy, a group of pharmacies, or a wholesaler that is in the business of importing a drug into the United States or that, pursuant to submitting a registration under subsection (b), seeks to be in such business.

''(iii) The term 'pharmacist' means a person licensed by a State to practice pharmacy, including the dispensing and selling of prescription drugs.

''(iv) The term 'pharmacy' means a person that—

''(I) is licensed by a State to engage in the business of selling prescription drugs at retail; and

''(II) employs 1 or more pharmacists.

''(v) The term 'prescription drug' means a drug that is described in section 503(b)(1).

''(vi) The term 'wholesaler'—

''(I) means a person licensed as a wholesaler or distributor of prescription drugs in the United States under section 503(e)(2)(A); and

''(II) does not include a person authorized to import drugs under section 801(d)(1).

''(E) PERMITTED COUNTRY.—The term 'permitted country' means—

''(i) Australia;

''(ii) Canada;

''(iii) a member country of the European Union, but does not include a member country with respect to which—

''(I) the country's Annex to the Treaty of Accession to the European Union 2003 includes a transitional measure for the regulation of human pharmaceutical products that has not expired; or

''(II) the Secretary determines that the requirements described in subclauses (I) and (II) of clause (vii) will not be met by the date on which such transitional measure for the regulation of human pharmaceutical products expires;

''(iv) Japan;

''(v) New Zealand;

''(vi) Switzerland; and

''(vii) a country in which the Secretary determines the following requirements are met:

''(I) The country has statutory or regulatory requirements—

''(aa) that require the review of drugs for safety and effectiveness by an entity of the government of the country;

''(bb) that authorize the approval of only those drugs that have been determined to be safe and effective by experts employed by or acting on behalf of such entity and qualified by scientific training and experience to evaluate the safety and effectiveness of drugs on the basis of adequate and well-controlled investigations, including clinical investigations, conducted by experts qualified by scientific training and experience to evaluate the safety and effectiveness of drugs;

''(cc) that require the methods used in, and the facilities and controls used for the manufacture, processing, and packing of drugs in the country to be adequate to preserve their identity, quality, purity, and strength;

''(dd) for the reporting of adverse reactions to drugs and procedures to withdraw approval and remove drugs found not to be safe or effective; and

''(ee) that require the labeling and promotion of drugs to be in accordance with the approval of the drug.

''(II) The valid marketing authorization system in the country is equivalent to the systems in the countries described in clauses (i) through (vi).

''(III) The importation of drugs to the United States from the country will not adversely affect public health.

''(b) REGISTRATION OF IMPORTERS AND EXPORTERS.—

''(1) REGISTRATION OF IMPORTERS AND EXPORTERS.—A registration condition is that the importer or exporter involved (referred to in this subsection as a 'registrant') submits to the Secretary a registration containing the following:

''(A)(i) In the case of an exporter, the name of the exporter and an identification of all places of business of the exporter that relate to qualifying drugs, including each warehouse or other facility owned or controlled by, or operated for, the exporter.

''(ii) In the case of an importer, the name of the importer and an identification of the places of business of the importer at which the importer initially receives a qualifying drug after importation (which shall not exceed 3 places of business except by permission of the Secretary).

''(B) Such information as the Secretary determines to be necessary to demonstrate that the registrant is in compliance with registration conditions under—

''(i) in the case of an importer, subsections (c), (d), (e), (g), and (j) (relating to the sources of imported qualifying drugs; the inspection of facilities of the importer; the payment of fees; compliance with the standards referred to in section 801(a); and maintenance of records and samples); or

''(ii) in the case of an exporter, subsections (c), (d), (f), (g), (h), (i), and (j) (relating to the sources of exported qualifying drugs; the inspection of facilities of the exporter and the marking of compliant shipments; the payment of fees; and compliance with the standards referred to in section 801(a); being licensed as a pharmacist; conditions for individual importation; and maintenance of records and samples).

''(C) An agreement by the registrant that the registrant will not under subsection (a) import or export any drug that is not a qualifying drug.

''(D) An agreement by the registrant to—

''(i) notify the Secretary of a recall or withdrawal of a qualifying drug distributed in a permitted country that the registrant has exported or imported, or intends to export or import, to the United States under subsection (a);

''(ii) provide for the return to the registrant of such drug; and

''(iii) cease, or not begin, the exportation or importation of such drug unless the Secretary has notified the registrant that exportation or importation of such drug may proceed.

''(E) An agreement by the registrant to ensure and monitor compliance with each registration condition, to promptly correct any noncompliance with such a condition, and to promptly report to the Secretary any such noncompliance.

''(F) A plan describing the manner in which the registrant will comply with the agreement under subparagraph (E).

''(G) An agreement by the registrant to enforce a contract under subsection (c)(3)(B) against a party in the chain of custody of a qualifying drug with respect to the authority of the Secretary under clauses (ii) and (iii) of that subsection.

''(H) An agreement by the registrant to notify the Secretary not more than 30 days before the registrant intends to make the change, of—

''(i) any change that the registrant intends to make regarding information provided under subparagraph (A) or (B); and

''(ii) any change that the registrant intends to make in the compliance plan under subparagraph (F).

''(I) In the case of an exporter—

''(i) An agreement by the exporter that a qualifying drug will not under subsection (a) be exported to any individual not authorized pursuant to subsection (a)(2)(B) to be an importer of such drug.

''(ii) An agreement to post a bond, payable to the Treasury of the United States that is equal in value to the lesser of—

''(I) the value of drugs exported by the exporter to the United States in a typical 4-week period over the course of a year under this section; or

''(II) $1,000,000;

''(iii) An agreement by the exporter to comply with applicable provisions of Canadian law, or the law of the permitted country

designated under subsection (a)(4)(D)(i)(II) in which the exporter is located, that protect the privacy of personal information with respect to each individual importing a prescription drug from the exporter under subsection (a)(2)(B).

''(iv) An agreement by the exporter to report to the Secretary—

''(I) not later than August 1 of each fiscal year, the total price and the total volume of drugs exported to the United States by the exporter during the 6-month period from January 1 through June 30 of that year; and

''(II) not later than January 1 of each fiscal year, the total price and the total volume of drugs exported to the United States by the exporter during the previous fiscal year.

''(J) In the case of an importer, an agreement by the importer to report to the Secretary—

''(i) not later than August 1 of each fiscal year, the total price and the total volume of drugs imported to the United States by the importer during the 6-month period from January 1 through June 30 of that fiscal year; and

''(ii) not later than January 1 of each fiscal year, the total price and the total volume of drugs imported to the United States by the importer during the previous fiscal year.

''(K) Such other provisions as the Secretary may require by regulation to protect the public health while permitting—

''(i) the importation by pharmacies, groups of pharmacies, and wholesalers as registered importers of qualifying drugs under subsection (a); and

''(ii) importation by individuals of qualifying drugs under subsection (a).

''(2) APPROVAL OR DISAPPROVAL OF REGISTRATION.—

''(A) IN GENERAL.—Not later than 90 days after the date on which a registrant submits to the Secretary a registration under paragraph (1), the Secretary shall notify the registrant whether the registration is approved or is disapproved. The Secretary shall disapprove a registration if there is reason to believe that the registrant is not in compliance with one or more registration conditions, and shall notify the registrant of such reason. In the case of a disapproved registration, the Secretary shall subsequently notify the registrant that the registration is approved if the Secretary determines that the registrant is in compliance with such conditions.

''(B) CHANGES IN REGISTRATION INFORMATION.—Not later than 30 days after receiving a notice under paragraph (1)(H) from a registrant, the Secretary shall determine whether the change involved affects the approval of the registration of the registrant under paragraph (1), and shall inform the registrant of the determination.

''(3) PUBLICATION OF CONTACT INFORMATION FOR REGISTERED EXPORTERS.—Through the Internet website of the Food and Drug Administration and a toll-free telephone number, the Secretary shall make readily available to the public a list of registered exporters, including contact information for the exporters. Promptly after the approval of a registration submitted under paragraph (1), the Secretary shall update the Internet website and the information provided through the toll-free telephone number accordingly.

''(4) SUSPENSION AND TERMINATION.—

''(A) SUSPENSION.—With respect to the effectiveness of a registration submitted under paragraph (1):

''(i) Subject to clause (ii), the Secretary may suspend the registration if the Secretary determines, after notice and opportunity for a hearing, that the registrant has failed to maintain substantial compliance with a registration condition.

''(ii) If the Secretary determines that, under color of the registration, the exporter has exported a drug or the importer has imported a drug that is not a qualifying drug, or a drug that does not comply with subsection (g)(2)(A) or (g)(4), or has exported a qualifying drug to an individual in violation of subsection (i)(2)(F), the Secretary shall immediately suspend the registration. A suspension under the preceding sentence is not subject to the provision by the Secretary of prior notice, and the Secretary shall provide to the registrant an opportunity for a hearing not later than 10 days after the date on which the registration is suspended.

''(iii) The Secretary may reinstate the registration, whether suspended under clause (i) or (ii), if the Secretary determines that the registrant has demonstrated that further violations of registration conditions will not occur.

''(B) TERMINATION.—The Secretary, after notice and opportunity for a hearing, may terminate the registration under paragraph (1) of a registrant if the Secretary determines that the registrant has engaged in a pattern or practice of violating 1 or more registration conditions, or if on 1 or more occasions the Secretary has under subparagraph (A)(ii) suspended the registration of the registrant. The Secretary may make the termination permanent, or for a fixed period of not less than 1 year. During the period in which the registration is terminated, any registration submitted under paragraph (1) by the registrant, or a person that is a partner in the export or import enterprise, or a principal officer in such enterprise, and any registration prepared with the assistance of the registrant or such a person, has no legal effect under this section.

''(5) DEFAULT OF BOND.—A bond required to be posted by an exporter under paragraph (1)(I)(ii) shall be defaulted and paid to the Treasury of the United States if, after opportunity for an informal hearing, the Secretary determines that the exporter has—

''(A) exported a drug to the United States that is not a qualifying drug or that is not in compliance with subsection (g)(2)(A), (g)(4), or (i); or

''(B) failed to permit the Secretary to conduct an inspection described under subsection (d).

''(c) SOURCES OF QUALIFYING DRUGS.—A registration condition is that the exporter or importer involved agrees that a qualifying drug will under subsection (a) be exported or imported into the United States only if there is compliance with the following:

''(1) The drug was manufactured in an establishment—

''(A) required to register under subsection (h) or (i) of section 510; and

''(B)(i) inspected by the Secretary; or

''(ii) for which the Secretary has elected to rely on a satisfactory report of a good manufacturing practice inspection of the establishment from a permitted country whose regulatory system the Secretary recognizes as equivalent under a mutual recognition agreement, as provided for under section 510(i)(3), section 803, or part 26 of title 21, Code of Federal Regulations (or any corresponding successor rule or regulation).

''(2) The establishment is located in any country, and the establishment manufactured the drug for distribution in the United States or for distribution in 1 or more of the permitted countries (without regard to whether in addition the drug is manufactured for distribution in a foreign country that is not a permitted country).

''(3) The exporter or importer obtained the drug—

''(A) directly from the establishment; or

''(B) directly from an entity that, by contract with the exporter or importer—

''(i) provides to the exporter or importer a statement (in such form and containing such information as the Secretary may require) that, for the chain of custody from the establishment, identifies each prior sale, purchase, or trade of the drug (including the date of the transaction and the names and addresses of all parties to the transaction);

''(ii) agrees to permit the Secretary to inspect such statements and related records to determine their accuracy;

''(iii) agrees, with respect to the qualifying drugs involved, to permit the Secretary to inspect warehouses and other facilities, including records, of the entity for purposes of determining whether the facilities are in compliance with any standards under this Act that are applicable to facilities of that type in the United States; and

''(iv) has ensured, through such contractual relationships as may be necessary, that the Secretary has the same authority regarding other parties in the chain of custody from the establishment that the Secretary has under clauses (ii) and (iii) regarding such entity.

''(4)(A) The foreign country from which the importer will import the drug is a permitted country; or

''(B) The foreign country from which the exporter will export the drug is the permitted country in which the exporter is located.

''(5) During any period in which the drug was not in the control of the manufacturer of the drug, the drug did not enter any country that is not a permitted country.

''(6) The exporter or importer retains a sample of each lot of the drug sufficient for testing by the Secretary.

''(d) INSPECTION OF FACILITIES; MARKING OF SHIPMENTS.—

''(1) INSPECTION OF FACILITIES.—A registration condition is that, for the purpose of assisting the Secretary in determining whether the exporter involved is in compliance with all other registration conditions—

''(A) the exporter agrees to permit the Secretary—

''(i) to conduct onsite inspections, including monitoring on a day-to-day basis, of places of business of the exporter that relate to qualifying drugs, including each warehouse or other facility owned or controlled by, or operated for, the exporter;

''(ii) to have access, including on a day-to-day basis, to—

''(I) records of the exporter that relate to the export of such drugs, including financial records; and

''(II) samples of such drugs;

''(iii) to carry out the duties described in paragraph (3); and

''(iv) to carry out any other functions determined by the Secretary to be necessary regarding the compliance of the exporter; and

''(B) the Secretary has assigned 1 or more employees of the Secretary to carry out the functions described in this subsection for the Secretary randomly, but not less than 12 times annually, on the premises of places of businesses referred to in subparagraph (A)(i), and such an assignment remains in effect on a continuous basis.

''(2) MARKING OF COMPLIANT SHIPMENTS.—A registration condition is that the exporter involved agrees to affix to each shipping container of qualifying drugs exported under subsection (a) such markings as the Secretary determines to be necessary to identify the shipment as being in compliance with all registration conditions. Markings under the preceding sentence shall—

''(A) be designed to prevent affixation of the markings to any shipping container that is not authorized to bear the markings; and

''(B) include anticounterfeiting or track-and-trace technologies, taking into account the economic and technical feasibility of those technologies.

''(3) CERTAIN DUTIES RELATING TO EXPORTERS.—Duties of the Secretary with respect to an exporter include the following:

''(A) Inspecting, randomly, but not less than 12 times annually, the places of business of the exporter at which qualifying drugs are stored and from which qualifying drugs are shipped.

''(B) During the inspections under subparagraph (A), verifying the chain of custody of a statistically significant sample of qualifying drugs from the establishment in which the drug was manufactured to the exporter, which shall be accomplished or supplemented by the use of anticounterfeiting or track-and-trace technologies, taking into account the economic and technical feasibility of those technologies, except that a drug that lacks such technologies from the point of manufacture shall not for that reason be excluded from importation by an exporter.

''(C) Randomly reviewing records of exports to individuals for the purpose of determining whether the drugs are being imported by the individuals in accordance with the conditions under subsection (i). Such reviews shall be conducted in a manner that will result in a statistically significant determination of compliance with all such conditions.

''(D) Monitoring the affixing of markings under paragraph (2).

''(E) Inspecting as the Secretary determines is necessary the warehouses and other facilities, including records, of other parties in the chain of custody of qualifying drugs.

''(F) Determining whether the exporter is in compliance with all other registration conditions.

''(4) PRIOR NOTICE OF SHIPMENTS.—A registration condition is that, not less than 8 hours and not more than 5 days in advance of the time of the importation of a shipment of qualifying drugs, the importer involved agrees to submit to the Secretary a notice with respect to the shipment of drugs to be imported or offered for import into the United States under subsection (a). A notice under the preceding sentence shall include—

''(A) the name and complete contact information of the person submitting the notice;

''(B) the name and complete contact information of the importer involved;

''(C) the identity of the drug, including the established name of the drug, the quantity of the drug, and the lot number assigned by the manufacturer;

''(D) the identity of the manufacturer of the drug, including the identity of the establishment at which the drug was manufactured;

''(E) the country from which the drug is shipped;

''(F) the name and complete contact information for the shipper of the drug;

''(G) anticipated arrival information, including the port of arrival and crossing location within that port, and the date and time;

''(H) a summary of the chain of custody of the drug from the establishment in which the drug was manufactured to the importer;

''(I) a declaration as to whether the Secretary has ordered that importation of the drug from the permitted country cease under subsection (g)(2)(C) or (D); and

''(J) such other information as the Secretary may require by regulation.

''(5) MARKING OF COMPLIANT SHIPMENTS.—A registration condition is that the importer involved agrees, before wholesale distribution (as defined in section 503(e)) of a qualifying drug that has been imported under subsection (a), to affix to each container of such drug such markings or other technology as the Secretary determines necessary to identify the shipment as being in compliance with all registration conditions, except that the markings or other technology shall not be required on a drug that bears comparable, compatible markings or technology from the manufacturer of the drug. Markings or other technology under the preceding sentence shall—

''(A) be designed to prevent affixation of the markings or other technology to any container that is not authorized to bear the markings; and

''(B) shall include anticounterfeiting or track-and-trace technologies, taking into account the economic and technical feasibility of such technologies.

''(6) CERTAIN DUTIES RELATING TO IMPORTERS.—Duties of the Secretary with respect to an importer include the following:

''(A) Inspecting, randomly, but not less than 12 times annually, the places of business of the importer at which a qualifying drug is initially received after importation.

''(B) During the inspections under subparagraph (A), verifying the chain of custody of a statistically significant sample of qualifying drugs from the establishment in which the drug was manufactured to the importer, which shall be accomplished or supplemented by the use of anticounterfeiting or track-and-trace technologies, taking into account the economic and technical feasibility of those technologies, except that a drug that lacks such technologies from the point of manufacture shall not for that reason be excluded from importation by an importer.

''(C) Reviewing notices under paragraph (4).

''(D) Inspecting as the Secretary determines is necessary the warehouses and other facilities, including records of other parties in the chain of custody of qualifying drugs.

''(E) Determining whether the importer is in compliance with all other registration conditions.

''(e) IMPORTER FEES.—

''(1) REGISTRATION FEE.—A registration condition is that the importer involved pays to the Secretary a fee of $10,000 due on the date on which the importer first submits the registration to the Secretary under subsection (b).

''(2) INSPECTION FEE.—A registration condition is that the importer involved pays a fee to the Secretary in accordance with this subsection. Such fee shall be paid not later than October 1 and April 1 of each fiscal year in the amount provided for under paragraph (3).

''(3) AMOUNT OF INSPECTION FEE.—

''(A) AGGREGATE TOTAL OF FEES.—Not later than 30 days before the start of each fiscal year, the Secretary, in consultation with the Secretary of Homeland Security and the Secretary of the Treasury, shall establish an aggregate total of fees to be collected under paragraph (2) for importers for that fiscal year that is sufficient, and not more than necessary, to pay the costs for that fiscal year of administering this section with respect to registered importers, including the costs associated with—

''(i) inspecting the facilities of registered importers, and of other entities in the chain of custody of a qualifying drug as necessary, under subsection (d)(6);

''(ii) developing, implementing, and operating under such subsection an electronic system for submission and review of the notices required under subsection (d)(4) with respect to shipments of qualifying drugs under subsection (a) to assess compliance with all registration conditions when such shipments are offered for import into the United States; and

''(iii) inspecting such shipments as necessary, when offered for import into the United States to determine if such a shipment should be refused admission under subsection (g)(5).

''(B) LIMITATION.—Subject to subparagraph (C), the aggregate total of fees collected under paragraph (2) for a fiscal year shall not exceed 2.5 percent of the total price of qualifying drugs imported during that fiscal year into the United States by registered importers under subsection (a).

''(C) TOTAL PRICE OF DRUGS.—

''(i) ESTIMATE.—For the purposes of complying with the limitation described in subparagraph (B) when establishing under subparagraph (A) the aggregate total of fees to be collected under paragraph (2) for a fiscal year, the Secretary shall estimate the total price of qualifying drugs imported into the United States by registered importers during that fiscal year by adding the total price of qualifying drugs imported by each registered importer during the 6-month period from January 1 through June 30 of the previous fiscal year, as reported to the Secretary by each registered importer under subsection (b)(1)(J).

''(ii) CALCULATION.—Not later than March 1 of the fiscal year that follows the fiscal year for which the estimate under clause (i) is made, the Secretary shall calculate the total price of qualifying drugs imported into the United States by registered importers during that fiscal year by adding the total price of qualifying drugs imported by each registered importer during that fiscal year, as reported to the Secretary by each registered importer under subsection (b)(1)(J).

''(iii) ADJUSTMENT.—If the total price of qualifying drugs imported into the United States by registered importers during a fiscal year as calculated under clause (ii) is less than the aggregate total of fees collected under paragraph (2) for that fiscal year, the Secretary shall provide for a pro-rata reduction in the fee due from each registered importer on April 1 of the subsequent fiscal year so that the limitation described in subparagraph (B) is observed.

''(D) INDIVIDUAL IMPORTER FEE.—Subject to the limitation described in subparagraph (B), the fee under paragraph (2) to be paid on October 1 and April 1 by an importer shall be an amount that is proportional to a reasonable estimate by the Secretary of the semiannual share of the importer of the volume of qualifying drugs imported by importers under subsection (a).

''(4) USE OF FEES.—

''(A) IN GENERAL.—Subject to appropriations Acts, fees collected by the Secretary under paragraphs (1) and (2) shall be credited to the appropriation account for salaries and expenses of the Food and Drug Administration until expended (without fiscal year limitation), and the Secretary may, in consultation with the Secretary of Homeland Security and the Secretary of the Treasury, transfer some proportion of such fees to the appropriation account for salaries and expenses of the Bureau of Customs and Border Protection until expended (without fiscal year limitation).

''(B) SOLE PURPOSE.—Fees collected by the Secretary under paragraphs (1) and (2) are only available to the Secretary and, if transferred, to the Secretary of Homeland Security, and are for the sole purpose of paying the costs referred to in paragraph (3)(A).

''(5) COLLECTION OF FEES.—In any case where the Secretary does not receive payment of a fee assessed under paragraph (1) or (2) within 30 days after it is due, such fee shall be treated as a claim of the United States Government subject to subchapter II of chapter 37 of title 31, United States Code.

''(f) EXPORTER FEES.—

''(1) REGISTRATION FEE.—A registration condition is that the exporter involved pays to the Secretary a fee of $10,000 due on the

date on which the exporter first submits that registration to the Secretary under subsection (b).

''(2) INSPECTION FEE.—A registration condition is that the exporter involved pays a fee to the Secretary in accordance with this subsection. Such fee shall be paid not later than October 1 and April 1 of each fiscal year in the amount provided for under paragraph (3).

''(3) AMOUNT OF INSPECTION FEE.—

''(A) AGGREGATE TOTAL OF FEES.—Not later than 30 days before the start of each fiscal year, the Secretary, in consultation with the Secretary of Homeland Security and the Secretary of the Treasury, shall establish an aggregate total of fees to be collected under paragraph (2) for exporters for that fiscal year that is sufficient, and not more than necessary, to pay the costs for that fiscal year of administering this section with respect to registered exporters, including the costs associated with—

''(i) inspecting the facilities of registered exporters, and of other entities in the chain of custody of a qualifying drug as necessary, under subsection (d)(3);

''(ii) developing, implementing, and operating under such subsection a system to screen marks on shipments of qualifying drugs under subsection (a) that indicate compliance with all registration conditions, when such shipments are offered for import into the United States; and

''(iii) screening such markings, and inspecting such shipments as necessary, when offered for import into the United States to determine if such a shipment should be refused admission under subsection (g)(5).

''(B) LIMITATION.—Subject to subparagraph (C), the aggregate total of fees collected under paragraph (2) for a fiscal year shall not exceed 2.5 percent of the total price of qualifying drugs imported during that fiscal year into the United States by registered exporters under subsection (a).

''(C) TOTAL PRICE OF DRUGS.—

''(i) ESTIMATE.—For the purposes of complying with the limitation described in subparagraph (B) when establishing under subparagraph (A) the aggregate total of fees to be collected under paragraph (2) for a fiscal year, the Secretary shall estimate the total price of qualifying drugs imported into the United States by registered exporters during that fiscal year by adding the total price of qualifying drugs exported by each registered exporter during the 6-month period from January 1 through June 30 of the previous fiscal year, as reported to the Secretary by each registered exporter under subsection (b)(1)(I)(iv).

''(ii) CALCULATION.—Not later than March 1 of the fiscal year that follows the fiscal year for which the estimate under clause (i) is made, the Secretary shall calculate the total price of qualifying drugs imported into the United States by registered exporters during that fiscal year by adding the total price of qualifying drugs exported by each registered exporter during that fiscal year, as reported to the Secretary by each registered exporter under subsection (b)(1)(I)(iv).

''(iii) ADJUSTMENT.—If the total price of qualifying drugs imported into the United States by registered exporters during a fiscal year as calculated under clause (ii) is less than the aggregate total of fees collected under paragraph (2) for that fiscal year, the Secretary shall provide for a pro-rata reduction in the fee due from each registered exporter on April 1 of the subsequent fiscal year so that the limitation described in subparagraph (B) is observed.

''(D) INDIVIDUAL EXPORTER FEE.—Subject to the limitation described in subparagraph (B), the fee under paragraph (2) to be paid on October 1 and April 1 by an exporter shall be an amount that is proportional to a reasonable estimate by the Secretary of the semiannual share of the exporter of the volume of qualifying drugs exported by exporters under subsection (a).

''(4) USE OF FEES.—

''(A) IN GENERAL.—Subject to appropriations Acts, fees collected by the Secretary under paragraphs (1) and (2) shall be credited to the appropriation account for salaries and expenses of the Food and Drug Administration until expended (without fiscal year limitation), and the Secretary may, in consultation with the Secretary of Homeland Security and the Secretary of the Treasury, transfer some proportion of such fees to the appropriation account for salaries and expenses of the Bureau of Customs and Border Protection until expended (without fiscal year limitation).

''(B) SOLE PURPOSE.—Fees collected by the Secretary under paragraphs (1) and (2) are only available to the Secretary and, if transferred, to the Secretary of Homeland Security, and are for the sole purpose of paying the costs referred to in paragraph (3)(A).

''(5) COLLECTION OF FEES.—In any case where the Secretary does not receive payment of a fee assessed under paragraph (1) or (2) within 30 days after it is due, such fee shall be treated as a claim of the United States Government subject to subchapter II of chapter 37 of title 31, United States Code.

''(g) COMPLIANCE WITH SECTION 801(a).—

''(1) IN GENERAL.—A registration condition is that each qualifying drug exported under subsection (a) by the registered exporter involved or imported under subsection (a) by the registered importer involved is in compliance with the standards referred to in section 801(a) regarding admission of the drug into the United States, subject to paragraphs (2), (3), and (4).

''(2) SECTION 505; APPROVAL STATUS.—

''(A) IN GENERAL.—A qualifying drug that is imported or offered for import under subsection (a) shall comply with the conditions established in the approved application under section 505(b) for the U.S. label drug as described under this subsection.

''(B) NOTICE BY MANUFACTURER; GENERAL PROVISIONS.—

''(i) IN GENERAL.—The person that manufactures a qualifying drug that is, or will be, introduced for commercial distribution in a permitted country shall in accordance with this paragraph submit to the Secretary a notice that—

''(I) includes each difference in the qualifying drug from a condition established in the approved application for the U.S. label drug beyond—

''(aa) the variations provided for in the application; and

''(bb) any difference in labeling (except ingredient labeling); or

''(II) states that there is no difference in the qualifying drug from a condition established in the approved application for the U.S. label drug beyond—

''(aa) the variations provided for in the application; and

''(bb) any difference in labeling (except ingredient labeling).

''(ii) INFORMATION IN NOTICE.—A notice under clause (i)(I) shall include the information that the Secretary may require under section 506A, any additional information the Secretary may require (which may include data on bioequivalence if such data are not required under section 506A), and, with respect to the permitted country that approved the qualifying drug for commercial distribution, or with respect to which such approval is sought, include the following:

''(I) The date on which the qualifying drug with such difference was, or will be, introduced for commercial distribution in the permitted country.

''(II) Information demonstrating that the person submitting the notice has also notified the government of the permitted country in writing that the person is submitting to the Secretary a notice under clause (i)(I), which notice describes the difference in the qualifying drug from a condition established in the approved application for the U.S. label drug.

''(III) The information that the person submitted or will submit to the government of the permitted country for purposes of obtaining approval for commercial distribution of the drug in the country which, if in a language other than English, shall be accompanied by an English translation verified to be complete and accurate, with the name, address, and a brief statement of the qualifications of the person that made the translation.

''(iii) CERTIFICATIONS.—The chief executive officer and the chief medical officer of the manufacturer involved shall each certify in the notice under clause (i) that—

''(I) the information provided in the notice is complete and true; and

''(II) a copy of the notice has been provided to the Federal Trade Commission and to the State attorneys general.

''(iv) FEE.—If a notice submitted under clause (i) includes a difference that would, under section 506A, require the submission of a supplemental application if made as a change to the U.S. label drug, the person that submits the notice shall pay to the Secretary a fee in the same amount as would apply if the person were paying a fee pursuant to section 736(a)(1)(A)(ii). Subject to appropriations Acts, fees collected by the Secretary under the preceding sentence are available only to the Secretary and are for the sole purpose of paying the costs of reviewing notices submitted under clause (i).

''(v) TIMING OF SUBMISSION OF NOTICES.—

''(I) PRIOR APPROVAL NOTICES.—A notice under clause (i) to which subparagraph (C) applies shall be submitted to the Secretary not later than 120 days before the qualifying drug with the difference is introduced for commercial distribution in a permitted country, unless the country requires that distribution of the qualifying drug with the difference begin less than 120 days after the country requires the difference.

''(II) OTHER APPROVAL NOTICES.—A notice under clause (i) to which subparagraph (D) applies shall be submitted to the Secretary not later than the day on which the qualifying drug with the difference is introduced for commercial distribution in a permitted country.

''(III) OTHER NOTICES.—A notice under clause (i) to which subparagraph (E) applies shall be submitted to the Secretary on the date that the qualifying drug is first introduced for commercial distribution in a permitted country and annually thereafter.

''(vi) REVIEW BY SECRETARY.—

''(I) IN GENERAL.—In this paragraph, the difference in a qualifying drug that is submitted in a notice under clause (i) from the U.S. label drug shall be treated by the Secretary as if it were a manufacturing change to the U.S. label drug under section 506A.

''(II) STANDARD OF REVIEW.—Except as provided in subclause (III), the Secretary shall review and approve or disapprove the difference in a notice submitted under clause (i), if required under section 506A, using the safe and effective standard for approving or disapproving a manufacturing change under section 506A.

''(III) BIOEQUIVALENCE.—If the Secretary would approve the difference in a notice submitted under clause (i) using the safe and effective standard under section 506A and if the Secretary determines that the qualifying

drug is not bioequivalent to the U.S. label drug, the Secretary shall—

''(aa) include in the labeling provided under paragraph (3) a prominent advisory that the qualifying drug is safe and effective but is not bioequivalent to the U.S. label drug if the Secretary determines that such an advisory is necessary for health care practitioners and patients to use the qualifying drug safely and effectively; or

''(bb) decline to approve the difference if the Secretary determines that the availability of both the qualifying drug and the U.S. label drug would pose a threat to the public health.

''(IV) REVIEW BY THE SECRETARY.—The Secretary shall review and approve or disapprove the difference in a notice submitted under clause (i), if required under section 506A, not later than 120 days after the date on which the notice is submitted.

''(V) ESTABLISHMENT INSPECTION.—If review of such difference would require an inspection of the establishment in which the qualifying drug is manufactured—

''(aa) such inspection by the Secretary shall be authorized; and

''(bb) the Secretary may rely on a satisfactory report of a good manufacturing practice inspection of the establishment from a permitted country whose regulatory system the Secretary recognizes as equivalent under a mutual recognition agreement, as provided under section 510(i)(3), section 803, or part 26 of title 21, Code of Federal Regulations (or any corresponding successor rule or regulation).

''(vii) PUBLICATION OF INFORMATION ON NOTICES.—

''(I) IN GENERAL.—Through the Internet website of the Food and Drug Administration and a toll-free telephone number, the Secretary shall readily make available to the public a list of notices submitted under clause (i).

''(II) CONTENTS.—The list under subclause (I) shall include the date on which a notice is submitted and whether—

''(aa) a notice is under review;

''(bb) the Secretary has ordered that importation of the qualifying drug from a permitted country cease; or

''(cc) the importation of the drug is permitted under subsection (a).

''(III) UPDATE.—The Secretary shall promptly update the Internet website with any changes to the list.

''(C) NOTICE; DRUG DIFFERENCE REQUIRING PRIOR APPROVAL.—In the case of a notice under subparagraph (B)(i) that includes a difference that would, under section 506A(c) or (d)(3)(B)(i), require the approval of a supplemental application before the difference could be made to the U.S. label drug the following shall occur:

''(i) Promptly after the notice is submitted, the Secretary shall notify registered exporters, registered importers, the Federal Trade Commission, and the State attorneys general that the notice has been submitted with respect to the qualifying drug involved.

''(ii) If the Secretary has not made a determination whether such a supplemental application regarding the U.S. label drug would be approved or disapproved by the date on which the qualifying drug involved is to be introduced for commercial distribution in a permitted country, the Secretary shall—

''(I) order that the importation of the qualifying drug involved from the permitted country not begin until the Secretary completes review of the notice; and

''(II) promptly notify registered exporters, registered importers, the Federal Trade Commission, and the State attorneys general of the order.

''(iii) If the Secretary determines that such a supplemental application regarding the U.S. label drug would not be approved, the Secretary shall—

''(I) order that the importation of the qualifying drug involved from the permitted country cease, or provide that an order under clause (ii), if any, remains in effect;

''(II) notify the permitted country that approved the qualifying drug for commercial distribution of the determination; and

''(III) promptly notify registered exporters, registered importers, the Federal Trade Commission, and the State attorneys general of the determination.

''(iv) If the Secretary determines that such a supplemental application regarding the U.S. label drug would be approved, the Secretary shall—

''(I) vacate the order under clause (ii), if any;

''(II) consider the difference to be a variation provided for in the approved application for the U.S. label drug;

''(III) permit importation of the qualifying drug under subsection (a); and

''(IV) promptly notify registered exporters, registered importers, the Federal Trade Commission, and the State attorneys general of the determination.

''(D) NOTICE; DRUG DIFFERENCE NOT REQUIRING PRIOR APPROVAL.—In the case of a notice under subparagraph (B)(i) that includes a difference that would, under section 506A(d)(3)(B)(ii), not require the approval of a supplemental application before the difference could be made to the U.S. label drug the following shall occur:

''(i) During the period in which the notice is being reviewed by the Secretary, the authority under this subsection to import the qualifying drug involved continues in effect.

''(ii) If the Secretary determines that such a supplemental application regarding the U.S. label drug would not be approved, the Secretary shall—

''(I) order that the importation of the qualifying drug involved from the permitted country cease;

''(II) notify the permitted country that approved the qualifying drug for commercial distribution of the determination; and

''(III) promptly notify registered exporters, registered importers, the Federal Trade Commission, and the State attorneys general of the determination.

''(iii) If the Secretary determines that such a supplemental application regarding the U.S. label drug would be approved, the difference shall be considered to be a variation provided for in the approved application for the U.S. label drug.

''(E) NOTICE; DRUG DIFFERENCE NOT REQUIRING APPROVAL; NO DIFFERENCE.—In the case of a notice under subparagraph (B)(i) that includes a difference for which, under section 506A(d)(1)(A), a supplemental application would not be required for the difference to be made to the U.S. label drug, or that states that there is no difference, the Secretary—

''(i) shall consider such difference to be a variation provided for in the approved application for the U.S. label drug;

''(ii) may not order that the importation of the qualifying drug involved cease; and

''(iii) shall promptly notify registered exporters and registered importers.

''(F) DIFFERENCES IN ACTIVE INGREDIENT, ROUTE OF ADMINISTRATION, DOSAGE FORM, OR STRENGTH.—

''(i) IN GENERAL.—A person who manufactures a drug approved under section 505(b) shall submit an application under section 505(b) for approval of another drug that is manufactured for distribution in a permitted country by or for the person that manufactures the drug approved under section 505(b) if—

''(I) there is no qualifying drug in commercial distribution in permitted countries whose combined population represents at least 50 percent of the total population of all permitted countries with the same active ingredient or ingredients, route of administration, dosage form, and strength as the drug approved under section 505(b); and

''(II) each active ingredient of the other drug is related to an active ingredient of the drug approved under section 505(b), as defined in clause (v).

''(ii) APPLICATION UNDER SECTION 505(b).—The application under section 505(b) required under clause (i) shall—

''(I) request approval of the other drug for the indication or indications for which the drug approved under section 505(b) is labeled;

''(II) include the information that the person submitted to the government of the permitted country for purposes of obtaining approval for commercial distribution of the other drug in that country, which if in a language other than English, shall be accompanied by an English translation verified to be complete and accurate, with the name, address, and a brief statement of the qualifications of the person that made the translation;

''(III) include a right of reference to the application for the drug approved under section 505(b); and

''(IV) include such additional information as the Secretary may require.

''(iii) TIMING OF SUBMISSION OF APPLICATION.—An application under section 505(b) required under clause (i) shall be submitted to the Secretary not later than the day on which the information referred to in clause (ii)(II) is submitted to the government of the permitted country.

''(iv) NOTICE OF DECISION ON APPLICATION.—The Secretary shall promptly notify registered exporters, registered importers, the Federal Trade Commission, and the State attorneys general of a determination to approve or to disapprove an application under section 505(b) required under clause (i).

''(v) RELATED ACTIVE INGREDIENTS.—For purposes of clause (i)(II), 2 active ingredients are related if they are—

''(I) the same; or

''(II) different salts, esters, or complexes of the same moiety.

''(3) SECTION 502; LABELING.—

''(A) IMPORTATION BY REGISTERED IMPORTER.—

''(i) IN GENERAL.—In the case of a qualifying drug that is imported or offered for import by a registered importer, such drug shall be considered to be in compliance with section 502 and the labeling requirements under the approved application for the U.S. label drug if the qualifying drug bears—

''(I) a copy of the labeling approved for the U.S. label drug under section 505, without regard to whether the copy bears any trademark involved;

''(II) the name of the manufacturer and location of the manufacturer;

''(III) the lot number assigned by the manufacturer;

''(IV) the name, location, and registration number of the importer; and

''(V) the National Drug Code number assigned to the qualifying drug by the Secretary.

''(ii) REQUEST FOR COPY OF THE LABELING.—The Secretary shall provide such copy to the registered importer involved, upon request of the importer.

''(iii) REQUESTED LABELING.—The labeling provided by the Secretary under clause (ii) shall—

''(I) include the established name, as defined in section 502(e)(3), for each active ingredient in the qualifying drug;

''(II) not include the proprietary name of the U.S. label drug or any active ingredient thereof;

''(III) if required under paragraph (2)(B)(vi)(III), a prominent advisory that the qualifying drug is safe and effective but not bioequivalent to the U.S. label drug; and

''(IV) if the inactive ingredients of the qualifying drug are different from the inactive ingredients for the U.S. label drug, include—

''(aa) a prominent notice that the ingredients of the qualifying drug differ from the ingredients of the U.S. label drug and that the qualifying drug must be dispensed with an advisory to people with allergies about this difference and a list of ingredients; and

''(bb) a list of the ingredients of the qualifying drug as would be required under section 502(e).

''(B) IMPORTATION BY INDIVIDUAL.—

''(i) IN GENERAL.—In the case of a qualifying drug that is imported or offered for import by a registered exporter to an individual, such drug shall be considered to be in compliance with section 502 and the labeling requirements under the approved application for the U.S. label drug if the packaging and labeling of the qualifying drug complies with all applicable regulations promulgated under sections 3 and 4 of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471 et seq.) and the labeling of the qualifying drug includes—

''(I) directions for use by the consumer;

''(II) the lot number assigned by the manufacturer;

''(III) the name and registration number of the exporter;

''(IV) if required under paragraph (2)(B)(vi)(III), a prominent advisory that the drug is safe and effective but not bioequivalent to the U.S. label drug;

''(V) if the inactive ingredients of the drug are different from the inactive ingredients for the U.S. label drug—

''(aa) a prominent advisory that persons with an allergy should check the ingredient list of the drug because the ingredients of the drug differ from the ingredients of the U.S. label drug; and

''(bb) a list of the ingredients of the drug as would be required under section 502(e); and

''(VI) a copy of any special labeling that would be required by the Secretary had the U.S. label drug been dispensed by a pharmacist in the United States, without regard to whether the special labeling bears any trademark involved.

''(ii) PACKAGING.—A qualifying drug offered for import to an individual by an exporter under this section that is packaged in a unit-of-use container (as those items are defined in the United States Pharmacopeia and National Formulary) shall not be repackaged, provided that—

''(I) the packaging complies with all applicable regulations under sections 3 and 4 of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471 et seq.); or

''(II) the consumer consents to waive the requirements of such Act, after being informed that the packaging does not comply with such Act and that the exporter will provide the drug in packaging that is compliant at no additional cost.

''(iii) REQUEST FOR COPY OF SPECIAL LABELING AND INGREDIENT LIST.—The Secretary shall provide to the registered exporter involved a copy of the special labeling, the advisory, and the ingredient list described under clause (i), upon request of the exporter.

''(iv) REQUESTED LABELING AND INGREDIENT LIST.—The labeling and ingredient list provided by the Secretary under clause (iii) shall—

''(I) include the established name, as defined in section 502(e)(3), for each active ingredient in the drug; and

''(II) not include the proprietary name of the U.S. label drug or any active ingredient thereof.

''(4) SECTION 501; ADULTERATION.—A qualifying drug that is imported or offered for import under subsection (a) shall be considered to be in compliance with section 501 if the drug is in compliance with subsection (c).

''(5) STANDARDS FOR REFUSING ADMISSION.—A drug exported under subsection (a) from a registered exporter or imported by a registered importer may be refused admission into the United States if 1 or more of the following applies:

''(A) The drug is not a qualifying drug.

''(B) A notice for the drug required under paragraph (2)(B) has not been submitted to the Secretary.

''(C) The Secretary has ordered that importation of the drug from the permitted country cease under paragraph (2) (C) or (D).

''(D) The drug does not comply with paragraph (3) or (4).

''(E) The shipping container appears damaged in a way that may affect the strength, quality, or purity of the drug.

''(F) The Secretary becomes aware that—

''(i) the drug may be counterfeit;

''(ii) the drug may have been prepared, packed, or held under insanitary conditions; or

''(iii) the methods used in, or the facilities or controls used for, the manufacturing, processing, packing, or holding of the drug do not conform to good manufacturing practice.

''(G) The Secretary has obtained an injunction under section 302 that prohibits the distribution of the drug in interstate commerce.

''(H) The Secretary has under section 505(e) withdrawn approval of the drug.

''(I) The manufacturer of the drug has instituted a recall of the drug.

''(J) If the drug is imported or offered for import by a registered importer without submission of a notice in accordance with subsection (d)(4).

''(K) If the drug is imported or offered for import from a registered exporter to an individual and 1 or more of the following applies:

''(i) The shipping container for such drug does not bear the markings required under subsection (d)(2).

''(ii) The markings on the shipping container appear to be counterfeit.

''(iii) The shipping container or markings appear to have been tampered with.

''(h) LICENSING AS PHARMACIST.—A registration condition is that the exporter involved agrees that a qualifying drug will be exported to an individual only if the Secretary has verified that—

''(1) the exporter is authorized under the law of the permitted country in which the exporter is located to dispense prescription drugs; and

''(2) the exporter employs persons that are licensed under the law of the permitted country in which the exporter is located to dispense prescription drugs in sufficient number to dispense safely the drugs exported by the exporter to individuals, and the exporter assigns to those persons responsibility for dispensing such drugs to individuals.

''(i) INDIVIDUALS; CONDITIONS FOR IMPORTATION.—

''(1) IN GENERAL.—For purposes of subsection (a)(2)(B), the importation of a qualifying drug by an individual is in accordance with this subsection if the following conditions are met:

''(A) The drug is accompanied by a copy of a prescription for the drug, which prescription—

''(i) is valid under applicable Federal and State laws; and

''(ii) was issued by a practitioner who, under the law of a State of which the individual is a resident, or in which the individual receives care from the practitioner who issues the prescription, is authorized to administer prescription drugs.

''(B) The drug is accompanied by a copy of the documentation that was required under the law or regulations of the permitted country in which the exporter is located, as a condition of dispensing the drug to the individual.

''(C) The copies referred to in subparagraphs (A)(i) and (B) are marked in a manner sufficient—

''(i) to indicate that the prescription, and the equivalent document in the permitted country in which the exporter is located, have been filled; and

''(ii) to prevent a duplicative filling by another pharmacist.

''(D) The individual has provided to the registered exporter a complete list of all drugs used by the individual for review by the individuals who dispense the drug.

''(E) The quantity of the drug does not exceed a 90-day supply.

''(F) The drug is not an ineligible subpart H drug. For purposes of this section, a prescription drug is an 'ineligible subpart H drug' if the drug was approved by the Secretary under subpart H of part 314 of title 21, Code of Federal Regulations (relating to accelerated approval), with restrictions under section 520 of such part to assure safe use, and the Secretary has published in the Federal Register a notice that the Secretary has determined that good cause exists to prohibit the drug from being imported pursuant to this subsection.

''(2) NOTICE REGARDING DRUG REFUSED ADMISSION.—If a registered exporter ships a drug to an individual pursuant to subsection (a)(2)(B) and the drug is refused admission to the United States, a written notice shall be sent to the individual and to the exporter that informs the individual and the exporter of such refusal and the reason for the refusal.

''(j) MAINTENANCE OF RECORDS AND SAMPLES.—

''(1) IN GENERAL.—A registration condition is that the importer or exporter involved shall—

''(A) maintain records required under this section for not less than 2 years; and

''(B) maintain samples of each lot of a qualifying drug required under this section for not less than 2 years.

''(2) PLACE OF RECORD MAINTENANCE.—The records described under paragraph (1) shall be maintained—

''(A) in the case of an importer, at the place of business of the importer at which the importer initially receives the qualifying drug after importation; or

''(B) in the case of an exporter, at the facility from which the exporter ships the qualifying drug to the United States.

''(k) DRUG RECALLS.—

''(1) MANUFACTURERS.—A person that manufactures a qualifying drug imported from a permitted country under this section shall promptly inform the Secretary—

''(A) if the drug is recalled or withdrawn from the market in a permitted country;

''(B) how the drug may be identified, including lot number; and

''(C) the reason for the recall or withdrawal.

''(2) SECRETARY.—With respect to each permitted country, the Secretary shall—

''(A) enter into an agreement with the government of the country to receive information about recalls and withdrawals of qualifying drugs in the country; or

''(B) monitor recalls and withdrawals of qualifying drugs in the country using any information that is available to the public in any media.

''(3) NOTICE.—The Secretary may notify, as appropriate, registered exporters, registered importers, wholesalers, pharmacies, or the public of a recall or withdrawal of a qualifying drug in a permitted country.

''(l) DRUG LABELING AND PACKAGING.—

''(1) IN GENERAL.—When a qualifying drug that is imported into the United States by an importer under subsection (a) is dispensed by a pharmacist to an individual, the pharmacist shall provide that the packaging and labeling of the drug complies with all applicable regulations promulgated under sections 3 and 4 of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471 et seq.) and shall include with any other labeling provided to the individual the following:

''(A) The lot number assigned by the manufacturer.

''(B) The name and registration number of the importer.

''(C) If required under paragraph (2)(B)(vi)(III) of subsection (g), a prominent advisory that the drug is safe and effective but not bioequivalent to the U.S. label drug.

''(D) If the inactive ingredients of the drug are different from the inactive ingredients for the U.S. label drug—

''(i) a prominent advisory that persons with allergies should check the ingredient list of the drug because the ingredients of the drug differ from the ingredients of the U.S. label drug; and

''(ii) a list of the ingredients of the drug as would be required under section 502(e).

''(2) PACKAGING.—A qualifying drug that is packaged in a unit-of-use container (as those terms are defined in the United States Pharmacopeia and National Formulary) shall not be repackaged, provided that—

''(A) the packaging complies with all applicable regulations under sections 3 and 4 of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471 et seq.); or

''(B) the consumer consents to waive the requirements of such Act, after being informed that the packaging does not comply with such Act and that the pharmacist will provide the drug in packaging that is compliant at no additional cost.

''(m) CHARITABLE CONTRIBUTIONS.—Notwithstanding any other provision of this section, this section does not authorize the importation into the United States of a qualifying drug donated or otherwise supplied for free or at nominal cost by the manufacturer of the drug to a charitable or humanitarian organization, including the United Nations and affiliates, or to a government of a foreign country.

''(n) UNFAIR AND DISCRIMINATORY ACTS AND PRACTICES.—

''(1) IN GENERAL.—It is unlawful for a manufacturer, directly or indirectly (including by being a party to a licensing agreement or other agreement), to—

''(A) discriminate by charging a higher price for a prescription drug sold to a registered exporter or other person in a permitted country that exports a qualifying drug to the United States under this section than the price that is charged, inclusive of rebates or other incentives to the permitted country or other person, to another person that is in the same country and that does not export a qualifying drug into the United States under this section;

''(B) discriminate by charging a higher price for a prescription drug sold to a registered importer or other person that distributes, sells, or uses a qualifying drug imported into the United States under this section than the price that is charged to another person in the United States that does not import a qualifying drug under this section, or that does not distribute, sell, or use such a drug;

''(C) discriminate by denying, restricting, or delaying supplies of a prescription drug to a registered exporter or other person in a permitted country that exports a qualifying drug to the United States under this section or to a registered importer or other person that distributes, sells, or uses a qualifying drug imported into the United States under this section;

''(D) discriminate by publicly, privately, or otherwise refusing to do business with a registered exporter or other person in a permitted country that exports a qualifying drug to the United States under this section or with a registered importer or other person that distributes, sells, or uses a qualifying drug imported into the United States under this section;

''(E) knowingly fail to submit a notice under subsection (g)(2)(B)(i), knowingly fail to submit such a notice on or before the date specified in subsection (g)(2)(B)(v) or as otherwise required under subsection (e) (3), (4), and (5) of section ___4 of the Pharmaceutical Market Access and Drug Safety Act of 2006, knowingly submit such a notice that makes a materially false, fictitious, or fraudulent statement, or knowingly fail to provide promptly any information requested by the Secretary to review such a notice;

''(F) knowingly fail to submit an application required under subsection (g)(2)(F), knowingly fail to submit such an application on or before the date specified in subsection (g)(2)(F)(ii), knowingly submit such an application that makes a materially false, fictitious, or fraudulent statement, or knowingly fail to provide promptly any information requested by the Secretary to review such an application;

''(G) cause there to be a difference (including a difference in active ingredient, route of administration, dosage form, strength, formulation, manufacturing establishment, manufacturing process, or person that manufactures the drug) between a prescription drug for distribution in the United States and the drug for distribution in a permitted country;

''(H) refuse to allow an inspection authorized under this section of an establishment that manufactures a qualifying drug that is, or will be, introduced for commercial distribution in a permitted country;

''(I) fail to conform to the methods used in, or the facilities used for, the manufacturing, processing, packing, or holding of a qualifying drug that is, or will be, introduced for commercial distribution in a permitted country to good manufacturing practice under this Act;

''(J) become a party to a licensing agreement or other agreement related to a qualifying drug that fails to provide for compliance with all requirements of this section with respect to such drug;

''(K) enter into a contract that restricts, prohibits, or delays the importation of a qualifying drug under this section;

''(L) engage in any other action to restrict, prohibit, or delay the importation of a qualifying drug under this section; or

''(M) engage in any other action that the Federal Trade Commission determines to discriminate against a person that engages or attempts to engage in the importation of a qualifying drug under this section.

''(2) REFERRAL OF POTENTIAL VIOLATIONS.—The Secretary shall promptly refer to the Federal Trade Commission each potential violation of subparagraph (E), (F), (G), (H), or (I) of paragraph (1) that becomes known to the Secretary.

''(3) AFFIRMATIVE DEFENSE.—

''(A) DISCRIMINATION.—It shall be an affirmative defense to a charge that a manufacturer has discriminated under subparagraph (A), (B), (C), (D), or (M) of paragraph (1) that the higher price charged for a prescription drug sold to a person, the denial, restriction, or delay of supplies of a prescription drug to a person, the refusal to do business with a person, or other discriminatory activity against a person, is not based, in whole or in part, on—

''(i) the person exporting or importing a qualifying drug into the United States under this section; or

''(ii) the person distributing, selling, or using a qualifying drug imported into the United States under this section.

''(B) DRUG DIFFERENCES.—It shall be an affirmative defense to a charge that a manufacturer has caused there to be a difference described in subparagraph (G) of paragraph (1) that—

''(i) the difference was required by the country in which the drug is distributed;

''(ii) the Secretary has determined that the difference was necessary to improve the safety or effectiveness of the drug;

''(iii) the person manufacturing the drug for distribution in the United States has given notice to the Secretary under subsection (g)(2)(B)(i) that the drug for distribution in the United States is not different from a drug for distribution in permitted countries whose combined population represents at least 50 percent of the total population of all permitted countries; or

''(iv) the difference was not caused, in whole or in part, for the purpose of restricting importation of the drug into the United States under this section.

''(4) EFFECT OF SUBSECTION.—

''(A) SALES IN OTHER COUNTRIES.—This subsection applies only to the sale or distribution of a prescription drug in a country if the manufacturer of the drug chooses to sell or distribute the drug in the country. Nothing in this subsection shall be construed to compel the manufacturer of a drug to distribute or sell the drug in a country.

''(B) DISCOUNTS TO INSURERS, HEALTH PLANS, PHARMACY BENEFIT MANAGERS, AND COVERED ENTITIES.—Nothing in this subsection shall be construed to—

''(i) prevent or restrict a manufacturer of a prescription drug from providing discounts to an insurer, health plan, pharmacy benefit manager in the United States, or covered entity in the drug discount program under section 340B of the Public Health Service Act (42 U.S.C. 256b) in return for inclusion of the drug on a formulary;

''(ii) require that such discounts be made available to other purchasers of the prescription drug; or

''(iii) prevent or restrict any other measures taken by an insurer, health plan, or pharmacy benefit manager to encourage consumption of such prescription drug.

''(C) CHARITABLE CONTRIBUTIONS.—Nothing in this subsection shall be construed to—

''(i) prevent a manufacturer from donating a prescription drug, or supplying a prescription drug at nominal cost, to a charitable or humanitarian organization, including the United Nations and affiliates, or to a government of a foreign country; or

''(ii) apply to such donations or supplying of a prescription drug.

''(5) ENFORCEMENT.—

''(A) UNFAIR OR DECEPTIVE ACT OR PRACTICE.—A violation of this subsection shall be treated as a violation of a rule defining an unfair or deceptive act or practice prescribed under section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B)).

''(B) ACTIONS BY THE COMMISSION.—The Federal Trade Commission—

''(i) shall enforce this subsection in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms and provisions of the Federal Trade Commission Act (15 U.S.C. 41 et seq.) were incorporated into and made a part of this section; and

''(ii) may seek monetary relief threefold the damages sustained, in addition to any other remedy available to the Federal Trade Commission under the Federal Trade Commission Act (15 U.S.C. 41 et seq.).

''(6) ACTIONS BY STATES.—

''(A) IN GENERAL.—

''(i) CIVIL ACTIONS.—In any case in which the attorney general of a State has reason to believe that an interest of the residents of that State have been adversely affected by any manufacturer that violates paragraph (1), the attorney general of a State may bring a civil action on behalf of the residents of the State, and persons doing business in the State, in a district court of the United States of appropriate jurisdiction to—

''(I) enjoin that practice;

''(II) enforce compliance with this subsection;

''(III) obtain damages, restitution, or other compensation on behalf of residents of the State and persons doing business in the State, including threefold the damages; or

''(IV) obtain such other relief as the court may consider to be appropriate.

''(ii) NOTICE.—

''(I) IN GENERAL.—Before filing an action under clause (i), the attorney general of the State involved shall provide to the Federal Trade Commission—

''(aa) written notice of that action; and

''(bb) a copy of the complaint for that action.

''(II) EXEMPTION.—Subclause (I) shall not apply with respect to the filing of an action by an attorney general of a State under this paragraph, if the attorney general determines that it is not feasible to provide the notice described in that subclause before filing of the action. In such case, the attorney general of a State shall provide notice and a copy of the complaint to the Federal Trade Commission at the same time as the attorney general files the action.

''(B) INTERVENTION.—

''(i) IN GENERAL.—On receiving notice under subparagraph (A)(ii), the Federal Trade Commission shall have the right to intervene in the action that is the subject of the notice.

''(ii) EFFECT OF INTERVENTION.—If the Federal Trade Commission intervenes in an action under subparagraph (A), it shall have the right—

''(I) to be heard with respect to any matter that arises in that action; and

''(II) to file a petition for appeal.

''(C) CONSTRUCTION.—For purposes of bringing any civil action under subparagraph (A), nothing in this subsection shall be construed to prevent an attorney general of a State from exercising the powers conferred on the attorney general by the laws of that State to—

''(i) conduct investigations;

''(ii) administer oaths or affirmations; or

''(iii) compel the attendance of witnesses or the production of documentary and other evidence.

''(D) ACTIONS BY THE COMMISSION.—In any case in which an action is instituted by or on behalf of the Federal Trade Commission for a violation of paragraph (1), a State may not, during the pendency of that action, institute an action under subparagraph (A) for the same violation against any defendant named in the complaint in that action.

''(E) VENUE.—Any action brought under subparagraph (A) may be brought in the district court of the United States that meets applicable requirements relating to venue under section 1391 of title 28, United States Code.

''(F) SERVICE OF PROCESS.—In an action brought under subparagraph (A), process may be served in any district in which the defendant—

''(i) is an inhabitant; or

''(ii) may be found.

''(G) MEASUREMENT OF DAMAGES.—In any action under this paragraph to enforce a cause of action under this subsection in which there has been a determination that a defendant has violated a provision of this subsection, damages may be proved and assessed in the aggregate by statistical or sampling methods, by the computation of illegal overcharges or by such other reasonable system of estimating aggregate damages as the court in its discretion may permit without the necessity of separately proving the individual claim of, or amount of damage to, persons on whose behalf the suit was brought.

''(H) EXCLUSION ON DUPLICATIVE RELIEF.—The district court shall exclude from the amount of monetary relief awarded in an action under this paragraph brought by the attorney general of a State any amount of monetary relief which duplicates amounts which have been awarded for the same injury.

''(7) EFFECT ON ANTITRUST LAWS.—Nothing in this subsection shall be construed to modify, impair, or supersede the operation of the antitrust laws. For the purpose of this subsection, the term 'antitrust laws' has the meaning given it in the first section of the Clayton Act, except that it includes section 5 of the Federal Trade Commission Act to the extent that such section 5 applies to unfair methods of competition.

''(8) MANUFACTURER.—In this subsection, the term 'manufacturer' means any entity, including any affiliate or licensee of that entity, that is engaged in—

''(A) the production, preparation, propagation, compounding, conversion, or processing of a prescription drug, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis; or

''(B) the packaging, repackaging, labeling, relabeling, or distribution of a prescription drug.''.

(b) PROHIBITED ACTS.—The Federal Food, Drug, and Cosmetic Act is amended—

(1) in section 301 (21 U.S.C. 331), by striking paragraph (aa) and inserting the following:

''(aa)(1) The sale or trade by a pharmacist, or by a business organization of which the pharmacist is a part, of a qualifying drug that under section 804(a)(2)(A) was imported by the pharmacist, other than—

''(A) a sale at retail made pursuant to dispensing the drug to a customer of the pharmacist or organization; or

''(B) a sale or trade of the drug to a pharmacy or a wholesaler registered to import drugs under section 804.

''(2) The sale or trade by an individual of a qualifying drug that under section 804(a)(2)(B) was imported by the individual.

''(3) The making of a materially false, fictitious, or fraudulent statement or representation, or a material omission, in a notice under clause (i) of section 804(g)(2)(B) or in an application required under section 804(g)(2)(F), or the failure to submit such a notice or application.

''(4) The importation of a drug in violation of a registration condition or other requirement under section 804, the falsification of any record required to be maintained, or provided to the Secretary, under such section, or the violation of any registration condition or other requirement under such section.''; and

(2) in section 303(a) (21 U.S.C. 333(a)), by striking paragraph (6) and inserting the following:

''(6) Notwithstanding subsection (a), any person that knowingly violates section 301(i)(2) or (3) or section 301(aa)(4) shall be imprisoned not more than 10 years, or fined in accordance with title 18, United States Code, or both.''.

(c) AMENDMENT OF CERTAIN PROVISIONS.—

(1) IN GENERAL.—Section 801 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381) is amended by striking subsection (g) and inserting the following:

''(g) With respect to a prescription drug that is imported or offered for import into the United States by an individual who is not in the business of such importation, that is not shipped by a registered exporter under section 804, and that is refused admission under subsection (a), the Secretary shall notify the individual that—

''(1) the drug has been refused admission because the drug was not a lawful import under section 804;

''(2) the drug is not otherwise subject to a waiver of the requirements of subsection (a);

''(3) the individual may under section 804 lawfully import certain prescription drugs from exporters registered with the Secretary under section 804; and

''(4) the individual can find information about such importation, including a list of registered exporters, on the Internet website of the Food and Drug Administration or through a toll-free telephone number required under section 804.''.

(2) ESTABLISHMENT REGISTRATION.—Section 510(i) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360(i)) is amended in paragraph (1) by inserting after ''import into the United States'' the following: '', including a drug that is, or may be, imported or offered for import into the United States under section 804,''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date that is 90 days after the date of enactment of this title.

(d) EXHAUSTION.—

(1) IN GENERAL.—Section 271 of title 35, United States Code, is amended—

(A) by redesignating subsections (h) and (i) as (i) and (j), respectively; and

(B) by inserting after subsection (g) the following:

''(h) It shall not be an act of infringement to use, offer to sell, or sell within the United States or to import into the United States any patented invention under section 804 of the Federal Food, Drug, and Cosmetic Act that was first sold abroad by or under authority of the owner or licensee of such patent.''.

(2) RULE OF CONSTRUCTION.—Nothing in the amendment made by paragraph (1) shall be construed to affect the ability of a patent owner or licensee to enforce their patent, subject to such amendment.

(e) EFFECT OF SECTION 804.—

(1) IN GENERAL.—Section 804 of the Federal Food, Drug, and Cosmetic Act, as added by subsection (a), shall permit the importation of qualifying drugs (as defined in such section 804) into the United States without regard to the status of the issuance of implementing regulations—

(A) from exporters registered under such section 804 on the date that is 90 days after the date of enactment of this title; and

(B) from permitted countries, as defined in such section 804, by importers registered under such section 804 on the date that is 1 year after the date of enactment of this title.

(2) REVIEW OF REGISTRATION BY CERTAIN EXPORTERS.—

(A) REVIEW PRIORITY.—In the review of registrations submitted under subsection (b) of

such section 804, registrations submitted by entities in Canada that are significant exporters of prescription drugs to individuals in the United States as of the date of enactment of this title will have priority during the 90 day period that begins on such date of enactment.

(B) PERIOD FOR REVIEW.—During such 90-day period, the reference in subsection (b)(2)(A) of such section 804 to 90 days (relating to approval or disapproval of registrations) is, as applied to such entities, deemed to be 30 days.

(C) LIMITATION.—That an exporter in Canada exports, or has exported, prescription drugs to individuals in the United States on or before the date that is 90 days after the date of enactment of this title shall not serve as a basis, in whole or in part, for disapproving a registration under such section 804 from the exporter.

(D) FIRST YEAR LIMIT ON NUMBER OF EXPORTERS.—During the 1-year period beginning on the date of enactment of this title, the Secretary of Health and Human Services (referred to in this section as the ''Secretary'') may limit the number of registered exporters under such section 804 to not less than 50, so long as the Secretary gives priority to those exporters with demonstrated ability to process a high volume of shipments of drugs to individuals in the United States.

(E) SECOND YEAR LIMIT ON NUMBER OF EXPORTERS.—During the 1-year period beginning on the date that is 1 year after the date of enactment of this title, the Secretary may limit the number of registered exporters under such section 804 to not less than 100, so long as the Secretary gives priority to those exporters with demonstrated ability to process a high volume of shipments of drugs to individuals in the United States.

(F) FURTHER LIMIT ON NUMBER OF EXPORTERS.—During any 1-year period beginning on a date that is 2 or more years after the date of enactment of this title, the Secretary may limit the number of registered exporters under such section 804 to not less than 25 more than the number of such exporters during the previous 1-year period, so long as the Secretary gives priority to those exporters with demonstrated ability to process a high volume of shipments of drugs to individuals in the United States.

(3) LIMITS ON NUMBER OF IMPORTERS.—

(A) FIRST YEAR LIMIT ON NUMBER OF IMPORTERS.—During the 1-year period beginning on the date that is 1 year after the date of enactment of this title, the Secretary may limit the number of registered importers under such section 804 to not less than 100 (of which at least a significant number shall be groups of pharmacies, to the extent feasible given the applications submitted by such groups), so long as the Secretary gives priority to those importers with demonstrated ability to process a high volume of shipments of drugs imported into the United States.

(B) SECOND YEAR LIMIT ON NUMBER OF IMPORTERS.—During the 1-year period beginning on the date that is 2 years after the date of enactment of this title, the Secretary may limit the number of registered importers under such section 804 to not less than 200 (of which at least a significant number shall be groups of pharmacies, to the extent feasible given the applications submitted by such groups), so long as the Secretary gives priority to those importers with demonstrated ability to process a high volume of shipments of drugs into the United States.

(C) FURTHER LIMIT ON NUMBER OF IMPORTERS.—During any 1-year period beginning on a date that is 3 or more years after the date of enactment of this title, the Secretary may limit the number of registered importers under such section 804 to not less than 50 more (of which at least a significant number shall be groups of pharmacies, to the extent feasible given the applications submitted by such groups) than the number of such importers during the previous 1-year period, so long as the Secretary gives priority to those importers with demonstrated ability to process a high volume of shipments of drugs to the United States.

(4) NOTICES FOR DRUGS FOR IMPORT FROM CANADA.—The notice with respect to a qualifying drug introduced for commercial distribution in Canada as of the date of enactment of this title that is required under subsection (g)(2)(B)(i) of such section 804 shall be submitted to the Secretary not later than 30 days after the date of enactment of this title if—

(A) the U.S. label drug (as defined in such section 804) for the qualifying drug is 1 of the 100 prescription drugs with the highest dollar volume of sales in the United States based on the 12 calendar month period most recently completed before the date of enactment of this title; or

(B) the notice is a notice under subsection (g)(2)(B)(i)(II) of such section 804.

(5) NOTICE FOR DRUGS FOR IMPORT FROM OTHER COUNTRIES.—The notice with respect to a qualifying drug introduced for commercial distribution in a permitted country other than Canada as of the date of enactment of this title that is required under subsection (g)(2)(B)(i) of such section 804 shall be submitted to the Secretary not later than 180 days after the date of enactment of this title if—

(A) the U.S. label drug for the qualifying drug is 1 of the 100 prescription drugs with the highest dollar volume of sales in the United States based on the 12 calendar month period that is first completed on the date that is 120 days after the date of enactment of this title; or

(B) the notice is a notice under subsection (g)(2)(B)(i)(II) of such section 804.

(6) NOTICE FOR OTHER DRUGS FOR IMPORT.—

(A) GUIDANCE ON SUBMISSION DATES.—The Secretary shall by guidance establish a series of submission dates for the notices under subsection (g)(2)(B)(i) of such section 804 with respect to qualifying drugs introduced for commercial distribution as of the date of enactment of this title and that are not required to be submitted under paragraph (4) or (5).

(B) CONSISTENT AND EFFICIENT USE OF RESOURCES.—The Secretary shall establish the dates described under subparagraph (A) so that such notices described under subparagraph (A) are submitted and reviewed at a rate that allows consistent and efficient use of the resources and staff available to the Secretary for such reviews. The Secretary may condition the requirement to submit such a notice, and the review of such a notice, on the submission by a registered exporter or a registered importer to the Secretary of a notice that such exporter or importer intends to import such qualifying drug to the United States under such section 804.

(C) PRIORITY FOR DRUGS WITH HIGHER SALES.—The Secretary shall establish the dates described under subparagraph (A) so that the Secretary reviews the notices described under such subparagraph with respect to qualifying drugs with higher dollar volume of sales in the United States before the notices with respect to drugs with lower sales in the United States.

(7) NOTICES FOR DRUGS APPROVED AFTER EFFECTIVE DATE.—The notice required under subsection (g)(2)(B)(i) of such section 804 for a qualifying drug first introduced for commercial distribution in a permitted country (as defined in such section 804) after the date of enactment of this title shall be submitted to and reviewed by the Secretary as provided under subsection (g)(2)(B) of such section 804, without regard to paragraph (4), (5), or (6).

(8) REPORT.—Beginning with the first full fiscal year after the date of enactment of this title, not later than 90 days after the end of each fiscal year during which the Secretary reviews a notice referred to in paragraph (4), (5), or (6), the Secretary shall submit a report to Congress concerning the progress of the Food and Drug Administration in reviewing the notices referred to in paragraphs (4), (5), and (6).

(9) USER FEES.—

(A) EXPORTERS.—When establishing an aggregate total of fees to be collected from exporters under subsection (f)(2) of such section 804, the Secretary shall, under subsection (f)(3)(C)(i) of such section 804, estimate the total price of drugs imported under subsection (a) of such section 804 into the United States by registered exporters during the first fiscal year in which this title takes effect to be an amount equal to the amount which bears the same ratio to $1,000,000,000 as the number of days in such fiscal year during which this title is effective bears to 365.

(B) IMPORTERS.—When establishing an aggregate total of fees to be collected from importers under subsection (e)(2) of such section 804, the Secretary shall, under subsection (e)(3)(C)(i) of such section 804, estimate the total price of drugs imported under subsection (a) of such section 804 into the United States by registered importers during—

(i) the first fiscal year in which this title takes effect to be an amount equal to the amount which bears the same ratio to $1,000,000,000 as the number of days in such fiscal year during which this title is effective bears to 365; and

(ii) the second fiscal year in which this title is in effect to be $3,000,000,000.

(C) SECOND YEAR ADJUSTMENT.—

(i) REPORTS.—Not later than February 20 of the second fiscal year in which this title is in effect, registered importers shall report to the Secretary the total price and the total volume of drugs imported to the United States by the importer during the 4-month period from October 1 through January 31 of such fiscal year.

(ii) REESTIMATE.—Notwithstanding subsection (e)(3)(C)(ii) of such section 804 or subparagraph (B), the Secretary shall reestimate the total price of qualifying drugs imported under subsection (a) of such section 804 into the United States by registered importers during the second fiscal year in which this title is in effect. Such reestimate shall be equal to—

(I) the total price of qualifying drugs imported by each importer as reported under clause (i); multiplied by

(II) 3.

(iii) ADJUSTMENT.—The Secretary shall adjust the fee due on April 1 of the second fiscal year in which this title is in effect, from each importer so that the aggregate total of fees collected under subsection (e)(2) for such fiscal year does not exceed the total price of qualifying drugs imported under subsection (a) of such section 804 into the United States by registered importers during such fiscal year as reestimated under clause (ii).

(D) FAILURE TO PAY FEES.—Notwithstanding any other provision of this section, the Secretary may prohibit a registered importer or exporter that is required to pay user fees under subsection (e) or (f) of such section 804 and that fails to pay such fees within 30 days after the date on which it is due, from importing or offering for importation a qualifying drug under such section 804 until such fee is paid.

(E) ANNUAL REPORT.—

(i) FOOD AND DRUG ADMINISTRATION.—Not later than 180 days after the end of each fiscal year during which fees are collected under subsection (e), (f), or (g)(2)(B)(iv) of such section 804, the Secretary shall prepare and submit to the House of Representatives and the Senate a report on the implementation of the authority for such fees during such fiscal year and the use, by the Food and Drug Administration, of the fees collected for the fiscal year for which the report is made and credited to the Food and Drug Administration.

(ii) CUSTOMS AND BORDER CONTROL.—Not later than 180 days after the end of each fiscal year during which fees are collected under subsection (e) or (f) of such section 804, the Secretary of Homeland Security, in consultation with the Secretary of the Treasury, shall prepare and submit to the House of Representatives and the Senate a report on the use, by the Bureau of Customs and Border Protection, of the fees, if any, transferred by the Secretary to the Bureau of Customs and Border Protection for the fiscal year for which the report is made.

(10) SPECIAL RULE REGARDING IMPORTATION BY INDIVIDUALS.—

(A) IN GENERAL.—Notwithstanding any provision of this title (or an amendment made by this title), the Secretary shall expedite the designation of any additional countries from which an individual may import a qualifying drug into the United States under such section 804 if any action implemented by the Government of Canada has the effect of limiting or prohibiting the importation of qualifying drugs into the United States from Canada.

(B) TIMING AND CRITERIA.—The Secretary shall designate such additional countries under subparagraph (A)—

(i) not later than 6 months after the date of the action by the Government of Canada described under such subparagraph; and

(ii) using the criteria described under subsection (a)(4)(D)(i)(II) of such section 804.

(f) IMPLEMENTATION OF SECTION 804.—

(1) INTERIM RULE.—The Secretary may promulgate an interim rule for implementing section 804 of the Federal Food, Drug, and Cosmetic Act, as added by subsection (a) of this section.

(2) NO NOTICE OF PROPOSED RULEMAKING.—The interim rule described under paragraph (1) may be developed and promulgated by the Secretary without providing general notice of proposed rulemaking.

(3) FINAL RULE.—Not later than 1 year after the date on which the Secretary promulgates an interim rule under paragraph (1), the Secretary shall, in accordance with procedures under section 553 of title 5, United States Code, promulgate a final rule for implementing such section 804, which may incorporate by reference provisions of the interim rule provided for under paragraph (1), to the extent that such provisions are not modified.

(g) CONSUMER EDUCATION.—The Secretary shall carry out activities that educate consumers—

(1) with regard to the availability of qualifying drugs for import for personal use from an exporter registered with and approved by the Food and Drug Administration under section 804 of the Federal Food, Drug, and Cosmetic Act, as added by this section, including information on how to verify whether an exporter is registered and approved by use of the Internet website of the Food and Drug Administration and the toll-free telephone number required by this title;

(2) that drugs that consumers attempt to import from an exporter that is not registered with and approved by the Food and Drug Administration can be seized by the United States Customs Service and destroyed, and that such drugs may be counterfeit, unapproved, unsafe, or ineffective;

(3) with regard to the suspension and termination of any registration of a registered importer or exporter under such section 804; and

(4) with regard to the availability at domestic retail pharmacies of qualifying drugs imported under such section 804 by domestic wholesalers and pharmacies registered with and approved by the Food and Drug Administration.

(h) EFFECT ON ADMINISTRATION PRACTICES.—Notwithstanding any provision of this title (and the amendments made by this title), nothing in this title (or the amendments made by this title) shall be construed to change, limit, or restrict the practices of the Food and Drug Administration or the Bureau of Customs and Border Protection in effect on January 1, 2004, with respect to the importation of prescription drugs into the United States by an individual, on the person of such individual, for personal use.

(i) REPORT TO CONGRESS.—The Federal Trade Commission shall, on an annual basis, submit to Congress a report that describes any action taken during the period for which the report is being prepared to enforce the provisions of section 804(n) of the Federal Food, Drug, and Cosmetic Act (as added by this title), including any pending investigations or civil actions under such section.

SEC. ___5. DISPOSITION OF CERTAIN DRUGS DENIED ADMISSION INTO UNITED STATES.

(a) IN GENERAL.—Chapter VIII of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381 et seq.), as amended by section ___3, is further amended by adding at the end the following section:

"SEC. 805. DISPOSITION OF CERTAIN DRUGS DENIED ADMISSION.

''(a) IN GENERAL.—The Secretary of Homeland Security shall deliver to the Secretary a shipment of drugs that is imported or offered for import into the United States if—

''(1) the shipment has a declared value of less than $10,000; and

''(2)(A) the shipping container for such drugs does not bear the markings required under section 804(d)(2); or

''(B) the Secretary has requested delivery of such shipment of drugs.

''(b) NO BOND OR EXPORT.—Section 801(b) does not authorize the delivery to the owner or consignee of drugs delivered to the Secretary under subsection (a) pursuant to the execution of a bond, and such drugs may not be exported.

''(c) DESTRUCTION OF VIOLATIVE SHIPMENT.—The Secretary shall destroy a shipment of drugs delivered by the Secretary of Homeland Security to the Secretary under subsection (a) if—

''(1) in the case of drugs that are imported or offered for import from a registered exporter under section 804, the drugs are in violation of any standard described in section 804(g)(5); or

''(2) in the case of drugs that are not imported or offered for import from a registered exporter under section 804, the drugs are in violation of a standard referred to in section 801(a) or 801(d)(1).

''(d) CERTAIN PROCEDURES.—

''(1) IN GENERAL.—The delivery and destruction of drugs under this section may be carried out without notice to the importer, owner, or consignee of the drugs except as required by section 801(g) or section 804(i)(2). The issuance of receipts for the drugs, and recordkeeping activities regarding the drugs, may be carried out on a summary basis.

''(2) OBJECTIVE OF PROCEDURES.—Procedures promulgated under paragraph (1) shall be designed toward the objective of ensuring that, with respect to efficiently utilizing Federal resources available for carrying out this section, a substantial majority of shipments of drugs subject to described in subsection (c) are identified and destroyed.

''(e) EVIDENCE EXCEPTION.—Drugs may not be destroyed under subsection (c) to the extent that the Attorney General of the United States determines that the drugs should be preserved as evidence or potential evidence with respect to an offense against the United States.

''(f) RULE OF CONSTRUCTION.—This section may not be construed as having any legal effect on applicable law with respect to a shipment of drugs that is imported or offered for import into the United States and has a declared value equal to or greater than $10,000.''.

(b) PROCEDURES.—Procedures for carrying out section 805 of the Federal Food, Drug, and Cosmetic Act, as added by subsection (a), shall be established not later than 90 days after the date of the enactment of this title.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date that is 90 days after the date of enactment of this title.

SEC. ___6. WHOLESALE DISTRIBUTION OF DRUGS; STATEMENTS REGARDING PRIOR SALE, PURCHASE, OR TRADE.

(a) STRIKING OF EXEMPTIONS; APPLICABILITY TO REGISTERED EXPORTERS.—Section 503(e) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 353(e)) is amended—

(1) in paragraph (1)—

(A) by striking ''and who is not the manufacturer or an authorized distributor of record of such drug'';

(B) by striking ''to an authorized distributor of record or''; and

(C) by striking subparagraph (B) and inserting the following:

''(B) The fact that a drug subject to subsection (b) is exported from the United States does not with respect to such drug exempt any person that is engaged in the business of the wholesale distribution of the drug from providing the statement described in subparagraph (A) to the person that receives the drug pursuant to the export of the drug.

''(C)(i) The Secretary shall by regulation establish requirements that supersede subparagraph (A) (referred to in this subparagraph as 'alternative requirements') to identify the chain of custody of a drug subject to subsection (b) from the manufacturer of the drug throughout the wholesale distribution of the drug to a pharmacist who intends to sell the drug at retail if the Secretary determines that the alternative requirements, which may include standardized anti-counterfeiting or track-and-trace technologies, will identify such chain of custody or the identity of the discrete package of the drug from which the drug is dispensed with equal or greater certainty to the requirements of subparagraph (A), and that the alternative requirements are economically and technically feasible.

''(ii) When the Secretary promulgates a final rule to establish such alternative requirements, the final rule in addition shall, with respect to the registration condition established in clause (i) of section 804(c)(3)(B), establish a condition equivalent to the alternative requirements, and such equivalent condition may be met in lieu of the registration condition established in such clause (i).'';

(2) in paragraph (2)(A), by adding at the end the following: ''The preceding sentence may not be construed as having any applicability with respect to a registered exporter under section 804.''; and

(3) in paragraph (3), by striking ''and subsection (d)—'' in the matter preceding subparagraph (A) and all that follows through

''the term 'wholesale distribution' means'' in subparagraph (B) and inserting the following: ''and subsection (d), the term 'wholesale distribution' means''.

(b) CONFORMING AMENDMENT.—Section 503(d) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 353(d)) is amended by adding at the end the following:

''(4) Each manufacturer of a drug subject to subsection (b) shall maintain at its corporate offices a current list of the authorized distributors of record of such drug.

''(5) For purposes of this subsection, the term 'authorized distributors of record' means those distributors with whom a manufacturer has established an ongoing relationship to distribute such manufacturer's products.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by paragraphs (1) and (3) of subsection (a) and by subsection (b) shall take effect on January 1, 2010.

(2) DRUGS IMPORTED BY REGISTERED IMPORTERS UNDER SECTION 804.—Notwithstanding paragraph (1), the amendments made by paragraphs (1) and (3) of subsection (a) and by subsection (b) shall take effect on the date that is 90 days after the date of enactment of this title with respect to qualifying drugs imported under section 804 of the Federal Food, Drug, and Cosmetic Act, as added by section ___4.

(3) HIGH-RISK DRUGS.—

(A) IN GENERAL.—Notwithstanding paragraph (1), the Secretary of Health and Human Services (referred to in this section as the ''Secretary'') may apply the amendments made by paragraphs (1) and (3) of subsection (a) and by subsection (b) before January 1, 2010, with respect to a prescription drug if the Secretary—

(i) determines that the drug is at high risk for being counterfeited; and

(ii) publishes the determination and the basis for the determination in the Federal Register.

(B) PEDIGREE NOT REQUIRED.—Notwithstanding a determination under subparagraph (A) with respect to a prescription drug, the amendments described in such subparagraph shall not apply with respect to a wholesale distribution of such drug if the drug is distributed by the manufacturer of the drug to a person that distributes the drug to a retail pharmacy for distribution to the consumer or patient, with no other intervening transactions.

(C) LIMITATION.—The Secretary may make the determination under subparagraph (A) with respect to not more than 50 drugs before January 1, 2010.

(4) EFFECT WITH RESPECT TO REGISTERED EXPORTERS.—The amendment made by subsection (a)(2) shall take effect on the date that is 90 days after the date of enactment of this title.

(5) ALTERNATIVE REQUIREMENTS.—The Secretary shall issue regulations to establish the alternative requirements, referred to in the amendment made by subsection (a)(1), that take effect not later than—

(A) January 1, 2008, with respect to a prescription drug determined under paragraph (3)(A) to be at high risk for being counterfeited; and

(B) January 1, 2010, with respect to all other prescription drugs.

(6) INTERMEDIATE REQUIREMENTS.—With respect to the prescription drugs described under paragraph (5)(B), the Secretary shall by regulation require the use of standardized anti-counterfeiting or track-and-trace technologies on such prescription drugs at the case and pallet level effective not later than January 1, 2008.

(7) ADDITIONAL REQUIREMENTS.—

(A) IN GENERAL.—Notwithstanding any other provision of this section, the Secretary shall, not later than January 1, 2007, require that the packaging of any prescription drug incorporates—

(i) overt optically variable counterfeit-resistant technologies that—

(I) are visible to the naked eye, providing for visual identification of product authenticity without the need for readers, microscopes, lighting devices, or scanners;

(II) are similar to that used by the Bureau of Engraving and Printing to secure United States currency;

(III) are manufactured and distributed in a highly secure, tightly controlled environment; and

(IV) incorporate additional layers of nonvisible convert security features up to and including forensic capability, as described in subparagraph (B); or

(ii) technologies that have a function of security comparable to that described in clause (i), as determined by the Secretary.

(B) STANDARDS FOR PACKAGING.—For the purpose of making it more difficult to counterfeit the packaging of drugs subject to this paragraph, the manufacturers of such drugs shall incorporate the technologies described in subparagraph (A) into at least 1 additional element of the physical packaging of the drugs, including blister packs, shrink wrap, package labels, package seals, bottles, and boxes.

SEC. ___7. INTERNET SALES OF PRESCRIPTION DRUGS.

(a) IN GENERAL.—Chapter V of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 351 et seq.) is amended by inserting after section 503A the following:

''SEC. 503B. INTERNET SALES OF PRESCRIPTION DRUGS.

''(a) REQUIREMENTS REGARDING INFORMATION ON INTERNET SITE.—

''(1) IN GENERAL.—A person may not dispense a prescription drug pursuant to a sale of the drug by such person if—

''(A) the purchaser of the drug submitted the purchase order for the drug, or conducted any other part of the sales transaction for the drug, through an Internet site;

''(B) the person dispenses the drug to the purchaser by mailing or shipping the drug to the purchaser; and

''(C) such site, or any other Internet site used by such person for purposes of sales of a prescription drug, fails to meet each of the requirements specified in paragraph (2), other than a site or pages on a site that—

''(i) are not intended to be accessed by purchasers or prospective purchasers; or

''(ii) provide an Internet information location tool within the meaning of section 231(e)(5) of the Communications Act of 1934 (47 U.S.C. 231(e)(5)).

''(2) REQUIREMENTS.—With respect to an Internet site, the requirements referred to in subparagraph (C) of paragraph (1) for a person to whom such paragraph applies are as follows:

''(A) Each page of the site shall include either the following information or a link to a page that provides the following information:

''(i) The name of such person.

''(ii) Each State in which the person is authorized by law to dispense prescription drugs.

''(iii) The address and telephone number of each place of business of the person with respect to sales of prescription drugs through the Internet, other than a place of business that does not mail or ship prescription drugs to purchasers.

''(iv) The name of each individual who serves as a pharmacist for prescription drugs that are mailed or shipped pursuant to the site, and each State in which the individual is authorized by law to dispense prescription drugs.

''(v) If the person provides for medical consultations through the site for purposes of providing prescriptions, the name of each individual who provides such consultations; each State in which the individual is licensed or otherwise authorized by law to provide such consultations or practice medicine; and the type or types of health professions for which the individual holds such licenses or other authorizations.

''(B) A link to which paragraph (1) applies shall be displayed in a clear and prominent place and manner, and shall include in the caption for the link the words 'licensing and contact information'.

''(b) INTERNET SALES WITHOUT APPROPRIATE MEDICAL RELATIONSHIPS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), a person may not dispense a prescription drug, or sell such a drug, if—

''(A) for purposes of such dispensing or sale, the purchaser communicated with the person through the Internet;

''(B) the patient for whom the drug was dispensed or purchased did not, when such communications began, have a prescription for the drug that is valid in the United States;

''(C) pursuant to such communications, the person provided for the involvement of a practitioner, or an individual represented by the person as a practitioner, and the practitioner or such individual issued a prescription for the drug that was purchased;

''(D) the person knew, or had reason to know, that the practitioner or the individual referred to in subparagraph (C) did not, when issuing the prescription, have a qualifying medical relationship with the patient; and

''(E) the person received payment for the dispensing or sale of the drug.

For purposes of subparagraph (E), payment is received if money or other valuable consideration is received.

''(2) EXCEPTIONS.—Paragraph (1) does not apply to—

''(A) the dispensing or selling of a prescription drug pursuant to telemedicine practices sponsored by—

''(i) a hospital that has in effect a provider agreement under title XVIII of the Social Security Act (relating to the Medicare program); or

''(ii) a group practice that has not fewer than 100 physicians who have in effect provider agreements under such title; or

''(B) the dispensing or selling of a prescription drug pursuant to practices that promote the public health, as determined by the Secretary by regulation.

''(3) QUALIFYING MEDICAL RELATIONSHIP.—

''(A) IN GENERAL.—With respect to issuing a prescription for a drug for a patient, a practitioner has a qualifying medical relationship with the patient for purposes of this section if—

''(i) at least one in-person medical evaluation of the patient has been conducted by the practitioner; or

''(ii) the practitioner conducts a medical evaluation of the patient as a covering practitioner.

''(B) IN-PERSON MEDICAL EVALUATION.—A medical evaluation by a practitioner is an in-person medical evaluation for purposes of this section if the practitioner is in the physical presence of the patient as part of conducting the evaluation, without regard to whether portions of the evaluation are conducted by other health professionals.

''(C) COVERING PRACTITIONER.—With respect to a patient, a practitioner is a covering practitioner for purposes of this section if

the practitioner conducts a medical evaluation of the patient at the request of a practitioner who has conducted at least one in-person medical evaluation of the patient and is temporarily unavailable to conduct the evaluation of the patient. A practitioner is a covering practitioner without regard to whether the practitioner has conducted any in-person medical evaluation of the patient involved.

''(4) RULES OF CONSTRUCTION.—

''(A) INDIVIDUALS REPRESENTED AS PRACTITIONERS.—A person who is not a practitioner (as defined in subsection (e)(1)) lacks legal capacity under this section to have a qualifying medical relationship with any patient.

''(B) STANDARD PRACTICE OF PHARMACY.—Paragraph (1) may not be construed as prohibiting any conduct that is a standard practice in the practice of pharmacy.

''(C) APPLICABILITY OF REQUIREMENTS.—Paragraph (3) may not be construed as having any applicability beyond this section, and does not affect any State law, or interpretation of State law, concerning the practice of medicine.

''(c) ACTIONS BY STATES.—

''(1) IN GENERAL.—Whenever an attorney general of any State has reason to believe that the interests of the residents of that State have been or are being threatened or adversely affected because any person has engaged or is engaging in a pattern or practice that violates section 301(l), the State may bring a civil action on behalf of its residents in an appropriate district court of the United States to enjoin such practice, to enforce compliance with such section (including a nationwide injunction), to obtain damages, restitution, or other compensation on behalf of residents of such State, to obtain reasonable attorneys fees and costs if the State prevails in the civil action, or to obtain such further and other relief as the court may deem appropriate.

''(2) NOTICE.—The State shall serve prior written notice of any civil action under paragraph (1) or (5)(B) upon the Secretary and provide the Secretary with a copy of its complaint, except that if it is not feasible for the State to provide such prior notice, the State shall serve such notice immediately upon instituting such action. Upon receiving a notice respecting a civil action, the Secretary shall have the right—

''(A) to intervene in such action;

''(B) upon so intervening, to be heard on all matters arising therein; and

''(C) to file petitions for appeal.

''(3) CONSTRUCTION.—For purposes of bringing any civil action under paragraph (1), nothing in this chapter shall prevent an attorney general of a State from exercising the powers conferred on the attorney general by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

''(4) VENUE; SERVICE OF PROCESS.—Any civil action brought under paragraph (1) in a district court of the United States may be brought in the district in which the defendant is found, is an inhabitant, or transacts business or wherever venue is proper under section 1391 of title 28, United States Code. Process in such an action may be served in any district in which the defendant is an inhabitant or in which the defendant may be found.

''(5) ACTIONS BY OTHER STATE OFFICIALS.—

''(A) Nothing contained in this section shall prohibit an authorized State official from proceeding in State court on the basis of an alleged violation of any civil or criminal statute of such State.

''(B) In addition to actions brought by an attorney general of a State under paragraph (1), such an action may be brought by officers of such State who are authorized by the State to bring actions in such State on behalf of its residents.

''(d) EFFECT OF SECTION.—This section shall not apply to a person that is a registered exporter under section 804.

''(e) GENERAL DEFINITIONS.—For purposes of this section:

''(1) The term 'practitioner' means a practitioner referred to in section 503(b)(1) with respect to issuing a written or oral prescription.

''(2) The term 'prescription drug' means a drug that is described in section 503(b)(1).

''(3) The term 'qualifying medical relationship', with respect to a practitioner and a patient, has the meaning indicated for such term in subsection (b).

''(f) INTERNET-RELATED DEFINITIONS.—

''(1) IN GENERAL.—For purposes of this section:

''(A) The term 'Internet' means collectively the myriad of computer and telecommunications facilities, including equipment and operating software, which comprise the interconnected world-wide network of networks that employ the transmission control protocol/internet protocol, or any predecessor or successor protocols to such protocol, to communicate information of all kinds by wire or radio.

''(B) The term 'link', with respect to the Internet, means one or more letters, words, numbers, symbols, or graphic items that appear on a page of an Internet site for the purpose of serving, when activated, as a method for executing an electronic command—

''(i) to move from viewing one portion of a page on such site to another portion of the page;

''(ii) to move from viewing one page on such site to another page on such site; or

''(iii) to move from viewing a page on one Internet site to a page on another Internet site.

''(C) The term 'page', with respect to the Internet, means a document or other file accessed at an Internet site.

''(D)(i) The terms 'site' and 'address', with respect to the Internet, mean a specific location on the Internet that is determined by Internet Protocol numbers. Such term includes the domain name, if any.

''(ii) The term 'domain name' means a method of representing an Internet address without direct reference to the Internet Protocol numbers for the address, including methods that use designations such as '.com', '.edu', '.gov', '.net', or '.org'.

''(iii) The term 'Internet Protocol numbers' includes any successor protocol for determining a specific location on the Internet.

''(2) AUTHORITY OF SECRETARY.—The Secretary may by regulation modify any definition under paragraph (1) to take into account changes in technology.

''(g) INTERACTIVE COMPUTER SERVICE; ADVERTISING.—No provider of an interactive computer service, as defined in section 230(f)(2) of the Communications Act of 1934 (47 U.S.C. 230(f)(2)), or of advertising services shall be liable under this section for dispensing or selling prescription drugs in violation of this section on account of another person's selling or dispensing such drugs, provided that the provider of the interactive computer service or of advertising services does not own or exercise corporate control over such person.''.

(b) INCLUSION AS PROHIBITED ACT.—Section 301 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 331) is amended by inserting after paragraph (k) the following:

''(l) The dispensing or selling of a prescription drug in violation of section 503B.''.

(c) INTERNET SALES OF PRESCRIPTION DRUGS; CONSIDERATION BY SECRETARY OF PRACTICES AND PROCEDURES FOR CERTIFICATION OF LEGITIMATE BUSINESSES.—In carrying out section 503B of the Federal Food, Drug, and Cosmetic Act (as added by subsection (a) of this section), the Secretary of Health and Human Services shall take into consideration the practices and procedures of public or private entities that certify that businesses selling prescription drugs through Internet sites are legitimate businesses, including practices and procedures regarding disclosure formats and verification programs.

(d) REPORTS REGARDING INTERNET-RELATED VIOLATIONS OF FEDERAL AND STATE LAWS ON DISPENSING OF DRUGS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (referred to in this subsection as the ''Secretary'') shall, pursuant to the submission of an application meeting the criteria of the Secretary, make an award of a grant or contract to the National Clearinghouse on Internet Prescribing (operated by the Federation of State Medical Boards) for the purpose of—

(A) identifying Internet sites that appear to be in violation of Federal or State laws concerning the dispensing of drugs;

(B) reporting such sites to State medical licensing boards and State pharmacy licensing boards, and to the Attorney General and the Secretary, for further investigation; and

(C) submitting, for each fiscal year for which the award under this subsection is made, a report to the Secretary describing investigations undertaken with respect to violations described in subparagraph (A).

(2) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out paragraph (1), there is authorized to be appropriated $100,000 for each of the first 3 fiscal years in which this section is in effect.

(e) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) take effect 90 days after the date of enactment of this title, without regard to whether a final rule to implement such amendments has been promulgated by the Secretary of Health and Human Services under section 701(a) of the Federal Food, Drug, and Cosmetic Act. The preceding sentence may not be construed as affecting the authority of such Secretary to promulgate such a final rule.

SEC. ___8. PROHIBITING PAYMENTS TO UNREGISTERED FOREIGN PHARMACIES.

(a) IN GENERAL.—Section 303 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 333) is amended by adding at the end the following:

''(g) RESTRICTED TRANSACTIONS.—

''(1) IN GENERAL.—The introduction of restricted transactions into a payment system or the completion of restricted transactions using a payment system is prohibited.

''(2) PAYMENT SYSTEM.—

''(A) IN GENERAL.—The term 'payment system' means a system used by a person described in subparagraph (B) to effect a credit transaction, electronic fund transfer, or money transmitting service that may be used in connection with, or to facilitate, a restricted transaction, and includes—

''(i) a credit card system;

''(ii) an international, national, regional, or local network used to effect a credit transaction, an electronic fund transfer, or a money transmitting service; and

''(iii) any other system that is centrally managed and is primarily engaged in the transmission and settlement of credit transactions, electronic fund transfers, or money transmitting services.

''(B) PERSONS DESCRIBED.—A person referred to in subparagraph (A) is—

''(i) a creditor;

''(ii) a credit card issuer;

''(iii) a financial institution;

''(iv) an operator of a terminal at which an electronic fund transfer may be initiated;

''(v) a money transmitting business; or

''(vi) a participant in an international, national, regional, or local network used to effect a credit transaction, electronic fund transfer, or money transmitting service.

''(3) RESTRICTED TRANSACTION.—The term 'restricted transaction' means a transaction or transmittal, on behalf of an individual who places an unlawful drug importation request to any person engaged in the operation of an unregistered foreign pharmacy, of—

''(A) credit, or the proceeds of credit, extended to or on behalf of the individual for the purpose of the unlawful drug importation request (including credit extended through the use of a credit card);

''(B) an electronic fund transfer or funds transmitted by or through a money transmitting business, or the proceeds of an electronic fund transfer or money transmitting service, from or on behalf of the individual for the purpose of the unlawful drug importation request;

''(C) a check, draft, or similar instrument which is drawn by or on behalf of the individual for the purpose of the unlawful drug importation request and is drawn on or payable at or through any financial institution; or

''(D) the proceeds of any other form of financial transaction (identified by the Board by regulation) that involves a financial institution as a payor or financial intermediary on behalf of or for the benefit of the individual for the purpose of the unlawful drug importation request.

''(4) UNLAWFUL DRUG IMPORTATION REQUEST.—The term 'unlawful drug importation request' means the request, or transmittal of a request, made to an unregistered foreign pharmacy for a prescription drug by mail (including a private carrier), facsimile, phone, or electronic mail, or by a means that involves the use, in whole or in part, of the Internet.

''(5) UNREGISTERED FOREIGN PHARMACY.—The term 'unregistered foreign pharmacy' means a person in a country other than the United States that is not a registered exporter under section 804.

''(6) OTHER DEFINITIONS.—

''(A) CREDIT; CREDITOR; CREDIT CARD.—The terms 'credit', 'creditor', and 'credit card' have the meanings given the terms in section 103 of the Truth in Lending Act (15 U.S.C. 1602).

''(B) ACCESS DEVICE; ELECTRONIC FUND TRANSFER.—The terms 'access device' and 'electronic fund transfer'—

''(i) have the meaning given the term in section 903 of the Electronic Fund Transfer Act (15 U.S.C. 1693a); and

''(ii) the term 'electronic fund transfer' also includes any fund transfer covered under Article 4A of the Uniform Commercial Code, as in effect in any State.

''(C) FINANCIAL INSTITUTION.—The term 'financial institution'—

''(i) has the meaning given the term in section 903 of the Electronic Transfer Fund Act (15 U.S.C. 1693a); and

''(ii) includes a financial institution (as defined in section 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6809)).

''(D) MONEY TRANSMITTING BUSINESS; MONEY TRANSMITTING SERVICE.—The terms 'money transmitting business' and 'money transmitting service' have the meaning given the terms in section 5330(d) of title 31, United States Code.

''(E) BOARD.—The term 'Board' means the Board of Governors of the Federal Reserve System.

''(7) POLICIES AND PROCEDURES REQUIRED TO PREVENT RESTRICTED TRANSACTIONS.—

''(A) REGULATIONS.—The Board shall promulgate regulations requiring—

''(i) an operator of a credit card system;

''(ii) an operator of an international, national, regional, or local network used to effect a credit transaction, an electronic fund transfer, or a money transmitting service;

''(iii) an operator of any other payment system that is centrally managed and is primarily engaged in the transmission and settlement of credit transactions, electronic transfers or money transmitting services where at least one party to the transaction or transfer is an individual; and

''(iv) any other person described in paragraph (2)(B) and specified by the Board in such regulations,

to establish policies and procedures that are reasonably designed to prevent the introduction of a restricted transaction into a payment system or the completion of a restricted transaction using a payment system

''(B) REQUIREMENTS FOR POLICIES AND PROCEDURES.—In promulgating regulations under subparagraph (A), the Board shall—

''(i) identify types of policies and procedures, including nonexclusive examples, that shall be considered to be reasonably designed to prevent the introduction of restricted transactions into a payment system or the completion of restricted transactions using a payment system; and

''(ii) to the extent practicable, permit any payment system, or person described in paragraph (2)(B), as applicable, to choose among alternative means of preventing the introduction or completion of restricted transactions.

''(C) NO LIABILITY FOR BLOCKING OR REFUSING TO HONOR RESTRICTED TRANSACTION.—

''(i) IN GENERAL.—A payment system, or a person described in paragraph (2)(B) that is subject to a regulation issued under this subsection, and any participant in such payment system that prevents or otherwise refuses to honor transactions in an effort to implement the policies and procedures required under this subsection or to otherwise comply with this subsection shall not be liable to any party for such action.

''(ii) COMPLIANCE.—A person described in paragraph (2)(B) meets the requirements of this subsection if the person relies on and complies with the policies and procedures of a payment system of which the person is a member or in which the person is a participant, and such policies and procedures of the payment system comply with the requirements of the regulations promulgated under subparagraph (A).

''(D) ENFORCEMENT.—

''(i) IN GENERAL.—This section shall be enforced by the Federal functional regulators and the Federal Trade Commission under applicable law in the manner provided in section 505(a) of the Gramm-Leach-Bliley Act (15 U.S.C. 6805(a)).

''(ii) FACTORS TO BE CONSIDERED.—In considering any enforcement action under this subsection against a payment system or person described in paragraph (2)(B), the Federal functional regulators and the Federal Trade Commission shall consider the following factors:

''(I) The extent to which the payment system or person knowingly permits restricted transactions.

''(II) The history of the payment system or person in connection with permitting restricted transactions.

''(III) The extent to which the payment system or person has established and is maintaining policies and procedures in compliance with regulations prescribed under this subsection.

''(8) TRANSACTIONS PERMITTED.—A payment system, or a person described in paragraph (2)(B) that is subject to a regulation issued under this subsection, is authorized to engage in transactions with foreign pharmacies in connection with investigating violations or potential violations of any rule or requirement adopted by the payment system or person in connection with complying with paragraph (7). A payment system, or such a person, and its agents and employees shall not be found to be in violation of, or liable under, any Federal, State or other law by virtue of engaging in any such transaction.

''(9) RELATION TO STATE LAWS.—No requirement, prohibition, or liability may be imposed on a payment system, or a person described in paragraph (2)(B) that is subject to a regulation issued under this subsection, under the laws of any state with respect to any payment transaction by an individual because the payment transaction involves a payment to a foreign pharmacy.

''(10) TIMING OF REQUIREMENTS.—A payment system, or a person described in paragraph (2)(B) that is subject to a regulation issued under this subsection, must adopt policies and procedures reasonably designed to comply with any regulations required under paragraph (7) within 60 days after such regulations are issued in final form.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the day that is 90 days after the date of enactment of this title.

(c) IMPLEMENTATION.—The Board of Governors of the Federal Reserve System shall promulgate regulations as required by subsection (g)(7) of section 303 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 333), as added by subsection (a), not later than 90 days after the date of enactment of this title.

SEC. ___9. IMPORTATION EXEMPTION UNDER CONTROLLED SUBSTANCES IMPORT AND EXPORT ACT.

Section 1006(a)(2) of the Controlled Substances Import and Export Act (21 U.S.C. 956(a)(2)) is amended by striking ''not import the controlled substance into the United States in an amount that exceeds 50 dosage units of the controlled substance.'' and inserting ''import into the United States not more than 10 dosage units combined of all such controlled substances.''.

SA 4743. Mr. KERRY submitted an amendment intended to be proposed by him to the bill S. 3711, to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. 6. ENERGY EMERGENCY DISASTER RELIEF LOANS TO SMALL BUSINESS AND AGRICULTURAL PRODUCERS.

(a) DEFINITIONS.—In this section:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Small Business Administration; and

(2) SMALL BUSINESS CONCERN.—The term ''small business concern'' has the meaning given the term in section 3 of the Small Business Act (15 U.S.C. 632).

(b) SMALL BUSINESS PRODUCER ENERGY EMERGENCY DISASTER LOAN PROGRAM.—

(1) DISASTER LOAN AUTHORITY.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (3) the following:

''(4) ENERGY DISASTER LOANS.—

''(A) DEFINITIONS.—In this paragraph—

''(i) the term 'base price index' means the moving average of the closing unit price on the New York Mercantile Exchange for heating oil, natural gas, gasoline, or propane for the 10 days that correspond to the trading days described in clause (ii) in each of the most recent 2 preceding years;

''(ii) the term 'current price index' means the moving average of the closing unit price on the New York Mercantile Exchange, for the 10 most recent trading days, for contracts to purchase heating oil, natural gas, gasoline, or propane during the subsequent calendar month, commonly known as the 'front month'; and

''(iii) the term 'significant increase' means—

''(I) with respect to the price of heating oil, natural gas, gasoline, or propane, any time the current price index exceeds the base price index by not less than 40 percent; and

''(II) with respect to the price of kerosene, any increase which the Administrator, in consultation with the Secretary of Energy, determines to be significant.

''(B) LOAN AUTHORITY.—The Administrator may make such loans, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, to assist a small business concern that has suffered or that is likely to suffer substantial economic injury on or after January 1, 2005, as the result of a significant increase in the price of heating oil, natural gas, gasoline, propane, or kerosene occurring on or after January 1, 2005.

''(C) INTEREST RATE.—Any loan or guarantee extended pursuant to this paragraph shall be made at the same interest rate as economic injury loans under paragraph (2).

''(D) MAXIMUM AMOUNT.—No loan may be made under this paragraph, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, if the total amount outstanding and committed to the borrower under this subsection would exceed $1,500,000, unless such borrower constitutes a major source of employment in its surrounding area, as determined by the Administrator, in which case the Administrator, in the discretion of the Administrator, may waive the $1,500,000 limitation.

''(E) DISASTER DECLARATION.—For purposes of assistance under this paragraph—

''(i) a declaration of a disaster area based on conditions specified in this paragraph shall be required, and shall be made by the President or the Administrator; or

''(ii) if no declaration has been made pursuant to clause (i), the Governor of a State in which a significant increase in the price of heating oil, natural gas, gasoline, propane, or kerosene has occurred may certify to the Administrator that small business concerns have suffered economic injury as a result of such increase and are in need of financial assistance which is not otherwise available on reasonable terms in that State, and upon receipt of such certification, the Administrator may make such loans as would have been available under this paragraph if a disaster declaration had been issued.

''(F) CONVERSION.—Notwithstanding any other provision of law, loans made under this paragraph may be used by a small business concern described in subparagraph (B) to convert from the use of heating oil, natural gas, gasoline, propane, or kerosene to a renewable or alternative energy source, including agriculture and urban waste, geothermal energy, cogeneration, solar energy, wind energy, or fuel cells.''.

(2) CONFORMING AMENDMENTS.—Section 3(k) of the Small Business Act (15 U.S.C. 632(k)) is amended—

(A) by inserting '', a significant increase in the price of heating oil, natural gas, gasoline, propane, or kerosene,'' after ''civil disorders''; and

(B) by inserting ''other'' before ''economic''.

(c) AGRICULTURAL PRODUCER EMERGENCY LOANS.—

(1) IN GENERAL.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(A) in the first sentence—

(i) by striking ''aquaculture operations have'' and inserting ''aquaculture operations (i) have''; and

(ii) by inserting before '': *Provided*,'' the following: '', or (ii)(I) are owned or operated by such an applicant that is also a small business concern (as defined in section 3 of the Small Business Act (15 U.S.C. 632)), and (II) have suffered or are likely to suffer substantial economic injury on or after January 1, 2005, as the result of a significant increase in energy costs or input costs from energy sources occurring on or after January 1, 2005, in connection with an energy emergency declared by the President or the Secretary'';

(B) in the third sentence, by inserting before the period at the end the following: ''or by an energy emergency declared by the President or the Secretary''; and

(C) in the fourth sentence—

(i) by striking ''or natural disaster'' each place that term appears and inserting '', natural disaster, or energy emergency''; and

(ii) by inserting ''or declaration'' after ''emergency designation''.

(2) FUNDING.—Funds available on the date of enactment of this Act for emergency loans under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.) shall be available to carry out the amendments made by paragraph (1) to meet the needs resulting from natural disasters.

(d) GUIDELINES AND RULEMAKING.—

(1) GUIDELINES.—Not later than 30 days after the date of enactment of this Act, the Administrator and the Secretary of Agriculture shall each issue guidelines to carry out subsections (b) and (c), respectively, and the amendments made thereby, which guidelines shall become effective on the date of their issuance.

(2) RULEMAKING.—Not later than 30 days after the date of enactment of this Act, the Administrator, after consultation with the Secretary of Energy, shall promulgate regulations specifying the method for determining a significant increase in the price of kerosene under section 7(b)(4)(A)(iii)(II) of the Small Business Act, as added by this section.

(e) REPORTS.—

(1) SMALL BUSINESS ADMINISTRATION.—Not later than 12 months after the date on which the Administrator issues guidelines under subsection (d)(1), and annually thereafter, until the date that is 12 months after the end of the effective period of section 7(b)(4) of the Small Business Act, as added by this section, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, a report on the effectiveness of the assistance made available under section 7(b)(4) of the Small Business Act, as added by this section, including—

(A) the number of small business concerns that applied for a loan under such section 7(b)(4) and the number of those that received such loans;

(B) the dollar value of those loans;

(C) the States in which the small business concerns that received such loans are located;

(D) the type of energy that caused the significant increase in the cost for the participating small business concerns; and

(E) recommendations for ways to improve the assistance provided under such section 7(b)(4), if any.

(2) DEPARTMENT OF AGRICULTURE.—Not later than 12 months after the date on which the Secretary of Agriculture issues guidelines under subsection (d)(1), and annually thereafter, until the date that is 12 months after the end of the effective period of the amendments made to section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) by this section, the Secretary shall submit to the Committee on Small Business and Entrepreneurship and the Committee on Agriculture, Nutrition, and Forestry of the Senate and to the Committee on Small Business and the Committee on Agriculture of the House of Representatives, a report that—

(A) describes the effectiveness of the assistance made available under section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)), as amended by this section; and

(B) contains recommendations for ways to improve the assistance provided under such section 321(a).

(f) EFFECTIVE DATE.—

(1) SMALL BUSINESS.—The amendments made by subsection (b) shall apply during the 4-year period beginning on the earlier of the date on which guidelines are published by the Administrator under subsection (d)(1) or 30 days after the date of enactment of this Act, with respect to assistance under section 7(b)(4) of the Small Business Act, as added by this section.

(2) AGRICULTURE.—The amendments made by subsection (c) shall apply during the 4-year period beginning on the earlier of the date on which guidelines are published by the Secretary of Agriculture under subsection (d)(1) or 30 days after the date of enactment of this Act, with respect to assistance under section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)), as amended by this section.

SA 4744. Mr KERRY (for himself and Mr. JEFFORDS) submitted an amendment intended to be proposed by him to the bill S. 3711, to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. FEDERAL RENEWABLE PORTFOLIO STANDARD.

Title VI of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is amended by adding at the end the following:

''SEC. 610. FEDERAL RENEWABLE PORTFOLIO STANDARD.

''(a) DEFINITIONS.—In this section:

''(1) BIOMASS.—

''(A) IN GENERAL.—The term 'biomass' means—

''(i) organic material from a plant that is planted for the purpose of producing energy;

''(ii) nonhazardous, cellulosic, or agricultural waste material that—

''(I) is segregated from other waste materials; and

''(II) is derived from—

''(aa) a forest-related resource, including—

''(AA) mill and harvesting residue;

''(BB) precommercial thinnings;

''(CC) slash; and

''(DD) brush;

''(bb) agricultural resources, including—

''(AA) orchard tree crops;

''(BB) vineyards;

''(CC) grains;

''(DD) legumes;

''(EE) sugar; and

''(FF) other crop by-products or residues; or

''(cc) miscellaneous waste, such as—

''(AA) waste pallet;

''(BB) crate; and

''(CC) landscape or right-of-way tree trimmings; and

''(iii) animal waste—

''(I) that is converted to a fuel rather than directly combusted; and

''(II) the residue of which is converted to—

''(aa) a biological fertilizer;

''(bb) oil; or

''(cc) activated carbon.

''(B) EXCLUSIONS.—The term 'biomass' does not include—

''(i) municipal solid waste that is incinerated;

''(ii) recyclable post-consumer waste paper;

''(iii) painted, treated, or pressurized wood;

''(iv) wood contaminated with plastics or metals; or

''(v) tires.

''(2) DISTRIBUTED GENERATION.—The term 'distributed generation' means reduced electricity consumption on the electric grid due to use by a customer of renewable energy generated at a customer site.

''(3) INCREMENTAL HYDROPOWER.—The term 'incremental hydropower' means additional generation achieved after January 1, 2005, as a result of increased efficiency at a hydroelectric dam that was placed in service before that date.

''(4) LANDFILL GAS.—The term 'landfill gas' means gas generated from the decomposition of household solid waste, commercial solid waste, or industrial solid waste disposed of in a municipal solid waste landfill unit (as those terms are defined in regulations promulgated pursuant to subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.)).

''(5) RENEWABLE ENERGY.—The term 'renewable energy' means electricity generated from—

''(A) a renewable energy source; or

''(B) hydrogen that is produced from a renewable energy source.

''(6) RENEWABLE ENERGY SOURCE.—The term 'renewable energy source' means—

''(A) wind;

''(B) ocean waves;

''(C) biomass;

''(D) solar energy;

''(E) landfill gas;

''(F) incremental hydropower; or

''(G) geothermal.

''(7) RETAIL ELECTRIC SUPPLIER.—The term 'retail electric supplier' means a person or entity that, with respect to an applicable calendar year under subsection (b)(1)—

''(A) sells retail electricity to consumers; and

''(B) sold not less than 500,000 megawatt-hours of electric energy to consumers for purposes other than resale during the preceding calendar year.

''(b) RENEWABLE ENERGY REQUIREMENTS.—

''(1) SUBMISSION OF CREDITS.—

''(A) IN GENERAL.—Not later than April 30, 2007, and annually thereafter, each retail electric supplier shall submit to the Secretary renewable energy credits in a quantity equal to the product obtained by multiplying—

''(i) the total kilowatt-hours of nonhydropower (excluding incremental hydropower) electricity sold by the retail electric supplier to retail consumers during the preceding calendar year; and

''(ii) the applicable percentage under the table contained in subsection (c).

''(B) FORM OF CREDITS.—A credit submitted under subparagraph (A) shall be—

''(i) a renewable energy credit issued to the retail electric supplier under subsection (d)(2);

''(ii) a renewable energy credit obtained by purchase or exchange under subsection (d)(3);

''(iii) a renewable energy credit purchased from the United States under subsection (d)(4); or

''(iv) any combination of credits described in clauses (i) through (iii).

''(C) PROHIBITION ON DOUBLE COUNTING.—A credit may be counted for purposes of compliance with this subsection only once.

''(2) CARRYOVER.—A renewable energy credit received by a retail electric supplier during a calendar year that is not used to satisfy the requirement for that year under paragraph (1) may be carried over for use during 1 of the following 2 calendar years.

''(c) REQUIRED ANNUAL PERCENTAGE.—Of the total quantity of nonhydropower (excluding incremental hydropower) electricity sold by a retail electric supplier during a calendar year, the quantity generated by renewable energy sources shall be not less than the percentage described in the following table:

''Calendar year	Required percentage
2007–2009	5
2010–2014	10
2015–2019	15
2020 and thereafter	20

''(d) RENEWABLE ENERGY CREDIT PROGRAM.—

''(1) ESTABLISHMENT.—Not later than 1 year after the date of enactment of this section, the Secretary shall establish a program under which the Secretary shall issue, monitor the sale and exchange of, sell, and track renewable energy credits.

''(2) ISSUANCE OF CREDITS.—

''(A) ISSUANCE.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall issue to an entity that submits an application under subparagraph (B) 1 renewable energy credit for each kilowatt-hour of renewable energy generated by the entity in any State during the preceding calendar year for—

''(I) sale for retail consumption; or

''(II) use by the generator.

''(ii) DISTRIBUTED GENERATION.—Notwithstanding clause (i), the Secretary shall issue to an entity that submits an application under subparagraph (B) 3 renewable energy credits for each kilowatt-hour of distributed generation as a result of actions of the entity.

''(iii) COMBINATION OF SOURCES.—If a kilowatt-hour of renewable energy is generated through the use of a renewable energy resource and a nonrenewable energy resource, the Secretary shall issue an applicable renewable energy credit based on the ratio that—

''(I) the quantity of renewable energy resource used to generate the kilowatt-hour of renewable energy; bears to

''(II) the total quantity of resources used to generate the kilowatt-hour of renewable energy.

''(B) APPLICATION.—

''(i) IN GENERAL.—An entity that generates renewable energy may submit to the Secretary an application for the issuance of renewable energy credits.

''(ii) INCLUSIONS.—An application under clause (i) shall include a description of—

''(I) the type of renewable energy resource used by the entity to produce the renewable energy;

''(II) the State in which the renewable energy was produced; and

''(III) any other information the Secretary determines to be appropriate.

''(C) VESTING.—A renewable energy credit shall vest with the owner of the system or facility that generates the renewable energy, unless the owner explicitly transfers the credit.

''(D) IDENTIFICATION.—For purposes of issuing, selling, and tracking renewable energy credits, the Secretary shall identify the credits based on the type and date of generation of the renewable energy for which the credit is provided.

''(E) CONTRACT SALES.—For purposes of this section, a retail electric supplier that purchases renewable energy from a generator pursuant to a contract under section 210 shall be considered to be the generator of the renewable energy.

''(F) VOLUNTARY PARTICIPATION.—The Secretary may issue a renewable energy credit under this paragraph to an entity that is not subject to the requirements of this Act only if the entity—

''(i) meets the terms and conditions of this Act to the same extent as an entity subject to the requirements of this Act; and

''(ii) submits an application under subparagraph (B).

''(3) SALE AND EXCHANGE OF CREDITS.—

''(A) IN GENERAL.—A renewable energy credit may be sold or exchanged by—

''(i) the entity that is issued the renewable energy credit under paragraph (2); or

''(ii) any other entity that acquires the renewable energy credit.

''(B) REQUIREMENT.—A sale or exchange of a credit under subparagraph (A) shall be carried out in accordance with applicable contracts and laws, including laws relating to the spot market.

''(4) PURCHASE FROM UNITED STATES.—

''(A) IN GENERAL.—The Secretary shall offer for sale renewable energy credits at a price equal to the lesser of, as adjusted for inflation under subparagraph (B)—

''(i) 3 cents per kilowatt-hour covered by the credit; and

''(ii) an amount equal to 110 percent of the average market value of the credits for the applicable compliance period.

''(B) ADJUSTMENT FOR INFLATION.—On January 1, 2007, and annually thereafter, the Secretary shall adjust for inflation the price to be charged for a renewable energy credit for the appropriate calendar year.

''(e) ENFORCEMENT.—

''(1) IN GENERAL.—A retail electric supplier that does not submit renewable energy credits in accordance with subsection (b) shall be subject to a civil penalty in an amount equal to the product obtained by multiplying—

''(A) the difference between—

''(i) the number of renewable energy credits submitted by the retail electric supplier; and

''(ii) the number of credits required to be submitted by the retail electric supplier under subsection (b); and

''(B) the lesser of—

''(i) 4.5 cents; and

''(ii) an amount equal to 300 percent of the average market value of credits for the applicable compliance period.

''(2) COLLECTION OF INFORMATION.—The Secretary may collect such information as the Secretary determines to be necessary to verify and audit—

''(A) the annual electric energy generation and renewable energy generation of any entity that applies for renewable energy credits under this section;

''(B) the validity of renewable energy credits submitted by a retail electric supplier to the Secretary; and

''(C) the total amount of electricity sales of all retail electric suppliers.

''(f) CONSUMER ALLOCATION.—

''(1) IN GENERAL.—A retail electric supplier shall charge each class of consumers of the retail electric supplier a rate that proportionally reflects the percentage of the cost to the retail electric supplier of generating or acquiring the annual percentage of renewable energy required under subsection (b).

''(2) PROHIBITION OF MISREPRESENTATION.—A retail electric supplier shall not make any representation to a customer or prospective customer of the retail electric supplier regarding product content or description if the content or description has been or will be modified by the retail electric supplier solely for purposes of complying with this section.

''(g) STATE RENEWABLE ENERGY GRANT PROGRAM.—

''(1) ESTABLISHMENT.—Not later than 1 year after the date of enactment of this section, the Secretary shall establish a program under which the Secretary shall distribute amounts received from sales under subsection (d)(4), and from penalties under subsection (e)(1), to State energy agencies for use in accordance with this section.

''(2) USE OF FUNDS.—A State energy agency shall use amounts received under this subsection to carry out a grant program to provide for—

''(A) renewable energy research and development;

''(B) loan guarantees to encourage construction of renewable energy facilities;

''(C) consumer rebate or other programs to offset the costs of small residential or small commercial renewable energy systems, including solar hot water; or

''(D) promotion of distributed generation.

''(3) PRIORITY.—In allocating amounts under this subsection, the Secretary shall give priority to, as determined by the Secretary—

''(A) States in regions with a disproportionately small share of economically-sustainable renewable energy generation capacity; and

''(B) States the grant programs of which are most likely to stimulate or enhance innovative renewable energy technologies.

''(h) EFFECT ON OTHER STATE PROGRAMS.—Nothing in this section precludes any State from requiring additional renewable energy generation capacity in the State pursuant to a renewable energy program conducted by the State.''.

SA 4745. Mr. KERRY submitted an amendment intended to be proposed by him to the bill S. 3711, to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. FUNDING FOR ALTERNATIVE INFRASTRUCTURE FOR THE DISTRIBUTION OF TRANSPORTATION FUELS.

(a) IN GENERAL.—There is established in the Treasury of the United States a trust fund, to be known as the ''Alternative Fueling Infrastructure Trust Fund'' (referred to in this section as the ''Trust Fund''), consisting of such amounts as are deposited into the Trust Fund under subsection (b) and any interest earned on investment of amounts in the Trust Fund.

(b) PENALTIES.—The Secretary of Transportation shall remit 90 percent of the amount collected in civil penalties under section 32912 of title 49, United States Code, to the Trust Fund.

(c) GRANT PROGRAM.—

(1) IN GENERAL.—The Secretary of Energy shall obligate such sums as are available in the Trust Fund to establish a grant program to increase the number of locations at which consumers may purchase alternative transportation fuels.

(2) ADMINISTRATION.—

(A) IN GENERAL.—The Secretary of Energy may award grants under this subsection to—

(i) individual fueling stations; and

(ii) corporations (including nonprofit corporations) with demonstrated experience in the administration of grant funding for the purpose of alternative fueling infrastructure.

(B) MAXIMUM AMOUNT OF GRANTS.—A grant provided under this subsection may not exceed—

(i) $150,000 for each site of an individual fueling station; and

(ii) $500,000 for each corporation (including a nonprofit corporation).

(C) PRIORITIZATION.—The Secretary of Energy shall prioritize the provision of grants under this subsection to recognized nonprofit corporations that have proven experience and demonstrated technical expertise in the establishment of alternative fueling infrastructure, as determined by the Secretary of Energy.

(D) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the funds provided in any grant may be used by the recipient of the grant to pay administrative expenses.

(E) NUMBER OF VEHICLES.—In providing grants under this subsection, the Secretary of Energy shall consider the number of vehicles in service capable of using a specific type of alternative fuel.

(F) MATCH.—Grant recipients shall provide a non-Federal match of not less than $1 for every $3 of grant funds received under this subsection.

(G) LOCATIONS.—Each grant recipient shall select the locations for each alternative fuel station to be constructed with grant funds received under this subsection on a formal, open, and competitive basis.

(H) USE OF INFORMATION IN SELECTION OF RECIPIENTS.—In selecting grant recipients under this subsection, the Secretary of Energy may consider—

(i) public demand for each alternative fuel in a particular county based on State registration records indicating the number of vehicles that may be operated using alternative fuel; and

(ii) the opportunity to create or expand corridors of alternative fuel stations along interstates or highways.

(3) USE OF GRANT FUNDS.—Grant funds received under this subsection may be used to—

(A) construct new facilities to dispense alternative fuels;

(B) purchase equipment to upgrade, expand, or otherwise improve existing alternative fuel facilities; or

(C) purchase equipment or pay for specific turnkey fueling services by alternative fuel providers.

(4) FACILITIES.—Facilities constructed or upgraded with grant funds under this subsection shall—

(A) provide alternative fuel available to the public for a period not less than 4 years;

(B) establish a marketing plan to advance the sale and use of alternative fuels;

(C) prominently display the price of alternative fuel on the marquee and in the station;

(D) provide point of sale materials on alternative fuel;

(E) clearly label the dispenser with consistent materials;

(F) price the alternative fuel at the same margin that is received for unleaded gasoline; and

(G) support and use all available tax incentives to reduce the cost of the alternative fuel to the lowest practicable retail price.

(5) OPENING OF STATIONS.—

(A) IN GENERAL.—Not later than the date on which each alternative fuel station begins to offer alternative fuel to the public, the grant recipient that used grant funds to construct the station shall notify the Secretary of Energy of the opening.

(B) WEBSITE.—The Secretary of Energy shall add each new alternative fuel station to the alternative fuel station locator on the website of the Department of Energy when the Secretary of Energy receives notification under this subsection.

(6) REPORTS.—Not later than 180 days after the receipt of a grant award under this subsection, and every 180 days thereafter, each grant recipient shall submit a report to the Secretary of Energy that describes—

(A) the status of each alternative fuel station constructed with grant funds received under this subsection;

(B) the quantity of alternative fuel dispensed at each station during the preceding 180-day period; and

(C) the average price per gallon of the alternative fuel sold at each station during the preceding 180-day period.

SA 4746. Mr. SMITH (for himself, Mr. MENENDEZ, Ms. SNOWE, Mr. KERRY, Mr. SALAZAR, Ms. CANTWELL, Mr. LIEBERMAN, Mr. KENNEDY, Mr. ALLARD, Mr. WYDEN, Mrs. CLINTON, and Mr. DODD) submitted an amendment intended to be proposed by him to the bill S. 3711, to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. 6. INVESTMENT TAX CREDITS.

(a) EXTENSION AND MODIFICATION OF INVESTMENT TAX CREDIT WITH RESPECT TO SOLAR ENERGY PROPERTY AND QUALIFIED FUEL CELL PROPERTY.—

(1) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) of the Internal Revenue Code of 1986 are each amended by striking ''2008'' and inserting ''2016''.

(2) ELIGIBLE FUEL CELL PROPERTY.—Paragraph (1)(E) of section 48(c) of the Internal Revenue Code of 1986 is amended by striking ''2007'' and inserting ''2015''.

(3) CREDITS ALLOWED AGAINST THE ALTERNATIVE MINIMUM TAX.—Section 38(c)(4)(B) of the Internal Revenue Code of 1986 (defining specified credits) is amended by striking the period at the end of clause (ii)(II) and inserting '', and'', and by adding at the end the following new clause:

''(iii) the portion of the investment credit under section 46(2) as determined under section 48(a)(2)(A)(i).''.

(b) EXTENSION AND MODIFICATION OF CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.—

(1) EXTENSION.—Section 25D of the Internal Revenue Code of 1986 (relating to termination) is amended by striking ''2007'' and inserting ''2015''.

(2) MODIFICATION OF MAXIMUM CREDIT.—Paragraph (1) of section 25D(b) of the Internal Revenue Code of 1986 (relating to limitations) is amended to read as follows:

''(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) for any taxable year shall not exceed—

''(A) $1,000 with respect to each half kilowatt of capacity of qualified photovoltaic property for which qualified photovoltaic property expenditures are made,

''(B) $2,000 with respect to any qualified solar water heating property expenditures, and

''(C) $500 with respect to each half kilowatt of capacity of qualified fuel cell property (as

defined in section 48(c)(1)) for which qualified fuel cell property expenditures are made.''.

(3) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(A) IN GENERAL.—Section 25D(b) of the Internal Revenue Code of 1986 (as amended by subsection (b)) is amended by adding at the end the following new paragraph:

''(3) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under subpart A of part IV of subchapter A and section 27 for the taxable year.''.

(B) CONFORMING AMENDMENT.—Subsection (c) of section 25D of such Code is amended to read as follows:

''(c) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by subsection (b)(3) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2006.

SA 4747. Mr. WARNER submitted an amendment intended to be proposed by him to the bill S. 3711, to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes; which was ordered to lie on the table; as follows:

Beginning on page 17, strike line 19 and all that follows through page 18, line 17 and insert the following:

(f) LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES AND COVERED REVENUES.—

(1) IN GENERAL.—Subject to paragraph (2), the total amount of qualified outer Continental Shelf revenues and covered revenues made available under subsection (a)(2) and section 6(j)(1)(B) shall not exceed $500,000,000 for each of fiscal years 2016 through 2055.

(2) EXPENDITURES.—For the purpose of paragraph (1), for each of fiscal years 2016 through 2055, expenditures under subsection (a)(2) and section 6(j)(1)(B) shall be net of receipts from that fiscal year from any area in the 181 Area in the Eastern Planning Area, the 181 South Area, or any area off the coastline of a covered State.

(3) PRO RATA REDUCTIONS.—If paragraph (1) limits the amount of qualified outer Continental Shelf revenue or covered revenues that would be paid under subparagraphs (A) and (B) of subsection (a)(2) or clauses (i) and (ii) of section 6(j)(1)(B)—

(A) the Secretary shall reduce the amount of qualified outer Continental Shelf revenue and covered revenue provided to each recipient on a pro rata basis; and

(B) any remainder of the qualified outer Continental Shelf revenues and covered revenues shall revert to the general fund of the Treasury.

SEC. 6. OFFSHORE OIL AND GAS LEASING IN AREAS OUTSIDE THE GULF OF MEXICO.

(a) DEFINITIONS.—In this section:

(1) ADJACENT ZONE.—The term ''Adjacent Zone'' means the Adjacent Zone of each State, as defined by the lines extending seaward and defining the adjacent Zone of each State indicated on the maps for each outer Continental Shelf region entitled—

(A) ''Alaska OCS Region State Adjacent Zone and OCS Planning Areas'';

(B) ''Pacific OCS Region State Adjacent Zones and OCS Planning Areas''; and

(C) ''Atlantic OCS Region State Adjacent Zones and OCS Planning Areas'';

all of which are dated September 2005 and on file in the Office of the Director, Minerals Management Service.

(2) COVERED REVENUES.—

(A) IN GENERAL.—The term ''covered revenues'' means all rentals, royalties, bonus bids, and other sums due and payable to the United States from leases entered into on or after the date of enactment of this Act in a moratorium area.

(B) EXCLUSIONS.—The term ''covered revenues'' does not include—

(i) revenues from the forfeiture of a bond or other surety securing obligations other than royalties, civil penalties, or royalties taken by the Secretary in-kind and not sold; or

(ii) revenues generated from leases subject to section 8(g) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)).

(3) COVERED STATE.—The term ''covered State'' means—

(A) a State for which—

(i) the Governor of the State requests the Secretary to allow natural gas or oil or natural gas leasing in a moratorium area; and

(ii) the Secretary allows the leasing; and

(B) effective for fiscal year 2017 and each fiscal year thereafter, a State—

(i) off which oil and gas activities on the outer Continental Shelf are conducted under a lease entered into on or after the date of enactment of this Act;

(ii) that is offshore of any State that is not a Gulf producing State; and

(iii) that does not have an area described in section 2(6)(B)(i) off the coast of the State, as determined on the basis of the administrative lines established by the Secretary under the notice published on January 3, 2006 (71 Fed. Reg. 127).

(4) LEASE.—The term ''lease'' includes a natural gas lease under section 8(q) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(q)).

(5) MORATORIUM AREA.—The term ''moratorium area'' means—

(A) any area withdrawn from disposition by leasing in the Atlantic OCS Region or the Pacific OCS Region Planning Area under the ''Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition'', from 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998; and

(B) any area of the outer Continental Shelf (other than an area in the Gulf of Mexico) as to which Congress has denied the use of appropriated funds or other means for preleasing, leasing, or related activities.

(b) PROHIBITION AGAINST LEASING.—Except as otherwise provided in this section, prior to June 30, 2012, the Secretary shall not offer a lease for oil and gas, or natural gas, in a moratorium area.

(c) OPTION TO PETITION FOR EXTENSION OF WITHDRAWAL FROM LEASING.—

(1) OPTION TO PETITION.—

(A) IN GENERAL.—The Governor of a State may submit to the Secretary a petition requesting that the Secretary extend for a period of time described in subparagraph (B) the withdrawal from leasing in a moratorium area for all or part of any area within the Adjacent Zone of the State within 125 miles of the coastline of the State.

(B) LENGTH OF EXTENSION.—

(i) IN GENERAL.—The period of time requested in a petition submitted under subparagraph (A) shall not exceed 5 years for each petition.

(ii) LIMITATION.—The Secretary shall not grant a petition submitted under subparagraph (A) that extends the remaining period of a withdrawal of an area from leasing for a total of more than 10 years.

(C) MULTIPLE PETITIONS.—A State may petition multiple times for a particular area, but not more than once per calendar year for any particular area.

(D) CONTENTS OF PETITION.—A petition submitted under subparagraph (A) may—

(i) apply to either oil and gas leasing or natural gas leasing, or both; and

(ii) request some areas to be withdrawn from all leasing and some areas only withdrawn from 1 type of leasing.

(2) ACTION BY SECRETARY.—Not later than 90 days after receipt of a petition submitted according to the guidelines described in paragraph (1), the Secretary shall approve the petition.

(3) FAILURE TO ACT.—If the Secretary fails to approve a petition in accordance with paragraph (2), the petition shall be considered to be approved 90 days after the date on which the Secretary received the petition.

(d) RESOURCE ESTIMATES.—

(1) REQUESTS.—At any time, the Governor of an affected State (acting on behalf of the State) may request the Secretary to provide a current estimate of proven and potential gas, or oil and gas, resources that may result, and resulting State revenues, in any moratorium area (or any part of the moratorium area the Governor identifies) adjacent to, or lying seaward of the coastline of, that State.

(2) RESPONSE OF SECRETARY.—Not later than 45 days after the date on which the Governor of a State requests an estimate under paragraph (1), the Secretary shall provide—

(A) a current estimate of proven and potential gas, or oil and gas, resources in any moratorium areas off the shore of a State;

(B) an estimate of potential revenues that could be shared under this Act if resources were developed and produced; and

(C) an explanation of the planning processes that could lead to the leasing, exploration, development, and production of the gas, or oil and gas, resources within the area identified.

(e) AVAILABILITY OF CERTAIN AREAS FOR LEASING.—

(1) PETITION.—

(A) IN GENERAL.—On consideration of the information received from the Secretary, the Governor (acting on behalf of the State of the Governor) may submit to the Secretary a petition requesting that the Secretary make available for leasing any portion of a moratorium area in the Adjacent Zone of the State.

(B) CONTENTS.—In a petition under subparagraph (A), a Governor may request that an area described in subparagraph (A) be made available for leasing under subsection (b) or (q), or both, of section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337).

(2) ACTION BY SECRETARY.—Not later than 90 days after the date of receipt of a petition under paragraph (1), the Secretary shall approve the petition unless the Secretary determines that leasing in the affected area presents a significant likelihood of incidents associated with the development of resources that would cause serious harm or damage to the marine resources of the area or of an adjacent State.

(3) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with paragraph (2), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

(4) TREATMENT.—Notwithstanding any other provision of law, not later than 180

days after the date on which a petition is approved, or considered to be approved, under paragraph (2) or (3), the Secretary shall—

(A) treat the petition of the Governor under paragraph (1) as a proposed revision to a leasing program under section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344); and

(B) except as provided in paragraph (5), expedite the revision of the 5-year outer Continental Shelf oil and gas leasing program in effect as of that date to include any lease sale for any area covered by the petition.

(5) INCLUSION IN SUBSEQUENT PLANS.—

(A) IN GENERAL.—If there are less than 18 months remaining in the 5-year outer Continental Shelf oil and gas leasing program described in paragraph (4)(B), the Secretary, without consultation with any State, shall include the areas covered by the petition in lease sales under the subsequent 5-year outer Continental Shelf oil and gas leasing program.

(B) ENVIRONMENTAL ASSESSMENT.—Before modifying a 5-Year outer Continental Shelf oil and gas leasing program under subparagraph (A), the Secretary shall complete an environmental assessment that describes any anticipated environmental effect of leasing in the area covered by the petition.

(6) SPENDING LIMITATIONS.—Any Federal spending limitation with respect to preleasing, leasing, or a related activity in an area made available for leasing under this subsection shall terminate as of the date on which the petition of the Governor relating to the area is approved, or considered to be approved, under paragraph (2) or (3).

(7) APPLICATION.—This subsection shall not apply to—

(A) any area designated as a national marine sanctuary or a national wildlife refuge;

(B) any area not included in the outer Continental Shelf; or

(C) the Great Lakes (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3)).

(8) GREAT LAKES.—The Great Lakes (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3)))—

(A) shall not be considered part of the outer Continental Shelf under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.); and

(B) shall not be subject to production.

(f) NEIGHBORING STATE CONCURRENCE.—

(1) NOTICE.—The Secretary shall provide notice to a neighboring State of any proposed lease of oil or natural gas in a moratorium area if the lease would be located within 20 miles of the nearest point on the coastline of the State.

(2) OBJECTION.—Not later than 30 days after receiving the notice, the Governor of the State may object to the issuance of the lease on grounds that the lease presents a significant risk to environmental and economic resources of the State.

(3) SECRETARY REVIEW.—If the Secretary, after review of the objection and consultation with the adjacent State, concurs that the lease presents a significant risk described in paragraph (2), and that the risk cannot be reasonably mitigated, the Secretary shall not approve an exploration plan for the lease.

(4) NONAPPLICABILITY.—This subsection does not apply to a State covered by subsection (h).

(g) NATURAL GAS LEASES.—

(1) IN GENERAL.—Beginning with the 5-year outer Continental Shelf oil and gas leasing program for 2007 through 2012, the Secretary may issue a lease under this section that authorizes development and production of gas and associated condensate and other hydrocarbon liquids in a moratorium area in accordance with regulations issued under paragraph (2).

(2) REGULATIONS.—Not later than October 1, 2006, the Secretary shall issue regulations that, for purposes of this subsection—

(A) define the term ''natural gas'' in a manner that includes—

(i) hydrocarbons and other substances in a gaseous state at atmospheric pressure and a temperature of 60 degrees Fahrenheit;

(ii) liquids that condense (gas liquids) from natural gas in the process of treatment, dehydration, decompression, or compression prior to the point for measuring volume and quality of the production established by the Secretary, acting through the Minerals Management Service;

(iii) other associated hydrocarbon liquids if the predominant component is natural gas and gas liquids; and

(iv) natural gas liquefied for transportation;

(B) provide that natural gas leases shall contain the same rights and obligations as oil and gas leases;

(C) provide that, in reviewing the adequacy of bids for natural gas leases, the Secretary, acting through the Minerals Management Service, shall exclude the value of any crude oil estimated to be discovered within the boundaries of the leasing area;

(D) provide for cancellation of a natural gas lease, with payment of the fair value of the lease rights canceled, if the Secretary determines that hydrocarbons other than natural gas and natural gas liquids will be the predominant production from the lease; and

(E) provide that, at the request and with the consent of the Governor of the State adjacent to the lease area, and with the consent of the lessee, an existing natural gas lease may be converted, without an increase in the rental royalty rate and without further payment in the nature of a lease bonus, to a lease under section 8(b) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(b)), in accordance with a process, to be established by the Secretary, that requires—

(i) consultation by the Secretary with the Governor of the State and the lessee with respect to the operating conditions of the lease, taking into consideration environmental resource conservation and recovery, economic factors, and other factors, as the Secretary determines to be relevant; and

(ii) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(3) EFFECT OF OTHER LAWS.—Any Federal law (including regulations) that applies to an oil and gas lease on the outer Continental Shelf shall apply to a natural gas lease issued under this subsection.

(h) EXCHANGE OF LEASES FOR AREAS LOCATED WITHIN 100 MILES OF STATES IMPOSING A MORATORIUM.—

(1) IN GENERAL.—Effective beginning on the date that is 180 days after the date of enactment of this Act, the lessee of an oil and gas lease in existence on the date of enactment of this Act for an area located completely within 100 miles of the coastline and within the Adjacent Zones of States that have extended a moratorium under subsection (c) shall have the option, without compensation, of exchanging the lease for a new oil and gas lease having a primary term of 5 years.

(2) TRACTS.—For the area subject to the new lease, the lessee may select any unleased tract—

(A) at least part of which is located within the area between 100 and 125 miles from the coastline; and

(B) that is located—

(i) completely beyond 125 miles from the coastline; and

(ii) within the same Adjacent Zone of the adjacent State as the lease being exchanged.

(3) ADMINISTRATIVE PROCESS.—

(A) IN GENERAL.—The Secretary shall establish a reasonable administrative process through which a lessee may exercise the option of the lessee to exchange an oil and gas lease for a new oil and gas lease in accordance with this subsection.

(B) RELATIONSHIP TO OTHER LAWS.—An exchange of leases conducted in accordance with this subsection (including the issuance of a new lease)—

(i) shall not be considered to be a major Federal action for purposes of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.); and

(ii) shall be considered in compliance with the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.).

(C) WITHDRAWAL.—The Secretary shall issue a new lease in exchange for the lease being exchanged notwithstanding that the area that will be subject to the lease may be withdrawn from leasing under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) or otherwise unavailable for leasing under any other law.

(4) PRIORITY.—

(A) BONUS BID.—The Secretary shall give priority in the lease exchange process under this subsection based on the amount of the original bonus bid paid for the issuance of each lease to be exchanged.

(B) EXCHANGE OF PARTIAL TRACTS FOR FULL TRACTS.—The Secretary shall allow leases covering partial tracts to be exchanged for leases covering full tracts under this subsection conditioned on payment of additional bonus bids on a per-acre basis, as determined based on the average per acre of the original bonus bid per acre for the partial tract being exchanged.

(5) CANCELLATION OF LEASE.—As part of the lease exchange process under this subsection, the Secretary shall cancel a lease that is exchanged under this subsection.

(6) CONDITIONS FOR LEASE EXCHANGE.—For a lease to be cancelled and exchanged under this subsection—

(A) each lessee holding an interest in the lease must consent to cancellation of the leasehold interest of the lessee;

(B) each lessee must waive any rights to bring any litigation against the United States related to the transaction; and

(C) the plugging and abandonment requirements for any well located on any lease to be cancelled and exchanged under this subsection must be complied with by the lessees prior to the cancellation and exchange.

(i) OPERATING RESTRICTIONS.—A new lease issued under this section shall be subject to such national defense operating restrictions on the outer Continental Shelf tract covered by the new lease as apply on the date of issuance of the new lease.

(j) DISPOSITION OF COVERED REVENUES FROM MORATORIUM AREAS.—

(1) IN GENERAL.—Notwithstanding section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) and subject to the other provisions of this subsection, for each applicable fiscal year, the Secretary of the Treasury shall deposit—

(A) 50 percent of covered revenues in the general fund of the Treasury; and

(B) 50 percent of covered revenues in a special account in the Treasury from which the Secretary shall disburse—

(i) 75 percent to covered States in accordance with paragraph (2); and

(ii) 25 percent to provide financial assistance to States in accordance with section 6 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460*l*-8), which shall be considered income to the Land and Water

Conservation Fund for purposes of section 2 of that Act (16 U.S.C. 460*l*-5).

(2) ALLOCATION AMONG COVERED STATES AND COASTAL POLITICAL SUBDIVISIONS.—

(A) ALLOCATION AMONG COVERED STATES FOR FISCAL YEAR 2007 AND THEREAFTER.—

(i) IN GENERAL.—Subject to clause (ii), effective for fiscal year 2007 and each fiscal year thereafter, the amount made available under paragraph (1)(B)(i) shall be allocated to each covered State in amounts (based on a formula established by the Secretary by regulation) that are inversely proportional to the respective distances between the point on the coastline of each covered State that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract.

(ii) MINIMUM ALLOCATION.—The amount allocated to a covered State each fiscal year under clause (i) shall be at least 10 percent of the amounts available under paragraph (1)(B)(i).

(B) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

(i) IN GENERAL.—The Secretary shall pay 20 percent of the allocable share of each covered State, as determined under subparagraph (A), to the coastal political subdivisions of the covered State.

(ii) ALLOCATION.—The amount paid by the Secretary to coastal political subdivisions shall be allocated to each coastal political subdivision in accordance with subparagraphs (B), (C), (D), and (E) of section 31(b)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a(b)(4)).

(3) TIMING.—The amounts required to be deposited under paragraph (1)(B) for the applicable fiscal year shall be made available in accordance with that paragraph during the fiscal year immediately following the applicable fiscal year.

(4) AUTHORIZED USES.—

(A) IN GENERAL.—Subject to subparagraph (B), each covered State and coastal political subdivision shall use all amounts received under paragraph (2) in accordance with all applicable Federal and State laws, only for 1 or more of the following purposes:

(i) Projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses.

(ii) Mitigation of damage to fish, wildlife, or natural resources.

(iii) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

(iv) Mitigation of the impact of outer Continental Shelf activities through the funding of onshore infrastructure projects.

(v) Planning assistance and the administrative costs of complying with this section.

(B) LIMITATION.—Not more than 3 percent of amounts received by a covered State or coastal political subdivision under paragraph (1)(B) may be used for the purposes described in subparagraph (A)(v).

(5) ADMINISTRATION.—Amounts made available under paragraph (1)(B) shall—

(A) be made available, without further appropriation, in accordance with this subsection;

(B) remain available until expended; and

(C) be in addition to any amounts appropriated under—

(i) the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.);

(ii) the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601–4 et seq.); or

(iii) any other provision of law.

(k) REPEAL OF REQUIREMENT TO CONDUCT COMPREHENSIVE INVENTORY OF OCS OIL AND NATURAL GAS RESOURCES.—Section 357 of the Energy Policy Act of 2005 (42 U.S.C. 15912) is repealed.

SA 4748. Mr. ALLEN submitted an amendment intended to be proposed to amendment SA 4713 proposed by Mr. FRIST to the bill S. 3711, to enhance the energy independence and security of the United States by providing for exploration, development, and production activities for mineral resources in the Gulf of Mexico, and for other purposes; which was ordered to lie on the table; as follows:

At the end of the amendment, add the following:

SEC. 6. OFFSHORE OIL AND GAS LEASING IN AREAS OFF THE STATE OF VIRGINIA.

(a) DEFINITIONS.—In this section:

(1) ADJACENT ZONE.—The term ''Adjacent Zone'' means the Adjacent Zone of the State, as defined by the lines extending seaward and defining the adjacent Zone of the State indicated on the map entitled ''Atlantic OCS Region State Adjacent Zones and OCS Planning Areas'', dated September 2005 and on file in the Office of the Director of the Minerals Management Service.

(2) COASTLINE.—The term ''coastline'' has the meaning given the term ''coast line'' in section 2 of the Submerged Lands Act (43 U.S.C. 1301).

(3) COVERED REVENUES.—

(A) IN GENERAL.—The term ''covered revenues'' means all rentals, royalties, bonus bids, and other sums due and payable to the United States from leases entered into on or after the date of enactment of this Act in the Adjacent Zone.

(B) EXCLUSIONS.—The term ''covered revenues'' does not include revenues—

(i) from the forfeiture of a bond or other surety securing obligations other than royalties, civil penalties, or royalties taken by the Secretary in-kind and not sold; or

(ii) generated from leases subject to section 8(g) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)).

(4) NEIGHBORING STATE.—The term ''Neighboring State'' means any State that has a common boundary at the coastline with the State.

(5) STATE.—The term ''State'' means the Commonwealth of Virginia.

(b) PROHIBITION AGAINST LEASING.—

(1) UNAVAILABLE FOR LEASING WITHOUT STATE REQUEST.—Except as otherwise provided in this section, the Secretary shall not offer for leasing for oil and gas, or natural gas, any area in the Adjacent Zone that is within 50 miles of the coastline of the State and that was withdrawn from disposition by leasing in the Atlantic OCS Region under the ''Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition'', from 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998.

(2) AREAS BETWEEN 50 AND 100 MILES FROM THE COASTLINE.—Unless the State petitions under subsection (c) by the date that is 1 year after the date of enactment of this Act for natural gas leasing or by June 30, 2009, for oil and gas leasing, the Secretary shall offer for leasing any area in the Adjacent Zone that is more than 50 miles, but less than 100 miles, from the coastline of the State that was withdrawn from disposition by leasing in the Atlantic OCS Region under the ''Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition'', from 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998.

(c) PETITION FOR LEASING.—

(1) IN GENERAL.—The Governor of the State, on the concurrence of the legislature of the State, may submit to the Secretary a petition requesting that the Secretary make available any area that is—

(A) within the Adjacent Zone, as described in subsection (b); and

(B) is greater than—

(i) 25 miles from any point on the coastline of a Neighboring State for the conduct of offshore leasing, pre-leasing, and related activities with respect to natural gas leasing; or

(ii) 50 miles from any point on the coastline of a Neighboring State for the conduct of offshore leasing, pre-leasing, and related activities with respect to oil and gas leasing.

(2) PETITION BY STATE.—

(A) IN GENERAL.—The State may petition for leasing any other area within the Adjacent Zone if—

(i) leasing is allowed in the similar area of the Adjacent Zone; or

(ii) if not allowed, the State, acting through the Governor of the State, expresses the concurrence of the State with the petition.

(B) FINDING.—The Secretary shall only consider a petition under subparagraph (A) on—

(i) making a finding that leasing is allowed in a similar area of the Adjacent Zone; or

(ii) receipt of the concurrence of the State.

(C) DATE OF RECEIPT.—The date of receipt by the Secretary of the concurrence by the State shall constitute the date of receipt of the petition for the area for which the concurrence applies.

(D) LIMITATIONS ON LEASING.—If, as of the date of petition by the State, the Adjacent Zone contains leased tracts, the State, in the petition of the State, may condition new leasing for oil and gas, or natural gas, for tracts within 25 miles of the coastline of the State, by—

(i) requiring a net reduction in the number of production platforms;

(ii) requiring a net increase in the average distance of production platforms from the coastline;

(iii) limiting permanent surface occupancy on new leases to areas that are more than 10 miles from the coastline;

(iv) limiting some tracts to being produced from shore or from platforms located on other tracts; or

(v) including other conditions that the State considers to be appropriate as long as the Secretary does not determine that production is made economically or technically impracticable or otherwise impracticable.

(3) ACTION BY SECRETARY.—

(A) IN GENERAL.—Not later than 90 days after the date of receipt of a petition under paragraph (1), the Secretary shall approve the petition, unless the Secretary determines that leasing the area would be likely to cause serious harm or damage to the marine resources of the Adjacent Zone.

(B) ENVIRONMENTAL ASSESSMENT.—Before approving the petition, the Secretary shall complete an environmental assessment that documents the anticipated environmental effects of leasing in the area covered by the petition.

(4) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with paragraph (3), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

(d) OPTION TO EXTEND WITHDRAWAL FROM LEASING WITHIN CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.—

(1) IN GENERAL.—The State, through the Governor of the State and on the concurrence of the legislature of the State, may extend, for a period of time of up to 5 years for each extension, the withdrawal from leasing of all or part of any area within the Adjacent Zone located more than 50 miles, but less than 100 miles, from the coastline of the State that is subject to subsection (b)(2).

(2) MULTIPLE EXTENSIONS.—The State may extend a withdrawal described in paragraph (1) for any particular area—

(A) multiple times; but

(B) not more than once per calendar year.

(3) SEPARATE EXTENSIONS.—The State shall prepare separate extensions, with separate votes by the legislature of the State, for the withdrawal of areas for oil and gas leasing and for natural gas leasing.

(4) AREAS.—An extension by the State may affect some areas to be withdrawn from all leasing and some areas to be withdrawn only from 1 type of leasing.

(e) EFFECT OF OTHER LAWS.—

(1) IN GENERAL.—Adoption by the State of any constitutional provision, or enactment of any State law, that has the effect, as determined by the Secretary, of restricting the Governor or Legislature from exercising full discretion relating to subsection (g) or (h) shall, for the duration of the restriction, prohibit—

(A) any sharing of qualified outer Continental Shelf revenues or covered revenues under this Act with the State and the coastal political subdivisions of the State; and

(B) the State from exercising any authority under subsection (d).

(2) DEADLINE.—The Secretary shall make the determination of the existence of a restrictive constitutional provision or State law under paragraph (1) not later than 30 days after the date of receipt of a petition by any outer Continental Shelf lessee or coastal State.

(f) DISPOSITION OF COVERED REVENUES FROM STATE.—

(1) IN GENERAL.—Notwithstanding section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) and subject to the other provisions of this subsection, for each applicable fiscal year, the Secretary of the Treasury shall deposit—

(A) 50 percent of covered revenues in the general fund of the Treasury; and

(B) 50 percent of covered revenues in a special account in the Treasury from which the Secretary shall disburse—

(i) 75 percent to the State in accordance with paragraph (2); and

(ii) 25 percent to provide financial assistance to States in accordance with section 6 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460*l*-8), which shall be considered income to the Land and Water Conservation Fund for purposes of section 2 of that Act (16 U.S.C. 460*l*-5).

(2) ALLOCATION AMONG STATE AND COASTAL POLITICAL SUBDIVISIONS.—

(A) ALLOCATION TO STATE FOR FISCAL YEAR 2007 AND THEREAFTER.—Effective for fiscal year 2007 and each fiscal year thereafter, the amount made available under paragraph (1)(B)(i) shall be allocated to the State.

(B) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

(i) IN GENERAL.—The Secretary shall pay 20 percent of the allocable share of the State, as determined under subparagraph (A), to the coastal political subdivisions of the State.

(ii) ALLOCATION.—The amount paid by the Secretary to coastal political subdivisions shall be allocated to each coastal political subdivision in accordance with subparagraphs (B) and (E) of section 31(b)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a(b)(4)).

(3) TIMING.—The amounts required to be deposited under paragraph (1)(B) for the applicable fiscal year shall be made available in accordance with that paragraph during the fiscal year immediately following the applicable fiscal year.

(4) AUTHORIZED USES.—

(A) IN GENERAL.—Subject to subparagraph (B), the State and each coastal political subdivision shall use all amounts received under paragraph (2) in accordance with all applicable Federal and State laws, only for 1 or more of the following purposes:

(i) Projects and activities for the purposes of coastal protection, including conservation, coastal restoration, sand or beach replenishment, or hurricane protection.

NOTICE OF MEETING

COMMITTEE ON INDIAN AFFAIRS

Mr. MCCAIN. Mr. President, I would like to announce that the Committee on Indian Affairs will meet on Wednesday, August 2, 2006, at 9:30 a.m. in Room 485 of the Russell Senate Office Building to conduct a business meeting on S. 374, the Tribal Parity Act; S. 480, the Thomasina E. Jordan Indian Tribes of Virginia Federal Recognition Act of 2005; S. 660, the Lumbee Recognition Act; S. 1439, the Indian Trust Reform Act of 2005; and S. 1535, the Cheyenne River Sioux Tribe Equitable Compensation Amendments Act of 2005.

Those wishing additional information may contact the Indian Affairs Committee at 202–224–2251.

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

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FINANCE

Mr. ALLEN. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session on Monday, July 31, 2006, immediately following the next vote on the Senate Floor (tentatively scheduled to occur at 5:30 p.m.), in the President's Room, S–216 of the Capitol, to consider approving recommendations on proposed legislation implementing the U.S.-Peru Trade Promotion Agreement, and to consider favorably reporting S. 3495, to authorize the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Vietnam.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. ALLEN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Monday, July 31, 2006, at 3 p.m. to hold a hearing on nominations.

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. ALLEN. Mr. President, I ask unanimous consent that the Committee on Veterans' Affairs be authorized to meet during the session of the Senate on Monday, July 31, 2006, to hold a markup to consider the nominations of Patrick W. Dunne to be Assistant Secretary for Policy & Planning and Thomas E. Harvey to be Assistant Secretary for Congressional Affairs, Department of Veterans' Affairs.

The meeting will take place in the Reception Room off the Senate floor in the Capitol following the first rollcall vote of the day for the Senate currently scheduled for 5:30 p.m.

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

AMENDING THE IRAN AND LIBYA SANCTIONS ACT OF 1996

Mr. SPECTER. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 5877, which was received from the House.

The PRESIDING OFFICER. The clerk will report the bill by title.

The bill clerk read as follows:

A bill (H.R. 5877) to amend the Iran and Libya Sanctions Act of 1996 to extend the authorities provided in such Act until September 29, 2006.

There being no objection, the Senate proceeded to consider the bill.

Mr. SPECTER. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, 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. 5877) was ordered to a third reading, was read the third time, and passed.

EXPRESSING SENSE OF THE SENATE REGARDING EFFECTIVE TREATMENT AND ACCESS TO CARE

Mr. SPECTER. Mr. President, on behalf of the leader, I ask unanimous consent that the HELP Committee be discharged from further consideration and the Senate proceed to S. Res. 420.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the resolution by title.

The bill clerk read as follows:

A resolution (S. Res. 420) expressing the sense of the Senate that effective treatment and access to care for individuals with psoriasis and psoriatic arthritis should be improved.

There being no objection, the Senate proceeded to consider the resolution.

Mr. SPECTER. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table.

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

The resolution (S. Res. 420) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 420

Whereas psoriasis and psoriatic arthritis are serious, chronic, inflammatory, disfiguring, and life-altering diseases that require sophisticated medical intervention and care;

Whereas, according to the National Institutes of Health, between 5,800,000 citizens and 7,500,000 citizens of the United States are affected by psoriasis;

Whereas psoriasis and psoriatic arthritis are—

(1) painful and disabling diseases with no cure; and

(2) diseases that have a significant and adverse impact on the quality of life of individuals diagnosed with them;

Whereas studies have indicated that psoriasis may cause as much physical and mental disability as other major diseases, including—

(1) cancer;

(2) arthritis;

(3) hypertension;

(4) heart disease;

(5) diabetes; and

(6) depression;

Whereas studies have shown that psoriasis is associated with elevated rates of depression and suicidal ideation;

Whereas citizens of the United States spend between $2,000,000,000 and $3,000,000,000 to treat psoriasis each year;

Whereas early diagnosis and treatment of psoriatic arthritis may help prevent irreversible joint damage;

Whereas treating psoriasis and psoriatic arthritis presents a challenge for patients and health care providers because—

(1) no single treatment works for every patient diagnosed with the disease;

(2) some treatments lose effectiveness over time; and

(3) all treatments have the potential to cause a unique set of side effects;

Whereas, although safer and more effective treatments are now more readily available, many people do not have access to them; and

Whereas Congress as an institution, and the members of Congress as individuals, are in a unique position to help raise public awareness about the need for increased access to effective treatment options for psoriasis and psoriatic arthritis: Now, therefore, be it

Resolved, That the Senate—

(1) recognizes—

(A) the need for enhanced public awareness of psoriasis;

(B) the adverse impact that psoriasis can have on people living with the disease; and

(C) the importance of an early diagnosis and proper treatment of psoriasis;

(2) supports the continuing leadership provided by the Director of the National Institutes of Health and the Director of the National Institute of Arthritis and Musculoskeletal and Skin Diseases for identifying a cure and developing safer, more effective treatments for psoriasis and psoriatic arthritis; and

(3) encourages—

(A) researchers to examine the negative psychological and physical effects of psoriasis to better understand its impact on those who have been diagnosed with the disease; and

(B) efforts to increase access to treatments and care that individuals living with psoriasis and psoriatic arthritis need and deserve.

PROVIDING FUNDING AUTHORITY TO FACILITATE THE EVACUATION OF PERSONS FROM LEBANON

Mr. SPECTER. Mr. President, on behalf of the leader, I ask that the Chair lay before the Senate a message from the House to accompany S. 3741.

The Presiding Officer laid before the Senate a message from the House as follows:

S. 3741

Resolved, That the bill from the Senate (S. 3741) entitled ''An Act to provide funding authority to facilitate the evacuation of persons from Lebanon, and for other purposes'', do pass with the following amendment:

Strike subsection (a) of section 1, and insert the following new subsection (a):

(a) INCREASE IN AVAILABLE FUNDS FOR EMERGENCY EVACUATIONS.—Notwithstanding the transfer restrictions under section 402 of the Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006 (Public Law 109–108), the second proviso under the headings ''DEPARTMENT OF STATE AND RELATED AGENCY—DEPARTMENT OF STATE—ADMINISTRATION OF FOREIGN AFFAIRS—DIPLOMATIC AND CONSULAR PROGRAMS'' is amended by striking ''$4,000,000'' and inserting ''$19,000,000''.

Mr. SPECTER. Mr. President, I ask unanimous consent that the Senate concur in the House amendment, the motion to reconsider be laid on the table, and any statements relating to the bill be printed in the RECORD.

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

MEASURES PLACED ON THE CALENDAR—H.R. 4 AND H.R. 5970

Mr. SPECTER. Mr. President, I understand there are two bills at the desk due for a second reading.

The PRESIDING OFFICER. The clerk will report the bills by title for the second time.

The bill clerk read as follows:

A bill (H.R. 4) to provide economic security for all Americans, and for other purposes.

A bill (H.R. 5970) to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes.

Mr. SPECTER. Mr. President, in order to place the bills on the calendar under the provisions of rule XIV, I object to further proceedings en bloc.

The PRESIDING OFFICER. Objection is heard.

Without objection, the bills will be placed on the calendar.

ORDERS FOR TUESDAY, AUGUST 1, 2006

Mr. SPECTER. Mr. President, on behalf of the leader, I have been asked to ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:45 a.m. on Tuesday, August 1; that following the prayer and pledge, the morning hour be deemed expired and the Journal of proceedings be approved to date, the time for the two leaders be reserved, and the Senate resume consideration of S. 3711 as under the previous order, with the time until the vote equally divided, with the Senate to stand in recess from 12:30 to 2:15 to accommodate the weekly policy luncheons.

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

PROGRAM

Mr. SPECTER. On behalf of the leader, I state that today we continued debate on the Gulf Coast Energy Security bill and invoked cloture, 72 to 23. Senators wishing to speak on the bill should come to the floor tomorrow. The vote on passage will occur at 5 p.m. tomorrow. Senators are reminded that we have a great deal of work to complete before the August recess, and Members should expect a full week with late nights possible all week.

I thank my colleagues again for their cooperation as we wrap up important legislative priorities.

ADJOURNMENT UNTIL 9:45 A.M. TOMORROW

Mr. SPECTER. On the leader's wrap-up, this is inconsistent with morning business, but the leader says: 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.

May the record show that the Presiding Officer is smiling.

There being no objection, the Senate, at 7:19 p.m., adjourned until Tuesday, August 1, 2006, at 9:45 a.m.