United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE *105th* CONGRESS, SECOND SESSION

Vol. 144 WASHINGTON, TUESDAY, OCTOBER 6, 1998 *No. 138*

Senate

(Legislative day of Friday, October 2, 1998)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. Today's prayer will be offered by our guest Chaplain, Rev. Robert Kem, Saint Andrew's Episcopal Church, Omaha, NE. He is a guest of Senator CHUCK HAGEL. Pleased to have you with us.

PRAYER

The guest Chaplain, Rev. Robert Kem, Saint Andrew's Episcopal Church, Omaha, NE, offered the following prayer:

Let us pray:

O Lord our Governor, whose glory is in all the world: We commend this Nation to Your merciful care, that being guided by Your providence, we may recognize You as our sovereign God and dwell in Your purpose and peace.

Grant to the President of the United States and especially the Members of the United States Senate and the House of Representatives and to all in authority the wisdom and strength to know You and to do Your will.

Fill them with the love of truth and righteousness. Make them ever mindful of their utmost calling to serve You as the chosen representatives of the people of this land. And in all that they do, may they serve You faithfully in this generation to the honor of Your holy name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader is recognized.

Mr. DEWINE. I yield at this point to my colleague from Nebraska.

Mr. HAGEL. Mr. President, I thank my friend and distinguished colleague from Ohio, Senator DEWINE.

THE SENATE'S GUEST CHAPLAIN

Mr. HAGEL. Mr. President, I want to very briefly reflect for a moment on the prayer just offered by the Rev. Robert Kem of Saint Andrew's Episcopal Church in Omaha. It happens, Mr. President, that is the church where my family and I often are seen—more over the few years previous to the last 2 years, because of our recent change to our residency here in Washington.

Father Kem's guidance, and what that has meant to us as he continues to give spiritual guidance to so many, has been unique. He is known far outside the boundaries of just the Midwest. I think that is quite evident by the elegance of his prayer and his eloquent statement, reflecting on who we are as a Nation: All creatures, children of God. For Father Kem coming before this body today to offer guidance and prayer and hope, I am grateful. We are all better for Father Kem. To all the parishioners, those a part of the Saint Andrew's Episcopal family in Omaha, we know you are proud, as are we in the U.S. Senate.

I yield the floor.

The PRESIDENT pro tempore. The distinguished Senator from Ohio is recognized.

SCHEDULE

Mr. DEWINE. Mr. President, I have several announcements on behalf of the majority leader.

This morning there will be a period of morning business until 10 a.m. Following morning business, the Senate may consider any cleared executive nominations or legislation regarding judicial antinepotism. At 11:30 a.m., under a previous order, the Senate will resume consideration of the agricultural appropriations conference report, with a vote occurring on adoption of that report at 3:15 p.m. Following that vote, the Senate will resume consideration of S. 442, the Internet tax bill. Amendments are expected to be offered and debated in relation to Internet tax and, therefore, Members should expect rollcall votes into the evening during today's session.

Members are reminded that at 10 a.m. on Wednesday the Senate will vote on adoption of the motion to proceed to H.R. 10, the financial services reform bill, to be followed by a cloture vote on the Internet tax bill. By unanimous consent, Senators have until the cloture vote occurs to file second-degree amendments to the Internet bill.

I thank my colleagues for their attention.

MORNING BUSINESS

The PRESIDING OFFICER (Mr. HAGEL). Under the previous order, there will now be a period for morning business not to extend beyond the hour of 10 a.m. with Senators permitted to speak therein for not to exceed 5 minutes, provided the Senator from Ohio, Mr. DEWINE, shall be entitled to speak for 10 minutes.

The Senator from Ohio.

Mr. DEWINE. Mr. President, I ask unanimous consent to proceed for the next 15 minutes in morning business.

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

VIOLENCE IN KOSOVO

Mr. DEWINE. Mr. President, in a 1985 speech attended by President Ronald Reagan, the acclaimed writer and lecturer Elie Wiesel, a witness and survivor of the Holocaust, recounted the lessons he learned over the years since this dark chapter in our history. He said:

I learned that in extreme situations when human lives and dignity are at stake, neutrality is a sin. It helps the killers, not the

victims. I learned the meaning of solitude, Mr. President. We were alone, desperately alone.

Mr. President, years from now, we may hear similar words from some of the survivors of the recent atrocities committed in the former Yugoslavia. This past week, Americans and people from all over the world have been witness to some horrific images coming from the tiny province of Kosovo in the Republic of Serbia. These images, of murdered ethnic Albanian civilians, from the very young to the very old, are the latest in a series of systematic attacks over the last 7 months by Serbian military and security forces against Albanian Kosovars—both rebel insurgents and unarmed civilians.

The victims of this latest massacre included old men, women, and children. The death toll since last February is estimated to be as low as 500 and as many as 1,000 although, frankly, no one knows how many victims there have been. Homes have been firebombed. Entire villages have been bulldozed to the ground. Hundreds of thousands of Albanian Kosovars literally have run for their lives and are seeking refuge in the forests and mountains of Kosovo, or in the neighboring states of Albania, Montenegro, Macedonia, and Bosnia.

Mr. President, what perhaps makes last weekend's attack more difficult to bear is that it causes us to pause and wonder if these lives could have been saved if NATO had stepped in sooner. I think we all know the answer to that.

Congress has struggled with the issue of brutal violence in the Balkans for the better part of this decade. The images broadcast this week are a somber reminder of very similar pictures that came from places not far from Kosovo—places like Mostar or Tuzla in Bosnia. I can recall, as I am sure can many of my colleagues, during our many discussions on Bosnia in 1995, several of our colleagues, including our former Majority Leader, Bob Dole, warning us that tensions in Kosovo could lead to the level of outright violence and ethnic cruelty that crippled Bosnia.

I am certain that this is one instance in which Senator Dole today wishes he had been wrong.

It has long been thought that Kosovo was an area where America's national resolve was clear. In 1992, President George Bush warned President Milosevic that violent acts against Albanian Kosovars would lead to military intervention.

President Bush's warning was prompted by President Milosevic's single-handed efforts to strip Kosovo of its autonomy in 1989, and abolish Kosovo's parliament and government 1 year later.

At that time, the Albanian Kosovars, which represent 90 percent of the total population of Kosovo, chose to exercise a form of nonviolent protest against the Serbian government. A shadow government, parliament, and society emerged. Besides electing their own President and legislature, Kosovars established their own education and medical systems.

Although there were scattered reports of human rights violations against Albanian Kosovars during this period, they were not connected with the reports of an extensive ethnic cleansing campaign underway in Bosnia. Many factors were involved, but perhaps most important was the threat of a larger regional war that could be sparked if the carnage in Bosnia spread to Kosovo. Besides the United States, the countries of Albania, Macedonia, Turkey, and Greece at one time or another warned that violence in Kosovo could force any one of these countries, if not all of them, to intervene. Certainly, with his resources engaged in the conflict in Bosnia, Serbian President Milosevic could not risk taking action in Kosovo.

Now, with instability in Albania and Macedonia, and the growth of the pro-independence faction of Kosovars known as the Kosovo Liberation Army, or KLA, President Milosevic has engaged his security and military forces in Kosova under the guise of putting down the KLA.

Mr. President, from the evidence that we have, Mr. Milosevic has gone beyond a simple police action. This has been a seven month campaign of intimidation and conquest.

Our government, as well as European governments, vowed not to allow in Kosovo a repeat of the vicious war crimes we found in Bosnia. Yet, some who have recently visited the region, believe these crimes have already happened. The extent of these crimes cannot be confirmed. Relief workers and humanitarian organizations are being barred from reaching victims and refugees.

Should this be a surprise to any of us? Certainly not. Slobodan Milosevic is a cold, calculating tyrant. He is a war criminal. He was not moved by diplomatic threats in Bosnia—what drove him to the Dayton peace talks was the military success of the Bosniak-Croat alliance in reclaiming land once held by the Serbs.

Kosovo is no different. Milosevic and his subordinates often have pledged to end the carnage in Kosova. Yet, no pledge has been followed by a clear cessation of hostilities. Mr. Milosevic has demonstrated that he will not withdraw his forces until he feels he has achieved the most from the use of violence. And he will not engage in peace talks unless he believes that no other course of action will preserve his position or advance his goals.

So it should not be a surprise to any of us that now, as NATO prepares for a military response, the Serbian government has declared victory and now is making plans to reduce its military and police presence in the region.

We have been witness to a brutal military and police action against unarmed civilians that was done with the expectation, if not certainty, that both Europe and the United States would not respond, or indeed would not even know how to respond.

There is little to ponder about what must occur.

The threat or actual use of military action by NATO, such as air strikes, is needed if some form of Serbian withdrawal or cease fire in the Kosovo province is going to occur.

I believe we cannot escape the fact that, in the short term, some form of NATO or United Nations presence on the ground will be needed to police any cease fire or withdrawal, or to ensure the transport of needed food, medical and other supplies to the refugees. In addition, war crime investigators will need to be able to determine the actual atrocities committed and who is responsible.

It is uncertain if ground forces will be called for by NATO. In fact, we know very little of what NATO plans to do beyond air strikes. That is of concern to me because a number of uncertainties remain—uncertainties that if left unresolved will not deal with the root cause of the conflict between the Serbs and Albanian Kosovars. The administration needs to articulate a clear strategy or plan to address the current humanitarian crisis, and the even larger questions about the political future of the Kosovars over the long term.

For example, what fate lies ahead for the estimated 300,000 Kosovars who were uprooted from their homes and villages and forced to seek refuge as far away as Albania, Macedonia, or Bosnia? And of those refugees, what lies ahead for the 50,000 or more who are in hiding in the hills within the province—without shelter, food, or medicine—with winter just around the corner?

Clearly, our first and foremost goal is to achieve a cease-fire. I am hopeful NATO air strikes can ensure a cease-fire. Second, we must ensure humanitarian organizations can safely reach out to these refugee populations without fear of obstruction or even destruction by hostile Serbian forces.

And once they get cared for, when can the displaced Kosovars return home? And what kind of home do they expect to see when they return? It is estimated that approximately 200 villages in the province have been completely destroyed or heavily damaged. When can they expect to see some restoration of the kind of livelihood that affords them the chance to live in peace?

These are the harder questions, but right now, it seems that NATO has yet to consider how they are to be answered. These issues must be addressed and answered if this conflict is going to be contained over the long term.

I'm sure we all agree that these issues must be addressed and answered not at either end of a rifle, but at a conference table. Yet, how can NATO get both sides—the Kosovars and the Serbs—to the conference table? That remains unclear.

And should some kind of long-term agreement be reached, how will that be enforced? What role, if any, can we expect NATO to play to ensure long-term peace in Kosovo? That too remains unclear.

What is clear is that the actions we take in the next few weeks have implications for long-term peace not just in the province but throughout the Balkans. That's why it's in NATO's interest to act, and act with resolve. Unfortunately, the only resolve we see is to strike at the Serbs by air, but nothing more beyond that.

NATO needs to begin to look at these larger questions and soon if our resolve for peace will achieve results and be real over the long-term. It's in our interests to do so. We still risk the threat of a larger conflict in the region, involving Albania, Macedonia, Turkey, and Greece. We also put in jeopardy the progress we have made thus far to maintain peace in Bosnia.

Mr. President, we cannot and should not dictate the terms of any agreement between the Serbs and Kosovars, but NATO can insist—through force if necessary—that peace be achieved through cooperation, not conquest.

This, Mr. President, ought to be the U.S. policy. I thank the chair and yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for up to 5 minutes.

Mr. DODD. Mr. President, first of all let me commend our colleague from Ohio. At some point today or tomorrow I also want to address this issue of Kosovo.

I will tell you that the expressions given by our colleague from Ohio are certainly appreciated by all. I think for most of our colleagues it is our sincere hope that we will not once again play this game with Mr. Milosevic as he has played it so effectively over the last few years with Bosnia, and now Kosovo, where the threat of retaliation causes some warm statements to be made, and once again we back off, and once again more people suffer terribly as a result of it.

MEDICARE HMO BENEFICIARY EMERGENCY RELIEF ACT OF 1998

Mr. DODD. Mr. President, last week, close to 400,000 older Americans and individuals with disabilities, representing some 300 counties and 18 States across this Nation, were notified by their Medicare health maintenance organizations that as of January 1, 1999, their insurers would be terminating their health coverage.

In my State of Connecticut, we were notified on Friday around 6 o'clock that 6,000 seniors would see their HMO, Oxford Health Plan, leave their communities. When added to earlier withdrawals from the market by other HMOs in Connecticut, this announcement means that more than 12,000 Connecticut Medicare beneficiaries will lose their present HMO providers.

One can only imagine the anxiety of seniors reading of the announcement in their newspapers or hearing on television that their HMO would not be there for them on January 1 and having no one to turn to, no one to ask questions of, with offices closed for the weekend. Even the Health Care Financing Administration, which regulates these HMOs, had not yet received the news.

Only three weeks earlier, two other HMOs in Connecticut notified their customers that they would be backing out of New London, Windham, and Tolland Counties, jeopardizing affordable Medicare coverage for about 6,000 seniors.

The precipitous withdrawal of managed care organizations from Medicare is a growing problem. Unless action is taken, on January 1, 1999 thousands of seniors will find themselves at forced to leave established relationships with their doctors and without affordable health care coverage.

I am fearful that with Congress adjourning later this week or early next week, and being out of session for the bulk of October, November, December, it may not be until January that we will again have the opportunity to do something about this.

I am going to be calling on the leadership today to enact an emergency piece of legislation, which I will be introducing today, to put a moratorium on HMOs leaving the Medicare market while we are not in session. This legislation will give us some time to see if we can't sort out this mess and prevent thousands more seniors from finding themselves without HMO coverage on January 1, 1999, a matter of weeks.

My hope is that the leadership will find some time to consider this and adopt it before we leave, hopefully on a bipartisan basis, to stop this serious problem we are seeing in my State and 17 other States around the country.

Mr. President, last Friday I also introduced legislation that deals with the broader issues underlying the recent withdrawals of Medicare HMOs from certain communities. Because it takes a comprehensive approach, I do not expect that this bill would be adopted before we leave. However, I would hope that for now we can at least agree on a narrowly defined moratorium which would at least give us time to find solutions to the larger problem.

Mr. President, I would like to briefly outline for my colleagues the provisions of the legislation I introduced last week. Specifically, the legislation would not allow a flat termination of coverage if there are other less drastic options available. In the case of the withdrawals of two HMOs in eastern Connecticut, after causing considerable distress to seniors with an announcement that they were leaving, the companies re-evaluated their positions in the face of strong pressure from the community, and said ''Well, maybe there are some other options we hadn't considered.'' This legislation will require they consider those other options first—before creating anxiety among our seniors.

Secondly, the legislation will stipulate that if a company maintains there are no other options but ending coverage, they must demonstrate that. In addition, the HMO would then be responsible for notifying consumers of what alternative coverage is available.

The legislation also requires that HMOs commit to serving seniors for more than just a year. Right now, HMOs are only required to contract on an annual basis. We would require them to make a 3-year commitment. It is important to keep in mind that we are talking about companies that have made the careful determination that it is in their financial interest to enter the Medicare market. These are companies that have extensively recruited seniors and convinced them to leave long-standing relationships with their health care providers to join their HMO and then, with very precipitous announcements, as we have seen in the last several weeks, they have left those communities.

Mr. President, this is a serious, serious problem that is going to get worse, in my view, if we don't take some steps. We passed similar legislation a number of years ago dealing with plant closings. We finally decided that having a company announce precipitously it is leaving, disrupting communities, disrupting the lives of their employees, is unwise and that we ought to adopt legislation that requires at least some advance notice so that communities and people can try to rearrange their lives.

I am suggesting parallel legislation to deal with Medicare HMOs. Here it is so important, particularly for our older Americans or disabled Americans, many of them living alone, who don't have the financial resources to hire lawyers and read through all of the morass of paperwork when it comes to finding a new HMO, that they be given adequate notice and provided with clear information about their options.

We are hopeful we can build some support for the idea of considering all options, having more advanced notice, and extending the contract term. If you are going to go out and try to entice people to sign up, it seems to me you have an obligation to stick with them for a while. Certainly just to make a decision that you are going to pull out of the area, with minimal notice, I think is wrong.

TRIBUTE TO FRED KRAL

Mr. DODD. Mr. President, I want to take a minute to talk about an individual in my State whom I only met for about 10 minutes, but who had a profound impact on my view of this situation. He is a man by the name of Fred Kral. He is a person who led, in many ways, I suppose, an ordinary life, but I think became sort of an extraordinary

figure. He recently died at the age of 72.

Mr. Kral lived in Niantic, CT, for the last 48 years. He served in World War II. After the war, he attended the Rhode Island School of Design. He later went to the University of Connecticut. He earned a degree in agricultural engineering.

He worked at Electric Boat Company, a builder of submarines, for 38 years and retired in 1989 as manager of materials for the Kessel Ring site in Ballston Spa, NY.

He was a member of the Masons. He was also a member of the East Lyme Water and Sewer Commission. An avid golfer and a track letterman back in college, he was a founding and life member of the Niantic Sportsman's Club where he served in various offices.

Most important, Mr. Kral was a loving husband and parent, survived by his wife, his son Frederick, his three daughters Joyce, Freda, and Heidi, his sister Betty Lavelle, and his 11 grandchildren.

Fred Kral was a fine man. A lot of people would say Fred Kral was an average guy, an average American. In many respects he was, but this average man also was a very passionate man, a man who always fought for what he believed.

Earlier this month, Fred Kral and an estimated 6,000 other seniors in eastern Connecticut were notified through the mail that two Medicare HMOs were discontinuing service in their communities, effectively canceling these seniors' health care plans as of January 1, 1999.

Three Saturdays ago, Mr. President, I organized a forum at the Rose City Senior Center in Norwich where more than 400 people gathered to discussed these insurance companies' actions and what steps might be taken to preserve their health care.

At that meeting, Fred Kral spoke eloquently—eloquently—not only on behalf of himself and his wife who, 2 weeks earlier, had a stroke, but on behalf of all the seniors in eastern Connecticut who were worried about their health care and what was going to happen to them when these HMOs left.

Fred Kral expressed anger and disappointment with his HMO's decision. He specifically voiced his concern for his wife, who recently suffered a stroke, and his fears he might be rejected when he tried to join another plan. He wondered how he could be dropped from the same health care plan that he and his wife were enticed to join only 2 years ago.

He also said he would be willing to pay higher premiums to keep his health care if that was the only choice. But at the time he wasn't given that option. He and thousands of others were simply told they were being dropped by the same plan that had actively recruited them just 2 years earlier. He summed up the debate best when he said, ''It's a moral issue.''

As he returned to his seat from speaking, Fred Kral suffered cardiac arrest. After efforts to revive him at the scene, he was rushed back to his hospital in Norwich and died shortly before noon on that day.

This is a tragic incident and an unfortunate way for this honorable man to die. But it is no accident that Fred Kral was at that meeting delivering his speech from the front row of that audience that day. As I said earlier, he was a passionate man about everything he did. He was particularly passionate about this issue. His daughter told me that he was up at 2:30 in the morning the day of the meeting preparing questions.

Of the hundreds of people attending the forum, Fred Kral had approached me before the event and struck up a conversation. He told me he came to that forum to have his opinions heard. I told him I would recognize him when the forum began.

I want my colleagues to know about Fred Kral. I want them to know that this debate is not about nameless, faceless beneficiaries. It is about individuals like Fred Kral. He was not a member of some consumer advocacy group, he was just a normal citizen who cared very deeply about health care and HMOs because no other issue had a more direct impact on his life and his family.

There are a lot of people out in this country who feel the same way about this issue as Fred Kral did. Just look at my own State. In a small community in this small State, there were 400 people who cared enough about this issue to spend their Saturday morning at a health care forum. I guarantee each and every one of my colleagues that there are persons in their home States who have similar worries about their health care, and they want Congress to do something about it.

Before any of my colleagues say that the health care system in this country doesn't need changing, I urge them, again, to think about Fred Kral of Niantic, CT. Here is a man who lived nearly half a century in the same small town. He served our Nation in World War II. He spent 38 years working to strengthen our national infrastructure, our defense infrastructure. He supported and raised a family, and in his retirement he enjoyed a good round of golf every now and then—in many ways he was your average, solid citizen that we so often talk about. But despite playing by the rules his whole life, he got a letter in the mail from his HMO telling him that they no longer wished to take care of him, just weeks after his wife had suffered a stroke.

I say to you, my colleagues here, any health care system that allows something like this to happen to someone such as Fred Kral, and 12,000 other Connecticut citizens, is in need of serious examination and review. Therefore, Mr. President, in the small amount of time we have left in this legislative session, I would hope that we in this Congress would do what is right and have a full and open debate on the issues of Medicare HMOs. Four hundred thousand people in the last 2 or 3 weeks who have been dumped by their HMOs deserve better than just silence on this issue.

I know the hours are waning. I know there is other business to do. But I cannot think of anything that could be more important than helping thousands and thousands of older Americans who, while we are out of session, may find themselves losing affordable health care coverage because their HMO has decided some communities aren t quite as profitable as they thought they d be.

We must act in the next few days. To be out of session for October and November and December and January while we know there are thousands of people who are worried about whether or not they are going to have HMO coverage, I think is terribly, terribly wrong.

In closing, Mr. President, Fred Kral's death is certainly a tragedy. It is a tragedy for his family and for the people who knew him and loved him, but it did not come in vain. In southeastern Connecticut, the insurance companies are reconsidering their decision. They announced the Monday following the forum that they will try to come up with some solutions. I hope they do. I am not confident they are going to be terribly comprehensive, but obviously they were mortified, as they should have been, about what occurred.

So my hope is, Mr. President, that we might be able to at least pass an emergency piece of legislation that would place for the next 6 months a moratorium on HMOs leaving these areas to give us time to work with the Health Care Financing Administration to try and renegotiate some of the contracts and prevent these companies from just packing up and leaving. So in the midst of dealing with all these other lofty bills we have before us, a simple moratorium. I wish that we would get into a full-blown debate of HMOs, but I do fear it is not going to happen. I hoped we would be able to adopt a Patient Protection Act this Congress to allow patients and doctors to decide what medical procedures are necessary and to allow patients to choose their doctors. But for now, I am asking that we consider a simple moratorium on Medicare HMOs leaving the market to give us all time to consider more comprehensive solutions. This is the very least, I think, we can do.

So, Mr. President, later today I will introduce the moratorium bill and make it retroactive to protect the seniors who have been so adversely affected. I urge our colleagues and the leadership to consider this bill and to adopt it before this 105th Congress adjourns sine die.

Mr. President, I see no other colleague here on the floor, so I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ROBERTS). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

EXTENSION OF MORNING BUSINESS

Mr. DODD. Mr. President, I ask unanimous consent that morning business be extended until 11:30 a.m., with Senators permitted to speak for up to 5 minutes each. That is on behalf of the majority leader.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

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

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

SENATE AGENDA

Mr. BURNS. Mr. President, as we move into the final week of the 105th Congress, I am reminded by everything that is going on around us of the importance of our work here. Most Senators would agree that this will be a closing unlike what the majority of Senators have ever seen. It will test each and every one of us and will remind Members just why we are here.

It will test our patience and stamina regarding each and every piece of legislation that we have toiled on throughout the 105th Congress in the last 2 years. We have worked on legislation that has been in the pipeline, and now we are coming down to the small end of the funnel. Just as air, when compressed, picks up velocity, legislation picks up movement in the last week of a session.

The agenda of this Congress has been and should be simple. I gather it has been a simple one. We responded to emergencies all across the land and, yes, beyond the shores of our great land. We responded to the needs of people within our borders, attended to the needs that were a part of circumstances beyond anybody's choosing or control. Basically, that is what we do best.

There is a quality of statesmanship that is a part of each and every one of us who serve here. It will be tested as reality sets in. Some highly important issues to us all will need to be laid aside for another day. Believe me, there will be another day. There will be another battleground.

The decisions that are now before the Senate, should government be placed above all else in the average lives of all Americans? My answer is, hardly. I think it is during these times that we must reassess the role of the Federal Government and the role each of us must fill. Competition is keen among all who serve the American people at each level of government. Can we forget that we are not a true democracy and remember that we are a Republic? Each State of this great Union plays their important role in the day-to-day business of public service.

The agenda for this week is appropriations, funding the important part of our Government, which could include national security, our relations with the world community, and the economic well-being of our citizens. In other words, ensuring each and every American is not denied the American dream.

As we close the Senate and the 105th Congress, it may be asking something out of the ordinary, but it is not impossible that we lay aside the issues that cloud and delay and wait for another day. This Nation has survived for the past 200 years and will survive another 200 years. Yesterday, we heard announcements coming from both sides of the aisle and many other sources that the other side would risk shutting down the Government should we not fulfill the agenda of appropriations. If the Government is shut down because of a lack of funding, it will be the fault of the other person or party. That was the message this weekend and all day yesterday.

It is time that we reassess what has happened to get us where we are. We have been using delaying tactics either to block or slow progress of the appropriations process—nothing but delaying tactics, pure and simple. Now that we are at this point, someone must be to blame. Do we blame somebody else, or do we blame ourselves? Is there a mindset that the responsibility or the lack of responsibility does not fall on each and every one of us, whether we serve in the legislative arm of this Government or the administrative arm? Are we really saying we don't have the courage to accept the responsibility and suffer the consequences of our own actions? How can we ask our younger Americans to develop a sense of responsibility if we do not do it? Are we a nation of laws or a nation of self-satisfaction and the impulses or emotions of the day?

What we do here matters. It matters more than any one of us can imagine. Now is not the time for posturing. It is time to let the statesmanship that lives in each and every one of us come out and complete the Nation's business. I think the folks who sent us here will appreciate that, the Nation would be better off for it, and so will you as an individual. Then you will have earned and deserve the title of U.S. Senator, serving the people of the greatest nation ever established on this planet.

Mr. President, that is just a reminder, as we move into the closing days, of some problems that we have to deal with before we all go home.

I yield the floor, and 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. JEFFORDS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

READING EXCELLENCE ACT

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 404, H.R. 2614.

The PRESIDING OFFICER. The clerk will report the bill.

The legislative clerk read as follows:

A bill (H.R. 2614) to improve the reading and literacy skills of children and families by improving in-service instructional practices for teachers who teach reading, to stimulate the development of more high-quality family literacy programs, to support extended learning-time opportunities for children, to ensure that children can read well and independently not later than third grade, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Human Resources, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

TITLE I—PROFESSIONAL DEVELOPMENT IN READING AND LITERACY

SEC. 101. PROFESSIONAL DEVELOPMENT IN READING AND LITERACY.

(a) IN GENERAL.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by redesignating parts C and D as parts D and E, respectively; and

(2) by inserting after part B the following:

"PART C—PROFESSIONAL DEVELOPMENT IN READING AND LITERACY

"SEC. 2251. PROGRAM AUTHORIZED.

''The Secretary is authorized to award grants to State educational agencies for the improvement of teaching and learning through sustained and intensive high quality professional development activities in reading and literacy at the State and local levels.

"SEC. 2252. ALLOTMENT OF FUNDS.

''(a) RESERVATIONS.—From the amount available to carry out this part for any fiscal year, the Secretary shall reserve—

''(1) ½ of 1 percent for the outlying areas, to be distributed among the outlying areas on the basis of their relative need for assistance under this part, as determined by the Secretary; and

''(2) ½ of 1 percent for the Secretary of the Interior for programs under this part for professional development activities for teachers, other staff, and administrators in schools operated or funded by the Bureau of Indian Affairs.

''(b) STATE ALLOTMENTS.—The Secretary shall allot the amount available to carry out this part and not reserved under subsection (a) for a fiscal year to each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico as follows, except that no State shall receive less than ½ of 1 percent of such amount:

''(1) 50 percent shall be allotted among such jurisdictions on the basis of their relative populations of individuals aged 5 through 17, as determined by the Secretary on the basis of the most recent satisfactory data.

''(2) 50 percent shall be allotted among such jurisdictions in accordance with the relative amounts such jurisdictions received under part A of title I for the preceding fiscal year.

''(c) REALLOTMENT.—If any jurisdiction does not apply for an allotment under subsection (b) for any fiscal year, the Secretary shall reallot the amount of the allotment to the remaining jurisdictions in accordance with such subsection.

"SEC. 2253. WITHIN-STATE ALLOCATIONS.

''(a) RESERVATION.—From the amount made available to a State under this part for any fiscal year, not more than 5 percent may be reserved for the administrative costs of the State educational agency and to carry out State-level activities described in section 2256(a).

''(b) LOCAL EDUCATIONAL AGENCY ELIGIBILITY.—A State educational agency shall award grants under this part for a fiscal year to a local educational agency only if the number of children, that are served by the local educational agency and counted under section 1124(c) for the fiscal year, is equal to or exceeds the lesser of—

''(1) 30 percent of the total number of children aged 5 through 17 served by the local educational agency for the fiscal year; or

''(2) the total number of children aged 5 through 17 served by the local educational agency for the fiscal year multiplied by the result obtained from multiplying 1.5 by a fraction, the numerator of which is the total number of children in the State counted under section 1124(c) for the fiscal year, and the denominator of which is the total number of children aged 5 through 17 in the State for the fiscal year.

''(c) ALLOCATION.—A State educational agency shall allocate funds made available under this part and not reserved under subsection (a) for a fiscal year among local educational agencies in the State that are described in subsection (b), according to the local educational agencies respective need for assistance under this part, as determined by the State educational agency, taking into account factors such as—

''(1) the number of children served by the local educational agency who are from low-income families; and

''(2) the number of elementary school and secondary school students who are served by the local educational agency and whose reading achievement is unsatisfactory.

"SEC. 2254. CONSORTIA REQUIREMENTS.

''(a) CONSORTIA.—A local educational agency receiving a grant under this part of less than $10,000 shall form a consortium with another local educational agency or an educational service agency serving another local educational agency in order to be eligible to participate in programs assisted under this part.

''(b) WAIVER.—The State educational agency may waive the application of subsection (a) in the case of any local educational agency that demonstrates that the amount of the agency's grant under this part is sufficient to provide a program of sufficient size, scope, and quality to be effective. In granting waivers under the preceding sentence, the State educational agency shall—

''(1) give special consideration to local educational agencies serving rural areas if distances or traveling time between schools make formation of the consortium more costly or less effective; and

''(2) consider cash or in-kind contributions provided from State or local sources that may be combined with the local educational agency's grant for the purpose of providing services under this part.

''(c) SPECIAL RULE.—Each consortium shall rely, as much as possible, on technology or other arrangements to provide professional development programs tailored to the needs of each school or school district participating in a consortium described in subsection (a).

"SEC. 2255. STATE APPLICATIONS.

''(a) APPLICATIONS REQUIRED.—Each State educational agency desiring an allotment under this part for any fiscal year shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

''(b) STATE PLAN TO IMPROVE TEACHING AND LEARNING OF READING AND LITERACY PROGRAMS.—

''(1) IN GENERAL.—Each application under this section shall include a State plan that is coordinated with the State's plan for other Federal education programs that pertain to reading and literacy activities.

''(2) CONTENTS.—Each State plan shall—

''(A) be developed—

''(i) in conjunction with the Governor of the State (in those States where the Governor does not appoint the Chief State School Officer), the State agency for higher education, community-based and other nonprofit organizations of demonstrated effectiveness in reading readiness, reading instruction for both adults and children, and early childhood literacy, institutions of higher education or schools of education, and State directors of appropriate Federal or State programs with a strong reading or literacy component; and

''(ii) with the extensive participation of teachers who teach reading, and of parents;

''(B) include an assessment of State and local needs for reading and literacy professional development for pre-school, elementary school, and secondary school teachers, and teachers who teach in adult and family literacy programs;

''(C) include a description of how the plan has assessed the needs of local educational agencies serving rural and urban areas, and a description of the actions planned to meet such needs;

''(D) include a description of how the activities assisted under this part will address the needs of teachers in schools receiving assistance under title I and will effectively teach all students to read independently;

''(E) include a description of—

''(i) how professional development activities assisted under this part will be based on the best available research on reading development and reading disorders; and

''(ii) the extent to which the activities prepare teachers in all the major components of reading instruction (including phoneme awareness, phonics, fluency, and reading comprehension);

''(F) describe how the State will use technology to enhance reading and literacy professional development activities for teachers;

''(G) describe how parents can participate in literacy-related activities assisted under this part to enhance children's reading fluency;

''(H) describe how reading tutors can participate in literacy-related activities assisted under this part, including professional development opportunities, to enhance children's reading fluency;

''(I) describe how the State educational agency will facilitate the provision of technical assistance to the local educational agencies that receive grants under this part in order to assist in establishing the local educational agencies' local professional development activities;

''(J) describe how the State educational agency—

''(i) will build on, and promote coordination among, literacy programs in the State, in order to increase the effectiveness of the programs and to avoid duplication of the efforts of the programs; and

''(ii) will promote programs that provide access to diverse and age-appropriate reading material;

''(K) describe how the State educational agency will assess and evaluate, on a regular basis, local educational agency activities assisted under this part;

''(L) describe the methods the State educational agency will use to assess and evaluate the progress of local educational agencies in the State that receive grants under this part; and

''(M) include an assurance that each local educational agency to which the State educational agency awards a grant—

''(i) will carry out family literacy programs, such as the Even Start family literacy program authorized under part B of title I, to enable parents to be their child's first and most important teacher; and

''(ii) will carry out programs to assist those pre-kindergarten and kindergarten students who are not ready for the transition to 1st grade, particularly students experiencing difficulty with reading skills.

''(c) PLAN APPROVAL.—

''(1) IN GENERAL.—The Secretary shall approve an application of a State educational agency under this section if such application meets the requirements of this section.

''(2) DISAPPROVAL.—The Secretary shall not finally disapprove a State plan, except after giving the State educational agency notice and an opportunity for a hearing.

''(3) PEER REVIEW.—The Secretary shall establish a peer review process, in consultation with the National Research Council of the National Academy of Sciences and the National Institute of Child Health and Human Development, to make recommendations regarding approval of State plans.

''(d) ASSURANCES.—A State plan shall contain assurances that the State will comply with the requirements of this section, and provide for such fiscal control and fund accounting procedures that may be necessary to ensure the proper disbursement of, and accounting for, funds paid to the State under this section.

''(e) MULTI-STATE PARTNERSHIP ARRANGEMENTS.—For the purposes of carrying out this section, a State educational agency may join with other State educational agencies to develop a single application that satisfies the requirements of this section and identifies which State educational agency, from among the States joining, shall act as the fiscal agent for the multi-State arrangement.

''(f) REPORTING.—A State educational agency that receives an allotment under this part shall submit an annual performance report to the Secretary. Such report shall include a description of—

''(1) the assessment and evaluation methods described in section 2255(b)(2)(L); and

''(2) the local educational agencies receiving grants under this part.

"SEC. 2256. STATE USE OF FUNDS.

''(a) STATE LEVEL ACTIVITIES.—Each State educational agency shall use funds made available under section 2253(a)—

''(1) to provide technical assistance to schools and local educational agencies, and entities administering adult and family literacy programs, for the purpose of providing effective professional development reading and literacy activities;

''(2) to conduct an assessment of State needs for reading and literacy professional development, including the needs in both rural and urban areas;

''(3) to provide for coordination of reading and literacy programs within the State in order to avoid duplication and increase the effectiveness of reading and literacy activities; and

''(4) to conduct evaluations of local educational agency activities assisted under this part.

''(b) GRANTS.—

''(1) IN GENERAL.—Each State educational agency receiving an allotment under this part shall use the funds made available under section 2253(c) to award grants in accordance with such section to local educational agencies within the State.

''(2) GRANT PERIOD.—A grant awarded under this subsection shall be awarded for a period of 3 years.

"SEC. 2257. LOCAL PLAN FOR IMPROVING TEACHING AND LEARNING OF READING AND LITERACY PROGRAMS.

''(a) IN GENERAL.—Each local educational agency desiring a grant under this part shall

submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may require. Such application shall include an assessment of local needs for professional development activities in reading and literacy—

''(1) at the elementary school and secondary school levels; and

''(2) in adult and family literacy programs.

''(b) SPECIAL RULE.—A local educational agency that applies for a grant under this part shall form a partnership, with 1 or more community-based organizations of demonstrated effectiveness in reading readiness, reading instruction and achievement for both adults and children, and early childhood literacy, such as a Head Start program, public library, or an agency that oversees adult education programs, to carry out the local activities described in section 2258.

''(c) CONTENTS.—Each local plan shall—

''(1) include an assessment of local needs for reading and literacy professional development;

''(2) include a description of how the activities described in section 2258 will address the needs of teachers—

''(A) in schools receiving assistance under title I; and

''(B) in adult and family literacy programs;

''(3) describe how parents can participate in literacy-related activities assisted under this part to enhance children's reading fluency;

''(4) describe how reading tutors can participate in literacy-related activities assisted under this part, including professional development opportunities, to enhance children's reading fluency;

''(5) describe how the local educational agency will build on, and promote coordination among, literacy programs at the local level in order to increase the effectiveness of the programs and to avoid duplication of effort;

''(6) describe how the local educational agency—

''(A) will carry out family literacy programs, such as the Even Start family literacy program authorized under part B of title I, to enable parents to be their child's first and most important teacher;

''(B) will carry out programs to assist those pre-kindergarten and kindergarten students who are not ready for the transition to 1st grade, particularly students experiencing difficulty with reading skills; and

''(C) will promote programs that provide access to diverse and age-appropriate reading material;

''(7) describe how the local plan will be carried out in coordination with other Federal education programs that pertain to reading and literacy activities; and

''(8) describe the amount and nature of funds from other public or private sources that will be combined with funds received under this section.

''(d) LOCAL PLAN APPROVAL.—The State educational agency shall approve an application of a local educational agency under this section if such application meets the requirements of this section.

''SEC. 2258. LOCAL ACTIVITIES.

''(a) IN GENERAL.—Each local educational agency shall use the funds made available under section 2256(b)—

''(1) to support partnerships among preschools, elementary schools, secondary schools, consortia of such schools, local educational agencies, community-based organizations (such as a Head Start program), adult education programs, institutions of higher education, or (where appropriate) public libraries, of demonstrated effectiveness in reading readiness, and in reading instruction and achievement, for adults and children;

''(2) to provide intensive, ongoing professional development activities to train teachers to meet the diverse reading needs of all students, which activities shall—

''(A) be based on the best available research on reading development and reading disorders; and

''(B) prepare teachers in all the major components of reading instruction (including phoneme awareness, phonics, fluency, and reading comprehension);

''(3) to develop professional development programs and strategies to effectively involve parents in helping their children with reading;

''(4) to provide parents with literacy-related activities that will enhance children's reading fluency;

''(5) to provide reading tutors with literacy-related activities, including professional development opportunities, to enhance children's reading fluency;

''(6) to promote programs that provide access to diverse and age-appropriate reading material;

''(7) to provide coordination of reading and literacy programs within the local educational agency to avoid duplication and increase the effectiveness of reading and literacy activities;

''(8) to coordinate family literacy programs, such as the Even Start family literacy program authorized under part B of title I, to enable parents to be their child's first and most important teacher, and to make payments for the receipt of technical assistance for the development of such programs; and

''(9) to establish programs to assist those prekindergarten and kindergarten students enrolled in schools served by the local educational agency who are not ready for the transition to 1st grade, particularly students experiencing difficulty with reading skills.

''(b) SPECIAL RULES.—A local educational agency receiving a grant under this part shall use the funds for activities described in subsection (a) that—

''(1) provide professional development activities in reading instruction to teachers in elementary schools and secondary schools having the greatest need for such services, as evidenced by poor student performance on reading assessments, a high percentage of students from low-income families, or a combination of such performance and percentage; and

''(2) are provided to teachers at public and private nonprofit elementary schools and secondary schools.

''SEC. 2259. LOCAL DISTRIBUTION OF FUNDS.

''Each local educational agency that receives funds under this part for any fiscal year—

''(1) shall use not less than 80 percent of such funds for the professional development of teachers and, where appropriate, administrators, pupil services personnel, parents, tutors, and other staff of individual schools, and for other literacy-related activities, in a manner that—

''(A) to the extent practicable, takes place at an individual school site; and

''(B) is consistent with the local educational agency's plan under section 2257, any school plan under part A of title I, and any other plan for professional development carried out with Federal, State, or local funds that emphasizes sustained, ongoing activities related to professional development for teachers; and

''(2) may use not more than 20 percent of such funds for school district-level professional development activities, including, where appropriate, the participation of administrators, policymakers, tutors, and parents, if such activities directly support instructional personnel, and for other literacy-related activities.

''SEC. 2260. INFORMATION DISSEMINATION.

''(a) IN GENERAL.—From funds reserved under section 2261(b), the National Institute for Literacy shall disseminate information with respect to reading and literacy. At a minimum, the institute shall disseminate such information to all recipients of Federal financial assistance under this title, titles I and VII, the Head Start Act, the Individuals with Disabilities Education Act, and the Adult Education Act.

''(b) COORDINATION.—In carrying out this section, the National Institute for Literacy shall use, to the extent practicable, information networks developed and maintained through other public and private persons, including the Secretary, the National Center for Family Literacy, and the Readline Program.

''SEC. 2261. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—If the amount appropriated to carry out the Individuals with Disabilities Education Act for fiscal year 1998, 1999, or 2000 exceeds by $500,000,000 the amount so appropriated for fiscal year 1997, 1998, or 1999, respectively, there are authorized to be appropriated to carry out this part and section 1202(c) $210,000,000 for the fiscal year 1998, 1999, or 2000, as the case may be, of which $10,000,000 shall be available to carry out section 1202(c).

''(b) RESERVATION.—From amounts appropriated under subsection (a) for a fiscal year, the Secretary shall reserve $5,000,000 to carry out section 2260.

''(c) SUNSET.—Notwithstanding section 422(a) of the General Education Provisions Act, this title is repealed, effective September 30, 2000, and is not subject to extension under such section.''.

(b) CONFORMING AMENDMENT.—Section 2003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6603) is amended—

(1) in subsection (a), by inserting ''(other than part C)'' after ''title''; and

(2) in subsection (b)(3), by striking ''part C'' and inserting ''part D''.

TITLE II—AMENDMENTS TO EVEN START FAMILY LITERACY PROGRAMS

SEC. 201. RESERVATION FOR GRANTS.

Section 1202(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)) is amended to read as follows:

''(c) RESERVATION FOR GRANTS.—

''(1) GRANTS AUTHORIZED.—From funds reserved under section 2261(a) to carry out this section for a fiscal year, the Secretary shall award grants, on a competitive basis, to States to enable such States to plan and implement statewide family literacy initiatives to coordinate and integrate existing Federal, State, and local literacy resources consistent with the purposes of this part. Such coordination and integration shall include coordination and integration of funds available under the Adult Education Act, the Head Start Act, this part, part A of this title, and part A of title IV of the Social Security Act.

''(2) CONSORTIA.—

''(A) ESTABLISHMENT.—To receive a grant under this subsection, a State shall establish a consortium of State-level programs under the following provisions of law:

''(i) This title.

''(ii) The Head Start Act.

''(iii) The Adult Education Act.

''(iv) All other State-funded preschool programs and programs providing literacy services to adults.

''(B) PLAN.—To receive a grant under this subsection, the consortium established by a State shall create a plan to use a portion of the State's resources, derived from the programs referred to in subparagraph (A), to strengthen and expand family literacy services in such State.

''(C) COORDINATION WITH PART C OF TITLE II.—The consortium shall coordinate its activities with the activities assisted under part C of title II, if the State receives a grant under such part.

''(3) TECHNICAL ASSISTANCE.—The Secretary shall provide, directly or through a grant or contract with an organization with experience in the development and operation of successful family literacy services, technical assistance to States receiving a grant under this subsection.

''(4) MATCHING REQUIREMENT.—The Secretary shall not make a grant to a State under this subsection unless the State agrees that, with respect to the costs to be incurred by the eligible

consortium in carrying out the activities for which the grant was awarded, the State will make available non-Federal contributions in an amount equal to not less than the Federal funds provided under the grant.''.

SEC. 202. DEFINITIONS.

Section 1202(e) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(e)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) the term 'family literacy services' means services provided to participants on a voluntary basis that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family (such as eliminating or reducing welfare dependency) and that integrate all of the following activities:

''(A) Interactive literacy activities between parents and their children.

''(B) Equipping parents to partner with their children in learning.

''(C) Parent literacy training, including training that contributes to economic self-sufficiency.

''(D) Appropriate instruction for children of parents receiving parent literacy services.''.

SEC. 203. EVALUATION.

Section 1209 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6369) is amended—

(1) in paragraph (1), by striking ''and'' after the semicolon;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) to provide States and eligible entities receiving a subgrant under this part, directly or through a grant or contract with an organization with experience in the development and operation of successful family literacy services, technical assistance to ensure local evaluations undertaken under section 1205(10) provide accurate information on the effectiveness of programs assisted under this part.''.

SEC. 204. INDICATORS OF PROGRAM QUALITY.

(a) IN GENERAL.—The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(1) by redesignating section 1210 as section 1212; and

(2) by inserting after section 1209 the following:

''SEC. 1210. INDICATORS OF PROGRAM QUALITY.

''Each State receiving funds under this part shall develop, based on the best available research and evaluation data, indicators of program quality for programs assisted under this part. The indicators shall be used to monitor, evaluate, and improve such programs within the State. The indicators shall include the following:

''(1) With respect to eligible participants in a program who are adults—

''(A) achievement in the areas of reading, writing, English language acquisition, problem solving, and numeracy;

''(B) receipt of a secondary school diploma or its recognized equivalent;

''(C) entry into a postsecondary school, a job retraining program, or employment or career advancement, including the military; and

''(D) such other indicators as the State may develop.

''(2) With respect to eligible participants in a program who are children—

''(A) improvement in ability to read on grade level or reading readiness;

''(B) school attendance;

''(C) grade retention and promotion; and

''(D) such other indicators as the State may develop.''.

(b) STATE LEVEL ACTIVITIES.—Section 1203(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6363(a)) is amended—

(1) in paragraph (1), by striking ''and'' after the semicolon;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) carrying out section 1210.''.

(c) AWARD OF SUBGRANTS.—Paragraphs (3) and (4) of section 1208(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368) are amended to read as follows:

''(3) CONTINUING ELIGIBILITY.—In awarding subgrant funds to continue a program under this part for the second, third, or fourth year, the State educational agency shall evaluate the program based on the indicators of program quality developed by the State under section 1210. Such evaluation shall take place after the conclusion of the startup period, if any.

''(4) INSUFFICIENT PROGRESS.—The State educational agency may refuse to award subgrant funds if such agency finds that the eligible entity has not sufficiently improved the performance of the program, as evaluated based on the indicators of program quality developed by the State under section 1210, after—

''(A) providing technical assistance to the eligible entity; and

''(B) affording the eligible entity notice and an opportunity for a hearing.''.

SEC. 205. RESEARCH.

The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.), as amended by section 204 of this Act, is further amended by inserting after section 1210 the following:

''SEC. 1211. RESEARCH.

''(a) IN GENERAL.—The Secretary shall carry out, through grant or contract, research into the components of successful family literacy services. The purpose of the research shall be—

''(1) to improve the quality of existing programs assisted under this part or other family literacy programs carried out under this Act or the Adult Education Act; and

''(2) to develop models for new programs to be carried out under this Act or the Adult Education Act.

''(b) DISSEMINATION.—The National Institute for Literacy shall disseminate, pursuant to section 2260, the results of the research described in subsection (a) to States and recipients of subgrants under this part.''.

AMENDMENT NO. 3740

(Purpose: To provide for a complete substitute)

Mr. JEFFORDS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont [Mr. JEFFORDS], proposes an amendment numbered 3740.

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

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. JEFFORDS. Mr. President, this is an important bill. It is a bill that is designed to address what is probably the most serious problem we have in the United States in our educational system, and that is the inability of our school system to provide young people who graduate from high school with the skills necessary, in just the very basics of reading. To enable our nation to proceed into the next century as we should and to maximize the potential of these young people, we must assure that our high school graduates have these essential skills.

Back in 1983, the Reagan administration, through Education Secretary Terrel Bell, delivered a report to the Nation called ''A Nation At Risk.'' That report outlined the serious problems we have in our educational system and observed that the output of our primary and secondary educational schools was not anywhere near what it needed to be in order to meet the challenges posed by our Asian and European competitors. Many problems were delineated in that report. One on which we have focused a great deal of attention is performance in mathematics.

The United States, among all the industrialized nations, was at the bottom in tests given to our young people to determine their abilities in mathematics. We were dead last among our competitor nations. So, in a number of ways, we have tried to improve the results of our educational system with respect to mathematics. The studies have also shown that our industries have found that problems are not limited just to mathematics. Rather, they found that the basic problem was that their workers could not read the problems in order to determine the mathematics necessary to solve them. Mastering the very basics of reading was essential before they could understand how to answer the problems in mathematics.

We have been trying to make improvements since 1983. In 1988, the Governors met with the President and established national goals—sometimes referred to as Goals 2000—to try to emphasize that changes must be made in our educational system in order to make this Nation what it ought to be as we go into the next century.

As a result of that initiative, in 1994, we established a goals panel in order to determine whether or not we were making any improvement in these essential areas. I sit on that goals panel. I have been a member now for some 4 years, and I am sorry to report—and this has already been reported—that, in those 4 years, there has not been any indication that we have made any progress toward these goals, even in the area of reading. And the same is true with respect to mathematics. In fact, just recently, the last IMS study—International Mathematics Study —showed that our students graduating from high school were again at the bottom of all industrialized nations, as far as their capacity to solve mathematical problems.

That same study indicated that our fourth graders were the best in the world, and our eighth graders were average. But, by the time they graduated from high school, they were well behind. Part of that problem stems from problems with reading and the ability to understand problems.

I point out another situation with respect to reading that is very instructive in this regard.

Motorola, back in the early 1980s, was in a real fight with Japan on cellular phones. The CEO of Motorola said

he had to develop a new factory employing individuals with the skills necessary to produce cellular phones that would be equal to or better than those of the Japanese. So a study group was established. The study group indicated that they had a problem with respect to trying to get the skilled workforce necessary in order to compete with the Japanese. They also took a look at Malaysia and other areas. They reported back to the CEO that our workers were not capable of the productivity necessary. So they opted to locate the plant in Malaysia. The CEO, being a strong American, said ''No. We are not going to locate a plant in Malaysia. I want to find out why we are unable to find and to train the workers necessary to get the best productivity.''

A study was conducted, which found out that the reason for the problem was the inability to answer math problems. That was one thing. But, then, they found that the reason workers were not able to solve the math problems was that they couldn't read the math problems. The company created the necessary remedial training first to train the workers how to read and then to allow them to do the math problems. Believe it or not, they were able to do that with the remedial training.

So the CEO said, ''We are going to locate that plant in the United States.'' They did. It proved to be the most productive plant in all of the Motorola operations, with higher productivity than the Japanese. It is a long story about Motorola. But, finally, they were able to outdo the Japanese and to outsell them. In fact, they were even able to break into the markets in Japan and to outsell the Japanese. It goes back to the basics. The workers couldn't read.

Another study which is instructional was done in, I believe, 1993. It was a national literacy study that showed that 51 percent of the high school graduates who were examined were found to be functionally illiterate. That is incredible. You wonder why our business people say they don't even bother to look at a diploma of a kid out of high school because it doesn't mean anything. That is another area that we are trying to improve and, at a minimum, to make sure that everyone who gets a high school diploma knows how to read.

We looked into this and found what had happened. The reason this dismal result was appearing was that, back in the 1960s, studies were done at Cornell University. At that time, we had this big awakening about the problems of neurosis and young people and things that stimulated mental problems. Researchers concluded that the worst thing one could do was to fail a kid in school because that would create a neurosis and the child would have problems the rest of his or her life.

That led to the development of so-called ''social promotion.'' In other words, the attitude was, ''Well, if they can't read, pack them on.'' That might have been fine from the second to the third grade and maybe even from the third or fourth grades if somebody would have picked them up and taught them how to read. But nobody ever picked them up. The teachers were busy teaching the ones who knew how to read. They did not have time for those who didn't know how to read. Social promotion is a reality in probably all of our schools.

You wonder why our CEO's say, ''We don't even look at diplomas to determine whether the kids should come to us to work.''

Getting to today, this problem with reading was emphasized, and we determined that we had to do something. Working with the Administration, we prepared the reading bill before us today. This legislation provides for ample funding and lays out everything that we believe we need to do in order to take not only corrective action before students get out of the third and fourth grades to make sure that they read, but also to make sure we have remedial training for all of those in the higher grades who didn t master reading in their early school years.

In the budget account, we attached $250 million for this bill to assist in trying to find a remedial program which will be successful in getting our young people to read.

A number of people have worked very hard on this bill. Senator KENNEDY, I expect, will be here before too long. Senator COVERDELL and Senator COATS and Senators GREGG and HUTCHINSON all really worked hard to bring about this bill and to make sure that it received favorable consideration.

On the House side Representatives CLAY, HILLEARY and RIGGS, and especially my good friend BILL GOODLING. Chairman GOODLING has championed literacy throughout his tenure, and he has done a wonderful job in making sure that the reading bill got to us. I am now working very closely with him as we go towards the reauthorization of the Elementary and Secondary Education Act.

In my view, the bill provides the necessary remedial help to get our schools on a path where we can assist substantially in getting young people to read and to graduate from high school in a manner which will be productive for them and for our society.

I mentioned Senator KENNEDY. He is here. The work that he has done in championing this cause is very notable.

Mr. KENNEDY. Mr. President, I commend Chairman JEFFORDS for his leadership in making child literacy a priority and developing this strong legislation. I also commend Senator COVERDELL for helping to make this bill a priority in the Senate, and Senator MURRAY and Senator DODD for their leadership in issues involving young children.

I also want to thank Congressman GOODLING and Congressman CLAY for working effectively to ensure that the Senate and House could reach agreement on this important measure.

I commend and thank all the staff members of the working group for their skillful assistance in making this process successful: Sherry Kaiman of Senator JEFFORDS' staff; Townsend Lange of Senator COATS staff; Suzanne Day of Senator DODD's staff; Elyse Wasch of Senator REED's staff; Greg Williamson of Senator MURRAY's staff; Bev Schroeder of Senator HARKIN's staff; and Danica Petroshius of my own staff. I also commend the hard work of the House staff on the working group, including Vic Klatt, Sally Lovejoy, D'Arcy Philps, Lynn Selmser, and Bob Sweet of the House Committee majority staff; Alex Nock, Marci Phillips, Mark Zuckerman, and June Harris of the House Committee minority staff; and Charlie Barone of Represenative GEORGE MILLER's staff.

Learning to read well is the cornerstone of every child's education. We know that reading skills are fundamental to effective learning in all subjects. The ability to read effectively is the gateway to opportunity and success throughout life.

Many successful programs are helping children learn to read well. But too often, the best programs are not available to all children. As a result, large numbers of children are denied the opportunity to learn to read well. 40 percent of 4th grade students do not achieve the basic reading level, and 70 percent of 4th graders are not proficient in reading.

Children who fail to acquire basic reading skills early in life are at a disadvantage throughout their education and later careers. They are more likely to drop out of school, and to be unemployed. We need to do more to ensure that all children learn to read well—and learn to read well early—so that they have a greater chance for successful lives and careers.

In October 1996, President Clinton and the First Lady initiated a new effort to call national attention to child literacy by proposing their ''America Reads Challenge.'' Many of us in Congress strongly supported their call for increased aid for reading tutors and other steps to improve child literacy. Today, over 1,000 colleges and universities are committed to the President's ''America Reads Work Study Program,'' and 59 of these institutions are in Massachusetts.

Many of the reading difficulties experienced by teenagers and adults today could have been prevented by better attention during early childhood. By working to ensure that all children learn to read well in the early grades, we can reduce the need for costly special education instruction in later grades. We must make every effort to give our public schools the resources necessary to ensure that all children obtain the reading skills they need—at an early age.

This bill is a major step toward meeting that goal. It provides children, parents, schools, and communities with the resources and opportunities they need to improve child and family literacy—and the help can't come a minute too soon.

This bill also recognizes that teachers must have adequate resources and proper training in order to be prepared to teach reading well. Teachers must often provide special assistance to children who are having difficulty learning to read. Too often, teachers lack the time, the skills, and the resources to provide children with that assistance. Building on the successful Eisenhower Professional Development Program, which trains teachers in math and science, this bill creates new opportunities for teachers to obtain the training they need to teach reading effectively.

Communities across the country are initiating innovative projects on reading. At Boston College, a fundamental part of teacher education is training teachers in the best research and practice on ways to teach reading, including helping children develop skills in phonics, sound-and-symbol relationships, and reading comprehension.

This bill encourages local school districts to build partnerships and work in cooperation with community organizations and state agencies. It ensures that local, state, and national efforts to improve literacy are coordinated, and that the most effective resources and practices are used to meet the needs of children. It also provides communities with support to provide children with trained tutors to give them the opportunity to practice reading with adults.

In Massachusetts, 59 colleges and universities are providing trained tutors to school children through the Federal Work Study Program. At Boston University, 150 reading tutors are helping 400 needy children learn to read. Students at Worcester Polytechnic Institute serve as reading tutors at the Belmont Community School. The Reading Excellence Act builds upon these successful programs to help communities find and train tutors who can make a difference.

In addition, children need to have useful reading materials outside of school to help them develop a love of reading early in life. To meet this goal, the bill encourages strong links to a variety of programs for early childhood literacy, and encourages cooperation between community, state, and national organizations to ensure that every child has access to good reading materials.

Physicians are also part of the effort. Successful pediatric programs, such as Reach Out and Read, can benefit even more children as a result of this bill. This program was created by a team of pediatricians and early childhood educators at Boston City Hospital in 1989. Pediatricians are encouraged to prescribe reading activities as part of childhood medical check-ups, and to see that children leave the doctor's office with a good book in hand. Now, 4,500 health care providers in 46 states have been trained to help nearly one million children and their families. Parents who participate in Reach Out and Read are 8 times more likely to read to their children than parents who do not participate in this pediatric program.

Children whose parents are involved in their education, who read to them, and who work with them on language skills are more likely to become successful readers. They achieve higher test scores. They have better school attendance records. They graduate at higher rates. And they are more likely to go to college. But children whose parents lack a strong educational foundation are less likely to do so.

Many parents want to help, but too often they are unable to do so because the parents themselves lack basic reading skills. We can do more to help parents acquire the skills and resources needed to help their children learn to read. This bill will expand local family literacy initiatives, and help states to increase parent involvement.

Family literacy efforts, such as the Home Instruction Program for Preschool Youngsters in Worcester, Massachusetts, concentrate on providing parents with the education and skills they need to be their children's first reading teachers. These programs teach parents how to read aloud and work with their children at home, and give parents the opportunity to attend literacy and other classes.

Funds will also be available to the National Institute for Literacy to gather and disseminate information about the best practices for improving child literacy, so that every school and community can take advantage of them.

This bill targets funds for literacy programs on schools where the needs are greatest. Children in poor schools are more likely to live in homes with parents who have not completed high school and are unemployed. Children from such homes are 5 to 6 times more likely to drop out of school than other children. We should help ensure that they get the opportunities they need to learn to read well.

Recent successes in Boston prove that targeted efforts to improve schools and student performance can produce real results. After three years of reforms in Boston emphasizing early literacy, high academic standards, and the best teaching practices, students in almost every grade showed significant improvements in math and reading scores on city-wide achievement tests.

The Samuel W. Mason School in Boston, where 91 percent of the children come from poor families, has gone from one of the lowest-performing schools in the city to scoring in the top quarter of all public schools in the city in reading achievement. They have implemented a school reform approach that focuses on literacy. Teachers were trained in the best reading practices. In addition, they adapted teaching styles to fit children's learning styles, tested the children every six weeks to measure improvement, and focused on improving family literacy in the community.

The bill will help provide children with the readiness skills and support they need to learn to read once they enter school. It will help teach every child to read in these early years—from preschool though the 3rd grade. And, it will improve the instructional practices of teachers and other staff in elementary schools with the greatest need for extra help.

The bill provides competitive grants to states to improve child literacy. Each state will create a plan to address the needs of its teachers and communities for improving student achievement in reading. Eligible school districts will be able to apply to the state for funds to support teacher training in how to teach reading well in elementary schools with the greatest need for help, and to support partnerships among eligible school districts and community organizations that support early learning, tutoring, adult literacy, and that provide children and families with access to books.

The lowest-achieving and poorest schools will benefit. Local school districts that are eligible for subgrants fall into three categories: (1) districts that have at least one low-performing school in school improvement under Title I; (2) districts that have schools with the highest and second highest number of poor children in the state; and (3) districts that have schools with the highest and second highest poverty rates in the states.

The bill amends Title II of the Elementary and Secondary Education Act, and authorizes $260 million each year for fiscal years 1999 and 2000.

By building on successful programs such as the Eisenhower Professional Development Program, the College Work Study Program, and the Even Start Program, this bill provides state and local education agencies with the support they need to bring successful programs to their teachers, students, and communities.

Children do not learn to read on their own. Children need well-trained teachers who can give them the assistance they deserve. Children need trained tutors who can work with them outside the classroom. They need involved parents who know how to read and know how to work effectively with their children at home. Children need access to effective reading materials at home. And, children need the opportunity to acquire reading readiness skills early, so that they come to school ready to learn to read.

The Reading Excellence Act ensures that the best methods and resources are more widely available to schools, families, and children across the country. I urge the Senate to pass this important legislation.

Mr. DODD. Mr. President, it is with great pleasure that I rise in support of the Reading Excellence Act. I am very pleased that, working with the House committee and Secretary Riley, we have been able to work out a final bill that will improve reading skills. This

effort once again demonstrates that when we focus on what really matters to America's families and work together, we can accomplish a great deal of good. And today, we are taking a substantial step in improving the teaching of reading in our schools.

There are few skills that are more important than literacy. It is what makes us good workers, good parents, and good citizens. Imagine not being able to read. Bus schedules, children's homework assignments, and local newspapers—all beyond your grasp. From start to finish, each day would be nearly impossible.

Yet, too many of our children leave school lacking this basic skill which is essential to their livelihood and their quality of life. But, for the child who cannot read, the problem begins much earlier than graduation. Research has shown that children who fall behind as early as the second and third grade do not catch up or become fluent readers unless expensive, intensive help is available to them. If such help is not available, these children become increasingly frustrated and are at substantial risk of dropping out of school altogether.

Our goal must be to help all children to read well, to read independently, and, importantly, to enjoy reading. We have a tremendous advantage today in reaching this goal in that we know so much more about the physiological process of learning to read. We also know what works and what does not. This bill makes sure that this new base of knowledge gets out beyond academia and its scholarly journals and into classrooms across the country where it can make a real difference in the lives of our children.

Beyond the classroom, this legislation will also help empower the first and most important teacher of all children—their parents. Children's literacy levels are directly related to the literacy ability and interest of their parents, especially their mothers. The values, attitudes and expectations held by parents and other care givers with respect to literacy will have a lasting effect on a child's attitude about learning to read. This bill will encourage parents to read to their children at an early age and foster the budding literacy skills of their children.

I am particularly pleased the bill also reaches out to Head Start and other local pre-school programs to bring them into these efforts to ensure that young children have the necessary foundation for literacy. In addition, the bill does not overlook the important contribution trained volunteers and mentors can have in improving a child's reading fluency and comprehension. This bill encourages local communities to tap into these efforts and coordinate volunteers to bring their talents and time into the schools to read with children one on one.

Finally, Mr. President, this bill does not overlook the most basic tool in any literacy effort—Books. Good, engaging, age-appropriate books are critical to any successful effort to improve literacy. In too many homes, books are a rarity. And yet any parent will tell you how books capture the imagination and attention of toddlers and, even babies, better than any television show.

I think we need to do much more when it comes to books. Our tax laws have set up very perverse incentives that make it more profitable to destroy unsold books rather than donate them to schools or literacy organizations. I am hopeful that, when the Senate next revisits tax law, we can take a look at this issue and reverse these incentives to get more books into the hands of children. In the meantime, this legislation is a good first step in ensuring that children will have increased exposure and involvement with high-quality books.

Mr. President, this is a good thoughtful bill and I am very pleased that we will complete action on it this year and begin this important effort to improve our children's literacy skills.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Amendment be agreed to, the committee amendment, as amended, be agreed to, the bill be considered as read the third time and passed, as amended, the motion to reconsider be laid upon the table, and that any statements relating to the bill be placed in the appropriate place in the RECORD.

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

The amendment (No. 3740) was agreed to.

The committee amendment, as amended, was agreed to.

The bill (H.R. 2614), as amended, was considered read the third time, and passed.

Mr. COVERDELL. Mr. President, today the Senate passed H.R. 2614, the Reading Excellence Act, and I rise in celebration for the many Americans this important legislation will help. Reading is critical to every aspect of life, especially as we move into the high-tech world of the 21st century. With the passage of this bill, more Americans will secure the basic reading skills necessary to enjoy the benefits of citizenship. It will enable many to do some of the things we take for granted—being able to read a phone book, a dinner menu, directions on a medicine bottle, or a job application.

Right now, only 4 out of 10 of our Nation's third graders can read at grade level or above. This clearly can not stand. Our goal is to ensure that every child is able to read by the third grade. This bill is a down payment toward that goal. The Reading Excellence Act focuses on scientifically based methods for teaching reading, it provides for tutorial assistance for at-risk children, and addresses adult illiteracy so that parents can be their children's first and most important teacher. This bill stresses the basics, a return to proven teaching methods, and most importantly a return to methods that work. It is unacceptable that only 10 percent of our teachers have received formal instruction on how to teach reading. Reading Excellence will give our educators the resources needed to prepare our children to read before they advance to the next grade.

With the leadership of Chairman WILLIAM F. GOODLING, H.R. 2614 passed the House last year. Earlier this year Reading Excellence was included in our Senate Republican blueprint for education reform. I also offered Reading Excellence, S. 1596, as a freestanding bill in the Senate on February 2, 1998. Again, in an effort to pass this legislation, I offered it as an amendment to my education savings accounts bill and it was agreed to unanimously. Unfortunately, the President killed that comprehensive education reform bill, vetoing the literacy language along with it. The administration has endorsed this language as a freestanding bill.

Helping kids read should not be a partisan issue. Both Chambers have now passed Reading Excellence unanimously, and I urge the President to sign H.R. 2614 into law. I praise Chairman GOODLING for his perseverance and dedication to helping over 3 million children at risk of falling behind. Senator COATS has also been a leader in getting this legislation to its final passage and we all thank him for his dedication to education. Today we take a first step, and as the poet Robert Frost says, ''we have miles to go before we sleep.''

PRIVILEGE OF THE FLOOR

Mr. DORGAN. Mr. President, I ask unanimous consent James Fenwood, a fellow on my staff, be granted the privilege of the floor this morning.

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

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Washington is recognized.

Mr. GORTON. Mr. President, I ask unanimous consent I may proceed for up to 10 minutes in morning business.

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

THE SOCIAL SECURITY SURPLUS MUST BE PROTECTED

Mr. GORTON. Mr. President, this year began in a way unprecedented during my years as a U.S. Senator. Just months after passing the balanced budget agreement of 1997, budget forecasters released projections that included the possibility of a budget surplus as early as 1999. By March, the Congressional Budget Office estimated an $8 billion surplus by the end of fiscal year 1998.

I'll skip ahead a few months, because we all know that the surplus projections continued to grow. Last week, fiscal year 1998 came to an end with the President and Congress announcing a $70 billion budget surplus.

In less than a year, the deficit-busting efforts started early in the 1980s and culminating in last year's balanced budget agreement reached the climax we have been waiting for since 1969—the first budget surplus in 30 years.

All of this is very good news, everyone on Capitol Hill wants to take credit for it. Despite the euphoric attitude that has overcome the congressional budgeteers and appropriators, however, I want to sound a note of caution.

This weekend, the Seattle Times published an editorial that sums up my hesitation to jump on the pig pile scrambling to spend the projected surplus on tax cuts, as advocated by a number of my colleagues, or new government programs, as suggested by the President and Democratic leadership.

The editorial, aptly titled ''Surplus? What Surplus?'', reminds us all of a reality few are willing to face.

In July, the Congressional Budget Office predicted the Federal Government will run a $63 billion surplus in 1998 if the Social Security trust fund is included in the budget calculations. We still are running a $41 billion deficit, however, if the surplus in the Social Security trust fund is excluded.

The Federal Government will not run a surplus without the inclusion of the Social Security trust fund until 2002, when CBO expects a $1 billion surplus. By 2008, the surplus will rise to $64 billion, without including the Social Security trust fund.

We are close, but we are not out of the woods yet.

I remain deeply concerned about the future viability of Social Security.

Social Security is a sacred contract between the Federal Government and seniors. We cannot and must not use the current surplus in the Social Security trust fund to offset deficit spending in other Government programs. Unfortunately, the President, among others in Government, has proposed to do precisely that.

As Congress speeds toward the end of the 105th Congress, we must keep the future of the Social Security trust fund paramount in our deliberations. Some Members of Congress want to pass a tax cut package before the election, which will be funded by the projected surplus.

The President—who urged us to ''Save Social Security First'' during his State of the Union Address in January—opposes tax cuts for the American people but has been pushing for $20 billion in so called emergency spending since September. He does not propose to offset this spending with cuts in other Government programs. In fact, by categorizing his spending requests as ''emergencies,'' he plans to spend a large part of the surplus he himself designated for saving Social Security in January.

Frankly, I question the legitimacy of the ''emergencies'' identified by the President—the year 2000 computer problem, military responsibilities in Bosnia, and the decennial census. These so-called emergencies have been on the radar screen for years. Unfortunately, the President failed to place a priority on these challenges when he gave Congress his budget in February.

Now we have several ''emergencies'' for which the President is willing to dip into the surplus he deemed sacred in January—a surplus that does not exist unless we tap into the Social Security trust fund.

Allow me to discuss the trust fund for just a moment. Today the Social Security trust fund is running a surplus. But that is by design. When the baby boom generation begins retiring in just a few years, that surplus will be needed to ensure that Social Security can meet its obligations.

I believe that all Government surpluses must be used to guarantee the stability of the Social Security system so that everyone relying on Social Security today, and everyone working and paying into the system today, will be able to count on Social Security without any cuts or increased taxes tomorrow.

The President has said that he wants to save Social Security, but in fact his budget proposed to spend billions of dollars over and above the balanced budget agreement he signed a year ago. Now he wants more money for the so-called emergencies I described earlier. Every one of those dollars will inevitably come out of the surplus I am convinced we need to preserve for Social Security. That is wrong.

We must use all of the Social Security and other future budget surpluses to make entirely certain that the current generation, and at least the next generation, have Social Security in its present form.

I believe so strongly in this position, that in a July strategy meeting to discuss tax and budget issues my advice to Senate Majority Leader TRENT LOTT was to ''save Social Security first.'' I believe now that that is exactly what we will do.

We cannot play smoke and mirrors with the Social Security trust fund.

At the beginning of September, I sent this chart, which you can see, Mr. President, to more than 300,000 seniors in Washington State. I have received thousands of responses over the last 3 weeks.

This is a difference between a true deficit in our normal accounts and a surplus that is created simply by counting the Social Security surplus, with the 0 point, as I said earlier, not reached until in the year 2002.

Margaret Collins of Kent wrote: ''Keep Social Security money for Social Security only.''

Alice Crawley of Seattle wrote: ''I am 82 years old and I say they should use any available surplus, Social Security and otherwise to preserve and protect Social Security.''

Mr. and Mrs. Bill Pennock of Redmond wrote: ''The American people pay into Social Security believing the money will be there when they retire. Our generation depends on Social Security and we feel future generations will also need it. Please do not spend the fund on other government programs.''

Wallace Wickland of Bothell wrote: ''You people in Washington have got to keep your hands off Social Security. This is all some people have. Voting for Social Security will save your jobs!''

Anna Green of Tacoma wrote: ''We always voted for you, and I hope you think of our children and grandchildren to preserve and protect the Social Security for them.''

Barbara Murphy of Tumwater wrote: ''I'm in favor of using all the surplus to shore-up Social Security. I know House Republicans propose a tax refund for citizens, but let's wait on that.''

My constituents support using all of the Social Security surplus and future budget surpluses to make entirely certain that the current generation and future generations are protected. Once Congress and the President agree to a plan that shores up Social Security for our children and grandchildren who will retire during the next century, I gladly will join my colleagues in providing tax relief for hard-working Americans.

I want to make that point crystal clear. I am not opposed to tax relief. In fact, I'm all for across-the-board tax cuts that provide relief for middle class taxpayers. In fact, I have cosponsored two bills that reduce or eliminate tax penalties on married couples—a major component of the House-passed tax relief package. The taxpayers have contributed more than their fair share to the balanced budget for which we so desperately want to claim credit in Washington, D.C.

Unfortunately, we have to eat the spinach on our plate before we eat dessert. We have one more challenge to face—one more hurdle to jump—before we can claim victory on balancing the budget and start returning their hard-earned dollars to taxpayers. Let's secure and protect the Social Security trust fund for current retirees and future generations first.

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

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

Mr. DORGAN. I ask unanimous consent to speak as if in morning business for 10 minutes.

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

Mr. DORGAN. Thank you, Mr. President.

PRIORITIES OF THE 105TH CONGRESS

Mr. DORGAN. Mr. President, one of the items up for consideration as we

finish this 105th Congress is H.R. 10, the so-called financial modernization bill. In fact, we have gone through a cloture vote on the motion to proceed to that bill. H.R. 10 is a piece of legislation that apparently has fairly wide support, I am told, in this Congress. I do not happen to support it, but I assume we will go through a period this week of debating and voting on a series of procedural motions dealing with H.R. 10.

It is a 600-page bill, and it will make the most sweeping changes to the financial sector and particularly the banking and other financial industries since the 1930s. This piece of legislation repeals the Glass-Steagall Act, which restricts the ability of banks and security underwriters to affiliate with one another.

The bill creates a new category of financial holding companies. The structure will allow for a broader range of financial services now to be done in one affiliated area—commercial banking, insurance underwriting, merchant banking.

I do not know whether most people have forgotten the lessons of the 1930s, but in the 1930s it was thought that perhaps we ought not to merge or marry in any way inherently speculative activities with banking because banking requires the perception—even just the perception—of safety and soundness to survive and do well. Safety and soundness is critical.

When you bring into the realm of banking activity that is inherently speculative, such as underwriting securities, insurance underwriting, merchant banking, and a whole range of other activities, it seems to me we have just forgotten the lessons of the 1930s. And we are told that we must do this is the name of financial modernization. In order to be ''modern,'' we must decide to step forward and change the structure of these financial institutions.

This country learned tough lessons the very hard way decades ago about marrying banking activities with other activities that are inherently speculative. I know they say, gee, we have created these affiliates with firewalls, all that sort of thing. I have heard that all before. I heard that with the Saving and Loans. The taxpayer got stuck for $500 billion bailing out the S&L mess.

I think this bill represents a huge step backwards for this country. For that reason, I do not support the legislation. I will speak more about it at some point later.

But the thing I find interesting is this rush to complete H.R. 10 right now. The big shots want financial modernization and the halls are filled with people who are working to get H.R. 10 done because the big economic interests in this country want financial modernization.

But what about school modernization? I have been on the floor of this Senate talking about school construction, I guess maybe 10 times in this Congress. I have told about a young second grader at the Cannon Ball elementary school. Let me just talk about this issue again, because school modernization does not seem to be a priority. Apparently, second graders are not big shots. They do not have the same clout with this Congress.

The school in Cannon Ball, just on the periphery of an Indian reservation, is a public school. It is open today. Those little kids, mostly Native Americans, are in their crowded classrooms. There are 160 students and staff in that school with only one water fountain and two bathrooms. Part of the school that is now being used had previously been condemned. It is an old, old, old building in desperate disrepair.

One of the rooms they use for music is in the downstairs area. They more than occasionally cannot use it because the stench of sewer gas comes up and fills that area, and they have to evacuate that area. And a little second grader came up to me when I toured that school, and asked, ''Mr. Senator, will you build us a new school?'' Well, the answer is, modernization of a school building does not apparently have the same priority to this Congress as modernization of our financial system.

Instead of financial modernization, how about modernization of the Cannon Ball school so that little girl, Rosie, age 7, can walk into a second grade classroom that we can be proud of, where you can hook a computer to the Internet, a classroom that is not going to have to be evacuated because of seeping sewer gas, a classroom that has a bathroom outside or a water fountain close by. What about her needs? What about the needs of all those kids?

Or maybe we can talk about the Ojibwa school. The kids there go to school in trailers that are overcrowded and unsafe and classrooms that have been condemned—and this Congress knows it. There is going to be a desperate accident there some day. There is going to be a fire spread across those trailers with their wooden fire escapes. My deep concern that somebody is going to die unless somebody takes action first.

Study after study after study shows that school to be unsafe, but there is no money to modernize that school. Those little children on the Turtle Mountain Indian Reservation go to the Ojibwa school in conditions that, in my judgment, should not give any of us pride that we send our children through its doorway.

We can do something about it. We can modernize those schools. We have had proposals on the floor of the Senate for school construction, but guess what? The funds to modernize those schools is not nearly as important as modernizing our financial system because H.R. 10, the financial modernization bill, has all kinds of folks in dark suits standing out here lobbying for it.

They have a lot of clout, a lot of resources. When they say, ''Jump,'' we have people saying, ''How high?'' But what about the second graders? What about the Cannon Ball school? What about the Ojibwa school? I could go on talking about the school construction needs in our country and in my State, and especially on Indian reservations, about which we ought to do something.

I know the Senator from Massachusetts wanted to make this point with respect to the Patients' Bill of Rights. Talk about modernization, what about modernization with respect to the delivery of health care? Is it modern to have a health care system in which people do not get the medical care they need?

The Senator from Massachusetts has been talking about the Patients' Bill of Rights. We cannot even get a vote on it. It is very simple. It says that, when you are sick, you ought to be able to have a doctor or a health care plan that tells you all of your treatment options, not just the cheapest. And yet today all across this country people find HMOs saying, ''We will only tell you what the cheapest option is, not all of your options, as a patient.''

Mr. KENNEDY. Would the Senator yield for a question?

Mr. DORGAN. I would be happy to yield.

Mr. KENNEDY. I have before me—and I will include in the RECORD—an excellent letter written by representatives of 30 different organizations representing women. I would like to ask if the Senator would agree with me that this issue involving the Patients' Bill of Rights has special importance to women. It does—as I will mention in just a moment—to those who have been afflicted with breast cancer. And, of course, the nurses in this country are all in support.

But would the Senator agree with this letter, which is sponsored by the 30 organizations? I will include it in its entirety.

Few issues resonate as profoundly and pervasively as the need for quality health care, and women have a particular stake in the changes in our health care delivery system. Women are the primary consumers of health care services in this country, and we have unique health care needs. Women also take care of the health care needs of our families, from children to elderly relatives. Because of the great impact any patient protection bill will ultimately have on women, we ask that you support real reform that will truly improve women's health.

The Patients' Bill of Rights Act (S. 1890) takes the needs of all consumers seriously, and it pays particular attention to the needs of women. The genuine and often unique concerns of women are woven into the fabric of this bill. S. 1890 recognizes that women's health can only be improved by comprehensive reform.

I am just wondering if the Senator would agree, first of all, as a strong supporter of the legislation, that he believes that the Republican leadership is derelict in its duty by failing to bring up legislation that can have that kind of importance to the mothers and to the wives, to the sisters, to the daughters, of families in this country?

This is supported by 30 organizations that represent women, children, and families.

Does the Senator not agree with me that the Republican leadership has been derelict in failing to give us an opportunity to address these issues which are central to the concern of women in our society and their health care needs?

Mr. DORGAN. I agree that there has been a concerted attempt to prevent legislation of this type from coming to the floor of the Senate under regular order.

It is apparently not a priority. In fact, not only is this apparently not a priority but they have also deliberately attempted to prevent us from having the opportunity to enact HMO reform, the Patients' Bill of Rights, school modernization, and so on, because it is not something they want to do.

I think this is a misplaced set of priorities.

Mr. KENNEDY. Will the Senator agree that is one of the most important issues before families in this country? We believe, as supporters of the Patients' Bill of Rights, Senator DASCHLE's bill, that doctors ought to be making decisions with regard to the health of women in our society. That is the key underlying difference between the Patients' Bill of Rights and other substitutes, but this is a matter of urgency, a matter of importance.

The PRESIDING OFFICER. The time of the Senator from North Dakota has expired.

Mr. DORGAN. Mr. President, I ask unanimous consent for 2 additional minutes.

Mr. CRAIG. May I inquire how much time remains in morning business under the order?

The PRESIDING OFFICER. The remaining time is about 18 minutes, until 11:30.

Mr. CRAIG. The Senator from West Virginia and I would also like some of that time if at all possible prior to 11:30. If you would take that under consideration, I would not object.

The PRESIDING OFFICER. The Senator has 2 more minutes.

Mr. CRAIG. I require no more than 10 minutes.

Mr. DORGAN. Mr. President, I appreciate the indulgence of the Senator from Idaho.

Let me make one final point, and if the Senator from Massachusetts wishes to make a final point in the form of a question, I will yield.

The point is that health care decisions ought to be made in a doctor's office or in a hospital room, not by some insurance company accountant 500 or 1,000 miles away. That is the point the Senator from Massachusetts is making. That is the point that is made in the underlying legislation dealing with a Patients' Bill of Rights. It is a critically important point.

We ought to have been able to debate fully under regular order the piece of legislation called the Patients' Bill of Rights. I regret we have not been able to debate that.

I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, to conclude, I ask unanimous consent to have printed in the RECORD the correspondence from various women's groups, including the No. 1 consumer group in terms of protection of women, the Breast Cancer Coalition, 450 organizations that support this legislation, and the American Nurses Association, who strongly support the legislation.

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

JULY 29, 1998.

Dear Senator: The undersigned organizations work on a range of issues that are important to women, including women's health, and together we speak for millions of women around this country. As women's organizations, we understand the needs and concerns of women. We urge you to support the Patients' Bill of Rights Act (S. 1890) because it is the only bill that provides comprehensive and genuine patient protections for the millions of Americans enrolled in managed care plans.

Few issues resonate as profoundly and pervasively as the need for quality health care, and women have a particular stake in the changes in our health care delivery system. Women are the primary consumers of health care services in this country, and we have unique health care needs. Women also take care of the health care needs of our families, from children to elderly relatives. Because of the great impact any patient protection bill will ultimately have on women, we ask that you support real reform that will truly improve women's health.

The Patients' Bill of Rights Act (S. 1890) takes the needs of all consumers seriously, and it pays particular attention to the needs of women, The genuine and often unique concerns of women are woven into the fabric of this bill. S 1890 recognizes that women's health can only be improved by comprehensive reform. Some of the provisions in S. 1890 that will improve women's health include: letting a patient's own trusted health care professional make important treatment decisions like how long a patient stays in the hospital; ensuring and streamlining access to specialty care, including access to non-network specialists (at no additional cost) when the plan can't meet the patient's needs; giving women the option of having direct access to ob-gyn services or choosing an obstetrician/gynecologist as a primary care provider; ensuring access to clinical trials that may save women's lives; ensuring that pregnant women can continue to see the same health care provider throughout pregnancy if either their provider leaves the plan or their employer changes plans; allowing health care professionals to prescribe drugs that are not on the plan's predetermined list when such drugs are medically indicated; providing a fast, fair, consumer-friendly independent appeal whenever a plan's decision to deny or limit care jeopardizes life or health; having an internal quality improvement system that measures performance on health care issues that affect women; collecting data (and providing a summary of it to enrollees) that allows plans to evaluate how they are meeting the health needs of women; incorporating gender-specific medicine when developing the plan's written clinical review criteria; and ensuring that providers and patients are not discriminated against on the basis of sex or other characteristics.

The other health reform bill that the Senate may soon consider, the Senate leadership's bill (S. 2330), does not include the patient protections listed above. It attempts to address a few of these issues (ob-gyn services, continuity of care, appeal procedures), but in each case the provisions fall considerably short of S. 1890. As a result, the bill does almost nothing to correct the problems that insured women encounter every day with their health plans—the very point of enacting patient protection legislation.

The bill's sponsors tout Title V of the bill (entitled ''Women's Health Research and Prevention'') as responding to the needs of women. But this title consists mostly of routine reauthorizations of research and public health programs that Congress must attend to as part of the usual course of business. Initiatives such as these have bipartisan support, but have stalled in committee for 18 months. Now that these proposals have the backing of the leadership, we hope they can be passed swiftly. But let's not be fooled—these provisions, regardless of their obvious merits, do not turn S. 2330 into a patient protection bill that meets the needs of women.

Only S. 1890 offers the range of commonsense patient protections that women need. We need to invest in women's health research, but not as a substitute for comprehensive patient protections. We urge you to support S. 1890 and not S. 2330 when these bills come to the floor for a vote.

Sincerely,

National Partnership for Women & Families; American Association of University Women; American Nurses Association; Association of Women's Health, Obstetric and Neonatal Nurses; Catholics for a Free Choice; Church Women United; Coalition of Labor Union Women (CLUW); Feminist Majority; MANA, A National Latina Organization; National Abortion Federation.

National Abortion and Reproductive Rights Action League; National Association of Commissions for Women (NACW); National Association for Female Executives; National Association of Nurse Practitioners in Reproductive Health; National Black Women's Health Project; National Committee for Responsive Philanthropy; National Family Planning and Reproductive Health Association; National Organization for Women; National Women's Conference; National Women's Law Center.

NETWORK, A National Catholic Social Justice Lobby; Older Women's League; Religious Coalition for Reproductive Choice; RESOLVE, The National Infertility Association; United Methodist Church, General Board of Church and Society; Wider Opportunities for Women; The Woman Activist Fund; Women Employed; Women's Institute for Freedom of the Press; Working Women's Department, AFL–CIO; YWCA of the U.S.A.

STATEMENT OF BEVERLY L. MALONE, PRESIDENT, AMERICAN NURSES ASSOCIATION PRESS CONFERENCE ON MANAGED CARE AND WOMEN'S HEALTH

Good afternoon. I am Beverly Malone, President of the American Nurses Association.

ANA is proud to be one of the signatories of this letter urging members of the Senate to support S. 1890, the Patients' Bill of Rights Act. It is the only bill that provides comprehensive and genuine patient protections for the millions of Americans enrolled in managed care plans, protections that are of particular importance to women.

Nurses have long been in the forefront of efforts to recognize and provide for the distinct health care needs of women. As patient

advocates, most of whom are themselves women, and as health care providers who focus on the health of the whole person, nurses have a special concern for the well-being of women in our society.

ANA strongly supports the patient protections recommended by the President's Commission on Consumer Protection and Quality in the Health Care Industry and embodied in Patients' Bill of Rights of 1998. As a member of the Commission, as a nurse, as a woman, and as a representative of the millions of registered nurses in the United States, I say without reservation that the nursing profession's commitment to our patients demands our commitment to legislation that will provide true protection from the abusive practices of the managed care industry.

Nurses who are at the bedside when women undergo the trauma of breast cancer and mastectomy are acutely aware of a broad range of unsafe and insensitive practices that threaten the health and safety of their patients. Certainly, requirements by health plans that women undergo mastectomies as outpatient procedures are unconscionable. But that practice is symptomatic of more pervasive dysfunctions in the health care system that impact women disproportionately and must be addressed as well. It is not enough to address only one instance of inappropriate interference in treatment decisions. In fact, offering a token rather than a genuine reform is shameful when there is such suffering in so many other areas.

My colleagues from the women's community who are here today know that aging women suffer the effects of prescription drug limitations that do not allow for their complex health requirements, that the scourge of breast cancer requires not only humane treatment but access to clinical trials so that true progress can be made for future generations, and that women who make health care decisions for themselves and for their families must have full information on which to base those decisions.

The Americans Nurses Association believes that every individual should have access to health care services along the full continuum of care and be an empowered partner in making health care decisions. We also believe that accountability for quality, cost-effective health care must be shared among health plans, health systems, providers, and consumers. There is only one bill before the Senate which will provide that kind of access and empowerment and accountability for the women of our nation and their families.

Nurses at the bedside have learned what happens when frail, older women receive inappropriate medications, or when mammograms come too late, or when misinformation or misunderstanding lead to dangerous delays in care. For the nurses at the bedside, the need for patient protection and patient advocacy is played out every day, and we urge every Senator to support S. 1890, the Patients' Bill of Rights Act of 1998.

STATEMENT OF FRANCES M. VISCO, PRESIDENT, NATIONAL BREAST CANCER COALITION

PATIENTS' BILL OF RIGHTS ACT OF 1998

Once again, on behalf of the 450 organizations and tens of thousands of individuals who are members of the National Breast Cancer Coalition (NBCC), I would like to reconfirm our support for the ''Patients' Bill of Rights Act of 1998'' (S. 1890). I applaud Sens. Daschle and Kennedy for introducing a bill which offers real patient protections benefitting women and the potential to help ensure effective, quality health care.

The NBCC is dedicated to the eradication of breast cancer through action and advocacy: it seeks to increase the influence of breast cancer survivors and other activities over research, clinical trials, and public policy and to ensure access to quality health care for all women. NBCC recognizes that the evolving health care system affords us the opportunity to define and focus on true quality of care for women and their families. We cannot afford to let this opportunity pass.

The NBCC believes that breast cancer patients have fundamental rights, including: the right to receive accurate information about their health plans; access to the right providers; involvement in treatment decisions that are based on good science; confidentiality of their health information; and coverage for routine health care costs associated with participation in clinical trials. S. 1890 guarantees patients these rights and offers women a legitimate ''Patients' Bill of Rights.''

Other bills being considered by the Senate that are being marketed as women's health bills do not in fact give women the substantive protections that they need. Instead, the bills offer routine reauthorizations of research and public health programs that Congress must attend to as part of the usual course of business. While these provisions and efforts to move them forward quickly are extremely important, they do not transform proposed health reform legislation into a women's health care bill. To ensure true quality health care for women and their families, we need legislation, such as S. 1890, which offers comprehensive patient protections against the problems that insured women encounter every day with their health plans.

One of the NBCC's most pressing concerns is that health insurance and managed care plans are erecting barriers to good science by increasingly refusing reimbursement for routine patient costs when breast cancer patients participate in approved clinical trials. This practice is preventing us from finding desperately needed scientific answers about breast cancer and severely affects the treatment breast cancer patients receive. Only three percent of adult cancer patients are enrolled in clinical trials—insurance reimbursement is often a major obstacle to clinical trial participation. In fact, one of our NBCC members who participated in an NCI clinical trial five years ago, only recently resolved her legal battles with her insurance company over coverage of the costs associated with the NCI trial. The Patients' Bill of Rights Act is an important first step in ensuring third party coverage for the routine patient costs incurred within a clinical trial.

The NBCC is prepared to work with the Congress, and will mobilize our nation-wide network of advocates to ensure that meaningful legislation like the Patients' Bill of Rights Act is enacted into law. We offer thanks to all of the leaders gathered here today for their work to ensure that breast cancer patients and all American women and families receive quality health care.

SCHEDULE OF THE PRESIDENT

Mr. CRAIG. Mr. President, I come to the floor today with a revelation that I suspect will come as a bit of a surprise to some of my colleagues and to a few Americans. Mr. President, fellow Senators and fellow Americans, President Bill Clinton, is in town. That is right. The President is actually in the White House today.

For any who have followed the President's extensive travel throughout his term in office, you would notice that I say his ''time in Washington'' because that has been far less than his term in office. The fact that the President has actually planned to stay in town for a week is, in my opinion, a bit newsworthy.

The President is supposed to be the head of our country. Instead, I suspect that Bill Clinton has been our country's feet. This President is already the most foreign-traveled President in U.S. history, with 32 trips abroad in less than 6 years in office. In just the last 2 years, he has spent 79 days overseas. Those 79 days abroad in 2 years are almost as many days as President Bush spent during his 4 years in office.

If and when he has come home to the United States does not mean that he came home to the White House. President Clinton spent almost half of last year, 149 days, and over half of this year, now 155 days, out of the White House. What has he been doing while logging those frequent flier miles on Air Force One? Well, a lot has been fundraising; 65 days over just the last 2 years have included out-of-town fundraising trips, and 14 more are planned for this month alone.

Now the President is back in town for one of his rare weeks in Washington. What did he do on his first day at work yesterday? He sought, once again, to divert attention from his own problems—this time, by threatening to shut down the Government. It is hard to tell if this President has come back to town to simply repack his bags or to take, or attempt to take, Congress hostage.

President Clinton appears intent on making the sequel to the movie ''Wag the Dog.'' The President hasn't participated in the process of government at all this year, and now he returns, seemingly, to attempt to shut the process down. I have to say I think this is a bit of diversion. I don't believe it is leadership.

Is it unfair to criticize? Is it partisan to be harsh? I asked myself that question before I came to the floor this morning. I don't think so. Here is why I don't think so. Consider just two issues that we all believe are important issues, that even the President has acknowledged are important.

In just a few moments we are going to resume debate on a most important piece of legislation, the agricultural appropriations. It is on that that I want to speak for just a few moments, an issue that President Clinton once ignored. He ignored solutions to help farmers and ranchers. He didn't speak about them in his first term of office and has spoken little about them in his second term. Now we have legislation that we think will help farmers and ranchers, and on his first week back in town he says ''I'll veto it.''

''Agriculture'' is a word that this President hasn't found a place for in his vocabulary. Why? Because American farmers make up less than 3 percent of the American public. They don't have as much political clout as they once had. So this President hasn't

addressed this issue. But just now, when American agriculture is in crisis and this Congress, in a bipartisan way, is attempting to find solutions to that crisis, our President comes to town, finds his footing, and says, ''I'll veto the effort.''

Mr. President, that is fair if you had been part of the process, if you had been in here working with us, if there had been legitimate give-and-take and finally a breakdown. That is not the case at all.

The President was absent—traveling, fundraising—away from what is most important. So he seeks now to make up for his absence by having not just one position on agriculture but three positions. First of all, he asked for about $2.3 billion in assistance on September 22. That was just 2 weeks ago. Congress then roughly doubled that amount. Yet now, to hide the fact that he had not been paying attention to American agriculture, President Clinton is demanding more, much more—nearly $7 billion. And now he threatens to veto legislation that Congress will send to him—legislation that will give twice the money that he asked for less than a month ago.

For 2 years, he has failed to use the tools that could have addressed the agriculture problems in substantial ways. He has ignored the tools—tools that I have requested the President not let rust away in some storage shed down at USDA, tools of trade, tools of trade intervention, humanitarian aid. All of those kinds of things that would have moved our products into the market were not used and have gathered rust and sat idle. Why, then, is the President coming back almost in an effort to demand a scorched-Earth policy? Is it politics, or is it the wag factor that is now at work? I am not sure. But, Mr. President, I think you have little credibility in this area.

Let me discuss just one other area briefly. I know the Senator from West Virginia is waiting.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. CRAIG. There is the issue of Social Security. So important was it that the President declared it in his State of the Union Address as an effort to save Social Security. Yet, the President has not bothered to make one step in that direction. The Congress waited a year, but no plan came from the White House. Just as with the farm crisis, he has only managed to use it—not address it, much less solve it. Like the farm crisis, he sought to use it to turn attention from himself. Instead of buckling down, this President has traveled around; over half of the days of this year the President has been out of town. He has found time to travel, he has found time to go overseas, he has found time to fundraise; but he has not found time to send any one plan to save Social Security to the Congress of the United States, or any one plan to alleviate a farm crisis that is now emerging.

Well, I suspect that if the solution to Social Security had been in Beijing, or Chile, or Ghana, or Uganda, or Rwanda, or South America, he might have found it there because that is where the President was. Why now, the last week that Congress plans to be in session, with a schedule that was established at the first of the year, did the President find his way back to the White House to sit and only threaten—threaten to veto here, threaten to veto there?

Mr. President, are you planning to shut down the Government? Is it a plan for diversion? Is it a plan to hide? Well, we have some problems and we are going to work to solve them. Those solutions should come in a bipartisan way. Mr. President, I hope you will be a part of the solution. The American people deserve nothing less than that.

I don't like coming to the floor to give these kinds of speeches, but sometimes I feel they are important. Sometimes I feel it is important for the American people to recognize, as we do, that there are times when we work together and not times when we simply find our footing to threaten or to change the subject or to divert attention.

Is the Presidency in crisis today? Yes, it is. We all know why it is. That is a constitutional tragedy. That will work its will. The House is underway in that process. Let us be allowed to work our will to solve the problem of financing our Government for the coming year.

I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I have some remarks, which may require 10 or 11 or 12 minutes.

I ask unanimous consent that I may be recognized for such time as I may consume, and that the previous order to proceed with the Agriculture conference report be delayed until I complete my statement.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

SAFE SCHOOLS: A MUST FOR THE NATION

Mr. BYRD. Mr. President, with the new school year now in full swing, our youngsters are brimming with the excitement of making new friends, radiating enthusiasm for new studies, and preparing for the challenges that lie ahead of them. Students are tackling new reading assignments and committing algebraic formulas to memory. During recess hour, they are frolicking in the school playground with new classmates and old friends, enjoying the waning days of shirt-sleeve weather. They feel safe and secure—free from threatening situations and out of harm's way.

But as our children leave home each morning for the school day, we as parents, grandparents, educators, and legislators, must regretfully remember that, just a few months ago, some of our nation's schools looked more like virtual war zones with bloodshed and the tragic loss of life. From Paducah, KY, to Springfield, OR, the notion of schools as a safe haven was shattered by the sound of gunfire, and we must now begin to face the formidable challenge of rebuilding that serene and tranquil school environment that each and every student deserves.

Today, responding to my concerns about this trend, I am unveiling a new branch of my web site which contains the most up-to-date and accurate information available from authoritative sources on school safety. I have designed this web site to be an electronic resource book, complete with descriptions of school safety initiatives underway in West Virginia, updates on federal funding available for violence prevention efforts, and the latest information on legislation moving through the Congress. I hope that this addition to my web site will serve as an important tool for parents, students, educators, and lawmakers in addressing the issue of school safety in West Virginia and in other States.

In concert with the release of my school safety resources web site, I am also introducing companion legislation in the Senate today to Representative BOB WISE's recently introduced legislation, H.R. 4515, to provide for the establishment of school violence prevention hotlines. Often, a potentially harmful student confides in his closest friend about his intentions to launch a violent attack on school premises. Or perhaps, teachers notice a change in a student's demeanor or an action completely uncharacteristic of a happy, well-balanced child. Occasionally, the parents of an otherwise cheerful, amicable son or daughter detect hostility in their child's voice when talking about a particular group of students. All of these scenarios may be just a bad day on the surface or semantics misinterpreted, but they also may be the first signs of a potentially threatening student.

My legislation would provide funds to local education agencies and schools that have established or proposed to establish school violence prevention hotlines. It is essential that parents, students, and teachers have an outlet where they can report threatening situations to authorities who will watch over the student's behavior and alert school officials. School violence hotlines can prevent a disturbed student in need of help from taking that next, sometimes fatal, step.

I have long been concerned about the increasing incidence of violence in the classroom and have supported numerous efforts to combat this kind of outrageous behavior and strengthen discipline for all students. After receiving a disturbing report in 1990 from the Centers for Disease Control and Prevention which stated that nearly twenty-four percent of West Virginia's students between grades nine and twelve

carried a gun, knife, or other weapon to school at least once during that year for self-protection or use in a fight, I began looking for ways to better address the problem of school violence. In 1994, when Congress passed the Improving America's Schools Act in an effort to reauthorize and improve the existing Elementary and Secondary Education Act, I offered two amendments aimed at reducing the level of school violence.

First, the Congress adopted my proposal directing local school districts to refer to the criminal justice system any student who brings a weapon to school. Possession of a weapon on school property is a crime, and when a crime occurs, the police should be notified. While school discipline is an appropriate and essential first step in reprimanding a student for such a violation, it is simply not enough. Possession of a firearm on school grounds is an outrage and a true impediment to the environment that teachers are striving to foster.

The second amendment that I authored in 1994, which was approved by Congress, required the U.S. Secretary of Education to conduct the first major study of violence in schools since 1978. In July of this year, the National Center for Education Statistics, in concert with the Department of Education, released the results of this study, which was conducted with a nationally representative sample of 1,234 regular public, elementary, middle, and secondary schools in all 50 States and the District of Columbia.

In a snapshot of the 1996–1997 school year, the study revealed that, with more than half of U.S. public schools reporting at least one crime incident, and one in ten schools reporting at least one serious violent crime during that school year, violence continues to beset schools across this country, all too often resulting in fatal situations.

Back in my day, no student would have considered such lawless and unruly behavior. We knew right from wrong, as it was instilled in us from our parents, sometimes with the aid of a switch that we were made to fetch ourselves. We were told that the classroom was a sacred precinct. I was told that if I got a whipping at school I would get a thrashing at home.

The classroom was a place where quiet prevailed and where students cherished the opportunity they had to learn, and that was the attitude we adopted. Unfortunately, today, students, many of them it seems, must be threatened by an impending obligation before the criminal justice system to make them behave and, often, even that has proven inadequate in keeping guns out of the hands of children and off school properties. Mr. President, what is it going to take to keep our students safe—metal detectors in every elementary and secondary school in the nation? Is that the direction in which our country is headed?

In the wake of reports of violence and tragedy at schools across the country, Congress is, once again, honing in on the issue of school safety. In more recent efforts, as part of the Fiscal Year 1999 Commerce/Justice/State Appropriations Bill, the Senate approved $210 million for a new national safe schools initiative to assist community-level efforts. Of that funding, $175 million is to increase community policing in and around schools.

Just a few weeks ago, as part of the Fiscal Year 1999 Labor/Health and Human Services,/Education and Related Agencies Appropriations Bill, the Senate Appropriations Committee reported out legislation which contains more than $150 million for a comprehensive school safety initiative to support activities that promote safe learning environments for students. Such activities may include targeted assistance, training for teachers and school security officers, and enhancing the capacity of schools to provide mental health services to troubled youth.

Since the release of the 1990 report from the Centers for Disease Control and Prevention, my home state of West Virginia has made great strides in addressing school violence, and is setting a true precedent for communities around the country in helping to establish safe schools which support learning for all children and the professionals who teach them. According to the West Virginia Department of Education, incidents involving a weapon have decreased by sixty-nine percent during the years 1994 through 1997, perhaps, in large part, due to short- and long-term initiatives underway in the State of West Virginia.

Mr. President, our nation has been grappling with the issue of improved school safety for years, and I am frankly alarmed that American school children continue to face increasing crime and violence. It is time to stop wringing our hands over this issue and take action.

We have a school system today run in many instances by hoodlums who are converting sacred temples for learning into terror camps with innocent children becoming casualties in scholastic ''free fire'' zones. We have teachers working in fear, too anxious even to teach their students properly. We must get guns out of the schools and put an end to this sense of panic which is pervading our nation's elementary and secondary education system. I am hopeful that these initiatives we have promulgated in the Senate this year will begin the mission of setting our nation back on track.

One of the most important things that we can provide to our children is the opportunity for a good education. I was afforded the opportunity to obtain a good, solid education back when I was a student attending class in a two-room schoolhouse. Today, we have mammoth schools, with all kinds of high-tech equipment, computers, and amenities that I never had or had never even heard of, or couldn't even imagine in those years. Yet our students are not learning. We owe our young people today the chance to learn and excel in an environment free from guns, knives, and other weapons.

One of the National Education Goals, as included in the Goals 2000 legislation enacted in 1994, states ''all schools in America will be free of drugs and violence and the unauthorized presence of firearms and alcohol, and offer a disciplined environment that is conducive to learning by the year 2000.'' To accomplish that goal—it is almost going to be impossible—we must send a message loud and clear that we will not tolerate weapons in our schools.

Protecting our children is not simply a matter of public policy. It is a matter of basic values, of teaching children right from wrong and punishing those who insist on doing wrong, of instilling them with respect for the law and providing them with limitations. Students must know that they will be punished for doing the wrong thing, or for choosing the bad route.

Mr. President, in the blink of an eye, we have lost the lives of precious young children to school violence—children who may have grown to be teachers, doctors, businessmen and women, and perhaps even future Senators. We in Congress have a responsibility to stop this deadly trend from striking other innocent families. The time has long since come and gone for decency and sanity to re-enter the schoolhouse door—let's get moving.

Mr. President, I yield the floor.

AGRICULTURAL, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1999—CONFERENCE REPORT

The PRESIDING OFFICER. The Senate will now proceed to the conference report on H.R. 4101 until 1:30 with the time equally divided.

The Senate resumed consideration of the conference report.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Who yields time?

Mr. FEINGOLD. Mr. President, I ask unanimous consent the full hour be accorded that was intended for the agriculture appropriations bill.

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

Mr. FEINGOLD. Mr. President, I yield myself such time as I require.

The PRESIDING OFFICER. Senator from Wisconsin is recognized.

Mr. FEINGOLD. Mr. President, I intend to vote against the Conference Report on Fiscal Year 1999 Agriculture Appropriations bill for a number of reasons. In the final version, the congressional majority has added a $3.6 billion unfunded emergency spending provision, while simultaneously stripping out consumer and farmer protections.

However, today I will focus on the worst provision in the conference report. I am extremely disappointed that

the final version contains language from the House bill extending USDA's rulemaking period on Federal Milk Marketing Order Reform. Once again, on the issue of milk orders, bad politics prevailed over good policy.

This extension will require the new milk pricing system to be in place in October of 1999, instead of the original date of April, 1999 set in the Farm Bill. Mr. President, officials at USDA have assured me that they did not request this extension nor do they need it.

House Appropriators argued that the extension was necessary to give Congress ample time to review, comment and act on the final rule. They claim that if the rule were to be announced in late November, they would not have time to act on it. Mr. President, let's examine this argument because it does not hold water. My House and Senate colleagues who support this provision on these grounds surely remember passage of the Small Business Regulatory Enforcement Fairness Act of 1996. This law empowers Congress and the courts to overturn regulations with Presidential approval. This law gives Congress 60 days to act, once a rule has been published in the Federal Register. So, whether the rule is published in late November, early December, or mid-February of 1999, Congress has 60 days of session to act. So this really tells us what is going on here.

Mr. President, this dairy provision was included solely to intimidate and bully USDA and Secretary Glickman into an anti-Wisconsin dairy pricing reform. Instead of allowing USDA to do its job, some Members of Congress want to do it for them, and do it to benefit their own producers at the expense of dairy farmers in the Upper Midwest.

Let's just take a look at the current system which is shown on this chart, which some have called the Eau Claire system. I like to call it the anti-Eau Claire system because it is an unfair system for Eau Claire, WI, and our entire state—in fact, the entire upper Midwest.

This chart shows that the Class I differential received by dairy farmers in Eau Claire, Wisconsin is $1.20 per hundredweight. Believe it or not, Mr. President, Federal pricing policy dictates that the farther you travel from Eau Claire, WI, the higher your Class I differential. You will notice that the price in Chicago is $1.40, in Kansas City, Missouri it's $1.92 and in Charlotte, NC it's $3.08 per hundredweight. Our friends in Florida make $3.58 in Tallahassee, $3.88 in Tampa, and $4.18 in Miami. Dairy farmers in Miami make nearly $3.00 more per hundredweight than farmers in the Upper Midwest. Does that make any sense? Absolutely not.

Let me illustrate this with another chart.

To illustrate just how senseless this whole system is, I have borrowed this graphic from my colleague from Minnesota, Senator ROD GRAMS. As you can see, pricing milk based on its distance from Eau Claire, WI, is as arbitrary and ridiculous as pricing oranges from their distance from Florida, computers from their distance from Seattle, or—even more shocking to some of us—country music from its distance from Nashville. But wait, now that I think about it, maybe Congress should pass legislation to price maple syrup based on its distance from Burlington, VT, and white wine on its distance from California. While we are at it, lets pass a law to pay Members of Congress according to the distance of their hometown from Washington, DC. Sound ridiculous? It is, just as the current milk pricing system is ridiculous. It would almost be funny if it weren't so destructively unfair to Wisconsin's dairy farmers, undermining the livelihoods of their families.

Mr. President, the current system desperately needs reform, a reform the Secretary of Agriculture has indicated he is willing to make—but that some members of Congress are very anxious to prevent. This poster is an illustration of today's Federal milk pricing system—how milk is produced and priced in America. You can see that the price of milk begins not with the cow, but with the Congress. Its interesting to note that the market and the farmer don't enter into the equation until two-thirds down the page. I could walk you through all the confusing steps shown here, but I understand we are scheduled to recess sometime in October, and frankly, I would need until mid-November to describe fully the inequity of this system.

This system has outlived its usefulness, its patently unfair and its bad policy.

The extension of USDA's rulemaking had another intent as well. Extending the rulemaking period automatically extends the life of the Northeast Interstate Dairy Compact. The 1996 Farm Bill requires a sunset of the Compact when the new federal pricing system is implemented. At the rate Congress is going, tacking this issue onto appropriations bills, there is no telling when implementation will now occur.

The effects of the Compact on consumers within the region and producers outside of it is indisputable. Dairy compacts are harmful, unnecessary and a burden to this country's taxpayers.

The worst part of this entire 65 year dairy fiasco is its effect on the producers in the Upper Midwest. The 6 month extension puts an additional 900 Wisconsin producers at risk. Wisconsin loses approximately 3 dairy farmers a day. Producers cannot stand 6 more days of the current program, let along 6 more months.

I am truly troubled by this turn of events and would like to read into the record a few excerpts from letters I have received from struggling dairy farmers in my home state of Wisconsin.

From Pulaski, Wisconsin a constituent writes:

I would love to encourage my son or daughter to take over this farm someday. But without a fair pricing system, they cannot earn a decent living, and I cannot and will not encourage them to farm. That will be a great loss to the world of agriculture.

A letter from Bloomer, WI reads:

We, in the Upper Midwest are not asking for a handout, just a more level playing field. Fair competition and price reform is our only hope.

Another constituent writes:

In my opinion, just because a pricing system has been in implementation for years, doesn't make it useful today. It must also change with the times. How many more farms are we willing to let fall victim to the prejudiced pricing? . . . Its much easier to put a pillow over our heads, roll over and ignore the cry for help from the Wisconsin dairy farmers . . . I realize changing the present milk pricing system will not heal the strained economics of dairy farming. It's only a step . . . I urge you to take this step and . . . hear the cry of dairy farmers like me.

And finally, a dairy producer makes this comment:

Eau Claire was chosen as the reference point because it was judged by the government to be the center of the dairy industry's most productive region. Since California now produces more milk than Wisconsin, this [rule] should no longer apply. Maybe we should change the [milk pricing] reference point to Fresno, California, to encourage dairy production in the Midwest.

These examples illustrate the need for dairy pricing reform and illustrate the state of Wisconsin's dairy industry-struggling needlessly under the burden of current dairy policy.

Mr. President, not only is legislating dairy policy on this bill inappropriate, its bad precedent, it circumvents the appropriate committees, the Agriculture and Judiciary Committees, and circumvents USDA's authority. We ought to give USDA the opportunity to do the right thing for today's national dairy industry and put an end to the unfair Eau Claire system now, not 6 months from now.

Mr. President, I urge my colleagues to take a second look at this antiquated and harmful policy. Stand up for equity, fairness, and for what is best for America's dairy industry, our consumers and our taxpayers. I yield back the floor.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I yield myself such time as I may consume.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr. President, we begin consideration again today of the Agriculture Appropriations Conference Report. Yesterday we were on that report for 3½ hours and had a full discussion of views on the question of whether or not the conference report should be adopted. I was pleased to see this morning an assessment of the situation by the Washington Post, in an editorial entitled, ''The Appropriations Game.'' I read excerpts from that editorial:

In the agricultural bill, an election-year bidding war has broken out between the parties over aid to distressed farmers. This is

one from which the president should back away . . . The Democrats want not just to give a larger amount but to do so in such a way as to repudiate the last farm bill . . . The administration earlier in the year rightly resisted the position it has now adopted; it should revert.

That is the end of the quotation from the Washington Post editorial. I think it appropriately points out the difficulty we face in confronting a threat from the President to veto this conference report. It is not just about money.

The President is suggesting, through his Secretary of Agriculture and through the Democratic leadership, that this conference report is unacceptable, not because it doesn't appropriate enough money, but because it doesn't change the policy that was agreed upon in the 1996 farm bill and signed by this President. It changes a fundamental policy of setting Government loan rates and using them to encourage the planning of some five or more specific commodities.

To get away from that old way of Government support, the Congress and the President, the administration, worked together to develop an alternative, a farm policy that would be driven by the dictates of the market, the demands of the market, the signals that the market would send to producers to indicate what prices might likely be during a crop year, and farmers themselves would make the choice as to what they would plant.

Some call this Freedom to Farm—freedom to plant what you want to rather than what the Government dictates you have to plant in order to be eligible for Government support. To make this a transition where the Government wasn't going to just say, ''OK, everybody, you're on your own, farmers are on their own,'' there would be a series, over 5 years, of transition payments made.

Interestingly enough, as pointed out by the distinguished Senator from Kansas, Senator ROBERTS, yesterday during the debate, this year's transition payments are going to be higher. It was assumed by the writers of that policy, the legislative committees, that at first farmers would really need to have higher payments. They were very prescient figuring this out and including that provision in the farm bill.

What we have suggested in our disaster assistance plan is, not to change the policy, but to provide bonus payments under the market transition formulas to increase the amount that all producers who are eligible for these payments would receive to help deal with the income losses that are occurring because of lost markets in Asia and elsewhere during this global economic crisis.

Then there are those who have sustained weather-related disasters in certain areas, which has meant lost crops, not just lost income, not just diminished yields, which the increased market transition payments will help deal with. But, for those who have suffered crop losses, no loan rate is going to help them. There is nothing to put under the loan.

The Washington Post points out, correctly, that we are not just in a bidding war on this bill—we are out of sorts because the Democrats keep advertising that their plan is worth $7 billion plus, and the Republicans only $4 billion; and therefore, the Democrats have a preferable plan and one that would provide more benefits—but the fact is, you change the policy instead of providing direct disaster assistance and you are not necessarily delivering money to those people who need the disaster benefits.

The $4.2 billion plan is a direct assistance plan to those who qualify because they have suffered losses, plus the additional amount that is included in the transition bonuses.

We continue to debate the issue. I am hopeful the Senate will approve the conference report. We have voted twice in the Senate, at the Democrats' insistence, on lifting the loan caps under the 1996 farm bill, and that has been rejected each time. We have voted twice on it, and twice it has been rejected. Now the administration is saying if you don't reconsider those two decisions, put that or something similar in the farm bill, in the disaster program, then the President will veto the bill.

This is a $59.9 billion bill—$59.9 billion. We are talking about a very small part, a disagreement on a matter of policy where the Democrats are trying to get the Congress to be required by this President to repudiate a part of the 1996 farm bill so some Senators, I suppose, can go home and say, ''I told you so; we had a better bill,'' even though it has been pointed out clearly that under the old farm bill, under the old policy that they are trying to reinstate pro tanto—a good law school phrase—they would be getting less money.

Under the Freedom to Farm bill, all farmers are getting more money from the Government as transition payments than they would have been eligible to receive under the 1996 farm bill which they want to exhume, resurrect, breathe life into, and put back on the books. That is not a very impressive proposal. That is not a very attractive proposal, and this Senate ought to reject it.

I hope there will be votes enough to override the President's veto. It has been done before on an agriculture appropriations bill. It was a long time ago. But you usually don't see a President vetoing an agriculture appropriations bill. I hope somebody will get around to pointing out what all is in this bill for production agriculture, for the women, infants, and children feeding program, for food stamps for people who are unable to provide for their own nutrition needs, for school lunch and breakfast programs.

I just came from a conference with the House on a reauthorization bill for child nutrition programs. We have some very important needs that are met in this legislation. Close to 65 percent of the funding in this appropriations bill that we are approving today goes to help people provide for their own nutrition needs.

The President may call this a veto of a disaster assistance program, but that is one very small part of what he is saying no to. He is rejecting the hard work of many Members of this body and the other body as well in crafting a bill that meets the need for agriculture research, for rural water and sewer system loans and grants, for economic development initiatives in small towns and rural communities throughout the United States.

If one looks at the amount of money that goes to support production agriculture in this legislation, it is minuscule compared to the total amount being spent on other programs. Many in agriculture have said that this bill should not even be named an agriculture appropriations bill—that there should be a more accurate way of describing the funding that is contained in the bill. It doesn't go to agriculture, or at least not most of it, very little of it, as a percentage of the total amount appropriated. But the President is willing to put at risk those programs that are funded in this bill to accommodate the interests of a few Senators who are suggesting that this is an unfair, an insensitive approach to providing disaster assistance to those who have suffered weather-related disasters and suffered because of a downturn in the world economic situation.

We are confronting a serious crisis in American agriculture. This bill responds to that crisis by providing direct assistance to those who have been harmed and who are eligible for transition payments and weather-related disaster benefits.

I suggest the Washington Post is right about this, and to repeat what they say this morning in this editorial, this is an election-year bidding war from which the President should back away.

The Democrats want not just to give a larger amount but to do so in such a way as to repudiate the last farm bill. . . . The administration earlier in the year rightly resisted the position it has now adopted; it should revert.

And so the observers at the Washington Post have figured this out. I hope that Senators will resist the entreaties being made to vote against this bill. This conference report ought to be adopted. It is a fair allocation of resources across the programs that are funded in the bill.

I mentioned the Department of Agriculture programs that are funded in the bill that the President is willing to put at risk and to create the uncertainty and the anxieties among those who are expecting benefits at the beginning of this fiscal year. Right now we are operating under a continuing resolution. To veto the bill creates more delay, more uncertainty, more

anxiety. It puts in jeopardy the very benefits we are trying to make available for people now.

Farmers need help now. They are beginning to be skeptical of the whole process and promises that are made by the Federal Government. I would like to do something to correct that. I would like to make sure that Government is trusted again to do what it promises to do and what it says it is willing to do, and many of us have been trying to put together a package of benefits that makes sense, is supported by the facts, can be administered.

We provide additional funds in this bill for the administration of the program. And it is going to cost more. We have tried to work with the administration to determine the amount needed so that there will not have to be extra burdens assumed at county offices throughout the country, where there will be an increase in the workload, where there will be more demands made on the administration, the farm service agency in particular.

We have tried to cooperate with this administration. It was our recommendation at the conference that these funds be added to help the administration deal with it. And now they turn right around and say, ''We're going to veto that bill because it is inconsistent with the proposal made by Senate Democrats on the Senate floor,'' that was twice rejected by the Senate. ''If you don't include the disaster bill the way they want it written or in that respect, then we're going to veto this entire bill.''

This entire bill, Mr. President, provides $56 billion in funding for a wide range of programs, most of them nutrition assistance, as I mentioned. So I hope the people in the country will stop and think what this administration is about to do to you if you are depending upon and looking to the Federal Government for support in nutrition programs. If you have free and reduced lunch and breakfast programs in your schools, they are not going to be funded on time because this President says, ''I'm vetoing this bill because it doesn't satisfy a few Senate Democrats.''

That is not only bad politics, that is bad Government, and it ought to be repudiated by the Congress. If the President does insist on carrying out this promise or this threat to veto the bill, I hope the Senate will—if the House can—overturn the veto and not sustain the President's action.

The Washington Post is right, the President ought to go back to the position he earlier had taken. The President signed the 1996 farm bill, and now he is suggesting that we need to go back and rewrite portions of it and that that will satisfy the needs of production agriculture, that that would be a better deal for farmers. The fact of the matter is, if we start going down that old road again, we will have an unworkable and unpredictable level of support from the Federal Government.

Now farmers know what the Federal Government is going to provide in transition payments that are outlined in legislation over a 5-year period. Farmers can look at that. They can make judgments about what is best for their own farm operation, what the market conditions are, so that they can make decisions based on what is best for them at that farm in that crop year, given their own economic conditions as to what they will do. They will not lose benefits because they make a decision to change the crop they are planting. They would under the old law. If you do not plant that same crop that you are eligible for, you lose your eligibility for any assistance from the Government.

And another thing. If you do not make a crop, you cannot put any crop in the loan. You cannot put an empty basket under the loan program that the Democrats are trying to resurrect. So if you would—like you have in southern Georgia—have crop losses, and you just plowed up a field, and you did not even try to harvest it because it was burned up, increasing the loan rate would not help you—not a bit.

So my point is, the Democrats' plan is not all that it is cracked up to be. It is more an expression of frustration. And I sympathize with the frustration in many parts of the country. It is an effort to grasp at some straw in the wind and hold out the hope that this is going to make everything right.

We are doing a very workmanlike job, in my view, of bringing together all of the different problems in agriculture and trying to design a program of benefits and assistance that helps farmers make it to the next year, helps compensate them to the extent that some will be spared going into bankruptcy or having to sell their farms at a forced sale. And it is that bad in some areas.

We think this is a balanced approach, not only for this disaster assistance program that is funded in this bill to the extent of $4.2 billion. That is in addition to all the other transition payments that we are providing under the existing law. And an option to obtain an accelerated payment of next year's market transition payment, that is available now in October because of a bill that was passed just recently.

We think the bill itself, the entire conference report, justifies the support of this Senate and an overwhelming vote to approve it and to send it to the President.

Before I yield the floor, Mr. President, I want to point out that this is just one aspect of what is being done or what is attempted to be done by this Congress to help the outlook for farming in America and in agriculture. Our economy—that is one of the most successful of any sectors of our economy in terms of its ability to export, to generate income for people not just on the farm but at the store, driving trucks in the transportation system, the inputs that go into production agriculture, the equipment that is purchased, the seeds, all the rest that go into this giant part of our economy—is very important to our country.

We generate a positive trade balance. I think this year it is going to be almost $20 billion in trade surplus. This is comparing the amount and the value of exports with imports of agriculture and food products.

The House just recently passed a tax bill, reported out of the House Ways and Means Committee. It was my hope that we could take that bill up here and pass it in the Senate, because it delivers to farmers and farm families some new tax benefits that can help them in this time of crisis on the farm and would be good policy changes for the future, one of which permits a 5-year carryback of operating losses. Another makes permanent the income averaging provision of the more recent tax bill that was signed into law. Another accelerates the phasing in of exemptions of inheritance tax and gift tax for small businesses and farms. That is very helpful to farmers and farm families.

Another provides 100 percent deductibility of the costs of self-employed health insurance, health insurance for those people who work for themselves. In the past, they weren't able to deduct the costs of that health insurance.

Under the bill that was reported out of the House Ways and Means Committee and passed by the other body, the total costs of that premium could be deducted from income tax. We should make that the law now. Farmers need that now. Farm families need that benefit now.

Because of a threat by the Democrat minority, we can't call that bill up. We are told there will be an objection. And if a motion is made to proceed to consider the House bill, 60 votes would be required to shut off debate on the motion to proceed. So that bill is unlikely to be considered by the Senate, we are told, because of those objections and that resistance. Again the President said, ''If you pass it, I will veto that.''

So farmers ought to know where the problem is. They are being told with big speeches out here and a lot of charts that the Democrats are the farmers' best friend. The evidence is piling up on the other side of that argument. I think it is going to become very, very clear that that is not the case.

Here is another example. We have been told that American agriculture is suffering right now—unfairness in the international marketplace. People are erecting barriers to trade while we are trying to sell more in the market or break into a new market for agriculture products and foodstuffs, that we are running into barriers of one kind or another, and that the importation of certain foodstuff—cattle, wheat—from Canada violates existing rules of fair trade in this hemisphere. For months, the administration has done absolutely nothing that I know of to try to deal with that situation.

One thing they asked last year of the Congress was to enact fast-track negotiating authority for the administration so agreements to adjust these problems, to resolve the difficulties, could be negotiated and worked out. Congress would make a commitment that if fair agreements were worked out we would take them up under fast-track procedures and vote them up or down. So the Speaker of the House, as we were working to put together the disaster assistance program, agreed he would call up the fast-track authority legislation in the House for a vote; the Senate has acted. The House couldn't pass it because the Democrats wouldn't vote for it. A huge number of Democrats voted against it. The President, apparently without the ability to lead on that issue in the House, couldn't turn out the votes to pass the legislation he said was important, he said was needed to help agriculture. The Republican leadership called it up and most of them voted for it.

I am suggesting that is another example of a problem that we have here in the government. I am not trying to put this into a partisan debate to say that the Republicans are right on everything and the Democrats are wrong; but I am pointing out these facts that exist in the context of trying to do something to help farmers and help agriculture.

Most people live outside the United States, and if the growth is going to be achieved in agriculture sales and we are going to see increases in incomes and prices, we are going to have to sell more of what we produce in the export market. Mr. President, 95 percent of the people in this world live outside the United States. It is that area of the world where the population is growing the fastest. The needs are greater for foodstuffs.

I hope, as Senators look at this problem and try to decide whether we are doing the right thing or not by approving this bill, they will recognize we can't solve every problem that this sector has in one bill. But this is a very positive step toward dealing with the real crisis that exists out there in agriculture today. I am hopeful that the Senate will vote for this conference report and that we will have a resounding vote to overturn and override the President's veto, if he insists on continuing down this path. It is wrong. It is not justified. I hope he will change his mind.

I yield to the distinguished Senator from Idaho such time as he may consume.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, let me join with my chairman, Senator THAD COCHRAN, chairman of the Agricultural Appropriations Subcommittee, who spoke with a certain amount of frustration in his voice just a few moments ago. He has every reason to be frustrated.

This chairman has bent over backwards in the last 6 months trying to understand and address the agricultural crisis that is now upon America's production agriculture. He has joined with us—those of us here in the Senate who come from strong agricultural States—at every step along the way to see how we could resolve this under current policy. I don't blame his frustration.

I came to the floor just a few moments ago to announce that the President is in town for the full week for the first time in a good many weeks, and the first thing he says is that he is going to veto the agriculture appropriations bill. I am critical of this President. Mr. President, wake up. You haven't had a position on agriculture your entire term in office. Now you say, ''I'm going to veto,'' at a time when this Congress has worked collectively, on a very strong bipartisan vote on the House side just last week, 333 House Members, Democrat and Republican, on the very issue that we have on the floor now that the chairman has spoken to and that we will vote on this afternoon.

I am not quite sure why he is doing that. I suggested this morning that maybe it was a bit of ''Wag the Dog.'' I don't want to make accusations, but why isn't he helping us, working with us to resolve this, rather than simply addressing it with a veto threat.

What has the bill to offer production agriculture? For the last several days, we have laid out the amount of money that is being spent that will go directly to farmers to offset the market losses that they have experienced, the very real and dramatic declines in commodity prices that are going to place some of our very good farmers and ranchers in bankruptcy. We want to be sensitive to that. This Congress is being sensitive to that with a $4.2 billion package. Payments directly to farmers who have experienced natural disasters—$1.5 billion for that—who through no fault of their own, have lost their crops; market loss payments, reflective of what has gone on in the Pacific Rim and the loss of markets there, payments of about $1.65 billion, directly down through to the farmer and the rancher; a multiple-year losses program of about $675 million; livestock feed assistance for those areas that were ''droughted'' out who obviously produced no feed for their livestock this year and are having to reach well outside their barriers and pay premium price for hay to be brought in; and, of course, emergency-related aid of about $200 million. This bill is very sensitive to the needs of production agriculture.

What is the debate really about? Why would the President want to veto a bill that provides so much at a time of true need to production agriculture? As I said, it could be a ''Wag the Dog'' problem, but more importantly it is probably a debate over significant problems.

We—Republicans—believe, and I think American agriculture supports a recognition that farmers ought to be farming to the market. The Freedom to Farm bill reflected that and we made significant change to policy. We also said government has a responsibility to break down the political barriers that the chairman spoke about to expand world trade, and yet the tools to do that are rusting down in the toolshed at USDA because they have failed to use them. Throughout the time this crisis was growing, not one kernel of grain was purchased for humanitarian purposes. Yet, the Secretary had the tools to do it. The Secretary had the tools to enhance trade for the purpose of moving the product that was stored out there on America's farms, or in America's granaries. Yet, that didn't happen. And now, all of a sudden, when we are trying to shape some form of aid to get us through this cropping season and keep what American farmers say is a good farm policy in place, the President takes time off from his world travels and his campaign fundraising events to say, ''I am going to veto this bill.''

Mr. President, I hope you will study it a bit and change your mind, because if you think you are going to use an additional $3 billion or $4 billion from the surplus that you want to put in Social Security to save Social Security, think again. It isn't necessary and it isn't needed, and I don't think this Congress is willing to provide it. Those are the realities with which we are dealing.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CRAIG. With that, Mr. President, I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, how much time do those in opposition have?

The PRESIDING OFFICER. Twenty minutes.

Mr. WELLSTONE. Does the manager know whether or not others are going to come over on our side?

Mr. COCHRAN. If the Senator will yield, I think other Senators want to speak, but not right now. We have another hour, from 2:15 to 3:15, that will be available for debate. So as long as you see no competition on your side of the aisle, you have it all to yourself.

Mr. WELLSTONE. I thank my colleague.

Mr. President, I had a chance to speak yesterday and I don't want to really repeat the arguments I made yesterday. I do not intend to vote for this bill today, but I think that by the end of the week, or at least I am hopeful, we will be able to resolve our differences and pass a farm relief bill that will do the job—or at least will be a huge help for family farmers in Minnesota and across the country.

Mr. President, the President of the United States indicated on Saturday that the farm relief bill—this bill that we are looking at right now, which we will be voting on—is inadequate. He

has said that more will need to be done with farm relief. It will have to be improved before he can sign an Agriculture appropriations bill. I am hopeful that either following the veto of this bill, or as part of the negotiations —and I think I have a different view from my colleague from Idaho, I am not sure—as part of the negotiations on the emergency supplemental packages, which may be included in an omnibus appropriations bill, we will see an improved version of this farm relief package.

I said yesterday to my colleague from Mississippi, Senator COCHRAN, I much appreciate the work he has done. We have come a significant way from where we were. This is a $4 billion relief package. I think that given the position the President has taken —and as a Senator from Minnesota, I have certainly requested that he take this position; I have said I hope he will veto this bill or wait until we get some kind of relief package that I think would do a better job. I have to continue to fight as long and as hard as I can for family farmers in my State, for what I think will be most helpful to them. Frankly, I believe that given the Senators who are dealing with this question on both sides of the aisle—we all care fiercely about agriculture, and I think we have an understanding about it—I don't see any reason why, by the end of this week, given the position the President has taken, we can't have some really strenuous, but I think substantive, negotiations and come up with a much better relief package.

Now, this relief package that my colleague, Senator COCHRAN, brings to the floor of the Senate is a credible effort. But I think it is insufficient. There is an inadequate amount of money, and I think it utilizes the wrong mechanism to deliver the assistance that is meant to address the price crisis. Let me just be clear about what is at issue here. Surely, given the position the President is taking, which is the position that the Senator from Minnesota and many other Midwestern Senators asked him to take, which is to make it clear that he will veto this bill unless there are negotiations and we can get a better package.

Why have we taken this position? Well, our proposal, $7 billion-plus, and the proposal we have before us on the floor of the Senate are similar in that both include between $2 billion and $2.5 billion for indemnity assistance for crop loss. This is an increase from the original $500 million, which many of us worked very hard to include in the original Senate bill. It is not surprising. There are a whole lot of people who have really been hit hard and who need the help.

The Republican package, however, that is before us also contains an additional $1.7 billion. So there is agreement on the indemnity part. We went from $500 million to $2 billion to $2.5 billion. The Republican package also contains about $1.7 billion to address the price crisis. The way they deliver this assistance is through a supplemental or bonus transition payment, and that is where there is a big disagreement. The prices for our major commodities, such as wheat, corn and soybeans, are 15 to 30 percent below the 5-year market average. Our $5 billion proposal to address the price crisis—where there is the difference here—would lift the current caps on the loan rate and raise those loan rates about 57 cents a bushel for wheat, about 28 cents a bushel for corn, and over 20 cents a bushel for soybeans. This would not only immediately boost farm income for the farmers of these commodities, but in raising the loan rate, it also has a beneficial effect on market prices. It tends to lift them up. That is why I think our proposal is superior.

Mr. President, I worry about these transition payments because I think there are a couple of problems with them. First of all, these payments are based on the old farm program's historic yields. Farmers such as traditional soybean farmers, who never had a program based on the old program, don't get any of these AMTA payments. That is one huge problem. On the other hand, it is possible for some people who might not even have planted a crop to receive them because the Freedom to Farm—or what I call the ''Freedom to Fail''—payments are completely unconnected to production or price.

I have to tell you, that is the key issue. That is the key difference. At the very minimum, in dealing with the price crisis, we ought to make sure that the payments are connected to production and price. So what we have here in this bill is the wrong mechanism for addressing the price crisis. Our proposal would lift the cap on the loan rates. I think there can be negotiation. The President is correct in vetoing this bill if that is what is required to get better assistance. Thousands of family farmers across the country could go out of business due to conditions that are beyond their control. In Minnesota, up to 20 percent of our family farmers are threatened. Now, the other part of this is that the Democratic proposal for the State of Minnesota is worth about an additional one-quarter of a billion dollars.

I ask the Chair, has 20 minutes expired?

The PRESIDING OFFICER. Twelve minutes remain.

Mr. WELLSTONE. The proposal is worth an additional one-quarter of a billion dollars for agriculture in Minnesota, for rural Minnesota, for what we call ''greater Minnesota.'' It is no small amount of money, especially when you consider the multiplier effect in our communities.

So I say to my colleague, Senator COCHRAN from Mississippi, this is a start. I am going to vote against this. The President has said he is going to veto it unless there is further negotiation. I think we can do better. I don't like the rider that basically continues another 6 months with the dairy compact. I have dairy farmers in my State who are going under because of very unfair pricing mechanisms.

In addition, I emphasis again, we are in agreement when it comes to crop losses, disaster, people who didn't have the insurance because of wet weather, scab disease or whatever. We are not in agreement on the price.

There are two problems. The main one is at the very minimum you have to target the price, whatever you do by way of dealing with low prices. You have to make sure that the payments are connected to the production of the price. Too many of these transition payments go to landowners, and not necessarily producers. I don't think that makes a lot of sense. Some, like soybean growers, won't be helped at all.

I think we can do better on the price part. I think we have to do better if this relief package is going to do the job. I think we have some differences out here. They are honestly held differences. All of us care about agriculture. All of us know what the economic and personal pain is out there in the countryside.

Some are quite often critical of some of the President's policies, but I thank him for exerting strong leadership on this question and for making it clear that surely this week in negotiations we can do better. We can come up with an even better package.

My colleague from Mississippi brings a package out here that is an important start. We are going to get the job done by the end of the week or by next week. We are going to get the job done. We are going to have a relief package, because we have to, because that is why we are here. I believe we can do that through the negotiations that are to come.

BISON INSPECTION

Mr. ALLARD. Mr. President, I would like to engage in a colloquy with my good friend from Vermont, Senator LEAHY regarding an issue that impacts bison ranchers nationwide as well as in both of our States.

It is my understanding that the U.S. Department of Agriculture has taken major steps during the past year to ensure that our country's food supply is as safe as possible. USDA requires all firms that wish to sell meat to USDA and other Federal agencies to comply with newly adopted regulations known as HACCP.

It is also my understanding that the beef, pork, and poultry industries are provided USDA inspection at no cost, and that ranchers who raise American bison must pay a steep fee to USDA for inspection at slaughter and inspection of products to be sold to USDA. These costs exceed $40 per hour, per inspector, both for inspection at slaughter and at further processing.

I would like to ask my colleague on the Agricultural Appropriations Subcommittee, Senator LEAHY, whether he

would agree with me that USDA should explore what impact inspection fees has on the bison industry?

Mr. LEAHY. Yes, I do agree.

It is my understanding that USDA collects substantial fees from those bison ranchers and processing firms for Federal inspection. It is my understanding that this fee is set yearly by USDA and that it is approximately $41 per hour. I believe that these fees directly impact thousands of small ranchers who belong to the National Bison Association.

Mr. ALLARD. Would the Senator further support asking Secretary Glickman to report back this next year on ways in which USDA might lower the inspection fees to help strengthen the U.S. bison industry.

Mr. LEAHY. We have bison ranchers in my state and in every other State in the country. I agree with the Senator that while we are looking for policies and programs that help small farmers and ranchers, we look carefully at all other actions that could make a difference. I believe that the issue of inspection fees charged bison producers should be explored by the Department of Agriculture, and that the Department should provide us with their analysis of this impact early in 1999.

Mr. ALLARD. I thank the Senator for his comments.

Mr. GORTON. Mr. President, on March 28, 1996, Congress passed the Federal Agricultural Improvement and Reform Act, most commonly referred to as the farm bill. This comprehensive, forward looking legislation provides U.S. agriculture the free market principles that our farmers and ranchers requested and desired. Government no longer dictates to farmers how much to plant, when to plant, when to buy, or when to sell. The farm bill provides the flexibility, predictability, and simplicity that our farmers and ranchers asked for from their government.

In the past few months, agriculture in the United States has been impacted by chaotic world markets, natural disasters, and disease. These occurrences are not the result of the Farm Bill, but without a doubt have impacted the prices paid for U.S. commodities. As a member of the Agriculture Appropriations Subcommittee, I had the opportunity to review and subsequently pass a disaster package as part of the Fiscal Year 1999 Agriculture Appropriations Conference Report. This package includes relief for those farmers who experienced one or all three of the aforementioned occurrences.

The Pacific Northwest is experiencing misfortune that is not weather or disease related, but market related. Producers in the State of Washington rely heavily on international trade. Wheat growers in the state export approximately 85 percent of their crop. Our apple and minor crop industries rely heavily on Asia as an export market. When world markets collapse, so too does the price paid for each of these commodities.

The disaster package which is included in the conference report provides some relief for growers in Washington state. However, because a bulk of the assistance provided in the package will benefit farmers in the midwest states, I voted with Senator BURNS to increase the relief plan by $610 million. Although this plan was defeated, I believe the overall package is adequate and a necessary starting point for recharging the cash flow to the family farm. This package, combined with the Agriculture Market Transition Act payments farmers will receive in October and December of this year, and the loan deficiency payments for program crops totals over $17 billion in cash payments for 1998 and 1999.

Because Pacific Northwest agriculture is so trade dependent, I believe we must focus on expanding trade and gaining new markets. In this arena, I fear that the administration's silence has been deafening.

Two weeks ago the House defeated the bill to provide the President fast track-trade negotiating authority. Unfortunately, a wounded President and a weak Secretary of the U.S. Department of Agriculture failed to convince our colleagues the importance of passing this legislation. With one in four jobs in the State of Washington directly related to trade, and with agriculture being the State's number one employer, the passage of fast track was essential.

Just last week I made a statement regarding the administration's trade policy with China. Finally, a member of the Administration commented on the inability of the President to make headway with China's protectionist position. The Undersecretary of International Trade at the Department of Commerce admitted that U.S. trade policy with China is flawed and that the Administration's policy of 'engagement' has not moved China toward free trade practices.

China claims that wheat from our region is inflicted with a disease called TCK smut. At the bipartisan request of many Senators from the Pacific Northwest, the President was asked to discuss this bogus phytosanitary concern with Chinese President Jiang Zemin. The President personally met with President Zemin twice in the last two years, but the Pacific Northwest wheat industry remains locked out of another potential, enormous market.

As a border state of Canada, Washington has encountered many trade discrepancies with our Northern counterparts. The beef trade between Washington and Canada has evoked bad feelings and more recently tensions escalated. Just two days ago, United States Trade Representative Charlene Barshefsky and Agriculture Secretary Dan Glickman announced their intention to begin intensive negotiations to resolve some of the restrictive trade practices utilized by Canada. While I applaud the Administration for taking this action, it is unfortunate that it comes only after ranchers in bordering States began blockading Canadian farm shipments. Agriculture trade relations have been thorny with Canada for quite some time, and many believe that the Administration's inability to support and defend the U.S. beef and wheat industries in negotiations with Canada have left agriculture with the short end of the stick. We are consistently being out-witted by the Canadian trade negotiators and the farmers and ranchers in this country are expected to pick up the pieces.

These are just a few of the Administration's trade policies which directly impact the bottom line of farmers in the State of Washington. While I recognize and empathize with the family farm at a time when cash flow is sparse, I do not support the President or the Administration in its threats to veto the Agriculture Appropriations bill because the disaster package is not to their liking.

There are several items that in addition to this disaster package, AMTA payments, and LDP payments which deserve attention. While expansion of trade is of obvious importance to the State of Washington and is certainly a long-term goal, regulatory relief, tax relief, adequate funding for agriculture research, and deductibility of health insurance for the self-employed are immediate mechanisms to provide assistance to the family farm. Unfortunately, the vehicles providing this relief—the Interior appropriations bill and the House passed tax package—are also under the threat of a Presidential veto.

Mr. President, the Agriculture appropriations bill is a constructive piece of legislation that deserves our support. While the unfortunate politics of partisanship has appeared to weigh heavily on this legislation, I sincerely hope that the Administration would remember the family farm and the longevity of production agriculture in this country and sign the bill.

Mr. LEAHY. Mr. President, if ironies were flowers the area inside the Washington beltway would be covered with fields of flowers sprouting out of every square inch of land.

I am surprised that many of the same Senators who say they want farmers to receive higher income for what they produce strongly oppose the same for other farmers if the product is not produced in their home states.

Many Senators have recently spoken on the floor about the disaster facing their farmers. Some have likened it to losses caused by natural disasters such as Hurricanes. Regarding this farm disaster, their biggest concern is the huge loss in farm income. The culprit this time is low prices and the loss of farm income.

In speech after speech many complain that their farmers face low prices—and thus low income. And, as is so often said, farmers do not want welfare they want higher income for their

labors. These Senators assert that farmers do not just want a handout—they want higher prices so they can earn an reasonable income and stay in business.

Whether the commodity is wheat, soybeans, corn, or other feedgrains we hear time and time again that prices are too low—and thus their farmers may go out of business.

There is a sense of great panic in the farm community. It is real. I am advised that farm income in some areas has been reduced by 98 percent. I have been moved by many of the compelling descriptions of the agony faced by these farm families. I am concerned about this even though my home state of Vermont is not as directly affected.

Thomas Paine made an interesting comment about these situations which is still as true today as is was in 1776. He said: ''Panics, in some cases, have their uses. . . . their peculiar advantage is, that they are the touchstone of sincerity and hypocrisy, and bring things and men to light, which might otherwise have lain forever undiscovered.''

There is indeed a touch of hypocrisy in this crisis. Some, including some at the U.S. Department of Agriculture, see the loan deficiency payments as a great solution. If prices drop below a target price the farmers get the difference between their market price and this target price. If prices increase above a certain level then the farmers cannot receive this cash payment. Recently I twice voted for these proposals along with every Democratic Senator save one.

I do think this approach is a good idea and I hope in the end it is included in any continuing resolution we work out. It is important that any income relief in the resolution be targeted to 1998 year crop production and that it go to producers, not mere landowners.

Many strongly support this approach for commodities produced by their farmers. However, if the benefit is to be provided to farmers not producing their commodities some turn a deaf ear. This is an unfortunate irony—some will not listen to the very arguments they use to support additional income to their farmers if other commodities are involved. I voted for their solution even though it is of little benefit to my home state of Vermont. Turning a deaf ear toward farm problems in other areas of the country raises a lot of concerns.

The Northeast Interstate Dairy Compact is the perfect example. The major benefit of the compact is to provide income to farmers when milk prices are low—income is not provided to farmers when prices rise past a certain point. The amount of the payment a farmer gets depends on how far milk prices are below the target price. You could simply repeat those two sentences but substitute the word ''corn,'' ''soybeans'' or ''wheat,'' or whichever commodity, for ''milk'' and you have described how the loan deficiency payment system works.

Many certainly want this benefit for their commodities. Some Senators would rather their farmers get a check for increased ''freedom to farm payments'' instead of cash payments called loan deficiency payments. In this way these Senators provide cash to feedgrains producers to make up for the fact that farm prices are so low. Either way, almost all Senators want farmers to receive some additional cash payments. And farms families deserve this.

But try to apply this system to milk prices and many Members of Congress and some in the Administration say ''no.''

This is a major issue for me since more than 70 percent of all farm income in my state is from dairy. Vermont is first in the nation in terms of the relative importance of dairy to total farm income. This is why the Compact is crucial to me.

Dairy farmers like other farmers work hard—milking cows early in the morning, moving cows around to pasture, feeding them, worrying about veterinary bills. I wish we could all work together on this matter—all areas of the country—and support farm income for all producers.

I freely admit that the Compact does give dairy farmers a lot more income when prices are low. It is supposed to do that—just like loan deficiency payments. We are not concealing the fact that during the first 6 months of operation OMB reported that ''New England dairy farm income rose by an estimated $22–27 million . . . .''

Several Senators from the Upper Midwest insisted that OMB do a study on the effects of the Compact. The OMB report is called the ''The Economic Effects of the Northeast Interstate Dairy Compact.'' I will be quoting a lot from that study that those Senators wanted in this floor statement.

As a little background, the Interstate Dairy Compact Commission with 26 delegates appointed by the six governors is authorized to determine a ''target price''—$16.94/cwt in this case. Under the Compact language approved by the six states any state can opt-out temporarily—until a later date that the state determines—or opt-in and receive that additional income for producers. The Compact is voluntary, it is up to each state.

As I just pointed out in this respect, when prices are low the effect of the Compact is similar to the loan deficiency payments made under marketing loan programs in that, roughly speaking, producers get the difference between a ''capped'' target amount and the current price. When farm prices are high, no cash payments are made to producers under the Compact.

Why is this additional income for dairy farmers as justifiable as additional income—whether in the form of loan deficiency payments or increased freedom to farm payments—for feedgrain farmers? The answer is simple—it keeps their families on the farm. All farmers deserve to earn a decent income for their families.

This additional income to farmers in New England based on the Compact has kept farmers in business. For example, news articles have focused on how in Connecticut and Vermont the rate of farm loss is much less than before the Compact went into effect. Before the Compact, OMB reports that New England suffered a ''20-percent decline'' in the number of farms with milk cows from 1990 to 1996. Now, this horrible rate of attrition has stopped. I wish other states could also stop their loss of farm families. I have supported reasonable efforts to keep family farmers in business throughout our country and will insist on that in any continuing resolution.

It is clear that efforts to keep dairy farmers in business will become more critical over time since, as OMB reports, ''the Farm Bill also calls for the termination of many elements of USDA's current dairy program by January 2000.'' Also, dairy producers do not receive any so-called ''freedom to farm payments″ for milk production and the milk support program will be terminated in the year 2000.

Also, since dairy farmers sell a perishable fluid product that needs refrigeration they are not able to hold product off the market until they can get a better price. Feedgrains can be and are stored to get a better price—indeed the government will even give you a loan based on the value of the grain you are storing. This provides farmers with cash to pay bills—this program is not available regarding the production of milk.

Of course, by taking this grain off the market this can have the effect of increasing grain prices. FAPRI has provided Congress with information on these anticipated increases in grain prices based on the marketing loan program.

One disadvantage to increasing the caps in marketing loan programs, or increasing freedom to farm payments, is that it costs taxpayers a bundle—in this case several billion dollars. I voted for the marketing loan proposals twice because I think it is worth it to increase farm income in Iowa, North Dakota, South Dakota, Nebraska, Missouri and a number of other states. While marketing loan programs do not benefit New England dairy farmers, I have always felt that farmers should stick together and help each other out. I wish more Members of Congress felt that way.

I am very willing to work with my Colleagues from the Upper Midwest to try to figure a way so that all of us can work together. But I will insist on one thing—that our goal should be to protect income for dairy farmers and to keep farmers in business. I do have some ideas that I think we can all agree upon and want to sit down with my Colleagues from the Upper Midwest, and around the country, to work something out.

I will support reasonable programs that benefit their farmers, as I do

farmers in others states and as I do for other commodities.

As long as I am on the subject of the Compact I want to make a few additional points about how well it is working.

First, I want to thank many of the Members of Congress who want to support farm income for all farmers—not just farmers producing feedgrains. I am very pleased that the Compact will get a short extension in the appropriations bill. Some opponents have begun complaining that it is included in the Agriculture Appropriations bill. It was included in the House bill and is now included in the Conference Report.

I am very pleased with this since the 1996 farm bill created a three-year Compact pilot project for the Northeast. However, long delays in implementing the Compact by USDA have cut that three-year period down to less than two years. That is not what the Congress had in mind when it passed a three-year time period in 1996. I am pleased that this Appropriations Bill will extend the Compact at least until September 30, 1999, so that the Congress can find out how well it has served farmers. Even with this extension, the time-period is less than Congress set forth in 1996.

It is interesting that one of my distinguished Colleagues blasted the Compact on the Senate floor by saying that dairy farmers have not seen positive benefits as a result of the compact. What surprises me about this statement is that most dairy farmers would say that a significant increase in their income over a six-month period was a ''positive benefit.''

Maybe things are different in the Upper Midwest but New England farmers like this increase in income and consider higher income a positive benefit. It could be that since New England only produces three percent of the fluid milk in the nation that an increase of $22 million to $27 million in income over a six month period, according to OMB, is not considered large by Upper Midwest standards.

I also disagree with the complaint that under the Compact ''consumers have been hurt by higher prices.'' OMB has an answer for that which proves the value of the Compact. OMB reported after an initial increase in prices at some stores just as the Compact was implemented that: ''New England retail milk prices by December [the sixth month after implementation] returned to the historical relationship to national levels, being about $0.05 per gallon lower.''

So, OMB has concluded that consumer milk prices are lower in New England than the rest of the nation. I would like to repeat that—consumer prices in New England with the Compact are lower than national levels. I would encourage a study to check out that relationship now—I am very confident that prices in New England are still lower than the rest of the nation.

The Connecticut Agriculture Commissioner Shirley Ferris reports, ''In June of 1997, the month before the Compact took effect, the average retail price for a gallon of whole milk was $2.72. This June, almost a year after the Compact took effect, the price for a gallon of whole milk is only $2.73. And the price of a gallon of 1% milk is even less expensive now than before the Compact—$.03 less per gallon than last June.''

Consumer milk prices, as economists had predicted, are lower in the Compact region than the average for the nation.

Another interesting assertion—that milk consumption has dropped in the compact region—was made on the Senate floor recently. This is most odd since national data shows that the rate of milk consumption has dropped more in the rest of the nation than in the Compact region.

According to the most recent A.C. Neilson Corporation marketing research data, U.S. gallon sales of fluid milk are down 1.8 percent compared to one year ago. New England gallon sales of fluid milk, however, have decreased by only 0.7 percent. National sales of fluid milk have declined 1.1 percent more than New England sales of fluid milk.

In another assertion it was said that ''The only real winners have been the largest industrial dairies of the Upper Northeast.'' First of all, I am not certain if the use of Upper refers to Maine. Second, I am not certain what the ''largest industrial dairies'' means since our plants are so small compared to the Upper Midwest.

And third, under the Compact, and as confirmed by the OMB study, it is the producers of milk, the farmers, who get the increase in income under the Compact. If anyone doubts that the dairy farmers in New England did not get increased pay checks someone should randomly call them on the phone and see if they really got the checks. I certainly have not heard complaints that the paychecks were lost in the mails.

My distinguished Colleague also said that the Compact puts ''traditional dairy farms'' outside the region ''at a competitive disadvantage.'' OMB reports just the opposite. But again, you do not need an OMB report. Simply pick up the phone and call some dairy producers who live near the Compact region. They are selling milk into the region to take advantage of the Compact. If Wisconsin or Minnesota switched places with New York State, farmers in Wisconsin and Minnesota would do the same—sell into the Compact region to make more income.

While I do not know for sure, I suspect that dairy producers in Wisconsin and Minnesota would like more income for all their hard labor. Vermont dairy farmers and neighboring New York dairy farmers sure do.

OMB reports there has been ''an increase in milk shipments into New England equal to 8 percent.'' This is not surprising since neighboring producers get higher prices for their milk in the compact region.

Except for this benefit for neighboring farmers living just outside the Compact region, OMB reported that ''New England has little effect on dairy markets outside its region, or on national prices or trends. . . . Its shipments outside the region in the form of cheese or milk are small.''

Opponents of the Compact have constantly repeated that it would be a ''trade barrier'' on sales into New England. I could point to many statements to this effect on the floor.

I predicted before the Compact was implemented, on the other hand, that since the law required that anyone could sell into the region and since the law required that these sellers get the benefit of the Compact, that there would be increased sales into the region.

I was correct—and the evidence reported by OMB shows that neighboring farmers get the benefit of the higher Compact price and thus there has been an increase of sales into the region of 8 percent.

This Compact has thus increased trade. Something that increases trade is not usually called a trade barrier.

As an interesting footnote OMB reports that the Compact commission decided to provide additional money for New England WIC programs so that more eligible infants, children and pregnant women would be able to participate than would have participated without the Compact. The OMB report states that the ''Compact could support a small increase in participation during the demonstration period.'' The Commission has recently decided to provide additional funding to the school lunch programs.

I also want to address the surplus production issue. As background, note that if New England regional milk production decreases less—or increases more—than the national rate, the farm bill requires that the Commission reimburse the federal government for the cost of Commodity Credit Corporation purchases of any ''surplus production'' that might occur.

This year the Commission will pay a reimbursement as determined by the Secretary. Very favorable conditions in New England and low feedgrain prices and very unfavorable weather conditions throughout much of the rest of the country created this shift even though there was decrease—2,000 fewer—in cows milked from April to June 1998.

As these relatively very unfavorable weather conditions in the rest of the country subside I expect that New England's rate of production will once again grow at a lower rate than the rest of the country—especially with the drop in cows milked in New England. Also note that almost all of the CCC purchases were of milk product from other regions of the country.

To provide some perspective, I also wanted to mention that OMB reports that in 1996, ''New England accounted for 2.93 percent of the Nation's milk

production and 2.9 percent of its milk cows.''

As the OMB report shows if other states had a dairy compact, farmers in those states could receive a significant increase in income. So why are some supporting billions' worth of increases in payments to farmers producing nondairy commodities but are opposed to increases in farm income to dairy farmers?

The answer is easy. Sir Walter Scott knew many years ago that: ''Oh, what a tangled web we weave, when first we practice to deceive.''

Corporate opponents of the Compact have tried to argue that this was a fight between consumers and farmers. The OMB study proves that consumer prices are lower in New England than the average for the rest of the country. So that is a false argument.

The fight is actually between large manufacturers of milk products—large multinational corporations—and farmers. Manufacturers of any product, not just manufacturers of cheese or ice cream, want to buy their inputs as cheaply as possible.

How do we know that? As with the answers to many questions all you have to do is follow the money. Who is buying ads and time to distort the truth? Who is staffing up to fight the Compact? And who mostly wants the Compact defeated?

It certainly isn't farmers in areas that border the Compact region. They take advantage of the Compact's open invitation to trade—and make more money selling into the Compact region.

It certainly isn't consumers since they get lower prices than the average for the rest of the nation. It certainly isn't farmers living in the region since they have gotten a significant boost in farm income.

To find out the answer one just has to look at lobbying reports that have to be filed in Washington. Who funded efforts and hired people to oppose the Compact?

Groups representing the large manufacturers of milk products—that's who. The International Dairy Food Association for example. Their members, like any manufacturers, want to buy their inputs at low cost.

One of their members, Kraft, which is owned by a large tobacco company, wants to pass a bill that will allow them to buy milk at less than the price set by milk marketing orders through something called forward contracting. This could greatly increase their profits.

They also oppose the dairy compact. The Compact has producers selling milk at more than the level set by milk marketing orders. Under the Dairy Compact, producers receive an over-order premium which means that they get more money than the minimum set by the order, not less.

So why was there ever a concern about consumer prices increasing in the Compact region? Prices should have never increased.

The Wall Street Journal and the New York Times discussed this in news articles about retail store price gouging. GAO raised the issue in 1991 and is looking at it now.

We do know that retail prices for milk are often over double what farmers get for their milk—nationwide. Think about that.

Lets look at the time period just before the compact took effect—and pick Vermont as the sample state. As the Wall Street Journal pointed out, in ''Are Grocers Getting Fat by Overcharging for Milk?,'' beginning in November, 1996, the price that farmers got for their milk dropped by almost 25 percent—35 cents or so per gallon. Store prices stayed high which locked in a huge benefit to stores selling to consumers. 35 cents a gallon is a significant increase in benefits to retail stores.

Comparing November 1996, to June 1997, the price farmers got for their milk dropped 35 cents a gallon, and stayed low, but the prices stores charged for milk stayed about the same.

I have always contended that Dairy Compacts can help reduce this retail store price inflation by stabilizing the price that farmers get for milk—thus reducing the need for stores to build in a safety cushion to protect themselves in case it costs more for them to purchase milk.

Without a compact, the price farmers get for their milk can vary significantly. These variations in price are passed through to stores by co-ops and other handlers. Yet stores prefer not to constantly change prices for customers so they build in a cushion. But this huge profit margin can be reduced by Compacts which means that Dairy Compacts will save consumers money and provide more income to farmers.

Unfortunately, the OMB study is based on very limited information from USDA. USDA only gave OMB price information from 6 stores in New England—and only in two cities where it was announced in press accounts, in advance, that retail prices would go up even though store and wholesaler costs had dropped 35 cents per gallon.

Even in light of this OMB concluded that after 6 months, retail store prices in the compact region of New England were 5 cents lower than the rest of the nation.

New England newspaper accounts of the implementation of the Compact were very interesting. For example, the July 1, 1997, the Portland Press Herald, Portland, Maine, points out that ''Cumberland Farms increased the price of whole milk by four cents but dropped the price of skim by a penny'' when the Compact was implemented.

Also, they note that ''At Hannaford's Augusta store, Hood milk—a brand-name product—was selling for $2.63 a gallon, while the Hannaford store brand was selling for $2.32.''

Also, ''Shaw's increased its price by about 20 cents a gallon in [parts of] the five other New England states but kept the price the same here [in Maine].''

The June 26, 1997, Boston Globe and the June 27, Providence Journal pointed out before the Compact was implemented that one of the chains signaled a price increase. A spokesman for Shaw's Supermarkets, Bernard Rogan, is quoted as saying that milk prices will go up next week

The June 30, Boston Globe reported that ''The region's major supermarkets are raising their milk prices 20 cents a gallon, ignoring arguments that their profit margins are big enough to absorb a new price subsidy for New England dairy farmers that takes effect this week.''

As OMB discovered, after six months this initial signaled increase, described above, was being subjected to competitive pressures and that consumer prices in New England were on average lower than the rest of the nation.

Studies of prices charged in stores in Vermont, for example, show that the most important factor in the price of milk is the brand and the store. In cities and towns in Vermont the variation in price among stores was in the 50 cents to one dollar range. In other words, in the same town the price of a gallon of milk varied greatly and still does.

These store variations, and variations through the use of store coupons, dwarf any possible impact of the compact.

Also note that reports have indicated that the dairy case is the most profitable part of a supermarket. The product profitability of fluid milk is $16.46 per square foot, whereas regular grocery items return only $2.32 per square foot. This information is from testimony of Professor Andrew Novakovic, on April 10, 1991, before the Committee on Agriculture of the U.S. House of Representatives.

All other food expenditures dwarf how much income that consumers spend on fluid milk. The savings consumers can achieve through buying ''on sale'' or house-brand items, or through using discount coupons, far exceed typical changes in the price of fluid milk. Only 3 percent of the average household's total expenditures on food go for fluid milk. This information is from an article called ''Food Cost Review,'' 1995, from the Economic Research Service of U.S.D.A.

Note also that OMB reported that the Northeast has the Nation's second highest cost of dairy production ($14.27 per cwt in 1996) and its milk generated the lowest returns per cwt after expenses. OMB found that a smaller proportion of New England farms are competitive than in other regions. Net average returns per cow in Vermont are $350 per year and in Wisconsin are $460 year. OMB determined that the Compact generated about $70 more in annual income per cow.

So why all the fuss about the compact and who is generating it?

For one, Kraft, the international milk manufacturing giant, opposes the

compact. Kraft's annual U.S. sales exceed $16 billion. They are owned by Phillip Morris, the tobacco giant.

Perhaps the writer Ben Johnson said it best: ''Whilst that for which all virtue now is sold, And almost every vice—almighty gold.''

IDFA, which receives funding from Kraft which is owned by big tobacco, went on a spending spree. One big staff acquisition was from Public Voice for Food and Health Policy. The very person who led Public Voice's press attack on the Compact was negotiating for a job with the milk manufacturers who opposed the Compact.

Lobbying registration forms show the whole sad story.

In June 1996, the Senior Vice President for Programs at Public Voice publicly defended his organization from charges that its analysis was influenced by corporate contributions.

A Lobby Registration form filed in July 1996 shows that he worked for William Wasserman of M & R Strategic as a ''consultant'' for this lobbying arm of IDFA.

This is the major reason I returned the golden carrot award back to Public Voice. It is one thing to have honest disagreements about policy. It is another to be working on getting a job with opponents of the Compact at the same time you are leading the charge for Public Voice against the Compact. The Lobbying Reports tell the story.

There is an unseemly web of money and promises between the dairy processors and Public Voice.

For example, we know that during a critical time period between January 1995 and June 1996, Public Voice accepted $41,000 from the International Dairy Foods Association (IDFA).

We do not know how much IDFA has contributed to Public Voice after June 1996 or how much any of IDFA's corporate members and officers of those corporations have individually contributed to Public Voice. We do not know how much big tobacco gives to Public Voice. I have always expected that it is a huge number considering the large salaries IDFA pays to its top officers.

For a six-month period in 1996, IDFA paid at least $30,000 to M & R Strategic Services for its lobbying efforts.

These are all public facts documented by lobbying disclosure forms or derived directly from quotes from Public Voice officials.

This overwhelming and unseemly evidence compelled me to conclude that, for Public Voice, when it comes to the Dairy Compact, contributions come first, and analysis comes second. The New York Times and other editorial pages have relied upon the numbers provided by Public Voice to substantiate their editorials against the Compact, but we now know those numbers were cooked, and flat-out wrong.

I challenged Public Voice to release the names of any dairy-related or tobacco-related contributors and how much they contributed during the last three years. They have not done so yet. I would be pleased just to know if the amount is $100,000 or $500,000, total, over the last three years.

IDFA also made other major acquisitions. They hired the Director of Consumer Affairs at USDA, William Wasserman, who set up a subsidiary called the ''Campaign for Fair Milk Prices'' through M & R Associates.

Money can solve a lot of problems. For example, his Lobby Report filed on August 15, 1996, shows his client as IDFA and shows him specifically working on the ''Northeast Dairy Compact.'' His Lobbying Registration form filed on February 13, 1996, shows he worked for IDFA on dairy price supports and marketing orders.

A key USDA official who represented USDA at dairy meetings on Capitol Hill was also hired by IDFA. Mr. Charles Shaw is now listed as Senior Economist and Director of IDFA in the book 1997 Washington Representatives.

Listed as ''counsel or consultants'' for IDFA are—you guessed it—M & R Strategic Services lobbyists Allen Rosenfeld and William Wasserman in 1997 Washington Representatives.

I will explain the importance of this in a minute. Before I begin I want to point out that the battle over the Compact is really a battle between well-off dairy manufacturers and struggling dairy farmers.

These huge dairy manufacturers cannot win over the editorial boards of The New York Times or The Washington Post on that basis.

But if a group like Public Voice carries their public relations message, casting this as a consumer issue, they have a foot in the door.

Public Voice has focused on the price increases which took place just as the Compact was implemented. I mentioned these price signaling newspaper articles earlier.

But Public Voice has ignored the conclusion that consumer prices are lower in New England than the average for the nation. I wonder why.

I wonder how much money they have received from all the major manufacturers of milk and tobacco companies throughout the country over the last three years? I wonder how much money they have received from IDFA and other groups that represent manufacturers over the last three years? I wonder how many others they will hire to influence public opinion in a way that supports the efforts of huge milk manufacturers against the interest of dairy farmers in New England?

I want to make one final point. The New York Times has reported on how important the Compact is for the environment. In an article entitled ''Environmentalists Supporting Higher Milk Price for Farmers'' it was explained that keeping farmers on the land maintains the beauty of New England.

A lack of farm income resulting from low dairy prices is cited as the major reason dairy farmers leave farming in New England. Production costs in New England are much higher than in other areas of the nation while the value of the land for nonfarm purposes is often greater than its value as farmland.

In many cases I am advised that this is very different as compared to vast areas of the Midwest and Upper Midwest where land is worth very little except for its value as farmland. As the Vermont Economy Newsletter reported in July 1994:

> In the all important dairy industry, the decrease in farm income has come from a continuation of the long term trends the industry has been facing. Should these trends persist, and there is every expectation they will, Vermont will continue to see dairy farms disappearing from its landscape during the 1990s.

One of the consequences of the exit of dairy farmers in New England is that land is released from agriculture. Given the close proximity to population centers and recreational areas in New England, good land is in high demand, and as a result there is often a strong incentive to develop the land.

What are the consequences of land being converted from farm to non-farm uses?

One consequence is that the rural heritage and aesthetic qualities of the working landscape are lost forever. The impact of this loss would be devastating to Vermont and to much of New England. The tourists from some of America's largest urban centers are drawn to rural New England because of its beauty, its farms and valleys, and picturesque roads.

Strip malls and condominiums do not have the same appeal to vacationers.

The Vermont Partnership for Economic Progress, noted in its 1993 report, A Plan for a Decade of Progress: Actions for Vermont's Economy, ''There are many issues that will influence the [tourism] industry's future in Vermont . . . [including] our state's ability to preserve its landscape.'' The report went on to list among its primary goals:

> 1. Maintain the existing amount of land in agriculture and related uses;
> 2. Preserve the family farm as part of our economic base and as an integral factor in Vermont's quality of life from ''A Plan for a Decade of Progress.''

The priority of these goals show that preserving farmland and a viable agriculture industry are important for the overall economic health of the region from Maine, to rural parts of Connecticut, Rhode Island, and Massachusetts, to Vermont and New Hampshire.

Other consequences of farm losses are equally destructive. The American Farmland Trust has completed cost of community services studies in four New England towns, one in Connecticut and three in Massachusetts. The information is from ''Does Farmland Protection Pay?''

These studies show the cost of providing community services for farmland and developed land. It is true that developed land brings in more tax revenues than farmland, especially when farmland is assessed at its agricultural value, as it is in most New England

states. Developed land, however, requires far more in the way of services than the tax revenues it returns to the treasuries of municipalities.

For example, residential land in these four New England towns required $1.11 in services for every one dollar in tax revenue generated while the farmland required only $0.34 of services for every one dollar of revenue it generated. This demonstrates the major impact that losing dairy farmland has on rural New England. This information is from ''Does Farmland Protection Pay?''

National Geographic recently detailed the risk of economic death by strip malling otherwise tourist-drawing farmland. New England should be allowed to try to reverse this trend, especially in ways that help neighboring states such as under the Compact.

The American Farmland Trust Study pointed out that agricultural land actually enhanced the value of surrounding lands in addition to sustaining important economic uses.

Farming is a cost effective, private way to protect open space and the quality of life. It also supports a profusion of other interests, including: hunting, fishing, recreation, tourism, historic preservation, floodplain and wetland protection. ''Does Farmland Protection Pay?''

Keeping land in agriculture and protecting it from development is vitally important for all of New England, which is one reason all six New England states have funded or authorized purchase of agricultural conservation easement programs to help protect farmland permanently.

Other economic uses, from condominiums and second homes for retired or professional people from New York, Boston, or Philadelphia to shopping malls to serve them, are waiting in the wings. The pressure to develop in New England is voracious.

A 1993 report from the American Farmland Trust called ''Farming on the Edge'' showed that only 14 of the more than 67 counties in New England, were not significantly influenced by urban areas.

In fact, eight New England counties were considered to be farming areas in the greatest danger of being lost to development because of their high productivity and close proximity to urban areas. The Champlain and Hudson River Valleys were considered to be among the top 12 threatened agricultural areas in the entire country according to this ''Farming on the Edge'' study.

Dairy farming is New England's number one agricultural industry, and a lack of farm income is a major cause for farmers leaving dairying. This discussion underscores the compelling need for the Northeast Interstate Dairy Compact because towns will not only lose their rural character with the loss of farms, but they will suffer economic consequences as well. New England suffer the economic losses of the economic activity from farming, but will spend more in services than they gain in revenue as good farmland gets developed.

I need to address one more dairy issue, milk marketing order reform. This bill does give USDA a few more months to study this critical issue. I have been fighting for a fair revision of the milk marketing orders as have other Colleagues. Although dairy farmers across the country have told the Agriculture Department that they prefer Option 1–A, the Department continues to support Option 1–B.

It has been made clear that the U.S. Department of Agriculture prefers Option 1–B for fluid milk pricing, even though it has been demonstrated that this system would be disastrous for dairy farmers across the country. Economists for AgriMark estimate that under Option 1–B, dairy farmers' income would drop by $365 million dollars next year—that is a loss of $1 million each and every day of the year. I am told by economists at AgriMark that Option 1–B reduces farm income in almost every area of the country.

I am also told that every area of the country, including the Upper Midwest, will have higher farm income under Option 1–A as compared to Option 1–B.

At the close of the comment period for milk pricing reform, I was joined by 60 Senators in a letter to USDA supporting Option 1–A. Option 1–A is the only option which is both fair and equitable to farmers while promising to continue providing consumers with reasonably priced fresh, wholesome milk.

Mr. President, this year Vermont farmers took a one-two punch from Mother Nature. The unprecedented ice storm this winter that knocked out power across the state, forcing farmers to cull their herds, dump milk and scramble for feed. This summer's flooding hit many of these same farmers just as their crops were starting to produce. Their fields have been saturated with water ever since leaving them without feed going into the winter. Ten out of the fourteen counties in Vermont have been declared National Disaster Areas by the President this year.

Because the margins are already so close for many farmers, helping these farmers recover from their feed losses could mean the difference between staying in business or selling out. The Livestock Feed Assistance Program will help Vermont farmers get through the winter and not be overwhelmed by recovery costs. I visited these farms after the ice storm and went back again to some of the same areas after the flooding.

What I heard at every farm I visited was very simple: farmers need enough assistance to get them through this season. They do not expect a lot of assistance, but they do expect it to be fast and they expect it to be fair.

Unfortunately, disaster assistance programs have not always worked this way. Too often, the criteria and program thresholds developed by the national office do not catch the small, family dairy farms we have in the Northeast. The disasters that hit Vermont this year caused damage much like what you see after a tornado. One farm may have lost half his crop while his neighbor may not have been touched. But the way the disaster programs work now, if the county as a whole did not sustain at least 40 percent damage, none of the farmers hit by the disaster would be eligible for assistance.

In addition, these programs often require a farmer to sustain at least 40 or 50 percent damage on his farm. This requirement has prevented many farmers who are barely making it anyway from getting assistance. After the ice storm, many Vermont farmers were tinkering at the edge of losing their farms.

I know that Secretary Glickman shares my commitment to preserving the family farm and I look forward to working with him to make sure these disaster programs are flexible enough to help our small, family farms. Let me quote a letter from Edie Connellee and Bill Cartright of Waitsfield, Vermont, ''I hope we all purposefully remember to use this experience as a way to better be a community and especially remember that small acts of kindness, even just a phone call, make a huge difference when someone is hurting in any way.'' I hope this is the approach the Agriculture Department will take when implementing these disaster programs.

Finally, Mr. President, let me take a moment to talk about the funding levels for the conservation programs in this year's Agriculture Appropriations bill. When we passed the 1996 Farm Bill one of cornerstones of that package was the mandatory funding for the conservation programs. We set aside $200 million a year for the Environmental Quality Incentives Program. Unfortunately, it was all too tempting for the appropriators to cap that program this year at $175 million and use the savings elsewhere. In a year where we have seen state legislation regulating agriculture waste on farms and new regulations from the Environmental Protection Agency, this program is all the more critical to making sure farmers can comply with these requirements.

Having worked with dairy farmers across Vermont, but especially around Lake Champlain and Lake Memphremagog, I know how committed they are to protecting our watersheds from farm run-off. Vermont farmers lead the country in developing innovative techniques to control agriculture waste. But they cannot do it alone. The EQIP cost-share payments help them do the right thing without putting them in a financial bind. Now is not the time to be slowing down such a successful program.

Mr. SHELBY. Mr. President, I rise today to add my voice to the debate regarding the FY 1999 Agriculture Appropriations bill. While I know this bill

contains numerous important items including funding for agricultural research, credit programs, conservation programs, and food safety initiatives, I want to specifically mention my concern regarding the portions of this legislation which provide emergency relief to America's farmers.

The last few years have been very difficult for America's farmers. I know this very well because of the numerous difficulties suffered by farmers in my state of Alabama. Last year, North Alabama was hit with an especially cold and rainy spring which greatly reduced the yields of cotton farmers. Peanut farmers in Southeastern Alabama were hit with a toxic mold blight which cost them greatly when they tried to market their peanuts. Before the close of the Summer of 1997, Hurricane Danny dumped inches of rain on and brought devastating winds to Southwestern Alabama. This storm alone caused millions of dollars in crop losses and farm related damages.

Mr. President, unfortunately I cannot say that weather conditions improved much in Alabama this year. Early spring flooding was followed by devastating heat and drought. Alabama's cotton producers, corn producers, cattle producers and peanut producers were forced to battle extreme conditions as they tried to keep crops and livestock alive. If this was not enough, Hurricane Georges swept through the Gulf Coast this past week and caused millions of dollars more in crop losses.

To add insult to these weather-induced injuries, the troubled economic conditions in Asia and throughout other parts of the world have decreased the number of available markets for our farmers. The loss of these markets has in turn led to lower prices. Where our farmers have actually made a crop, they are finding that the market has bottomed out and there is very little profit available to them.

Mr. President, a series of natural disasters coupled with economic collapse have hit Alabama's farmers extremely hard. They need help.

I am well aware of the fact that many other regions have suffered significant farm-related losses. As I have pointed out, however they have not been affected exclusively. I want the devastation that Alabama's farmers have suffered to be recognized on the record.

Mr. President, this bill provides $2.1 billion in disaster assistance funding and grants the Secretary of Agriculture broad discretion to implement disaster assistance awards. I urge the Secretary to make a full and complete review of all the factors affecting farmers in every region of the country. I want it noted that I believe that it is fundamentally important that the Secretary be aware of the extreme conditions that have befallen farmers in my state.

When Secretary Glickman makes the awards for farm disasters and economic losses, I want him to make them based on a fair appraisal of all farm losses throughout the country. I believe that all my colleagues will agree. Our farmers deserve no less.

Mr. ENZI. Mr. President, I rise to speak on the Agriculture appropriations conference report. I commend Senator COCHRAN for his hard work in putting together this bill to fund our Nation's agricultural and nutrition programs and to provide emergency assistance to America's farmers in this difficult year.

I am disappointed, however, that some provisions that would have benefited our Nation's family ranchers who are also suffering from low commodity prices were dropped from the final conference report. Although these measures were unsuccessful this year, I am confident that they will come before the Senate again next year and I intend to work hard for their passage.

In particular, I am disappointed that the amendment to require the labeling of imported meat was dropped from the final package. I strongly believe that we need to require foreign meat products to be clearly labeled as such. I support free trade, but in order to have free trade you need to have full disclosure. American consumers have a right to know if the meat they are buying has been produced in our Nation. American stockgrowers have a strong record of producing top quality products, and the American consumer should have the ability to identify these top quality products in the grocery store.

I am also disappointed that the amendment to establish a price reporting pilot project was dropped. Many of my constituents who are family ranchers are very concerned about the current state of the packing industry, notably the increase in packer concentration. I share their concerns. Although I generally do not favor government mandates on any industry, I believe that the price reporting amendment would have provided us with more transparency to determine what effect the recent trend towards consolidation in the packing industry has had on cattle prices.

In addition, I think we need to add fairness to our meat inspection programs by allowing State-inspected meat to move across State lines. We already allow Canadian and Mexican meat products to be sold in our Nation based on a promise that their standards are the same as ours. There is no reason for our government to trust foreign inspectors and not State inspectors. We need to level the playing field for meat inspections to help out our small packers. Allowing small packers to ship their products across State lines is not only fair, it would also increase competition in the packing industry. Unfortunately this important issue was not considered this year at all.

So Mr. President, while I will not object to this Agriculture appropriations bill because I recognize how important it is to America's farmers, I am disappointed that it did not do more to address the financial problems facing our Nation's ranching industry. Family ranchers are struggling with the lowest beef prices in over 20 years. Their problems are not now and never have been addressed by huge government spending programs. But Congress should take action to provide free and fair competition in the livestock industry. The three measures I have just outlined would do just that, and I will work hard to make sure that they receive the careful consideration of Congress next year.

WATER QUALITY RESEARCH

Mr. DORGAN. Mr. President, I would like to ask a few questions of my friend from Arkansas, Senator BUMPERS, regarding the water quality component of the Cooperative State Research, Education and Extension Service (CSREES) Special Grants Program. In particular, I note that although the Senate agriculture appropriations bill for fiscal year 1999 included $436,000 for water quality grant in North Dakota, the conference report now before us has moved those funds into a separate water quality item. Could the Senator explain the reason for this action?

Mr. BUMPERS. Over the past several years, the Congress has funded water quality grants through three separate items with in the CSREES Special Grants Program, including the two the Senator from North Dakota mentions. The fiscal year 1999 appropriations bill which Senator COCHRAN and I reported to the Senate earlier this year included a total of $2,897,000 for these activities. This amount includes funds at last year's level for the North Dakota program and the balance directed to the undesignated water quality item. The House included the third water quality grant and provided a total of $3,389,000 for all water quality special grants.

The conferees recognized the need to strengthen our cooperative research activities for water quality, in a manner similar to the treatment of food safety and other priority research areas, and decided to consolidate and increase the funding level for water quality through the CSREES Special Grants Program. Accordingly, all funding for water quality research was moved to a single item and in recognition of the excellent record of the North Dakota program, language was included in the Statement of Managers explaining that the North Dakota program should continue to secure funding through that item.

Mr. DORGAN. I thank the Senator for that explanation. Is the Senator from Arkansas aware of the work underway in North Dakota regarding water quality?

Mr. BUMPERS. Yes, I am. I understand the North Dakota program, developed through the Red River Water Management Consortium (RRWMC) is doing important work to help understand the occurrence, transport, and

fate of agricultural chemicals in the Northern Great Plains region. I believe it is also noteworthy that the RRWMC is a basin-wide water management group, comprised of a number of government and industry stakeholders throughout the water basin and has included partners from municipalities, agricultural industries, county governments, resource conservation and development organizations, and public utilities. Cooperation and coordination of all these groups is vital and the network established in North Dakota should serve as an excellent model for other parts of the United States where water contamination, especially from agricultural runoff, posses a real or potential threat to the environment and public health.

Mr. DORGAN. I appreciate the Senator's understanding of the importance of this research and his familiarity with the RRWMC's activities. Is it the understanding of the Senator from Arkansas that the goals of the North Dakota project are consistent with the overall water quality research objectives of CSREES?

Mr. BUMPERS. Yes, I believe they are. The CSREES water quality programs are intended to help investigate the impacts of non-point source pollution and recognize the public's concern about the possible risks to the environment resulting from the use of agricultural chemicals. Therefore, the purpose of the RRWMC's activities are clearly consistent with the goals of the agency's water quality research mission. Further, I understand that the RRWMC has been able to leverage non-federal funds on a ratio of about two to one. Given current budget constraints, this accomplishment is to be commended especially in recognition of the fact that the CSREES water quality grant has received nearly $48 million in appropriations since 1990 and has only been able to leverage approximately $1 million per year during that time. The record of RRWMC in leveraging non-federal funds is, therefore, all the more impressive and worthy of these federal dollars. In view of the important ongoing work of the RRWMC on the important issues of water quality protection, their cooperative relationships with a wide variety of stakeholders, and their ability to leverage non-federal resources, I believe the conferees would agree that RRWMC should be able to secure funding of, at least, last year's level in the coming fiscal year.

Mr. DORGAN. I appreciate the Senator's understanding of the fine work of the RRWMC and his words of encouragement for their activities under CSREES in the coming fiscal year.

Mr. KEMPTHORNE. Mr. President, I rise today to delcare my support for the fiscal year 1999 Agriculture appropriations bill.

American agriculture is in a state of emergency. No one who has read a commodity report in the last few months would disagree. Wheat and barley prices are at record lows as are prices for other important Idaho agricultural products. In August, I talked to growers all over Idaho who are on the verge of bankruptcy, they tell me they are in trouble.

This appropriations bill will help farmers get back on their feet. The bill provides funding for a wide range of USDA programs, including agricultural research, export initiatives, foreign market development, nutrition programs and other department operations. Much-needed short term relief is also provided—$1.5 billion in one-time payments to assist producers who have been hit by crop losses in 1998, an additional $675 million to provide assistance to farmers who have suffered multi-year crop losses, $175 million for livestock feed assistance in a cost-share program available to ranchers who lost their 1998 feed supplies to disaster, and $1.65 billion for increased AMTA (Agriculture Market Transition Act) payments.

In a time when its farmers are experiencing severe economic hardship, Idaho is one of the big winners in the process. Many important Idaho research projects were included in the bill, including over $1.2 million for potato variety development, $329,000 for peas and lentils, $423,000 for grass seed and $550,000 for small fruit research, among others.

The agriculture appropriations bill will also help promote American agriculture overseas. The Market Access Program continues to be a vital and important part of U.S. trade policy aimed at maintaining and expanding U.S. agricultural exports, countering subsidized foreign competition, strengthening farm income and protecting American jobs. MAP has been a tremendous success by any measure. Since the program was established, U.S. agricultural exports have doubled. In fiscal year 1997, U.S. agricultural exports amounted to $57.3 billion, resulting in a positive agricultural trade surplus of approximately $22 billion and contributing billions of dollars more in increased economic activity and additional tax revenues. This appropriations bill continues funding for MAP.

Also included in the bill is funding for the Agriculture Education Competitive Grants Program. This program funds grants for school-based agricultural education at the high school and junior college levels of instruction. Competitive grants targeted to school-based agricultural education will be used to enhance curricula, increase teacher competencies, promote the incorporation of agriscience and agribusiness education into other subject matter, like science and mathematics, and facilitate joint initiatives between secondary schools, 2-year postsecondary schools, and 4-year universities. This will help our young people be successful in an ever-increasing competitive agriculture market.

Is this is a perfect bill? No, but it is one that is fiscally responsible and it does not return to the failed policies of the past. We must allow American farmers to compete and give them the tools they need to do so. This bill is another step in that direction.

Mr. President, I will vote yes for the appropriations bill and urge my colleagues to do the same.

Ms. MIKULSKI. Mr. President, I rise today in opposition to the Agriculture Appropriations Conference Report. I oppose this bill for three reasons. First and foremost, it does not meet the needs of my state of Maryland. Second, it does not sufficiently fund agriculture programs in order to help all American farmers. Third, the method by which the funding is spent is wholly inadequate to address the farm crisis.

In my state of Maryland, we have been plagued by drought for the second consecutive year. Our farmers are losing crops and they are losing money. They are struggling just to survive. Couple the drought with the record low prices, high costs and a glut in the market and that spells disaster for our farmers. Official data reports that drought has destroyed between 30 percent and 65 percent of the crops in nine Southern Maryland and lower Eastern Shore counties. Loss of soybean, tobacco, wheat and corn crops is making this a very tough season for Maryland farmers. Let me assure you I will not just stand by and let this happen to my farmers.

I am already fighting with the rest of the Maryland delegation team to provide emergency loans from the Department of Agriculture to our farmers and to officially designate them disaster areas because of the drought. But this money does not really take care of the problem. This is not some heroic assistance program for our farmers. It is just a loan. This is money that must be paid back. It does not provide any real long term assistance for our farming community. That is precisely the job of Congress today.

Our farmers need help so they can continue to farm. They need help now, this is true, and they need these loans. But eventually, loans must be paid back with money earned. And this money will not and cannot be earned without our help. We should be uplifting our farmers and helping them to help themselves. Not just continuing their burden of debt. We need help, and this Agriculture Appropriations bill neither addresses Maryland's agricultural problems nor the agricultural problems scourging the rest of our country.

Farmers in my state of Maryland came to me with their priorities for this bill, neither of which are adequately addressed. First, this bill does not provide adequate funding for operating loans so farmers can buy the equipment and supplies necessary to plan for the next season. Without these loans, many of our farmers will not have the funds they need to plant. This then becomes a vicious cycle. Without the funds to plant, the farmers cannot make money for the next year, and pay

back or even be eligible for loan assistance.

The second, and most important reason this bill does not satisfy the needs of my state is because this bill does not uncap the market loans. My farmers have told me that their number one priority is to take the artificial caps off the market loans. In fact, my farmers have told me they desperately needed the caps off the market loans. Last week, a new U.S. Department of Agriculture report forecasted a net farm income for 1998 at $42 billion, down $7.9 billion from last year. This amounts to nearly a 16 percent drop in farm income. The report also said that farm debt is anticipated to reach $172 billion by the end of 1998.

What do these forecasts tell us? This says that any federal response that stops short of recognizing the fundamental problem of depressed prices will absolutely not address the problem. We cannot pass a band-aid measure and expect it to stick in the long term. This is just not possible. The only way to start to correct the problem is to start at the root. And this means acknowledging and dealing with the depressed crop prices. Uncapping the market loans is crucial to confronting this problem.

I will not vote for this bill today because it does not provide enough funding to deal with these problems. The Democratic farm relief package offered by Senator HARKIN in conference was sadly defeated along partisan lines. This package would have provided the necessary $7.3 billion in funds to cover both disaster and economic losses, including a provision to increase marketing loan rates. The Republican plan—less than $4 billion—adopted by the committee came as an extreme disappointment. All states suffer under the Republican plan. In my state alone, Maryland would receive only $7 million in assistance verses $21 million under the Democratic plan.

The magnitude of losses suffered simply does not merit this meager and shallow attempt to pass this bill. All one need do is look at the facts. The level of economic assistance contained in the bill is $1.65 billion. The net farm income projected is expected to fall this year alone by $8 billion to $10 billion. Clearly, this bill does not increase the amount of relief to a level that will help farmers weather the economic crisis.

Finally, I will not support this bill because the method by which the funding is spent is wholly inadequate to address the farm crisis. The assistance is not directed to the person who suffered the loss. Increasing the Republican plan would simply send money to landlords who have already been paid their cash rent for the year. These Agricultural Market Transition Act (AMTA) payments benefit the absentee landowner, rather than the farmers who need the assistance. One recent study showed that 73 percent of the nation's farmers feel the current farm bill does not provide adequate income during low-price periods. This means the current system is failing us. Rather than pump more money into a failed system, it is time we overhaul the method.

Let me say that I absolutely agree with Senators DASCHLE and HARKIN that this bill does not sufficiently address the farm crisis. More needs to be done. I am sorry not to vote for this appropriations bill. Mr. President, let me be clear—I wanted to vote for an agriculture appropriations bill today. I think we all did. In fact, I want to see all thirteen of these appropriations bills pass, as they rightly should. But I will not support a bill that shortchanges our farmers. I did not vote for the Freedom to Farm bill for this very reason, I will not vote for the agriculture appropriations bill today.

Mr. LUGAR. Mr. President, I will vote for the 1999 agriculture appropriations conference report. Unfortunately, several unwise provisions have been added since this bill passed the Senate. The cumulative weight of these mistaken policies does not outweigh the many good things in the bill, but is still reason for substantial concern.

The bill is commendable in many ways. The conferees wisely rejected efforts to increase price support loan rates. Instead, they expanded disaster assistance from $500 million in the Senate bill to $2.35 billion. This aid will benefit farmers with 1998 losses as well as producers in some regions who have suffered several consecutive years of loss because of weather or disease.

The bill also provides $1.65 billion in market loss payments to farmers. These payments provide income support without doing violence to the basic structure of the 1996 FAIR Act. In preserving the FAIR Act's ''freedom to farm,'' the market loss payments are clearly superior to the higher loan rates preferred by our Democratic colleagues. Raising loan rates, according to the non-partisan Food and Agricultural Policy Research Institute, would cause more production, higher surplus stocks and lower prices and incomes in future years. Even though higher loan rates might raise prices in the short term, they would have deleterious effects that would plague U.S. agriculture for years to come.

Other parts of the bill deserve praise. The conferees adopted a biodiesel provision in the Senate bill which I sponsored along with other Senators. Encouraging the use of biodiesel will advance, in a small way, the neglected cause of energy self-sufficiency and renewability. The conference report will also facilitate an increase in overseas food assistance through Food for Progress.

I also commend the conferees for adopting a regulatory standstill that will restore legal certainty to swap transactions. This standstill will allow the Commodity Futures Trading Commission to take necessary actions in a financial emergency, as well enforcement actions. It leaves regulators free to act prudently. However, the provision will ensure that the President's Working Group on Financial Markets has an opportunity to advance its current study of the appropriate regulation of over-the-counter derivatives, a study I asked the working group to begin back in July. The turbulence in financial markets during recent weeks should finally convince everyone of the need to expedite this study. The standstill also allows crucial decisions about OTC derivatives to be made, as they should be, in Congress.

Restoring legal certainty to swaps will also help to calm markets: In a volatile period, the last thing markets need to deal with is the threat of valid contracts becoming unenforceable. I commend Senator COCHRAN for his sponsorship of this provision, which Congressman BOB SMITH and I proposed.

Unfortunately, the conference report has a number of undesirable provisions. Most regrettably, this conference report adopts a House provision to deny funding for the Initiative for Future Agriculture and Food Systems. It is difficult to understand why this initiative, which passed both Houses of Congress by overwhelming margins earlier this year, was neglected when many less urgent—and more parochial—research items were funded. The initiative's competitive grants and carefully chosen priorities represent the direction in which federal research funding should go. To deny funding for research that will help us feed future generations is unconscionable.

The conference report has other flaws. It adopts new loan programs for honey and mohair which were not contained in either bill. Programs for these commodities were abolished only a few years ago. The conference report also adopts language from the House bill which will delay the reform of milk marketing orders by six months. Such a delay is doubly unfortunate since the Secretary of Agriculture is already proposing only half-measures to reform this antiquated and byzantine system.

The report's statement of managers contains statements about the sugar program which, though not legally binding, would negate a provision of the FAIR Act if they were taken seriously by the Department of Agriculture. The managers state, in effect, that the one-cent-per-pound penalty assessed on forfeited sugar should not be considered an effective reduction in the support price of sugar, especially for purposes of determining the tariff rate quota for imports. But that was, of course, precisely the intent and effect of this provision. The logical result of a one-cent penalty is to reduce by that amount the price at which a sugar processor would be indifferent to forfeiture or a market sale. It is instructive to read comments on the floor of the House, during debate on the FAIR Act by a strong advocate of the sugar program, former Congressman E de la Garza. The former chairman of the

House Agriculture Committee said that the FAIR Act's sugar section ''effectively reduces the loan rate by 1 cent and ensures an increase in foreign imports.''

The conference report also reverses one recent reform of the catastrophic crop insurance program. Not only does the conference report allow multi-million dollar operations to continue buying catastrophic coverage for as little as $60, rather than a small percentage of crop value. It also extends this provision into the future, something that is simply not appropriate in a one-year appropriation bill. Finally, funding was cut for environmental assistance that mitigates non-point source pollution—the Environmental Quality Incentives Program. Like the Initiative for Future Agriculture and Food Systems, EQIP is funded through mandatory accounts that are under the jurisdiction of authorizing, not appropriating, committees.

Even after listing disappointing actions, I have chosen to highlight the positive achievements in this bill and other recent bills and enacted statutes in which Republicans have shown their ability to assist farmers in troubled times.

Under the Republican FAIR Act, loan deficiency payments and marketing loan gains for 1998 crops will total $4.2 billion. Most of this amount is not counted in the most recent Administration estimates of net farm income. This summer, Republicans led the way in passing a bill to augment farm cash flow by speeding up 1999 ''freedom to farm'' payments. Now, Republicans are asking the President to join in a $4 billion cash infusion into the farm economy—$2.35 billion in disaster assistance and $1.65 billion in market loss payments.

These Republican initiatives will lift 1998 net farm income to near the 1997 level and above the average level of the 1990s. Without a doubt, many producers are under severe stress. Not every operation will survive. Like most other commodity prices, farm prices are depressed because of the shock waves sweeping through the world economy. In such trying times, Republicans have responded with practical assistance rather than ideological demagoguery.

We should send this conference report to the President, and he should sign it promptly.

Ms. LANDRIEU. Mr. President, after two and a half months of debate on the economic and disaster crisis facing rural America and thousands of farm families, we are voting on a measure that provides $4.2 billion in economic relief to our farmers.

During the course of this debate, we have heard from our Democratic Leader, who I want to commend for his leadership on this issue, our President, and many others who believe that much more assistance is needed to adequately address the serious situation facing rural America. I fully agree that the relief provided in this legislation is far less than meaningful for Louisiana and other Southern states who are suffering one of the worst droughts in 100 years. Already, we have thousands of farmers whose crops and pasture land have been burnt up by the heat and an estimated $450 million in crop losses in Louisiana alone. These same farmers are also facing some of the worst commodity prices in over a decade. Not only are Louisiana farmers hit with low prices, they also have no crop. Therefore, I have argued and strongly supported additional funding to address this crisis. This funding is justified and should be provided.

However, Mr. President, we also have a conference report before us, a bill that provides a total of $55.7 billion in essential funding for some very important agriculture, rural development, and nutrition programs. Additionally, included in this measure is over $25 million for much needed research and education projects in Louisiana.

Mr. President, the senior Senator from Louisiana and I have both advocated for additional funding for our farmers. However, the bottom line is that many members in the House and Senate have differing views about how this assistance should be delivered. Furthermore, many members have strong philosophical reasons for opposing even the $4.2 billion provided in this relief package. Therefore, with only a few days remaining, before the Congress adjourns and the $450 million in associated crop damages facing Louisiana, the $4.2 billion provided in this legislation, is the best option on the table for providing immediate assistance to my state. Therefore, I am rising in support of this measure, which as stated by the Chairman and Senator BUMPERS has been one of the most difficult conference reports ever considered by the Agriculture Appropriations Subcommittee.

Mr. President, before I conclude my remarks I want to make two additional points. While I recognize that this is not the appropriate bill to reform crop insurance, I want to make a prediction that if this issue along with revisions to the current loan rate structure are not addressed early next year, we will be back on the Senate floor debating an even greater economic farm crisis. Then, we will not only be hearing from farmers, but bankers, retail store owners and state chambers of commerce.

I know that many of my colleagues strongly support crop insurance reform. However, many Senators are opposed to revisiting any of the loan rate provisions included in the 1996 Farm Bill. From my discussions with several reputable farmers in Louisiana this issue should be reconsidered.

Mr. President, with the many complicated issues facing farmers, only through a bipartisan effort can we begin to address these matters. Therefore, I hope that the Democratic and Republican leaders in the House and Senate will take the additional steps needed early next year to address and resolve this pending economic agriculture crisis.

I thank the Chairman for yielding his time and I yield the floor.

Mr. KERREY. Mr. President, during my October 5, 1998, floor statement on the 1999 Agriculture Appropriations Conference Report, I referred to and inserted for the record a chart showing a state-by-state breakdown of the Democratic and Republican ag relief proposals. I wish to clarify that the chart was not generated by the Congressional Budget Office, but rather an estimate prepared by the Senate Agriculture Committee staff based on the aggregate CBO estimate of the cost to remove the caps placed on marketing loans in the 1996 Farm Bill.

Mr. President, I appreciate this opportunity to make this clarification.

Mr. BRYAN. Mr. President, I rise today to briefly discuss two provisions included in the conference report accompanying H.R. 4101, the Agriculture Appropriations Bill.

First, I want to express my gratitude to the House and Senate conferees for retaining a provision in the conference report that was originally passed here in the Senate relating to the Market Access Program.

As my colleagues are aware, the Market Access Program is administered by the U.S. Department of Agriculture through its Foreign Agriculture Service. MAP funding is designed to reimburse private companies, industry associations and cooperatives for the promotion of brand-name products as well as generic commodities overseas.

Unfortunately, Mr. President, it has become quite clear that the Market Access Program is a flagrant example of a federal spending program gone wrong—one that is simply unproductive, unjustified and unaffordable.

Over the past few years, I have stood here on the Senate floor several times to highlight the assorted flaws with this program, particularly the outrageous reality that we are channeling millions and millions of taxpayers dollars to some of the most prosperous corporations in America, including Sunkist, Welch Foods, Gallo and General Mills.

My efforts to terminate the Market Access Program were endorsed by a sweeping coalition of fiscal watchdogs, including Taxpayers For Common Sense, National Taxpayers Unions, Citizens Against Government Waste, Friends of the Earth, Citizens for a Sound Economy and the U.S. Public Interest Research Group.

Unfortunately, proponents of this policy made claims about the program that were difficult for the General Accounting Office to refute as a result of the lack of available information about the effectiveness and value of the program. Clearly, greater scrutiny of this program is appropriate and necessary.

In July of this year, the Senate passed an amendment that I authored to the Agriculture Appropriations bill that I believe will have a profound effect on the future of the Market Access

Program. I am pleased this provision has been retained in the conference report before us today.

This provision requires the USDA to estimate the impact of the Market Access Program on the agriculture sector as well as on U.S. consumers, while also considering the costs and benefits of alternative uses of the funds currently allocated to MAP.

Additionally, the amendment requires USDA to evaluate the additional spending of participants and the amount of exports additionally resulting from the Market Access Program.

I believe, Mr. President, that this information will allow the General Accounting Office to produce a useful evaluation that will enable Congress to make an informed, responsible decision about the utility of continuing this program in future years.

Unfortunately, while this amendment will throw a spotlight on one wasteful federal spending program, I am concerned that another provision in this conference report could compromise past and future efforts to rein in other wasteful and unnecessary federal expenditures.

As part of an effort to provide economic assistance to farmers and producers who have been hit hard by the worsening weather and market conditions facing rural America, this legislation includes roughly $6.5 million in the form of recourse loans for mohair producers.

Perhaps this funding assistance is warranted. Clearly, the entire agricultural community is reeling from prolonged disastrous weather conditions, a 20-year low in commodity prices and dwindling overseas exports.

It is imperative that we provide to our producers in need, timely disaster and other economic assistance for crop losses and other related dilemmas.

However, we must be clear in stating that the emergency assistance provided in this bill for mohair producers is not in any way, shape or form an attempt to resuscitate the mohair subsidy program that was shut down by the Congress just a few short years ago.

My colleagues will recall that the mohair subsidy program originated in 1954, when Congress passed the National Wool Act, authorizing a subsidy program to guarantee the production of domestic wool for military uniforms during the Cold War era.

Mohair, which was used for decorative braids on military uniforms, was inexplicably affixed to the wool subsidy program.

Over the years, the need and justification for both the wool and mohair subsidies has plainly evaporated. Yet in 1992, years after the sun had set on the Cold War and the strategic need for wool and mohair had long expired, wool producers were still receiving roughly 130 million dollars in subsidy payments while mohair producers were still receiving about 48 million dollars.

In light of this, I joined with several of my colleagues in 1993, including Senators KERRY and FEINGOLD, in terminating the wool and mohair subsidy that had existed for nearly forty years. We shut that program down.

That was no small accomplishment, Mr. President.

The Congress is clearly capable of, and has been somewhat successful in reducing the size, scope and funding for a number of federal spending programs.

But to actually terminate a program and to categorically wipe that program clean from the federal budget, is indeed, an uncommon achievement.

Mr. President, I am not here to dispute the contention that mohair producers are deserving of emergency assistance. Certainly, virtually every component of our agricultural community has been adversely affected by the crisis that is facing our Nation's farmers and producers.

But I do want to take this opportunity to express to the distinguished Chairman and distinguished Ranking Member of the Subcommittee my sincere hope that the inclusion of this funding for mohair producers is not an attempt to re-open the wool and mohair subsidy program that was shut down by Congress just a few short years ago.

Terminating the wool and mohair subsidy was a small step on the road to a balanced budget, and I fully intend to monitor this situation next year. If we are to stay the course of fiscal responsibility, we must make sure that the American taxpayer is not forced to subsidize those antiquated programs the Congress has deemed to be wasteful and unaffordable.

Mr. MCCAIN. Mr. President, the Agriculture Appropriations bill continues funding for the various agricultural and land-based programs within USDA and directs $4 billion in additional spending to support emergency farm relief and crop assistance to help farmers in need during a critical year of disaster-related conditions.

Back in July, I reported more than $241 million in earmarks contained in the Senate bill for unrequested, unauthorized or purely parochial projects. A review of the conference report leads me to determine that the conferees jointly decided to overload this report with even more flagrant examples of wasteful and unnecessary spending. This year's conference agreement is more than $381 million above the budget request and higher than either the Senate or House had proposed.

Included in this spending bill is an added farm relief package that totals $4 billion for crop loss assistance and market loss payments to help farmers cope with emergency situations and falling prices. We did not vote on this measure as part of the original Senate or House bill, it was added in conference. This is a very serious issue which involves a substantial amount of federal spending. Certainly, this deserves thoughtful deliberation and careful review through our established process, and should not be attached at the midnight hour to a conference report. This is not the way we ought to conduct the business of prioritizing taxpayer dollars.

Mr. President, each year, appropriations bills are a target for members to advance political platforms. I find that the accounts for the Agricultural Research Service and the Cooperative State Research, Education, and Extension Service are a virtual goldmine for member-interest earmarks.

For example, specific earmarks are directed at the cost of:

$250,000 for ''alternative fish feed'' in Idaho; $750,000 for grasshopper research in Alaska; $250,000 for lettuce geneticist/breeding in Salinas, California; $1,000,000 for peanut quality research in Dawson, Georgia and Raleigh, North Carolina; $162,000 for peach tree shortlife in South Carolina; $200,000 for tomato wilt virus in Georgia, and $750,000 to the Fish Farming Experiment Laboratory in Stuttgart, Arkansas.

While I am not an expert in the agricultural field, I find it incredulous that we can expend one million dollars on peanut quality research while we are experiencing a crisis in the farm economy! Additionally, a quarter of a million is earmarked for ''alternative fish feed''? While I am certain that the members from these respective states can make their case for directed funding for these projects, I question their desire to side-step a competitive and merit-based review process.

I was pleased to note in the conference report a recognition of the importance of merit review procedures for grant funding. However, despite this recognition, the report continues to include directive language which explicitly leads the agency to grant specific projects with special consideration.

For example, the report reads:

The House and Senate reports recommend projects for consideration under various rural development programs and the conferees expect the department to apply established review procedures when considering applications.

The report then directs:

The conferees further expect the Department to give consideration to business enterprise and housing preservation projects in the city of Bayview, VA; aplications for rural business enterprise grants from TELACU, for a project in Selma, CA; for assistance for a community improvement program in Arkansas; water and sewer improvements for the City of Vaughn, NM; the Shulerville/Honey Hill Water project, South Carolina; and a rural enterprise grant for Indian Hills Community College in Iowa.

This is a true disservice to the many potential competitors who are vying for funding, yet decide to work through the designated competitive grant process.

Last year I noticed a practice by the appropriators of using the appropriations process to prevent Federal agencies from following government-wide efforts to down-size and cut back on unnecessary bureaucracy. This year's conference report formalizes this practice as a tradition by including language such as:

Language whereby the conferees ''expect the Secretary, to the extent practicable, to avoid the use of reductions-in-force or furloughs for both Federal and non-federal employees or any county office closings''; or,

Prohibitive language which prevents the expenditure of funds made available by the Food and Drug Administration to close or relocate, or to plan to close or relocate, the Food and Drug Division of Drug Analysis in St. Louis, Missouri.

Mr. President, I am not trying to undermine the hard work of the conferees for they do have a difficult responsibility. I commend the managers on both sides of the aisle in working out a careful compromise. Unfortunately, the Agriculture Appropriations conference report is representative of legislative circumvention and the troubling practice of pork-barrel spending.

Mr. President, I yield the floor.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

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

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

UNANIMOUS CONSENT REQUEST—S. RES. 264, ESTABLISHING A DAY OF CONCERN FOR YOUNG PEOPLE AND GUN VIOLENCE

Mrs. MURRAY. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of S. Res. 264 and that the Senate proceed to its immediate consideration, that the resolution and preamble be agreed to en bloc, and the motion to reconsider be laid upon the table without intervening action.

Mr. COCHRAN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I really regret the objection and I rise today to really plead with my colleagues to lift the hold on this really simple, bipartisan resolution that simply encourages our children to stay away from gun violence. I thank my friend and colleague, Senator KEMPTHORNE, who has been working with me to try to move this resolution.

In 2 days it will be October 8, the day this resolution calls upon the President to establish a Day of National Concern for Young People and Gun Violence. In 2 days, the Senate will have missed an opportunity to send a message to our kids that gun violence is the wrong way to solve problems.

Fortunately, groups like the National Parent-Teacher Association, Mothers Against Violence in America, the American Medical Association, and others are spreading the word without our help. They are encouraging young people all over this country to sign a pledge and promise they—will never take a gun to school; will never use a gun to settle a dispute; and will use their influence to prevent friends from using guns to settle disputes. That is what this resolution is about.

Mr. President, this is exactly the message the United States Senate should be sending to our children. We want them to make a personal commitment against violence. We want them to help convince their friends to do the same. We want them to join together to fight against youth violence. Just like we should be doing.

We must pass this resolution. Let me read to you a list of the Senators who have committed themselves to establishing this day of concern and helping steer kids away from violence: Senators KEMPTHORNE, LAUTENBERG, SMITH of Oregon, KENNEDY, BAUCUS, SPECTER, ROBB, AKAKA, SARBANES, CHAFEE, LIEBERMAN, FAIRCLOTH, JEFFORDS, GORTON, REID of Nevada, D'AMATO, DASCHLE, ROCKEFELLER, KERREY of Nebraska, LUGAR, FEINGOLD, BUMPERS, ABRAHAM, CRAIG, COLLINS, WELLSTONE, COCHRAN, GRAMS, GRAHAM of Florida, DURBIN, BOXER, HUTCHISON, LEVIN, GLENN, MOSELEY-BRAUN, BIDEN, MOYNIHAN, FEINSTEIN, DODD, BINGAMAN, TORRICELLI, JOHNSON, BREAUX, WARNER, FRIST, INOUYE, LANDRIEU, BURNS, KOHL, KERRY of Massachusetts, WYDEN, CONRAD, BUMPERS, MIKULSKI, MCCAIN, SNOWE, NIGHTHORSE CAMPBELL, and BENNETT. There are 59 Senators who are cosponsors of this simple resolution to prevent gun violence amongst our youths.

We all are convinced the best way to prevent gun violence is by reaching out to individual children and helping them make the right decisions. This resolution gives parents, teachers, government leaders, service clubs, police departments, and others a special day to focus on the problems caused by young people and gun violence. October is National Crime Prevention Month—the perfect time to center our attention on the special needs of our kids and gun violence.

A Minnesota homemaker, Mary Lewis Grow, developed this idea for a Day of Concern for Young People and Gun Violence. This will be the third year the Senate has passed a resolution urging kids to take the pledge against gun violence. In 1997, 47,000 students in Washington State signed the pledge card, as did more than 200,000 children in New York City, and tens of thousands more across the country.

Just think of the lives we could have saved if all students had signed—and lived up to—such a pledge last year. Consider that in the months between today and the day we demonstrated our concern about youth violence last year, we have had an outbreak of school violence. Eleven students and two teachers have been killed and more than 40 students have been wounded in shootings by children. In addition, we have lost thousands of children in what has become the all-too-common violence of drive-by shootings, drug wars, and other crime and in self-inflicted and unintentional shootings.

Last year, Senator KEMPTHORNE and I led the cosponsorship drive of this resolution after his 17-year-old neighbor was murdered by a 19-year-old in a random act of violence in Washington State. Ann Harris' parents vowed to transform their grief into an opportunity to help teach our young people to care about each other and to stop the violence. This month, they are suffering through the trial of her accused killer. We should support them.

Mr. President, we must, absolutely must pass this resolution. I urge whomever has a hold on this resolution urging young people to say no to gun violence to drop his or her hold and let us send a message from the United States Senate to every young person in America: Stop gun violence now.

I yield the floor.

RECESS

The PRESIDING OFFICER. The Senate stands in recess, under the previous order, until 2:15.

Thereupon, at 12:44 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HUTCHINSON).

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from the State of Arkansas, suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AGRICULTURAL, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1999—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the order of business is the agriculture conference report.

The Senate continued with consideration of the conference report.

Mr. DASCHLE. Mr. President, I know that there is a vote at 3:15. I wanted the opportunity to address the conference report prior to that vote.

Let me begin first by complimenting the distinguished Chair for the manner in which he has conducted himself in this debate, as he does with all debate. We may have deep differences of opinion on this particular issue, but in true form he has been a statesman and, I

think, a model for all of us in the way he has conducted himself. As I say, I take issue with the bill but certainly not with the manager and the Chair of the committee. He has in so many cases done an outstanding job.

Let me also applaud our distinguished ranking member. This will probably be the final bill that he manages. He knows how strongly I feel about him and the friendship that I have and feel toward him. He is one of the finest Members of the Senate who has ever served, in my opinion. We will miss him more than we can ever possibly express. It is with sadness that I acknowledge that this may be his last bill, but it is with a great deal of satisfaction in looking back over the past 12 years in my service with him that I share many fond memories and many extraordinary legislative success stories.

The conference report that is before the Senate is one that I believe fails to recognize the extraordinary nature of the circumstances we find ourselves in in the agricultural industry across this country. People on both sides of the aisle acknowledge the seriousness of the crisis. They acknowledge the fact that prices continue to plummet. Many of my colleagues on the Democratic side have indicated that grain prices have already fallen at least 25 percent below the 1997 level.

I have asked people in the media and around the country to imagine what would happen if Wall Street prices had fallen in 1 year by 25 percent. How many Wall Street Journal articles would we see? How many front page stories in the daily newspapers would we see if prices plummeted that far? Obviously, there would be tremendous national anxiety about those circumstances.

That is exactly what has happened in agriculture. Prices have plummeted by more than 25 percent. There are some who believe that ''business as usual'' is acceptable here. I am not suggesting that our Republican colleagues have approached this matter with that in mind, but I do believe that there is a significant difference of opinion. Unfortunately, it does break partly along partisan lines in recognizing the depth of the problem and in dealing with it prior to the time we leave this year.

Livestock producers today are losing somewhere between $100 and $150 per head. A number of States in the Midwest are likely to lose at least 20 percent of our farmers in the coming year, according to state secretaries of agriculture—these are not my figures, but the secretaries of agriculture in the upper Great Plains who are reporting to us that one out of every five farm and ranch families will probably be forced off their farm or ranch as a result of the circumstances we are facing today. In South Dakota, that means perhaps as many as 7,000 producers who will no longer have the livelihood they have right now.

Nationwide, we expect an $11.4 billion reduction in farm income. That is over 20 percent. The sad thing is that the Department of Agriculture has just released new figures to suggest that there is no real hope in sight. The fact is, for at least the next 12 months we don't see circumstances improving.

The last time the Congress was in a situation similar to this was the mid-eighties. At that time, we had a safety net; we had policy positions that allowed us the opportunity to respond more equitably. Some might argue that maybe we went too far. I don't know, what is too far? All I know is, during that critical timeframe, in 1986 dollars, we committed $26 billion to respond to the disaster. Now a lot of that was not decided in the Senate, because there was a safety net already in place. But it was so bad, we committed $26 billion in ways that would soften the blow and keep farmers and ranchers on the farm. It did. A lot of them dug out, got back in the black, and continued to be productive, tax-paying members of rural communities all across this country.

What we are suggesting is, we can't afford $26 billion, we can't afford $20 billion, we can't afford half that amount, $13 billion. All we can probably commit to, given the array of needs that are out there and given our circumstances, is $7 billion.

The secretaries of agriculture said, ''That isn't enough, we need $9 billion,'' and wrote in a letter to us just last week, ''We need $9 billion, not $7 billion.''

What do our Republican colleagues propose? Something less than four—over $3 billion, a fraction of what we did in 1986 when the circumstances were as bad as they are now.

Mr. President, what we are saying is that given the fact that we could be out of session sine die—that is, without any real expectation of coming back before the next Congress—and recognizing that in the next Congress there is very little chance of being back in this position in January or February during the cold winter months, perhaps not even in March or April—it could be at least 6 months before we have a chance to really seriously consider this situation again. We are simply saying that we cannot commit only this meager amount of resources to a situation that, in many respects, is every bit as bad if not worse than in 1986. This cannot be the full extent of our response. That is what the President is saying. The President has reluctantly said that he will veto this legislation. He will either veto it today or tomorrow. It will be vetoed this week.

So there is no doubt that we are going to be coming back and we are going to have to make a decision as a result of that veto about what we do. Our hope is that our colleagues can come to some resolution quickly. It appears that we are going to have to go through the veto to come back to the table. But, indeed, we will come back.

So, Mr. President, that is where I believe we have found ourselves. We must, when we come back, negotiate a relief package that is based at least on several principles that I hope will enjoy broad, bipartisan support. First, we must have strong indemnity-related relief for farmers with no crop, and meaningful income relief for farmers with a crop at low prices. In other words, there are two categories of farmers who are in desperate condition today. In many cases in the South, we have a problem of farmers not having a crop. I know that is especially true in Louisiana, and I suspect it is true in other Southern States as well. In the Northeastern States, we have a problem of having a crop, but absolutely no prices. And so we have circumstances that vary, depending on the geographic area. Whatever it is we do, I hope we can agree that both circumstances have to be addressed.

Secondly, income assistance must be linked to 1998 crop year production. We don't know what it is going to be in 1999. We are told it is not going to get any better. So we must focus on the 1998 crop year and target producers, not just anyone with an AMTA or Freedom to Farm contract, but all producers who otherwise will have no hope of finding the kind of financial security or relief that they need to get through these winter months.

I hope, Mr. President, that we also could agree, on a bipartisan basis, that losses born by livestock producers who have never had a farm program, and for whom fair trade legislation is critical, could be dealt with successfully as well. There are two things that the Senate did in July that I hope, on a bipartisan basis, we could restore once we come back to the table. The first is country of origin meat labeling. I don't think there is anything that would help more, psychologically as well as financially, than to have the same requirement for meat that we have for virtually every other imported product—labeling. Our farmers and ranchers have said that they believe that, more than anything else, this would improve competition in the retail and wholesale marketplaces. If the American consumer knew what it was they were eating and where it was from, our farmers and ranchers agree almost unanimously that they would be in a much stronger and competitive position.

The second is to do something that they talk about almost anywhere I go in the country, but especially in the Dakotas, and my home State of South Dakota in particular, and that is improve price transparency. Increase market reporting of prices paid for livestock, specifically by the big packers of formula contract prices. We all know what is happening right now. Secret contracts are being signed with no appreciation for what the market is. That has a devastating effect on the marketplace. Farmers are left in the dark. It would be like going to buy a car or a pickup, or any kind of product, and not knowing what the price was

and not knowing what the comparable prices are in the industry and wondering, based upon your best judgment, whether you were getting a good deal or not. We would not do that were we buying a car. We could not do that if we were buying a house. Yet, every day our farmers and ranchers are expected to pit themselves against the big packers and try to guess, using some crystal ball that they don't have, what the market looks like out there. So they are given a price, and in a very short timeframe, they have to decide whether that is a good deal or not. They are losing $100 to $150 a head right now. So we know what kind of deals they are getting.

We need price transparency. The Senate responded favorably to both of those proposals, but unfortunately they were dropped in conference. I am very hopeful that they can be restored. These are steps we can take immediately that will send a clear message that we understand the circumstances that livestock producers are in. And now is the time for us to deal with it, not next spring after we have lost tens of thousands of producers all over the country.

Some of these matters that we have debated have a cost-related function. Mr. President, there is no cost to labeling, and there is no cost to mandatory price reporting. Keep in mind, we are suggesting that we would even settle, at least at this point, for a pilot study of those options. Let's analyze what happens when we have full price reporting. Let's analyze what happens when we have meat labeling. We are willing to sunset both of these in 2 to 3 years in an effort to evaluate whether or not they have worked. At least let's get started. I don't think that is too much to ask.

So, Mr. President, that is why many of us have taken such a strong position on this conference report. Number one, it is our last shot at providing some meaningful economic assistance to agriculture, and, number two, it is an opportunity that we may not have again for 7 or 8 months. We can't wait that long. Our package—the proposal that we are hoping our colleagues would consider—is fair, and it is balanced among all regions suffering low prices and disaster. It is targeted to the people who need it; that is, producers of 1998 crops. It is fiscally responsible. Price relief is linked to the market price, and it addresses the real needs of agriculture.

Mr. President, what time remains? Is time allocated to both sides?

The PRESIDING OFFICER. There was an hour, equally divided, starting at 2:15, with a vote scheduled at 3:15.

Mr. DASCHLE. How much time remains on my side?

The PRESIDING OFFICER. The Senator has just under 6½ minutes.

Mr. DASCHLE. Mr. President, I see no other Democratic Senators on the floor, so I will use the remainder of the time.

We believe that our proposal is also fiscally responsible. We link price relief to the market price, and we certainly recognize that it addresses the real problems that we are facing across the board in agriculture. I think our colleagues on the other side have failed to address the dual nature of the crisis—that is, loss of crops and loss of income. I believe they are failing to recognize the severity of the crisis. As I noted earlier, Mr. President, our Secretaries of Agriculture—the Association of State Departments of Agriculture—held an emergency conference last week to propose to us what they believe ought to be done. Frankly, they said both of our relief packages were inadequate. They said that even $7 billion was inadequate, and even all the policy changes we are recommending did not do what they felt was needed to address the level of need they see today. So if $7 billion and all of the policy changes we have recommended doesn't even cut it, $3.5 billion doesn't cut it, either.

Over 150 Members of the House voted to send this bill back to conference. I hope that a large number of our colleagues on both sides of the aisle will agree to send it back as well. We simply can't leave this Congress without providing essential disaster relief.

We must not lose this opportunity. We have a true emergency—an emergency that I think jeopardizes farmers' and ranchers' survival in a myriad of ways, and the survival, frankly, of rural communities all across this country. The loss in income that we are seeing has already started to translate into lost farms and ranches.

When I was home recently a friend told me that a banker he knows is going to be forced to foreclose on 35 farms in just one small community in South Dakota alone this winter. The banker is so disturbed by what he is experiencing that he has actually joined a community prayer group just to deal with the stress he is feeling.

Another friend who is concerned about the impact that the depressed farm economy is having on communities generally, said that a local cleaning service has laid off all of its employees because they have had no business since the end of July.

These stories and many, many more are unfolding across the country. As my colleagues have noted already during this debate, we simply cannot leave until we have successfully dealt with this matter. I hope that we can earnestly come to some closure, successfully recognizing the importance of this issue and dealing with it in as comprehensive a manner as is humanly possible. The stakes are too high. The ramifications of failure are too high. Our only real chance to address this matter now is with this legislation.

Mr. President, I urge a ''no'' vote on the conference report. I will support the President's veto. More than enough Members of this Senate have indicated already that they will support the President's veto. When that happens, let's get back to work, and let's deal with this issue successfully.

I yield the floor.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I yield such time as he may consume to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. THOMAS. Thank you, Mr. President.

Mr. President, first of all, let me thank the Senator from Mississippi for the work that he has done on this agriculture appropriations bill. It is a very difficult one. It is a large bill of $56 billion. It is very difficult. It comes at a time when we are seeking, I think properly, to make a transition from the old farm programs with the acreage allotments and the subsidies to a market system which, in my State at least, most farmers and ranchers believe we should do. Coupled with that, of course, has come some unfortunate weather disasters, flooding and those kinds of things and crop failures as well. And certainly the Asian currency problem has had an impact in terms of available foreign markets, which is very important when nearly 40 percent of agricultural products are sold in that way.

So now we are faced with the problem of seeking to deal with these problems. Everybody wants to do that. Everybody wants to be helpful for agriculture. Then we need to find the proper way to do it. We need to be able to do this in a way that I think does not cause us to deviate from our policy position, which is to return to a marketplace in agriculture.

We are doing a great deal for agriculture in this bill. There will be transition payments. There will be payments for disasters. As a matter of fact, as I understand it, the figures that I have indicate that through 1996 and 1998 farmers have been paid approximately $17 billion under the old bill. That would have been $10 billion. There has been a substantial increase there. Farmers will receive approximately $500 billion from the banks in transition payments in October of this year.

Actually all these numbers added together equal $31 billion paid to farmers and ranchers over the past 3 years. If you take the 1998 bonus in advance for 1999, we would be paying $15 billion out in this 1 year.

There is a substantial interest being made and properly being made. There are other things, in my view, that need to be done as well. We need to do something about increasing foreign markets, of course. I happen to be on the Foreign Relations Committee and am chairman of the Subcommittee on Asia. We are trying to do some things to reclaim that market—in all kinds of ways to get those markets back, particularly for agriculture.

We have done something about the unilateral sanctions—the idea that if

something happens in Asia or Pakistan that the first thing you do is sanction off the sales of agricultural products. We have made some changes there, as indeed we should.

I believe we should move forward in doing something with income averaging on a permanent basis for agriculture. This is the kind of an industry where you may have a very good year, or have a very poor year, and you should be able to income average.

We need savings accounts for farmers so they hold back in good years so they are able to do better.

Crop insurance—crop interests need to be revised the way it came out of the farm bill. That was changed and has not been effective. We need to do that.

It is interesting. Our friends on the other side of the aisle talk about this increase, and the President is now making speeches on Saturday, and so on. It turns out that he started out asking for less than $1 billion. It went up to $2 billion, and suddenly politically he has gone up to $7 billion, and probably more.

We have to really deal with this on that basis.

Mr. President, I wanted to say that I am disappointed in a couple of areas. I come from a State, of course, where the major activity in agriculture is livestock—cattle and sheep. I was very much interested in our moving forward with this matter of labels; this country of origin kind of thing so that buyers could decide what kind of meats they choose to buy, whether they want to have American-made meats or meats from other countries. But they should be able to know that. We put that in the Senate bill and lost it in the conference. I am very disappointed in that.

We also, I believe, need to have our market reporting strengthened so that all the cattle and all of the sheep that go in the market will be reported as part of the market, not those things that are held by packers and never reported that would impact the crisis.

I am disappointed in those things. I hope that we can go forward.

There is some indication apparently from the conference committee that we would go forward with the study of the labeling. I hope we do.

On the other hand, I think it is going to be slow that way. I wish, frankly, that we could change it before we have to go back and do it that way.

Mr. President, I just wanted to say that I admire very much the work that has been done. I know we must do something in agriculture. We are poised to do something.

I wanted to point out the two areas of disappointment that I have—that of labeling in the country of origin, and that of transparency in market prices. We need something we can do about that.

Mr. President, I thank you for the time. I yield the floor.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, may I inquire? How much time remains on the conference report on both sides?

The PRESIDING OFFICER. The Senator from Mississippi has 16 minutes; the minority has 2 minutes 21 seconds.

Mr. COCHRAN. I thank the Chair.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I am not managing time on our side. Did the Chair say the minority has 2 minutes 21 seconds remaining?

The PRESIDING OFFICER. That is correct.

Mr. BAUCUS. I wonder if my very great, good friend, the Senator from Mississippi, would yield me some time, although I must upfront say that I am arguing against the conference report.

Mr. COCHRAN. Mr. President, let me inquire of the Senator, how much time does he seek?

Mr. BAUCUS. I was going to speak maybe 5 minutes.

Mr. COCHRAN. I have no objection.

Mr. BAUCUS. I thank my very, very good friend from Tennessee—Mississippi——

Mr. COCHRAN. If you do not get my State right, I will not yield time.

Mr. BAUCUS. I will use some of my time to praise you because that is very generous of the Senator from Mississippi, and it is typical of his generosity and his graciousness. He is a very, very fine man.

Mr. President, sometimes we have to disagree with one another, and I am about to say that as much as I respect and admire the Senator from Mississippi, I have a different view than he has on this issue.

Mr. President, I rise toady to express my profound disappointment in the conference report before the Senate.

The words of our forefathers speak volumes about many topics, including this one. ''Blessed is the man who expects nothing, for he shall never be disappointed.'' These words were written in a letter from Alexander Pope over 270 years ago. They paraphrase biblical verse. I believe they speak to rural America today about the farm relief provisions included in this conference report.

But more accurately they speak to the matters excluded from this package.

This package should include meaningful relief for farmers in the worst economic crunch of this decade. Instead, it includes a pittance. While the conferees could have adopted a package that provided roughly 60 cents per bushel on wheat in addition to what farmers get now, which is virtually nothing in the market, the conferees did not provide that 60 cents. Instead, the bill provides 13 cents per bushel. That is how it works out.

Frankly, I am stunned. I assumed that when the conferees met they would work out some kind of compromise. The Democratic package had eliminated the loan caps, it had the country of origin labeling, a provision providing for price reporting on a pilot project basis of fat cattle bought by packers. It included several provisions which would have helped farmers just a little bit.

On the other side of the aisle, on the Republican side, there was not much at all; as I said, 13 cents as opposed to 60 cents, with respect to wheat.

Mr. President, this package could only satisfy a farmer who expects nothing. I fear, as I hear from disillusioned producers across Montana, far too many producers expect this Congress to fail in the effort to help out.

They believe instead that their pleas are falling on deaf ears. Their disaster is being seen in academic terms. Their future—the survival of their farms and ranches has become little more than a laboratory test of the farm policy enacted a couple years ago.

I still believe in our producers—the top industry in our state. But that very industry that generated about $2 billion in sales last year will lose nearly $200 million this year. The Republican package will short Montana producers another $100 million. Then multiply it by our treacherous rank—46th in the Nation for per capita income—and you get a grand total of $300 million that Montana can't afford to lose—not on the farm and not on Main Street. Thus, what we do now portends what will happen in the next year in our rural communities.

I think it is very irresponsible to end this Congress without meaningful relief for our farmers and ranchers. We need to eliminate the loan rate cap for this year and provide the funding to make it work.

We need to mandate country of origin labeling on meat. And we need to require price reporting on the livestock sold each day.

We need to treat this situation like the crisis it is to producers across Montana and across our country.

Mr. President, I assumed the two sides would get together and work out some kind of compromise. That is not what happened. Instead, the majority party—I do not like being partisan about this stuff but I just have to be accurate—the majority party did not compromise at all. They just stuck with their 13 cents and also stuck with rejecting country of origin labeling on beef, stuck with rejecting entirely the pilot project on mandatory price reporting, instead replacing it with a study—essentially totally agreed to a pittance to farmers.

I must say, Mr. President—this is no exaggeration, I am not exaggerating—farmers find this an insult. They find it a slap in the face. They cannot believe that the U.S. Congress is sitting here in many respects worried more about Ken Starr—certainly the majority side—than they are about paying attention to farmers and what is happening in the country.

I have to tell you, Mr. President, it is really a bad situation in farm country.

Bankers are not going to be able to extend loans. Worse than that, they are going to begin to call in loans. Implement dealers, car dealers, grocery stores, hardware stores in farm communities are finding their sales way down. That means they have to start digging deeper into their pockets. This is the worst situation I have seen in at least 10 or 12 years. And 10 or 12 years ago, in the late 1980s when farmers were facing about the same situation—again, through no fault of their own, because of drought and because of world conditions—Congress spent about $16 billion to help farmers.

Mr. President, 10 or 12 years ago we spent $16 billion. Today the Democratic side is asking for, not $16 billion, $7 billion; and the Republican side said no, no, not even $7 billion, but $4 billion. We are saying, we on our side of the aisle: Hey, $4 billion is an insult. It is a slap in the face.

I plead with Senators to go back again and see if we can figure out some way to agree, if not to the full 7, to virtually the 7.

Another point: I have been in the Senate a few years. I voted for the New York City bailout, I voted for the Chrysler bailout, I voted for California disaster assistance. Guess what. All those efforts have been repaid—in spades.

The PRESIDING OFFICER (Mr. KEMPTHORNE). The time of the Senator has expired.

Mr. BAUCUS. I ask the Senator for 1 minute on the time of our side.

Mr. BUMPERS. I yield 1 minute.

Mr. BAUCUS. When we loaned money to New York City a few years ago, New York repaid that loan with interest, ahead of time. When we loaned Chrysler Corporation money to get its feet back on the ground, that loan was repaid ahead of time. I am just saying, today, if we can help farmers a little bit today with the conditions they face through no fault of their own, because the world market supply is so large and the price is so low, and the Asian economic crisis, at the very least that will be repaid back again in spades.

I urge my colleagues, please show a little bit of statesmanship and vote to help this part of our country. It is going to come back and help all of us as a nation.

I thank very much my very good friend from Mississippi, again, for his very generous offer to give me some time.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I yield myself the remainder of the time on our side.

Let me say to the distinguished Senator from Montana, I appreciate his courtesies as well. It is a pleasure working with him on these issues. I am sorry we have to disagree on some of the issues contained in this agriculture appropriations conference report.

On the subject that the Senator mentions, and also the Democratic leader when he was speaking mentioned as a reason why the President ought to veto this legislation, was the question of price reporting and meat labeling. These are two separate issues. Frankly, I was surprised by the comments and also including this as a basis for urging the President to veto the legislation.

When we passed our bill in July, we received the reaction following that, after the administration had an opportunity to study the legislation—we received the reaction in a formal letter from the Secretary of Agriculture dated September 24, a ''Dear Thad'' letter from Dan Glickman.

Included is a table going down through the bills. This is prior to conference now—I think that is right—prior to our going to the conference with the House conferees to work out differences between the House- and Senate-passed bills. In Secretary Glickman's letter pointing out their reaction to the Senate-passed bill and the provisions in the House bill, they get down to the meat labeling provision, which is title X in the Senate bill. There is no House provision on that subject. The USDA position as conveyed in this letter to me says: Working with Congress to address concerns about adverse trade effects and concerns that implementation would divert resources needed to address important food safety issues.

We tried to work with the administration, and did, to address those concerns. If the administration had been supportive of the meat labeling provisions, they would have said so, because they go right down through the list and support some other provisions. Or if they opposed it, they point it out and they say so.

Here is another example, the Biodiesel Energy Development Act, which the administration says, to a separate bill in the House, the administration opposes.

The administration did not say that they supported the meat labeling. They suggested they had concerns about it and they wanted to work with the Congress to address those concerns. So here is what we did in conference to try to address those concerns. We provided conference report language, statement of managers, to this effect:

> The conferees direct the Secretary to conduct a comprehensive study on the potential effects of mandatory country of origin labeling of imported fresh muscle cuts of beef and lamb. The report shall include the impact of such requirements on imports, exports, livestock producers, consumers, processors, packers, distributors and grocers.

We went on to say:

> The report shall be submitted to Congress no later than 6 months after the enactment of this Act, and shall contain a detailed statement of the findings and conclusions of the Secretary, together with his recommendations for such legislation and administrative actions as he considers appropriate.

I have suggested to the Senate that the action taken by the conferees is responsive to the objections and concerns that were raised in our letter from the administration on that subject. And here, at the very last minute, the Democratic leader raises this issue and spends a good deal of his time talking about this as the reason why the administration ought to veto the conference report.

Another subject that was raised was price reporting. We also got a letter from the Office of Management and Budget as well as the Secretary of Agriculture, responding to our bill and suggesting things that they think need the attention of conferees. If they have objections to provisions, they say so in either the OMB letter or the Secretary of Agriculture's letter.

On the subject of price reporting, there was a USDA request to review any final language adopted by the conferees. Here is what the conferees provided in the statement of managers on that issue:

> The conferees direct the Secretary of Agriculture to take steps to increase the voluntary reporting of fed cattle, and wholesale beef carcass prices and volumes on a quality and yield-grade basis, as well as the prices and volumes of boxed beef. . . The Secretary shall encourage the reporting of the price differential for USDA Prime, the upper 2/3 of USDA Choice, and a sub-select price category. Reports should include imported beef products and livestock.

Then we go on to say:

> The Secretary of Agriculture shall compile and publish price, volume sales, and the shipment information regarding all exports and imports of beef, veal, lamb, and products thereof which is collected via the expanded voluntary process. . . . The Secretary shall also standardize the Agriculture Marketing Service price reporting data collection activities to ensure uniformity and complete sales data capture and to maximize the information available to all aspects of the industry.
>
> The Secretary shall report to Congress, not more than 6 months after enactment, on the feasibility or need for mandatory price reporting. . .

I suggest, Mr. President, that the conferees have done a very good job of trying to deal with these two issues in this conference. We have responded to the concerns expressed by the Secretary of Agriculture in his letter to us of September 24 giving us his reaction to our bill. Never did they single out in the letters to us that this would trigger a veto if we didn't do such and such with either one of those provisions. There was no such suggestion made.

There was a veto threat in the letter from the Director of the Office of Management and Budget, and here is what the veto threat says:

> If the bill presented to the President includes the unacceptable FDA language—

And, by the way, that has been removed from the bill in conference, the so-called RU486 issue—

> and agriculture disaster provisions that provide inadequate indemnity assistance or are inconsistent with the Daschle/Harkin proposal, his senior advisers would recommend that he veto the bill. We look forward to working with you to resolve these concerns.

The veto message, if this is a veto message, is that if we don't enact the Daschle/Harkin disaster indemnity assistance proposal, then the senior advisers will recommend to the President that he veto the bill.

We have talked about the disaster assistance proposal and why we think the direct assistance is much to be preferred over rewriting a portion of the 1996 farm bill as proposed by Daschle/Harkin, and we certainly think that is not good policy. It won't serve to increase prices for farmers at market, which is what we are trying to do to help ensure a brighter future for American production agriculture.

Mr. President, I urge the Senate to approve the conference report on Agriculture appropriations.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. Mr. President, I wonder if I may be yielded 1 minute or 2 minutes.

Mr. COCHRAN. I am happy to yield a minute to the distinguished Senator.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized for 1 minute.

METHYL BROMIDE

Mr. CHAFEE. Mr. President, this bill contains a rider that addresses methyl bromide use. It is an anti-environmental rider offered by a few members of the other party, and slipped into the bill by the conference committee. It has not been debated by either body, and yet this language amends the Clean Air Act and constrains our ability to negotiate a more rapid phase-out of methyl bromide use with other nations.

Just last week, the White House, and specifically Vice President GORE, called on the Congress to end what he called ''backdoor assaults'' on the environment. I sincerely hope that the President and Vice President mean that to apply to all anti-environmental riders, including the ones offered by their own party.

This methyl bromide rider began as an effort to address a legitimate problem, but changes sought by a few members of the other party go too far. Methyl bromide is highly toxic and a potent ozone depleting compound. It is also one of the most widely used pesticides in the United States. The 1994 Montreal Protocol requires a gradual phase-out of methyl bromide beginning next year. Industrialized countries have agreed to a phase-out by 2005, while developing nations must phase-out methyl bromide by 2015. In the United States, the Clean Air Act requires an even earlier phase-out date for methyl bromide—January 1, 2001.

I share the concern that the Clean Air Act's accelerated phase-out schedule might put our farmers at a competitive disadvantage. However, I believe that addressing this problem in the context of an appropriations bill is entirely inappropriate. Putting constraints on an international treaty and modifying a major environmental statute demands thoughtful debate. To do this with a rider on an appropriations bill allows almost no debate.

The principle argument for action on methyl bromide has been the potential competitive disadvantage for American agriculture. As I said, I am sympathetic to that problem, and I support the idea that we should allow the Montreal Protocol to dictate the phase-out in this nation. But the language added to this bill would prohibit any phase-out earlier than the date currently contained in the Protocol—2005.

Could the deadline for phase-out be accelerated if, a few years down the road, the international community decides that effective, affordable alternatives to methyl bromide exist? Not if we approve this rider. This language says that—no matter what—the United States will not end methyl bromide use before 2005. The international community is not going to negotiate an earlier date, because they know that the U.S. will not comply with an earlier date. Inclusion of that language guarantees that worldwide methyl bromide use will continue until 2005.

This is an inappropriate limitation on our options regarding methyl bromide and our ability to negotiate changes to an international treaty. More importantly, a last minute appropriations rider is a bad way to amend the Clean Air Act. I can only hope that the President, the Vice President, and Democratic Senators who have spoken against other riders intend to oppose all anti-environmental riders, not just those offered by Republicans.

Mr. President, I am distressed over the methyl bromide amendment which is an antienvironmental rider that was put into this conference report. It wasn't debated by either body, yet the language amends the Clean Air Act and constrains our ability to negotiate a more rapid phaseout of methyl bromide when used by other nations.

I point out that the principal argument for action on methyl bromide has been the potential competitive disadvantage for American agriculture. I am sympathetic of that, and I support the idea we should allow the Montreal Protocol to dictate the phaseout of this. If we don't like it, then we should amend it.

The present time for the phaseout is 2005 but could be earlier. What this legislation does is makes it no later than 2005 but prevents it from being earlier than 2005. In those intervening 7 years, there well could be developed an alternative to methyl bromide. I think this is an unfortunate provision in the bill. I thank the Chair.

Mr. DOMENICI. Mr. President, I rise in support of the conference report accompanying the Department of Agriculture and related agencies appropriations bill for fiscal year 1999.

The final bill provides $59.6 billion in new budget authority (BA) and $44.8 billion in new outlays to fund most of the programs of the Department of Agriculture and other related agencies. All of the funding in this bill is nondefense spending. The conference report now includes ''emergency'' funding totaling $4.3 billion in budget authority and $4.1 billion in outlays to provide relief to the nation's farmers.

When outlays for prior-year appropriations and other adjustments are taken into account, the conference agreement totals $59.4 billion in BA and $51.6 billion in outlays for fiscal year 1999. Including mandatory savings, the subcommittee is $1 million in budget authority below its 302(b) allocation, and at its 302(b) allocation for outlays.

The Senate Agriculture Appropriations Subcommittee revised 302(b) allocation totals $59.4 billion in budget authority (BA) and $51.6 billion in outlays. Within this amount, $17.9 billion in BA and $18.1 billion in outlays is for nondefense discretionary spending, including agricultural emergency spending.

For discretionary spending in the bill, and counting (scoring) all the mandatory savings in the bill, the final bill is $4.0 billion in BA and $3.9 billion in outlays above the President's budget request for these programs. The bill is at least $4 billion in both BA and outlays above the Senate- and House-passed bills, all due to the addition of the emergency disaster assistance for farmers.

The disaster aid package includes $2.2 billion in direct payments to farmers experiencing crop losses due to natural and other disasters. The Congressional Budget and Impoundment Control Act as amended prohibits ''emergency'' spending for purposes of crop disaster assistance. The conference agreement includes directed scorekeeping language allowing the emergency designation to be used in this case. This conference report therefore violates Section 306(a) of the Congressional Budget Act by including legislative language under the jurisdiction of the Budget Committee that was not reported by the Senate Budget Committee.

I recognize the difficulty of bringing this bill to the floor at its 302(b) allocation and in addressing the need for disaster assistance by farmers in many parts of the nation, including New Mexico and parts of the Southwest.

Mr. President, I ask unanimous consent that a table displaying the Senate Budget Committee scoring of the final bill be printed in the RECORD.

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

H.R. 4101, AGRICULTURE APPROPRIATIONS, 1999—SPENDING COMPARISONS—CONFERENCE REPORT

[Fiscal year 1999, in millions of dollars]

	Defense	Nondefense	Crime	Mandatory	Total
Conference Report:					
Budget authority		17,909		41,460	59,369
Outlays		18,121		33,429	51,550
Senate 302(b) allocation:					
Budget authority		17,910		41,460	59,370
Outlays		18,121		33,429	51,550
1998 level:					
Budget authority		13,930		35,048	48,978
Outlays		14,227		35,205	49,432
President's request:					
Budget authority		13,672		41,460	55,132
Outlays		14,056		33,429	47,485
House-passed bill:					
Budget authority		13,596		41,460	55,056
Outlays		14,031		33,429	47,460
Senate-passed bill:					
Budget authority		13,698		41,460	55,158
Outlays		14,069		33,429	47,498
Conference Report compared to:					
Senate 302(b) allocation:					
Budget authority		−1			−1
Outlays					
1998 level:					
Budget authority		3,979		6,412	10,391
Outlays		3,894		−1,776	2,118
President's request:					
Budget authority		4,237			4,237
Outlays		4,065			4,065
House-passed bill:					
Budget authority		4,313			4,313
Outlays		4,090			4,090
Senate-passed bill:					
Budget authority		4,211			4,211
Outlays		4,052			4,052

Note: Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conventions.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 1 minute 12 seconds.

Mr. BUMPERS. Mr. President, I join my friend and colleague, Senator COCHRAN, in bringing to the floor the conference report to accompany H.R. 4101, the fiscal year 1999 appropriations bill for agriculture, rural development and related agencies. This is the last annual agriculture appropriations bill which I will jointly author with my friend from Mississippi, and I regret to report that the progress this year has not been as smooth as in years past. Last year, my fellow conferees were able to conclude the business of the committee on conference in approximately 5 minutes. By contrast, it took us 5 days this year and I fear, at this late date, all hurdles toward enactment are not fully cleared. In fact, I, along with all Senate Democrat members of the conference committee who attached our signatures to the official conference papers, did so with an exception to one of the titles included in the conference report.

Aside from the one area still in disagreement, the conference report before us is as good a product as was possible under the budgetary constraints we faced. We include in this measure nearly $52 million in new spending for food safety. This figure is well below the budget request, but represents a good increase in spending for the Department of Agriculture and the Food and Drug Administration to help ensure that our Nation's food supplies remain the safest in the world.

The conference report also provides adequate levels for the Women, Infants, and Children (WIC) Program, including an increase for the WIC Farmers Market Program of up to $15 million. Overall, the USDA food assistance programs remain the single largest component of this conference report, totaling $36 billion in new spending.

Rural development is another key element of this conference report. Included is more than $4.25 billion in rural housing program levels and nearly $725 million in budget authority for the Rural Community Advancement Program, which includes the water and wastewater program. I have seen firsthand the benefits these programs bring to rural areas in my State and I am glad we were able to achieve these levels for the coming year. Also, the conference report includes a special recognition for the needs of the Lower Mississippi River Delta, an often overlooked region of our Nation that has long deserved our special attention. I have worked for many years to improve conditions in this region and I am happy to have included special consideration for the delta in this measure.

Agricultural research continues to receive the attention of our subcommittee. The level of spending for the Agricultural Research Service in this conference report is higher than either the House or Senate levels prior to conference. In addition, we were able to increase the levels of funding for basic formula research for our Nation's 1862, 1890, and 1994 institutions. Funding for these institutions has been frozen for far too long, and this conference report provides a 7 percent increase above last year. Enhanced agricultural research is a commitment the Congress has made to our farmers and consumers and this conference report lies up to that commitment.

I would be most remissed if I didn't pause to give credit, to my friend, Senator COCHRAN, for facing the grim budgetary challenge we faced this year. Our allocation was well below what was available for fiscal year 1998 and going into conference we had to adjust our numbers downward toward the lower House allocation. Our task was made even more difficult by the assumed enactment of hundreds of millions of dollars in user fees that looked good on paper but only served to raise faint expectations beyond what was possible. This conference report includes a general provision that will, hopefully, forestall the use of projected user fees in next year's budget and keep everyone working within a budgetary framework more closely associated with the realities we all must face.

Given my years of work on this subcommittee, and my close friendship with Senator COCHRAN, I am greatly saddened by my reluctance to give unequivocal support for all matters contained in this conference report. As we began conference deliberations with the House, the President made it clear that two items under discussion were of such importance that their inclusion in the conference report would result in a veto. I must admit that I never thought the agriculture appropriations bill would ever be the target of a Presidential veto. In fact, the agriculture appropriations bill is usually approved by the Senate 100 to 0. I remind my colleagues that a few years go when much of the Federal Government faced a shutdown from failed appropriations bills, the agencies funded under this bill were among the few not included in that Governmental debacle. Such has been the history of the agriculture appropriations process during my tenure and it saddens me to think that I might be leaving the Senate with that possibility lurking as strongly as it does today.

One of the items which drew the attention of the President was a provision in the House bill that placed a limitation on the Food and Drug Administration's funding for any testing, development, or approval of the drug RU–486, a chemical used to induce an abortion. Leaving for a moment the argument that science is better left to scientists than politicians, the inclusion of the abortion debate in the agriculture appropriations bill was a most unfortunate attempt to drag this bill down with one of the most divisive and politically charged issues of our time. I am very pleased to report that the Senate conferees made it crystal clear that the Senate was not going to allow the issue of abortion to infect the agriculture appropriations bill with the same paralysis that has inflicted other subcommittees. If the Senate had not held firm, a very bad precedent would have been set and all agriculture appropriations bills in the future would become the venue for, and be held hostage by, an issue best reserved for other forums.

The other item of Presidential disapproval is tied to the levels of assistance for farmers and ranchers who are facing the most pressing financial times in recent years, maybe ever. It is on this point that I had to part with my friend Senator COCHRAN and express an opinion that our measure falls short of meeting current needs.

The conference report includes provisions put forward by the majority party that strives to bring relief to farmers and ranchers who are suffering from lost crops and low prices. However, my concern is with the manner in which the assistance is to be provided. In order to help farmers suffering from low prices, the conference report would simply allow for additional ''Freedom to Farm'' payments to go to all producers who hold a Agricultural Market Transition Act contract. The fallacy with this approach is that it does not target the additional funds to people who are suffering from either crop failure or fallen prices. Instead, it makes funds available to landlords who may have received cash rent for their lands, suffered no loss at all, and in many instances never even faced a risk of loss in the first place.

We have to recognize that many, though not all, farmers across America are suffering. Most are suffering from losses this year, but some from losses over several years. Some farmers have a crop to harvest, but low prices preclude any chance of a profit. The purpose of the Democratic alternative for disaster assistance is to make sure the relief payments go to those in need.

I have heard from farmers in my State who have lost everything this year. They tell me that this year is worse than the crop failures of 1980, which was the worst year since the Great Depression. The Democratic alternative provides more relief, 100 percent more in fact, for farmers in my State and I feel we should not turn our backs on the one segment of the national economy that has not been surging into double digit profits on Wall Street. The President has indicated he will veto this bill if additional farm relief is not added. Congress needs to act swiftly to amend the shortfall in this bill and send to the President a package that truly meets the needs of farmers and ranchers.

Mr. President, this brings me to the close of my last annual agriculture appropriations bill on the floor of the Senate. I want to once more thank my distinguished colleague, Senator COCHRAN, for his years of friendship on and off this subcommittee. I also want to thank all other members for their cooperation over the years.

Mr. President, I say in closing that this is a very complex matter, this matter of disaster relief. The only disagreement on this side and the other side of the aisle is over the disaster provisions. As I say, they are both fairly complicated, and I am hoping that if the President vetoes the bill, as he has promised to do, we will be able to work out something—maybe not everything the President wanted, maybe more than others wanted—and that we will be able to reach a compromise that will actually take care of farmers.

My fear is that, this being what I consider probably the worst year in the history for agriculture since the Great Depression, that the proposal in the bill is not adequate to save an awful lot of farmers who deserve saving. So I am hoping if the President does veto the bill, we can come back and hammer out an agreement that will save a lot more farmers.

I yield the remainder of my time.

Mr. COCHRAN. Mr. President, have the yeas and nays been ordered on the conference report?

The PRESIDING OFFICER. They have not been ordered.

Mr. COCHRAN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the conference report accompanying H.R. 4101. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Ohio (Mr. GLENN) and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. MOYNIHAN) would vote ''aye.''

The result was announced—yeas 55, nays 43, as follows:

[Rollcall Vote No. 298 Leg.]

YEAS—55

Abraham	Boxer	Coats
Allard	Breaux	Cochran
Ashcroft	Brownback	Collins
Bennett	Campbell	Coverdell
Bond	Chafee	Craig
D'Amato	Hutchinson	Roberts
DeWine	Hutchison	Roth
Domenici	Inhofe	Sessions
Enzi	Jeffords	Shelby
Faircloth	Kempthorne	Smith (NH)
Feinstein	Landrieu	Smith (OR)
Frist	Leahy	Snowe
Gorton	Lott	Specter
Gramm	Lugar	Stevens
Grams	Mack	Thompson
Grassley	McCain	Thurmond
Hagel	McConnell	Warner
Hatch	Murkowski	
Helms	Nickles	

NAYS—43

Akaka	Ford	Mikulski
Baucus	Graham	Moseley-Braun
Biden	Gregg	Murray
Bingaman	Harkin	Reed
Bryan	Hollings	Reid
Bumpers	Inouye	Robb
Burns	Johnson	Rockefeller
Byrd	Kennedy	Santorum
Cleland	Kerrey	Sarbanes
Conrad	Kerry	Thomas
Daschle	Kohl	Torricelli
Dodd	Kyl	Wellstone
Dorgan	Lautenberg	Wyden
Durbin	Levin	
Feingold	Lieberman	

NOT VOTING—2

Glenn	Moynihan

The conference report was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for morning business until 4:15 p.m. today, with Senators permitted to speak therein for up to 5 minutes each.

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

DISTINGUISHED FLYING CROSS

Mr. THURMOND. Mr. President, I rise today to recognize former Navy and Marine Corps members who received the Distinguished Flying Cross in accordance with section 532 of the National Defense Authorization Act for Fiscal Year 1999, which waived time limitations for award of this decoration for specified persons. These awards were recommended by the Secretary of the Navy based upon requests from Members of Congress. These procedures were established by section 526 of the National Defense Authorization Act for Fiscal Year 1996 to resolve a dilemma under which deserving individuals were denied the recognition they deserved solely due to the passage of time. I am proud to have established a procedure that enables these distinguished veterans to receive the honors they earned. We are very proud of their dedicated service to our Nation.

Mr. President, I ask unanimous consent that a list of all who were awarded the Distinguished Flying Cross be printed in the RECORD.

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

STROM THURMOND NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999, SECTION 532—WAIVER OF TIME LIMITATIONS FOR AWARD OF CERTAIN DECORATIONS TO CERTAIN PERSONS

(1) FIRST AWARD

Marine Corps

1. Mr. Earl D. Van Keuren, Jr., Fort Collins, CO.
2. Mr. James E. Renshaw, Runnemede, NJ.
3. Mr. Edward J. Mariani, Brockton, MA.
4. Mr. Andrew B. Jones, Old Lyme, CT.
5. Mr. John Avelis, Terre Haute, IN.
6. Mr. James R. Spencer, Grants Pass, OR.
7. Mr. Edward H. Benintende, Scranton, PA.
8. Mr. Clarence R. Cox, Woodburn, OR.
9. 2ndLt Leland E. Thomas, USMC Reserve, Fruitland. ID.
10. Mr. Edward L. Eades, Kerrville, TX.
11. Mr. Paul F. Dudley, Las Vegas, NV.
12. Mr. Raymond G. Czarnecki.
13. Capt Edward J. Wallof, USMC Retired, Soulsbyville, CA.
14. LtCol Edwin W. Allard, USMC Retired, Carlsbad, CA.
15. Mr. Jack S. Straub, Destin, FL.
16. Mr. William D. Donohue, River Vale, NJ.
17. Mr. Wallace W. Ostrowski, Carlsbad, CA.
18. Mr. William F. Savino, Yaphank, NY.
19. Mr. Sidney H. Zimman, Oceanside, CA.
20. Mr. Ned Wernick, Pensacola, FL.
21. Mr. Stephen F. Gibbens, Montecito, CA.
22. Mr. Theodore R. Wall, Pinellas Park, FL.
23. Mr. Harold W. Park, Rochester, PA.
24. Mr. Benson M. Jones, Columbus, GA.
25. Mr. Philip L. Strader, Lynchburg, VA.
26. Mr. Henry M. Knauth, Landrum, SC.
27. Mr. Theodore E. Sittel, Englewood, CO.
28. Mr. Frank J. Lange, Panama City, FL.
29. Mr. Ralph H. Rudeen, Olympia, WA.
30. Mr. Robert P. Byno Sr., Westwood, MA.
31. Mr. William M. Crutcher, Glenwood Springs, CO.
32. Mr. Thomas B. Hartmann, Princeton NJ.
33. Mr. Marion F. Beckman, Stasuma, AL.
34. Mr. Frederick R. Scharnhorst, Richland, WA.

Navy

1. Mr. Robert E. Rosati, East Hartford, CT.
2. LT Edward T. Gaines, (USN (Ret.), Lexington, KY.
3. CDR Ira B. West, USN (Ret.), Vienna, VA.
4. Mr. Stephen R. Michalovic, Clifton, NJ.
5. Mr. John T. Allen, Knoxville, TN.
6. Mr. Martin D. Lipman, Huntington Beach, CA.
7. Mr. Fay D. Hargrove, Longmont, CO.
8. Mr. Alfred F. Shultz.
9. Mr. James L. Andrews, Livonia, MI.
10. Mr. Lester L. Larson, Jr., Kingsland, TX.
11. Mr. Samuel P. Tyndall.
12. Mr. Edward J. Karcher, Port St. Lucie, FL.
13. Mr. Leo A. Pyatt, Columbus, OH.
14. Mr. Milton E. Ferrell, Nashville, TN.
15. Mr. Daniel G. Straka, San Clemente, CA.

(2) SECOND AWARD

Marine Corps

1. Mr. Sidney H. Zimman, Oceanside, CA.
2. Mr. Ned Wernick, Pensacola, FL.
3. Mr. Stephen F. Gibbens, Montecito, CA.
4. Mr. Paul F. Dudley, Las Vegas, NV.
5. Mr. Wallace W. Ostrowski, Carlsbad, CA.
6. Mr. William F. Savino, Yaphank, NY.
7. LtCol Edwin W. Allard, USMC Retired, Carlsbad, CA.
8. Mr. Raymond G. Czarnecki.
9. Captain Edward J. Wallof, USMC Ret., Soulsbyville, CA.
10. Mr. Jack S. Straub, Destin, FL.
11. Mr. William D. Donohue, River Vale, NJ.
12. Mr. Theodore R. Wall, Pinellas Park, FL.
13. Mr. Harold W. Park, Rochester, PA.
14. Mr. Benson M. Jones, Columbus, GA.
15. Mr. Philip L. Strader, Lynchburg, VA.
16. Mr. Henry M. Knauth, Landrum, SC.
17. Mr. Theodore E. Sittel, Englewood, CO.
18. Mr. Frank J. Lange, Panama City, FL.
19. Mr. Ralph H. Rudeen, Olympia, WA.
20. Mr. Robert P. Byno Sr., Westwood, MA.
21. Mr. William M. Crutcher, Glenwood Springs, CO.
22. Mr. Thomas B. Hartmann, Princeton, NJ.
23. Mr. Marion F. Beckman, Stasuma, AL.
24. Mr. Frederick R. Scharnhorst, Richland, WA.

(3) THIRD AWARD

Marine Corps

1. Mr. Theodore R. Wall, Pinellas Park, FL.
2. Mr. Harold W. Park, Rochester, PA.
3. Mr. Benson M. Jones, Columbus, GA.
4. Capt Edward J. Wallof, USMC Retired, Soulsbyville, CA.
5. Mr. Raymond G. Czarnecki.
6. Mr. Jack S. Straub, Destin, FL.
7. Mr. William D. Donohue, River Vale, NJ.
8. Mr. Philip L. Strader, Lynchburg, VA.
9. Mr. Henry M. Knauth, Landrum, SC.
10. Mr. Theodore E. Sittel, Englewood, CO.
11. Mr. Frank J. Lange, Panama City, FL.
12. Mr. Ralph H. Rudeen, Olympia, WA.
13. Mr. Robert P. Byno Sr., Westwood, MA.
14. Mr. William M. Crutcher, Glenwood Springs, CO.
15. Mr. Thomas B. Hartmann, Princeton, NJ.
16. Mr. Marion F. Beckman, Stasuma, AL.
17. Mr. Frederick R. Scharnhorst, Richland, WA.

(4) FOURTH AWARD

Marine Corps

1. Mr. Philip L. Strader, Lynchburg, VA.
2. Mr. Henry M. Knauth, Landrum, SC.
3. Mr. Jack S. Straub, Destin, FL.
4. Mr. William D. Donohue, River Vale, NJ.
5. Mr. Theodore E. Sittel, Englewood, CO.
6. Mr. Frank J. Lange, Panama City, FL.
7. Mr. Ralph H. Rudeen, Olympia, WA.
8. Mr. Robert P. Byno Sr., Westwood, MA.
9. Mr. William M. Crutcher, Glenwood Springs, CO.
10. Mr. Thomas B. Hartmann, Princeton, NJ.
11. Mr. Marion F. Beckman, Stasuma, AL.
12. Mr. Frederick R. Scharnhorst, Richland, WA.

(5) FIFTH AWARD

Marine Corps

1. Mr. Theodore E. Sittel, Englewood, CO.
2. Mr. Frank J. Lange, Panama City, FL.
3. Mr. Marion F. Beckman, Stasuma, AL.
4. Mr. William D. Donohue, River Vale, NJ.
5. Mr. Ralph H. Rudeen, Olympia, WA.
6. Mr. Robert P. Byno Sr., Westwood, MA.
7. Mr. William M. Crutcher, Glenwood Springs, CO.
8. Mr. Thomas B. Hartmann, Princeton, NJ.
9. Mr. Frederick R. Scharnhorst, Richland, WA.

(6) SIXTH AWARD

Marine Corps

1. Mr. Ralph H. Rudeen, Olympia, WA.
2. Mr. Robert P. Byno Sr., Westwood, MA.
3. Mr. William M. Crutcher, Glenwood Springs, CO.
4. Mr. Frederick R. Scharnhorst, Richland, WA.
5. Mr. Thomas B. Hartmann, Princeton, NJ.

(7) SEVENTH AWARD

Marine Corps

1. Mr. Thomas B. Hartmann, Princeton, NJ.

(8) EIGHTH AWARD

Marine Corps

1. Mr. Thomas B. Hartmann, Princeton, NJ.

(9) NINTH AWARD

Marine Corps

1. Mr. Thomas B. Hartmann, Princeton, NJ.

ENSURING ECONOMIC PROSPERITY

Mr. ABRAHAM. Mr. President, I rise today to make a few observations regarding the state of the American economy and the steps policy makers should take to ensure continued prosperity in the future.

Right now we have some good news about the state of the economy. Overall employment growth is strong. Unemployment is low at 4.5 percent nationally and an even lower 3.9 percent in my home state of Michigan. Family incomes continue to rise. And the technological and information age revolution continues to increase productivity and wealth throughout America.

Hi-tech companies in particular are growing fast and creating thousands of spin-off jobs. Economist Larry Kudlow reports that the hardware and software industries combined account for about one third of real economic growth. What is more, this industry is increasing productivity throughout our economy in ways we can't even measure.

So, on the surface things look pretty bright right now, Mr. President. But there are economic storm clouds on the horizon. Stock market investors are riding a roller coaster of volatility. The August Employment Report from the Bureau of Labor Statistics shows a drop in manufacturing jobs of 55,000—indeed, the number of manufacturing jobs in this country has declined for 5 straight months. Bankruptcies have accelerated. On the international front, the Russian economy is in deep distress. And our Asian economic partners continue in a state of crisis that threatens our balance of payments and our general economic health.

As Federal Reserve Chairman Greenspan noted recently in a speech at the University of California at Berkeley, ''it is just not credible that the United States can remain an oasis of prosperity unaffected by a world that is experiencing greatly increased stress.''

I wholeheartedly concur in Chairman Greenspan's analysis. And that is why I believe it is necessary for us to look closely and seriously at our current economic policies so that we can face coming economic uncertainties from a position of strength. We must, in my view, address a number of problems in current policy, lest they undermine continued economic growth and prosperity.

To begin with, Mr. President, we should consider the current state of our monetary policy. The Fed's recent quarter point cut in the federal funds (or overnight lending) rate was followed by a significant drop in the stock market. A number of analysts have observed that this may have been caused by investors' conviction that, even with the cut, short term interest rates remain too high, and that the Federal Reserve should seriously consider cutting them further.

The fed funds rate remained at 5.5 percent for two and a half years despite a drop in inflation to 1.7 percent. Even at its current 5.25 percent, the real, after-inflation rate is about 3.5 percent—much higher for example than between 1992 and 1994, when it was only 0.6 percent.

Chairman Greenspan, along with former Chairman Paul Volcker, deserve great credit for reducing inflation through sound monetary policies. But real interest rates have remained high in the face of indications that we may be entering an era of deflation, and this cannot continue if we are to maintain price stability and a strong economy.

Gold prices have fallen by more than 30 percent since early 1996. Commodity prices have fallen to 21 year lows. Corporate profits have declined on a year-over-year basis for the first time in a decade. Farm prices are plummeting.

What is more, Mr. President, a number of economies in recent months have experienced significant currency devaluations. These devaluations have produced increasing demands for U.S. dollars. But, by keeping short term interest rates high, the Fed has refused to supply these dollars, precipitating a liquidity crisis around the globe.

I firmly believe that the best environment for business, workers, and consumers is one of price stability. Price stability allows for accurate planning and investment over the long term. But price stability requires that we avoid both extremes, of deflation as well as inflation.

Monetary policy is a matter for Alan Greenspan and his colleagues at the Federal Reserve. But it is my hope that they will examine the overall economic picture and conclude that it is time to lower interest rates in the interests of long term price stability and global economic growth.

We should not look solely to the Fed, however, in seeking to ensure prosperity for the future. In addition to excessively tight monetary policy, the American economy and the American people are being put at risk from too-tight fiscal policy. Specifically, Mr. President, the current high and rising federal tax burden is keeping the economy from reaching its full potential.

In 1997 federal taxes took 20 percent of the Gross Domestic Product of this country, the highest percentage since World War II. Federal taxes on the American people increased by almost a third in just four years—going up from $1.2 trillion in fiscal year 1993 to $1.6 trillion over the course of President Clinton's first term. In 1997 Americans paid 45 percent more in income taxes than they had in 1993. And, unless we act, this burden will increase. During the fourth quarter of 1997 federal receipts approached a record 22 percent of GDP.

Neither the American people nor the American economy can sustain this crushing tax burden. It discourages people from working, saving, investing, and engaging in the entrepreneurial activities that keep our economy growing. It must be lowered substantially, expeditiously, and in a way that encourages economic growth.

Early on in the next Congress, Mr. President, I believe we should seriously consider significant pro-growth tax cuts, including:

Using revenues from our budget surplus to save Social Security and encourage investment by lowering the payroll tax and allowing workers to put some of their own money in Personal Retirement Accounts.

Marriage penalty tax relief.

A capital gains tax rate reduction, perhaps to 15 percent as proposed by Majority Leader LOTT.

Estate tax relief.

Widening the current 15 percent income tax bracket to apply it to all middle class American families.

Expanding tax free savings accounts for education, health care, and retirement.

Reducing income tax rates across-the-board—perhaps up to 10 percent, and allowing businesses to more quickly write-off the costs for investment in plant and equipment. This pro-growth tax incentive would be especially beneficial to America's struggling manufacturing sector.

These tax suggestions are neither new nor radical, Mr. President. But it is time for us to implement them. They would spur savings and investment, and encourage work and entrepreneurial activity, assuring economic growth.

But they are not enough. Over the long term, Mr. President, we must move toward more fundamental tax reform. We need to design an income tax that applies a lower rate to income, reduces the current bias against saving and investment, lowers the tax burden on working families, simplifies the code, and reduces the cost of compliance. Only this kind of fairer, flatter, simpler and more investment-friendly tax system can give us the sound fiscal policy we need to build a bright, sustainable economic future.

Congress needs to institute other pro-growth reforms as well.

We must reform our tort system to lower the ''tort tax'' from frivolous lawsuits. The Rand Corporation recently reported that the average lawsuit costs a company $100,000. Thus even a frivolous lawsuit can put a small company out of business, and a good number of workers out of a job.

We need to institute serious cost-benefit analysis for federal regulations and federal unfunded, private sector mandates. Regulations cost our economy $647 billion per year, according to the GAO, and that is simply too much.

We have to do more to improve our children's education so that they can qualify for good paying jobs in our technological, information age economy.

We have to bring in a limited number of highly trained immigrants to fill some of the important positions our high-tech companies cannot currently fill and to help us solve the year 2000 or ''Y2K'' problem before it damages our economy.

And within the next few days the Senate will pass and President Clinton will sign the American Competitiveness and Workforce Enhancement Act. This legislation will increase the number of temporary high-tech visas and provide scholarships and job training so that more Americans can gain the skills necessary to fill these positions in the long term.

We also must continue to build on America's pro-free trade tradition—by extending fast track negotiating authority, and aggressively negotiating trade agreements that open markets for American products.

We must reform the lending policies of the International Monetary Fund. All too often, the Fund requires developing countries to raise taxes and devalue currencies as a condition for receiving loans. These anti-growth policies only worsen a developing country's economic and debt problems. The Fund should instead promote policies that spur economic growth in these countries—lower tax rates, free markets, the rule of law, and sound currencies.

In general, Mr. President, we must do more to encourage hard work and entrepreneurship so that all of us can benefit from the income and the jobs they create.

Through prudent steps ensuring price stability and reducing governmental burdens on the private sector, we can sustain economic growth for the foreseeable future. But the time to act is now. The warning signs are there for us to see. I hope we will not wait until it is too late.

I plan to work for pro-growth reforms whenever and wherever possible. I believe it is my duty to the people of Michigan, as it is our duty to the people of America, to safeguard their economic security by unleashing the entrepreneurial spirit that built this nation, and that can build a bright future of growth and opportunity.

I yield the floor.

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

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

INTERNET TAX FREEDOM ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of S. 442, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 442) to establish national policy against State and local government interference with interstate commerce on the Internet or interactive computer services, and to exercise Congressional jurisdiction over interstate commerce by establishing a moratorium on the imposition of exaction that would interfere with the free flow of commerce via the Internet, and for other purposes.

The Senate resumed consideration of the bill.

Mr. MCCAIN. Mr. President, I ask unanimous consent it be in order for an amendment to be offered by Senator GRAHAM of Florida with a time of 30 minutes, 20 minutes on the side of the Senator from Florida, 10 minutes from the side managed by me.

Mr. GRAHAM. I would not object, but I add that there be no second-degree amendments.

The PRESIDING OFFICER. Without objection, so ordered.

AMENDMENT NO. 3729

(Purpose: To require a supermajority of both Houses to extend the moratorium)

Mr. GRAHAM. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 3729.

The amendment is as follows:

On page 176, between lines 15 and 16, insert:

(c) POINT OF ORDER.—It shall not be in order in the Senate or the House of Representatives to consider any bill, resolution, amendment, or conference report if such bill, resolution, amendment, or conference report would extend the moratorium under subsection (a). This point of order may only be waived or suspended by a vote of three-fifths of the Members, duly chosen and sworn.

Mr. GRAHAM. Mr. President, as the amendment clearly states, its purpose is to establish to the extent possible under our rules that the moratorium, whatever this body decides its initial length will be, will be that length and that we will not fall into a situation of a ''fluid'' moratorium, with efforts each year made to extend it further and further. This amendment does not go to the issue of what the length of the initial moratorium shall be.

The bill before the Senate today, which is the product of the Senate Finance Committee, provides for a 2-year moratorium. There are amendments filed which would extend that up to 5 or 6 years. There are no amendments filed which would reduce the period of the moratorium. So it is fair to suggest that we will be dealing with the moratorium of at least 2 years, possibly longer. The purpose of this amendment is to assure to the extent possible that once we have made that decision, that will be the decision.

The underlying premise of this bill is an unusual one for the U.S. Congress—not unique, but rarely used. That is, we are about to consider legislation which would preempt every State and every local government in this country, for a period of time, from exercising their otherwise legal powers relative to taxation on Internet access and transactions which are undertaken through the use of the Internet. While it is perfectly appropriate for Congress to decide that the Federal Government should not tax Internet access or Internet transactions, I am concerned we will face a proposal that tells States and local governments that they shall be denied the right to tax these transactions.

The argument which I find to have some merit is that it is appropriate we have a ''pause,'' a period in which we can determine what is the appropriate means of taxing this new technology, and that during that pause there should be a prohibition on State and local governments imposing taxes on Internet access or Internet transactions. What I am concerned about is that that pause does not become a permanent slumber, an elongated sleep in which there is a prohibition on State and local government's ability to exercise what is their basic right under our constitutional allocation of responsibilities to raise those revenues necessary to support necessary government programs.

The Federal Government has on many occasions passed legislation which conditions the receipt of Federal funds. For instance, in the highway bills we have frequently required the States to undertake a certain set of actions, such as setting a speed limit or imposing the requirement of seatbelts or motorcycle helmets or some other item which the Federal Government felt was of sufficient import, that the ability of the State to receive its otherwise due allocation of Federal funds would be conditioned upon their adopting that policy. But in those cases, the States have a choice. If a State believes the Federal requirement is so onerous or so misguided that they will reject it, they can do so and accept the consequences of some reduction in their Federal funds.

What we are deciding here today is that the States do not have such an option. There will be a prohibition for the period of the moratorium on the State's ability to exercise their policy relative to the taxation of Internet access or Internet transactions.

What concerns me about this policy is its potential to ''morph'' from being a temporary pause to being a permanent prohibition. What are some of the risks that are involved in this? One of those risks is the unknown, the unknown potential of this new rapidly developing technology having implications to State and local governments which are beyond our current ability to comprehend.

As an example, there is an emerging technology—it is not new, it is in place but will probably become more prevalent—which is known as Internet telephony which is essentially where the Internet system substitutes for the normal local or long distance telephone lines as a means of transmitting telephone services. This system, which is currently in use on a limited basis, has the potential of being a very major competitor with the traditional ways in which telephone service has been delivered.

Probe Research, a telecommunications and data networking market research system, forecasts that the demand for Internet telephony will make these services add up to a $6.3 billion market by the year 2002. That is just some 3 years from now. At that point, according to Probe Research, Internet telephone and fax traffic will account for nearly 10 percent of total long distance traffic, a very significant high-growth industry.

What does this mean for State and local government? Telecommunications services and cable services are significant sources of revenue for State and local government. The Finance Committee bill, in fact, recognizes this by specifically preserving the Federal Government's taxing authority over many of these areas and preserving the taxing authority of State and local government for access to telephone and cable services.

Unfortunately, the bill is vague regarding the treatment of such new technologies as Internet telephony. While it specifically protects Federal revenue, it does not clarify that the moratorium does not apply to State and local governments with respect to Internet telephony. I use this example because it is one that is before the Senate, an example that the implications of allowing a specified moratorium to become a longer-term prohibition could have implications on State and local governments and on the fairness in the marketplace between competing forms of commercial transaction, telecommunications, and other aspects of our economy that will be affected that are beyond our ability to currently estimate.

A second risk is that this moratorium will become ingrained into the law. We have had multiple examples of where laws that were originally passed as temporary moratoriums, or as a temporary benefit, have become de facto permanent. In fact, before this session is over, we may be considering what is referred to as an extender law, which is to add additional months or years to a variety of tax benefits which were initially adopted to have a specified time to limited life. But once in place, once they have developed a political constituency, they have become, for all intents and purposes, permanent provisions in our Tax Code.

I am concerned that the same development of a political constituency that has gotten used to the fact that they didn't have to pay any tax for access, and particularly any tax on Internet transactions, will develop here and

there and will be tremendous political pressure at the conclusion of this moratorium, whenever that might be, for its extension.

Next, the potential of a long-term moratorium merging into prohibition would create an imbalance on the commercial playing field. I could foresee what is happening in a limited form becoming more prevalent as retail stores begin to open a back office Internet sales shop in order to be able to participate in tax-free Internet sales. So what today is a relatively limited application has the potential of becoming a much larger threat to fairness and parity in the commercial marketplace and to a fundamental source of revenue for State and local government.

Finally, the potential of the specified moratorium being extended would delay or obviate the accomplishment of the very objective of having the moratorium in the first place, which is to direct a commission, representative of the various stakeholders in this issue, to sort out the conflicting theories and practices and give us a recommendation for some uniform, fair, nondiscriminatory Federal, State, and local policies, as it relates to the use of the Internet as a form of commerce.

So for all of those reasons, Mr. President, I am concerned, and I think our Members should be concerned, about the prospect of the moratorium, whatever length we finally decide is appropriate, becoming a permanent prohibition on the use of State governments and of their inherent powers relative to the Internet.

Finally, Mr. President, I think the period of time that is in the Senate finance bill and the period of time that is proposed in various amendments should be plenty to accomplish the objective of this study. We have had a number of recent commissions that have been given a specific time to accomplish their task.

Two or three years ago, the Congress established an Internal Revenue Reform Commission. It gave that commission 18 months to look at an agency as complex as the IRS. That commission actually completed its work in 15 months, made its report, and this year Congress used that report as the basis of probably the most sweeping reforms of the Internal Revenue Service in a generation.

Last year, we established a Medicare Commission to look at one of the most complicated, one of the most expensive, one of the most sensitive programs that the Federal Government operates, the program that finances the health care of some 35 million of our older citizens. We gave that commission 18 months in order to issue its report.

So I suggest that the 2 years that are in the Finance Committee recommendation are ample to carry out a much more focused study of the tax implications of the Internet and that we should take this step by adopting the amendment that I proposed to assure that this moratorium will not morph into a permanent prohibition.

Mr. President, the fundamental issue here is the issue that underlies this legislation, and that is the desire to have parity, equality, on the commercial playing field among all forms of sales, whether they be the Main Street seller or the remote seller or the cyberspace seller; second, to assure that the Federal Government will not unduly intrude into the areas of historic responsibility for State and local government. It is appropriate for us to attempt to establish some standards for uniformity of treatment and predictability of treatment. It is not appropriate for the Federal Government to preempt State and local governments from their ability to exercise what they think is appropriate tax policy for their citizens.

So the amendment would provide that once the moratorium has been completed, whatever its length, it would require a three-fifths vote of each House to extend that moratorium for a further period.

I reserve the remainder of my time.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

PRIVILEGE OF THE FLOOR

Mr. MCCAIN. On behalf of Senator MACK, I ask unanimous consent that Elaine Petty and Nancy Segerdahl, legislative fellows in Senator MACK's office, be granted floor privileges during the week of October 5 for consideration of S. 1868, the International Religious Freedom Act of 1998.

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

PRIVILEGE OF THE FLOOR

Mr. GRAHAM. Mr. President, I ask unanimous consent that Mary Jo Catalano and Heather Landesman of my staff be granted floor privileges for the pendency of S. 442.

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

Mr. MCCAIN. Mr. President, I urge my colleagues to oppose this amendment. It circumvents the legislative process by requiring a supermajority to extend the tax moratorium in the Internet Tax Freedom Act, it would bind the hands of future Congresses, and it would start setting a rather dangerous precedent.

Mr. President, the Senate has a supermajority mandate that applies to all legislation; it is called a filibuster. Requiring three-fifths of Congress to agree to adopt any future actions in this matter is unnecessary, when all legislation considered and passed by the Senate must essentially meet the test created by the filibuster.

This legislation before us, the Internet Tax Freedom Act, is an excellent example of the proper manner in which legislation makes its way to the Senate for full consideration and a final vote. This legislation has been fully considered by the Commerce Committee, referred to the Finance Committee, and Senator WYDEN and I have worked hard to address the concerns some Members have expressed.

S. 442 is before the Senate now, not because any extraordinary measures have been taken, but because the bill has undergone the legislative process as it was meant to function. This legislation is before the Senate today because the majority of Senators support it and a filibuster would have been defeated. There is no reason to institute a supermajority for future actions on this issue, as Congress is fully capable of addressing this issue under existing processes and procedures.

I yield to the Senator from Oregon such time as he may consume.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Mr. President, I strongly urge my colleagues to oppose this amendment. I think we are making substantial progress on this legislation. I believe that in a few minutes Senator MCCAIN and I are going to accept something like seven or eight amendments that have been offered in an effort to try to bring the parties together, and I would like to see us continue to work in this spirit.

Mr. President, and colleagues, I introduced the Internet Tax Freedom Act in March of 1997. Since then, this measure has been one of the most hotly debated measures in this Congress—debated in both the Senate and the House of Representatives. Through the course of this year and a half discussion, never once has this idea been suggested—not in the House nor in the Senate. And the fact of the matter is we are still having important negotiations in order to get at the issue of how long the moratorium ought to be. We are anxious to involve the Senator from Florida in that effort. It would seem to me that our job—just as we have tried to do with the seven or eight amendments which Chairman MCCAIN and I are going to accept in a few minutes—is to continue to do our work in good faith. The Senator from Florida knows that I have gone to considerable lengths to be supportive of his position with respect to what would be studied by the commission in an effort to be responsive to his concerns.

I would like to see us continue those discussions, both with respect to what the commission will study and how long the moratorium ought to be. When we arrive at that point, I and others believe that the commission will do a thoughtful and responsible job. We think they are going to work in good faith. If at any point they indicate that they are unwilling to pursue their duties in that kind of fashion, the U.S. Senate can get back at it.

I think it is important that the Senate reject this amendment and let us continue in the kind of spirit that Chairman MCCAIN and I have shown with respect to the seven or eight amendments that are going to come up very shortly that we have agreed to accept, and let us get this bill on the President's desk.

The President of the United States is for this legislation, the majority leader of this body, TRENT LOTT, is for this legislation, and the minority leader, TOM DASCHLE, has said that he wants to see this bill enacted. I think it is important that we reject this amendment and move forward in good faith to work out the remaining issues.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRAHAM. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 5 minutes 55 seconds. The Senator from Arizona has 4 minutes 52 seconds.

Mr. GRAHAM. Mr. President, I also add my name to the list in favor of the residual purpose of this legislation, which is a pause of sufficient length to allow a serious study of the implications of Internet technology to be a party in the commercial marketplace, and the role of State and local taxation, as well as international and Federal taxation on this new technology. The purpose of that latter point is to achieve stability, predictability and uniformity in a way in which Internet transactions and access is treated and to avoid there being a discriminatory set of policies that are contrary to the development of their important new technology. I believe the Senate Finance Committee bill achieved that proper balance with a 2-year moratorium.

What I am concerned about and what this amendment goes to is for that brief pause not to become a permanent prohibition. For the reasons that I have already cited—the rapidly changing nature of this technology and its application, the potential for a constituency to develop that would convert temporary into permanent, the basic unfairness of having some forms of commerce subject to tax while others are given the benefit of a moratorium, the inappropriateness of the Federal Government preempting appropriate State and local judgments for protracted periods of time—all have led me to suggest that we should add to the 2-year moratorium, as it is currently written, an additional protection, and that is at the end of that moratorium, if there is a proposal to extend further, that it would take a 60-vote margin and an equivalent percentage of votes in the House of Representatives in order to do so.

That would give us some assurance that the objectives that are stated will be achieved, but that this will not become the camel's nose in the tent where eventually the whole body of the camel will be inside the tent. We would be in the position of a permanent prohibition on legal and appropriate policy decisions that have and should be made at the State and local level for the purposes of maintaining not only fair treatment in the marketplace but also the essential resources necessary for State and local governments to carry out their responsibilities in public safety, education and other critical areas.

Mr. President, I urge the adoption of this amendment, which I consider to be wholly consistent with the objectives of this legislation as stated by its sponsors.

The PRESIDING OFFICER. Who yields time?

Mr. MCCAIN. Mr. President, I ask unanimous consent that the vote take place at 5 o'clock.

The PRESIDING OFFICER. Does the Senator from Florida yield back time?

Mr. GRAHAM. How much time do I have remaining?

The PRESIDING OFFICER. Two minutes 42 seconds.

Mr. GRAHAM. Mr. President, I reserve the remainder of my time.

Mr. MCCAIN. I withdraw my unanimous consent request. I yield such time to the Senator from New Hampshire as he may consume.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, I rise to support the position of the chairman of the committee on this issue in opposition to the Senator from Florida.

The proposal which the Senator from Florida is suggesting goes really to the essence of this debate, which is whether or not 30,000 municipalities and State agencies across this country are going to have the right to essentially assess taxes in an arbitrary way on one of the most dynamic vehicles of commerce that has never come forward in the experience of the world. The chaos which those 30,000 municipalities and State agencies would create should they be able to assess that type of taxation on the Internet would be overwhelming. It might totally defeat what has been one of the great engines of economic activity and prosperity which our Nation has enjoyed over the last few years.

It is not a unique situation. We can go all the way back to John Marshall to determine that the Congress has the right to make the decision on the issue of policy relative to taxation in commerce. It was, of course, Chief Justice Marshall who determined that when a ferry was crossing a river between two States that that ferry could not be taxed by the local State if it was going to interfere with interstate commerce.

This concept has carried through our jurisprudence since that time—that the Federal Government reserves the unique right to determine the taxation of commerce.

There is no reason why we should arbitrarily handicap ourselves by creating a supermajority within our own institution to exercise that right, which is what the Senator from Florida is proposing.

Let's continue the policies which have done us so well in the area of tax policy for the last 200 years, which is a majority of the Congress to make a decision as to what tax policy shall be in international trade. Let's not create some artificial barrier for us to jump over as an institution as we try to deal with what is a tremendous real ferry that may be created by having 30,000 municipalities and State agencies across the country assess taxes against the Internet.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRAHAM. Mr. President, I yield 2 minutes to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I may not need the entire 2 minutes, but I rise in support of the amendment offered by the Senator from Florida.

This issue is relatively simple. The whole purpose of a moratorium is to take kind of a time-out and establish a commission and review a series of these issues. But all of us here know how difficult it is going to be when this moratorium, whatever it is, is to expire. We will have people coming here saying this needs to be a perpetual thing; we will continue the moratorium year after year after year. I want this piece of legislation with its moratorium to represent that time-out; to give this country time to make the right decisions. But at that point I want the decisions to be made, and I want the moratorium to be gone. That is what the Senator from Florida is saying. It is a very important amendment.

I hope my colleagues will support this amendment so that we will comply with what I think the true spirit of this legislation really is—a time-out for thoughtful decisions to be made and then business as usual. We don't want permanent preemption of the State's tax base. That is what will happen if we don't decide now that this moratorium will be—whatever it is. I hope it is 3 years.

Mr. GREGG. Will the Senator yield?

Mr. DORGAN. If I have time, I am happy to yield. Of course.

Mr. GREGG. Wouldn't the business as usual be that the majority would take action rather than having a supermajority take place?

Mr. DORGAN. The Senator misunderstood my business-as-usual comment. I was talking about the business as usual allowing a State to describe its own tax base in a fair and thoughtful manner. My fear is that this moratorium will continue forever, unless it becomes what we think it should become—a time-out to make decisions, and then move on.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. MCCAIN. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 2 minutes 5 seconds.

Mr. MCCAIN. I yield the remainder of my time.

The PRESIDING OFFICER. Does the Senator yield the remainder of his time, 29 seconds?

Mr. GRAHAM. I yield the remainder of my time.

Mr. MCCAIN. Mr. President, I move to table the Graham amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arizona. The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Ohio (Mr. GLENN) and the Senator from New York (Mr. MOYNIHAN), are necessarily absent.

The result was announced—yeas 83, nays 15, as follows:

[Rollcall Vote No. 299 Leg.]

YEAS—83

Abraham	Feingold	McConnell
Akaka	Feinstein	Mikulski
Allard	Frist	Moseley-Braun
Ashcroft	Gramm	Murkowski
Baucus	Grams	Murray
Bennett	Grassley	Nickles
Biden	Gregg	Reed
Bingaman	Hagel	Reid
Bond	Harkin	Robb
Boxer	Hatch	Roberts
Brownback	Helms	Rockefeller
Bryan	Hutchinson	Roth
Burns	Hutchison	Santorum
Cambell	Inouye	Sarbanes
Chafee	Jeffords	Sessions
Coats	Johnson	Shelby
Cochran	Kempthorne	Smith (NH)
Collins	Kerrey	Smith (OR)
Coverdell	Kerry	Snowe
Craig	Kohl	Specter
D'Amato	Kyl	Stevens
Daschle	Lautenberg	Thomas
DeWine	Leahy	Thompson
Dodd	Lieberman	Thurmond
Domenici	Lott	Torricelli
Durbin	Lugar	Warner
Enzi	Mack	Wyden
Faircloth	McCain	

NAYS—15

Breaux	Dorgan	Inhofe
Bumpers	Ford	Kennedy
Byrd	Gorton	Landrieu
Cleland	Graham	Levin
Conrad	Hollings	Wellstone

NOT VOTING—2

Glenn	Moynihan

The motion to lay on the table the amendment (No. 3729) was agreed to.

Mr. MCCAIN. 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. MCCAIN. Mr. President, I ask unanimous consent there now be a period of morning business, with Senators permitted to speak up to 5 minutes each until 6:30 p.m.

Mr. BUMPERS. I object.

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

The PRESIDING OFFICER. The Senator from Arizona has the floor.

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

The PRESIDING OFFICER (Mr. SMITH of Oregon). Without objection, it is so ordered.

Mr. MCCAIN. Mr. President, I ask unanimous consent the Senate now move to a Bumper's amendment, with 10 minutes equally divided on either side, followed by a rollcall vote if the Senator from Arkansas wants it; I will make a motion to table; following that, that the Senate then go into morning business, with Senators permitted to speak up to 5 minutes each until 6:30 p.m.

Mr. BUMPERS. I add to that, no second-degree amendments be in order.

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

AMENDMENT NO. 3742

(Purpose: To require persons selling tangible personal property via the Internet to disclose to purchasers that they may be subject to State and local sales and use taxes on the purchases)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for himself, and Mr. GRAHAM, proposes an amendment numbered 3742.

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

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

The amendment is as follows:

At the appropriate place, insert the following new title:

TITLE —CONSUMER PROTECTION TAX DISCLOSURE

SEC. . DISCLOSURE REQUIREMENT.

(a) DISCLOSURE REQUIREMENT.—Any person selling tangible personal property via the Internet who—

(1) delivers such property, or causes such property to be delivered, to a person in another State, and

(2) does not collect and remit all applicable State and local sales taxes pertaining to the sale and use of such property.

shall prominently display the notice described in subsection (b) on every other form available to a purchaser or prospective purchaser.

(b) DISCLOSURE NOTICE.—The notice described in this subsection is as follows:

''NOTICE REGARDING TAXES: You may be required by your State or local government to pay sales or use tax on this purchase. Such taxes are imposed in most States. Failure to pay such taxes could result in civil or criminal penalties. For information on your tax obligations, contact your State taxation department.''

(c) REGULATORY AUTHORITY.—The Secretary of Commerce shall issue and enforce such regulations as are necessary to ensure compliance with this section, including regulations as to what constitutes prominently displaying a notice.

SEC. . PENALTIES.

Any person who willfully fails to include any notice under section ___ shall be fined not more than $100 for each such failure.

SEC. . DEFINITIONS.

For purposes of this title—

(1) the term ''use tax'' means a tax imposed on or incident to the use, storage, consumption, distribution, or other use within a State or local jurisdiction or other area of a State, of tangible personal property,

(2) the term ''local sales tax'' means a sales tax imposed in a local jurisdiction or area of a State and includes, but is not limited to—

(A) a sales tax or in-lieu fee imposed in a local jurisdiction or area of a State by the State on behalf of such jurisdiction or area, and

(B) a sales tax imposed by a local jurisdiction or other State-authorized entity pursuant to the authority of State law, local law, or both,

(3) the term ''person'' means an individual, a trust, estate, partnership, society, association, company (including a limited liability company), or corporation, whether or not acting in a fiduciary or representative capacity, and any combination thereof,

(4) the term ''sales tax'' means a tax, including use tax, that is—

(A) imposed on or incident to the sale, purchase, storage, consumption, distribution, or other use of tangible personal property as may be defined or specified under the laws imposing such tax, and

(B) measured by the amount of the sale price, cost, charge, or other value of or for such property, and

(5) the term ''State'' means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

SEC. . EFFECTIVE DATE.

This title shall take effect 180 days after the date of enactment of this Act. In no event shall this Act apply to any sale occurring before such effective date.

Mr. BUMPERS. Mr. President, this is a very simple amendment. Forty-five States have sales and use taxes on sales of merchandise coming into their State from another State. The problem is, they can't collect it because the people who are buying the merchandise don't know that there is a sales tax on the goods coming in. I think Maine collects about $1 million, and that is probably as much as any State collects.

People are always getting rude surprises. All of a sudden somebody knocks on the door and they say, ''We saw where you just bought $50,000 worth of furniture from North Carolina. You owe sales tax.'' They say, ''The ad said no sales tax.'' ''I don't care what the ad says. There is a North Carolina sales tax on merchandise brought in from out of State.''

My amendment says on Internet sales, if you sell into a State, you must notify people with a short notice that simply says, ''This merchandise may be subject to a sales or use tax in your State.'' You could be subject to a civil penalty or a criminal penalty—something like 100 bucks. If you want to check, you should check with your local revenue department to determine whether or not your State has a tax.

I want every Member in this body to ask this question: Why would you vote against this when your legislature has specifically provided that sale of goods from across the State lines are taxable? If you say they are not taxable, you are flying right into the face of the will of the people in your State who said they should be.

All I am saying, people should not be misled and should be told that when

they buy this merchandise it may be subject to a sales or use tax. It is just that simple. Why wouldn't you? If your State is one of the 45 States that have a tax, why would you not want a company selling goods on the Internet—not mail-order houses on the Internet—why would you not want to tell the customer he may be subject to it, instead of him getting a rude surprise and some auditor knocking on his door?

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Thank you, Mr. President.

I strongly oppose this amendment. This amendment specifically singles out those who sell goods over the Internet for discrimination. It applies to one class of people and that is those who sell goods on the Internet. The amendment would impose on those sellers of goods on the Internet a new requirement that would not be imposed on someone who sells goods over the phone or someone who mails the goods when they get a check.

Now, let's picture the kind of person who is going to be hurt by this amendment. My State, the State of the Presiding Officer of the Senate, has 100,000 home-based businesses. These are some of the most exciting businesses in the country coming up with new products. They are small. They are entrepreneurial. If this amendment passes, those 100,000 home-based businesses in Oregon—and there are thousands and thousands of other home-based businesses across the country in States that we all represent—they, and only they, will be subject to this new requirement.

This amendment seeks to do what the Internet tax freedom bill seeks to prevent. Our legislation is about technological neutrality. We should treat the Internet like we treat everything else. It shouldn't get a preference. It shouldn't be discriminated against. But if you read section (a) of this amendment, you will see that it applies requirements to one class of people, and one class of people only. Those are individuals who sell goods over the Internet.

This is discriminatory. This does what our legislation seeks to prevent. Those who vote for the amendment, in my view, in this Senator's view, are fostering the kind of policy that is going to lead to selective and discriminatory activity against those who sell goods through the World Wide Web.

I yield back my time, Mr. President.

Mr. BUMPERS. Mr. President, I ask unanimous consent that my amendment be expanded to include mail-order catalog sales.

The PRESIDING OFFICER. Is there an objection?

Mr. GREGG. I object.

Mr. BUMPERS. The reason there is an objection is because the Senator from New Hampshire and the Senator from Oregon do not come from the 45 States that have sales taxes.

They are opposed to this because their State is not one of the 45 States that do have a sales or use tax. Secondly, the unanimous consent agreement limits amendments to relevant amendments. If you put mail-order catalog sales in, it is not relevant. That is the reason I confined it to the Internet and asked consent to extend it. That is the reason they objected. They don't have to face a legislature or people back home who passed a sales or use tax on Internet sales coming in from out of State, because their States don't have a sales or use tax. My State does have that use tax, and we would like to collect it. Your revenue departments and your Governors would like to collect it, too.

All I am saying is, Internet sales simply ought to state a simple thing—that the goods you are buying could be subject to a use or sales tax in your State; if you want to know whether it does or not, contact your local revenue department. What is wrong with that? Who can oppose that? The taxes have already been passed by the legislature. It is just that they can't collect it unless they stand at the border and intercept every piece of merchandise that comes through the mail or on the highway. They can't do it.

So all I am saying is, if these 45 States have seen fit to levy taxes on out-of-State sales to make the playing field a little more level with the main street merchants, we ought to give them such help as we can. I am saying they ought to at least advise these people that these purchases might be subject to a use or sales tax.

Mr. President, I am prepared to yield back the remainder of my time if everybody else is, and we will go to a vote.

Mr. GREGG. Mr. President, I move to table the amendment of the Senator from Arkansas and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Arkansas. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Ohio (Mr. GLENN) and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

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

The result was announced—yeas 71, nays 27, as follows:

[Rollcall Vote No. 300 Leg.]

YEAS—71

Abraham	Biden	Burns
Akaka	Bingaman	Campbell
Allard	Bond	Chafee
Ashcroft	Boxer	Coats
Baucus	Brownback	Cochran
Collins	Hutchison	Reid
Coverdell	Jeffords	Robb
Craig	Kempthorne	Roberts
D'Amato	Kerrey	Roth
DeWine	Kerry	Santorum
Dodd	Kohl	Sessions
Domenici	Kyl	Shelby
Enzi	Lautenberg	Smith (NH)
Faircloth	Leahy	Smith (OR)
Feinstein	Lieberman	Snowe
Frist	Lott	Specter
Gramm	Lugar	Stevens
Grams	Mack	Thomas
Grassley	McCain	Thompson
Gregg	McConnell	Thurmond
Hagel	Moseley-Braun	Torricelli
Hatch	Murkowski	Warner
Helms	Murray	Wyden
Hutchinson	Nickles	

NAYS—27

Bennett	Durbin	Johnson
Breaux	Feingold	Kennedy
Bryan	Ford	Landrieu
Bumpers	Gorton	Levin
Byrd	Graham	Mikulski
Cleland	Harkin	Reed
Conrad	Hollings	Rockefeller
Daschle	Inhofe	Sarbanes
Dorgan	Inouye	Wellstone

NOT VOTING—2

Glenn	Moynihan

The motion to lay on the table the amendment (No. 3742) was agreed to.

The PRESIDING OFFICER (Ms. SNOWE). The Senator from Arizona.

UNANIMOUS CONSENT AGREEMENT

Mr. MCCAIN. Madam President, I ask unanimous consent that the Senate remain on S. 442 for the purposes of offering a nonrelevant amendment that has been agreed to by both sides, that the amendment be immediately agreed to, and that the Senate return to morning business under the previous order, except that the time be until 7:30 instead of 6:30, with no intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. DORGAN. Madam President, reserving the right to object. I will not object. My understanding is the amendment that is to be offered has been cleared with the authorizing committee, and we have no problem with the amendment.

Mr. BYRD. Madam President, reserving the right to object.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. I have no intention of objecting. I merely want a little clarification on the time. Will that mean we have to wait until 7:30 and then may have a rollcall vote or so after that?

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Madam President, it is my understanding that there will not be the likelihood of further votes, but we will have to clear that with the majority leader.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Madam President, who has the floor? The Senator from Arizona?

Mr. MCCAIN. I yield the floor.

Mr. LOTT. We are trying to get final clearance on the antinepotism bill. We think there is a probability that we would not have to have a recorded

vote. But that is what we are trying to do right now; we are trying to make sure everybody is satisfied with that. If we could get that cleared, move it on a voice vote, then we would have no further recorded votes tonight. We are not able to announce it at this moment, but we believe within the next 5 or 10 minutes we will be able to make that clear.

I see the Senator from Vermont just came on the floor. He was one of the ones we were wanting to get some information from about the antinepotism bill, being able to take it up, and whether or not a recorded vote was going to be necessary on that.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Madam President, I tell my friend from Mississippi, we discussed, last night, what we were trying to do, as he knows. The Senator from Arizona has been most helpful in trying to help this along, to get the antinepotism bill up, but also have the time to do the Fletcher nomination.

What I understand the Senator from Mississippi and the Senator from Arizona want to do is to get something locked in so we can take care of both those.

There were some who wanted a rollcall vote on the nepotism bill. Is the distinguished leader saying it would be easier for his scheduling if there was not one? I came to this conversation late; I apologize.

Mr. LOTT. I believe it will be better from a scheduling standpoint; therefore, we can advise Members what they can expect for the remainder of the evening and we can get this legislation completed. Then we will be able to go to the Fletcher nomination tomorrow.

Mr. LEAHY. I ask my good friend, the distinguished leader—and we have been friends for a long time—do I detect a hint in that suggestion of being able to tell Members there may not be further votes if we voice vote the nepotism bill?

Mr. LOTT. That was very much an implied hint.

Mr. LEAHY. I think I can tell my friend from Mississippi we can overcome those who are requesting a rollcall vote on this side. But we do want a specific time for a vote on the Fletcher nomination, and I rely on the distinguished leader to work this to a time convenient for scheduling. It is, of course, with the understanding that there will be a time set down for a vote on Mr. Fletcher that we would be able to reach an agreement.

Mr. LOTT. That is my intent, and, as the Senator knows, I had made a commitment earlier we were going to do that. I will keep that commitment. It is my intent to have that vote tomorrow, or the next day at the latest. We will have a vote on that nomination.

I thank Senator KYL also for his effort. I say to all Members, if they will bear with us just another 5 or 10 minutes, we will be able to make it official that we won't have a recorded vote.

I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Madam President, I withdraw my reservation.

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

AMENDMENT NO. 3743

(Purpose: To provide support for certain institutes and schools)

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN], for Mr. FRIST, for himself, Mr. THOMPSON, Mr. DEWINE, Mr. JEFFORDS, Mr. SMITH of Oregon and Mr. WYDEN proposes an amendment numbered 3743.

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

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. MCCAIN. Madam President, I ask unanimous consent to add Senator SMITH of Oregon and Senator WYDEN as original cosponsors of this amendment.

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

Mr. MCCAIN. Madam President, I ask unanimous consent that Senators GREGG and LIEBERMAN be considered original cosponsors of amendment No. 3722.

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

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3743) was agreed to.

Mr. MCCAIN. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MORNING BUSINESS

Mr. MCCAIN. Madam President, according to the previous order, we are in a period for morning business.

The PRESIDING OFFICER. That is correct.

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

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

UNANIMOUS CONSENT AGREEMENT—S. 1892

Mr. LOTT. Madam President, I ask unanimous consent that the majority leader, after consultation with the Democratic leader, may proceed to Calendar No. 381, S. 1892, which is the antinepotism language with regard to judicial appointments, under the following limitations: No amendments in order to the bill, and debate limited on the bill to 15 minutes under the control of Senator KYL and 30 minutes under the control of Senator LEAHY or his designee.

I further ask unanimous consent that following the expiration or yielding back of any debate time, the bill be read the third time and the Senate proceed to a vote on passage, with no intervening action or debate.

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

UNANIMOUS CONSENT AGREEMENT—EXECUTIVE CALENDAR

Mr. LOTT. Madam President, as in executive session, I ask unanimous consent that the majority leader shall, no later than the close of business Thursday, October 8, proceed to executive session for the consideration of Executive Calendar No. 619, the nomination of William Fletcher. I further ask consent there be 90 minutes equally divided between the proponents and opponents of the nomination. I further ask consent that following that debate time, the Senate proceed to a vote on the confirmation of the nomination and, immediately following that vote, Executive Calendar Nos. 803, 804, and 808—that is, H. Dean Buttram, to be U.S. District Judge for the Northern District of Alabama; Inge Johnson, also to be a U.S. District Judge for the Northern District of Alabama; and Robert Bruce King, to be a U.S. Circuit Judge for the Fourth Circuit of West Virginia—and that they be confirmed, the motions to reconsider be laid upon the table, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

Mr. LEAHY. Reserving the right to object. Would the majority leader consider amending that to add that if he were to bring these up on Wednesday—I know the agreement says no later than Thursday—but if he were to bring it up on Wednesday, that would be notwithstanding the provisions of Rule XXII.

Mr. LOTT. I don't see any problem with that. I believe we probably should have asked that. I will amend it to include that.

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

Mr. LOTT. Mr. President, to clarify, we will have not more than 45 minutes of debate on the anti-nepotism bill. There will not be a recorded vote on that, and then not later than Thursday—but hopefully Wednesday—we can move these judicial nominations—the three I mentioned, plus William Fletcher of the Ninth Circuit court. So we have had the last vote for the day, and we will have this debate and perhaps some other wrap-up business. But

there will be no further recorded votes during the day.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Madam President, might I inquire, is it appropriate to begin debate on the subject of the unanimous consent request, S. 1892? And is it correct that the time would be under my control and then Senator LEAHY would have time on the other side?

The PRESIDING OFFICER. Yes, that's the order.

JUDICIAL ANTINEPOTISM ACT

The PRESIDING OFFICER. The clerk will report the bill.

The legislative clerk read as follows:

A bill (S. 1892) to provide that a person closely related to a judge of a court exercising judicial power under article III of the United States Constitution (other than the Supreme Court) may not be appointed as a judge of the same court, and for other purposes.

The Senate proceeded to consider the bill.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, let me thank Senator LEAHY for his cooperation in allowing us to get this bill up at this time and deal with it in an expedited fashion. I will describe briefly the reason for the legislation, what it does. I will ask unanimous consent to submit further remarks for the RECORD.

Under existing law, section 458 of title 28 of the U.S. Code reads: ''No person shall be appointed to, or employed in, any office or duty in any court who is related by affinity or consanguinity within the degree of first cousin to any justice or judge of such court.''

I will read the words that pertain to judges: ''no person shall be appointed . . . to any court who is related . . . to any justice or judge of such court.'' That language seems pretty straightforward on its face—that you can't have relations on the same court, nominated by the President or appointed by the Senate. Notwithstanding that relatively clear language, there has arisen a controversy over whether it means what I suggest it says. The administration has actually interpreted it in a way that could mean that it applies only to employees of the court, not to judges of the court themselves.

This bill clarifies that it applies to both, which I think was both the original intent and the best public policy. I note that the issue has arisen because of the nomination of Professor Fletcher to be a judge on the Ninth Circuit, since his mother sits on the circuit currently. Frankly, most people were not aware of the statute, Madam President. But, in my view, we should not do something that is not permitted under the law. Therefore, while I acknowledge that the administration has raised a question about the interpretation of the statute, I think the statute is pretty clear. This bill makes it crystal clear that it applies to both employees of the court and judges of the court.

In effect, what the legislation would do is to say that on the same court, like the same circuit or the same district court, you would not be able to have a father and son, two brothers, two sisters, that sort of thing. But you could have people related on different circuits or different Federal district courts. For example, you could have a brother in the Fifth Circuit and a brother in the Second Circuit. You could have two sisters serving in different circuits or different districts in the State of Maine, or of the State of Pennsylvania, or of the State of Vermont. But you would not be able to have two close relatives in the very same court.

The public policy reasons for that are fairly obvious. When a litigant is before the court, the litigant wants to know that he or she is being treated fairly. When a relative who is that close to a judge that may have decided a case on a panel of judges is then being called upon to review the decision of that close relative, the litigant clearly is going to have a question as to whether his or her case can be treated fairly. Here is an example: A circuit court judge sits on a panel of three judges who decide against a plaintiff. That case is then given to the en banc panel of the circuit court in which the father, or the brother, or the sister of that judge is also a member of the panel; the litigant might well be a little skeptical that the brother, sister, father, or whoever it is, is going to be treating him fairly, given the fact that the question is whether or not he will overturn the decision of his brother, or his son, or whoever the relative is.

So it is historic that we have tried to avoid that kind of conflict of interest. In most cases, it can be avoided. The kinds of situations in which this will arise are very rare. But since it has arisen in the context of this particular nominee, and since we think we can make the statute crystal clear to apply to both judges and employees, it seemed like a good thing to do.

I have two final points. One, this does not apply to the U.S. Supreme Court. Constitutionally, we have the ability to set the criteria or qualifications for circuit and district courts, but we don't have that ability for the Supreme Court. That is fixed in the Constitution. We could not apply it there.

Secondly, it only applies to nominations made after the effective date of the statute. For those interested in the nomination of Professor Fletcher, this statute or change would not adversely affect his nomination or confirmation by the Senate.

With that explanation, I yield to Senator LEAHY for such comment as he may want to make. I know he is in opposition to the bill.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. LEAHY. I thank my friend from Arizona. As he knows, I have opposition to this bill coming forward. I am not in favor of the bill. It will pass, I understand, but I am not in favor of it. I know of no problem created by the appointment of judges who are from the same family. Indeed, the three historical example of which I am aware lead me to the opposite conclusion. Justice David Brewer served with his uncle Justice Stephen Field on the United States Supreme Court after being appointed by President Harrison in 1890. Learned and his cousin Augustus Hand served together in the Southern District of New York and on the Court of Appeals for the Second Circuit. Richard and Morris Arnold are brothers currently serving on the Court of Appeals for the Eighth Circuit. All served with distinction.

I do not know why the country should be deprived of the judgment and wisdom of someone because a relative proceeded him or her to the bench. We have had relatives serve simultaneously in government before and now. Should one of the LEVIN brothers or HUTCHINSON brothers not serve in Congress? Should one of the Breyer brothers be barred from the federal bench? For that matter, should federal judges be prohibited who are related to Senators who recommend them to the President and then voted for their confirmation?

I believe that S. 1892 is an unnecessary and unwise bill. Moreover, it could lead to appointment barriers against daughters and nieces of current judges. With people living longer and women as well as men having been practicing law and entered public service in the last decades, I fear that the prohibition envisioned by the bill will serve as yet another barrier to keep qualified women from being appointed to the bench. This may be an unintentional consequence of the bill, but a likely consequence nonetheless.

Senator KYL's bill is intended to do what section 458 of title 28, United States Code, does not; namely, prohibit the appointment to a federal court of a relative of a judge already serving on that court. The bill would amend the law to add a prohibition against the appointment of a person to a federal court on which a first cousin or closer relative of that nominee was an active or senior judge.

In 1914 President Woodrow Wilson appointed Augustus Hand to the United States District Court for the Southern District of New York where he joined his distinguished first cousin and close friend Judge Learned Hand. In 1927, President Calvin Coolidge elevated Judge Augustus Hand to the United States Court of Appeals for the Second Circuit, where he rejoined his cousin Judge Learned Hand, who had been elevated three years before. Had the Kyl bill been in force, neither of these appointments would have been in accordance with law.

The service of the Hand cousins on the Second Circuit was central to the development of the law in our Circuit

and to its reputation as the finest federal appellate court in the country.

More recently, just six years ago in 1992, President George Bush appointed Judge Morris Arnold to the United States Court of Appeals for the Sixth Circuit, where he joined his brother Judge Richard Arnold on that court. In our confirmation proceedings, a number of Senators commented favorably on the fact that Judge Arnold was joining his distinguished brother.

When it was a brother being nominated by a Republican President, the familial relationship was seen as a plus, a benefit for the public. Now that we have a Democratic President nominating a son to join a bench that has included his mother, a new danger of possible appearance of conflict of interest is being conjured up as an excuse to delay and oppose confirmation of a distinguished scholar and decent person.

I worry that we are raising something that we don't need to raise. I realize this affects Professor Fletcher's appointment. But I think we may have legislated beyond where we need to legislate.

There are problems with the appointment of judges to the federal judiciary, but nepotism in the appointment of judges does not appear to be one of them. After all, it is the President who nominates and the Senate that consents. If we really wanted to do something about the evils of nepotism, we would prohibit Presidents from nominating their relatives or the Senate from confirming theirs. Other judges, relatives or not, do not have a role in the appointment process.

The bigger problem with respect to the judiciary is the assault on the judiciary by the Republican majority and its unwillingness to work to fill longstanding vacancies with the qualified people being nominated by the President. Professor Fletcher's nomination has been a casualty of the Republican majority's efforts. Forty-one months and two confirmation hearings have not been enough time and examination to bring the Fletcher nomination to a vote.

Professor Fletcher is a fine person and an outstanding nominee has had to endure years of delay and demagoguery as some choose to play politics with our independent judiciary. The Ninth Circuit continues to function with multiple vacancies among its authorized judgeships, although we have five nominees to the Ninth Circuit pending before the Senate for periods ranging from four to 41 months. Two await hearings, one awaits a Committee vote, and two have been on the Senate calendar awaiting final action for many months.

This is too reminiscent of the government shutdown only a couple of years ago and the numerous times of late when the Republican congressional leadership has recessed without completing work on emergency supplemental and disaster relief legislation, on the federal budget, campaign finance reform, comprehensive tobacco legislation, the patient bill of rights and HMO reform.

In his most recent Report on the Judiciary the Chief Justice of the United States Supreme Court warned that vacancies would harm the administration of justice. The Chief Justice of the United States Supreme Court pointedly declared: ''Vacancies cannot remain at such high levels indefinitely without eroding the quality of justice that traditionally has been associated with the federal judiciary.''

Once this bill is acted upon by the Senate, the Senate will finally be allowed to turn its attention to the longstanding nomination of Professor Fletcher. I have said from the outset of Senator KYL's effort that I would not hold up consideration of his bill but that I wanted an opportunity to note my opposition to it and to vote against it. Indeed, it was Senator KYL who held his bill over for a week before it was considered before the Judiciary Committee.

Despite the Committee reporting of the bill on May 21, 1998, the majority did not propose consideration of S. 1892 until Monday of this week, October 5, 1998. I responded without delay that I was prepared, as I had been all along, to enter into a short time agreement to be followed by a vote on the bill. Consistent with that undertaking I have noted my opposition and am prepared to vote.

Madam President, I am willing to yield the remainder of the time and go to a vote.

Mr. KYL. Madam President, I am happy to yield the remainder of my time and am prepared to vote.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1892) was ordered to be engrossed for a third reading, was read the third time, and passed as follows:

S. 1892

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

SECTION 1. LIMITATION ON CLOSELY RELATED PERSONS SERVING AS FEDERAL JUDGES ON THE SAME COURT.

(a) IN GENERAL.—Section 458 of title 28, United States Code, is amended—

(1) by inserting ''(a)(1)'' before ''No person''; and

(2) by adding at the end the following:

''(2) With respect to the appointment of a judge of a court exercising judicial power under article III of the United States Constitution (other than the Supreme Court), subsection (b) shall apply in lieu of this subsection.

''(b)(1) In this subsection, the term—

''(A) 'same court' means—

''(i) in the case of a district court, the court of a single judicial district; and

''(ii) in the case of a court of appeals, the court of appeals of a single circuit; and

''(B) 'member'—

''(i) means an active judge or a judge retired in senior status under section 371(b); and

''(ii) shall not include a retired judge, except as described under clause (i).

''(2) No person may be appointed to the position of judge of a court exercising judicial power under article III of the United States Constitution (other than the Supreme Court) who is related by affinity or consanguinity within the degree of first cousin to any judge who is a member of the same court.''.

(b) EFFECTIVE DATE.—This Act shall take effect on the date of enactment of this Act and shall apply only to any individual whose nomination is submitted to the Senate on or after such date.

Mr. KYL. Madam President, I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

SECTION 371 OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999

Mr. GRASSLEY. Mr. President, I would like to take a moment to clarify one section of the Strom Thurmond National Defense Authorization Act with my colleague, Senator THURMOND.

I want to clarify further the intent of the language in section 371. This section deals with the ability of the children of U.S. Customs employees living in Puerto Rico to attend the Department of Defense school in Puerto Rico. It is my understanding that the Customs Service will not be required to reimburse the Department of Defense for the cost of dependents attending the DOD school in Puerto Rico. Is this the Senator's understanding?

Mr. THURMOND. I appreciate the opportunity to clarify the intent of this provision. The Conference Report authorizes children of Customs Service employees to attend the Department of Defense school in Puerto Rico during the period of their assignment in Puerto Rico. Our intent was to remove the five-year limit on the eligibility for children of non-Department of Defense personnel to attend the DOD school in Puerto Rico since Customs employees are routinely stationed in locations like Puerto Rico longer than five years. The provision does not require the Customs Service to pay tuition costs for these children to attend the DOD school; however, the Secertary of Defense may work with the Secretary of the Treasury to provide reimbursement for the tuition costs for children of Customs Service employees.

Mr. GRASSLEY. That was my understanding as well. I would like to make one additional point which I believe

you just made in your comments. I understand that the intention of the Conference was that the children of all Customs Service employees would be eligible to attend the DOD school in Puerto Rico. The Conferees did not intend to limit this eligibility to a single category of Customs Service employee. The Statement of Managers language in the Conference Report refers to Customs Agents. Some may interpret this to mean that only children of agents were eligible to attend the DOD school.

Mr. THURMOND. The Senator is correct in pointing this out. The term ''agent'' in the Statement of Managers is not used in the technical sense, but was intended to be a generic reference to all Customs Service employees stationed in Puerto Rico.

Mr. GRASSLEY. I thank my colleague for clarifying the intent of this provision.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Monday, October 5, 1998, the federal debt stood at $5,527,218,225,445.49 (Five trillion, five hundred twenty-seven billion, two hundred eighteen million, two hundred twenty-five thousand, four hundred forty-five dollars and forty-nine cents).

Five years ago, October 5, 1993, the federal debt stood at $4,407,913,000,000 (Four trillion, four hundred seven billion, nine hundred thirteen million).

Ten years ago, October 5, 1988, the federal debt stood at $2,621,612,000,000 (Two trillion, six hundred twenty-one billion, six hundred twelve million).

Fifteen years ago, October 5, 1983, the federal debt stood at $1,385,519,000,000 (One trillion, three hundred eighty-five billion, five hundred nineteen million).

Twenty-five years ago, October 5, 1973, the federal debt stood at $458,006,000,000 (Four hundred fifty-eight billion, six million) which reflects a debt increase of more than $5 trillion—$5,069,212,225,445.49 (Five trillion, sixty-nine billion, two hundred twelve million, two hundred twenty-five thousand, four hundred forty-five dollars and forty-nine cents) during the past 25 years.

NATIONAL HISTORIC SITE STUDY ACT OF 1998

Mr. CAMPBELL. Mr. President, Tuesday, October 6, 1998, will always hold a spot dear to my heart. I hope that today will also be dear to the hearts of the Cheyenne and Arapaho people, dear to Coloradans, and dear to Americans everywhere.

Today, S. 1695, the Sand Creek Massacre National Historic Site Study Act of 1998, a bill I was proud to introduce, was signed into law at a special White House ceremony. Under this new law, our nation takes a major step toward honoring the memory of the many innocent Cheyenne and Arapahoe people massacred there by instructing the National Park Service to locate the site of the Sand Creek Massacre once and for all.

Somewhere along the banks of Sand Creek in Southeastern Colorado is a killing field where many innocent Cheyenne and Arapaho, many of my ancestors, fell on the cold morning of November 29, 1864. On that day, in the month known by the Cheyenne and Arapaho people as the Month of the Freezing Moon, this ground was sanctified when the blood of hundreds of innocent Cheyenne and Arapaho women, children and elderly noncombatants was needlessly and brutally spilt.

Once this sacred ground is located, I hope it will be acquired and preserved with honor and dignity and in a way that takes into account the concerns of the Cheyenne and Arapaho decedents of those who died there. This ground should also be open to all people as a reminder of the national tragedy that occurred at Sand Creek.

On this special day, I would like to take a moment to thank a few people who helped S. 1695 become law. I want to thank my colleague from Colorado, Congressman BOB SCHAFFER, who introduced the companion bill and shepherded this legislation through the House of Representatives. I also want to thank Senator CRAIG THOMAS, who as the Chairman of the National Parks Subcommittee, was gracious and helpful in getting this bill through the Senate.

I especially want to thank my friends William Walksalong, Steve Brady and Laird Cometsevah, who all spoke with such eloquence as witnesses during the March 24th, 1998, hearing on S. 1695, that many in the room, including myself, were deeply moved. I also want to thank LaForce Lonebear who sent in his testimony even though he could not attend the hearing. Finally, I want to thank David Halaas of the Colorado State Historical Society and Roger Walke of the Congressional Research Service for their dedication along the way.

Many of these and other friends joined me at the White House earlier today as S. 1695 was signed into law.

Finally, on this occasion I want to pay a long overdue tribute to one young Coloradan, Captain Silas S. Soule, whose actions over one hundred and thirty years ago saved many innocent Cheyenne and Arapaho lives on that fateful day at Sand Creek.

When Captain Soule, who was under Colonel Chivington's command, heard of Chivington's plan to attack a peaceful Cheyenne and Arapaho winter encampment at Sand Creek, he vigorously tried to persuade Chivington to abandon the plan. However, Colonel Chivington, who was known to say ''Nits make Lice'' as a justification for killing innocent Cheyenne and Arapaho women and children, could not be dissuaded.

When Chivington ordered his men to attack the peaceful Sand Creek encampment, the vast majority of which were women, children, and elderly noncombatants, Captain Soule steadfastly refused to order his Company to open fire. Captain Soule's refusal allowed many, perhaps hundreds, of innocent Cheyenne and Arapaho to flee the bloody killing field through his Company's line.

While the Sand Creek Massacre was at first hailed as a great victory, Captain Soule was determined to make the horrific truth of the massacre known. Even though he was jailed, intimidated, threatened, and even shot at, Soule refused to compromise himself and made his voice heard through reports that reached all the way from Colorado to Washington, and even to the floor of the U.S. Senate. Even with the bloody carnage of the Civil War, the brutal atrocities at Sand Creek shocked the nation.

During hearings in Denver, Captain Soule's integrity and unwavering testimony turned the tide against the once popular Chivington and the other men who participated in the massacre and mutilations at Sand Creek. Captain Soule fully realized that telling the truth about the massacre could cost him his life, even telling a good friend that he fully expected to be killed for his testimony. He was right. Walking home with his new bride a short time later, Silas Soule was ambushed and shot in the head by an assassin who had participated in the Sand Creek Massacre. Silas Soule's funeral, held just a few weeks after his wedding, was one of the most attended in Denver up until that time.

While Captain Silas Soule's name has largely faded into history, he stands out as one of the few bright rays of light in the moral darkness that surrounds the Sand Creek Massacre. He should be remembered.

Thank you, Mr. President. I yield the floor.

MESSAGES FROM THE HOUSE

At 11:55 a.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 563, An act to establish a toll free number in the Department of Commerce to assist consumers in determining if products are American-made.

H.R. 633. An act to amend the Foreign Service Act of 1980 to provide that the annuities of certain special agents and security personnel of the Department of State be computed in the same way as applies generally with respect to Federal law enforcement officers, and for other purposes.

H.R. 1756. An act to amend chapter 53 of title 31, United States Code, to require the development and implementation by the Secretary of the Treasury of a national money laundering and related financial crimes strategy to combat money laundering and related financial crimes, and for other purposes.

H.R. 1833. An act to amend the Indian Self-Determination and Education Assistance Act to provide for further self-governance by Indian tribes, and for other purposes.

H.R. 2370. An act to amend the Organic Act of Guam to clarify local executive and legislative provisions in such Act, and for other purposes.

H.R. 2742. An act to provide for the transfer of public lands to certain California Indian Tribes.

H.R. 2943. An act to amend title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes.

H.R. 3864. An act to designate the post office located at 203 West Paige Street, in Tompkinsville, Kentucky, as the ''Tim Lee Carter Post Office Building.''

H.R. 4000. An act to designate the United States Postal Service building located at 400 Edgmont Avenue, Chester, Pennsylvania, as the ''Thomas M. Foglietta Post Office Building.''

H.R. 4001. An act to designate the United States Postal Service building located at 2601 North 16th Street, Philadelphia, Pennsylvania, as the ''Roxanne H. Jones Post Office Building.''

H.R. 4005. An act to amend titles 18 and 31, United States Code, to improve methods for preventing money laundering and other financial crimes, and for other purposes.

H.R. 4148. An act to amend the Export Apple and Pear Act to limit the applicability of the act to apples.

H.R. 4280. An act to provide for greater access to child care services for Federal Employees.

H.R. 4647. An act to amend the Agricultural Trade Act of 1978 to require the President to report to Congress on any selective embargo on agricultural commodities, to provide a termination date for the embargo, to provide greater assurances for contract sanctity, and for other purposes.

H.R. 4655. An act to establish a program to support a transition to democracy in Iraq.

The message also announced that the House has passed the following bill, without amendment.

S. 314. An act to provide a process for identifying the functions of the Federal Government that are not inherently governmental functions, and for other purposes.

The message further announced that the House agrees to the amendments of the Senate bill (H.R. 930) to require Federal employees to use Federal travel charge cards for all payments of expenses of official Government travel, to amend title 31, United States Code, to establish requirements for prepayment audits of Federal agency transportation expenses, to authorize reimbursement of Federal agency employees for taxes incurred on travel or transportation reimbursements, and to authorize test programs for the payment of Federal employee travel expenses and relocation expenses.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 1702) to encourage the development of a commercial space industry in the United States, and for other purposes, with an amendment, in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the amendments of the Senate to the bill (H.R. 1836) to amend chapter 89 of title 5, United States Code, to improve administration of sanctions against unfit health care providers under the Federal Employees Health Benefits Program, and for other purposes.

The message also announced that pursuant to clause 6(f) of rule X, the Chair removes Mr. CASTLE and Mr. SOUDER, as conferees on the bill (S. 2073) to authorize appropriations for the National Center for missing and Exploited Children, and appoints Mr. RIGGS and Mr. GREENWOOD, to fill the vacancies thereon.

ENROLLED BILLS SIGNED

At 12:08 p.m., a message from the House of Representatives, delivered by Mr. Hanrahan one of its reading clerks, announced that the Speaker has signed the following enrolled bills.

S. 414. An act to amend the Shipping Act of 1984 to encourage competition in international shipping and growth of United States exports, and for other purposes.

H.R. 3007. An act to establish the Commission on the Advancement of Women and Minorities in Sciences, Engineering, and Technology Development Act.

H.R, 4068. An act to make certain corrections in laws relating to Native Americans, and for other purposes.

The enrolled bills were signed subsequently by the President pro tempore (Mr. THURMOND).

MESSAGES FROM THE HOUSE RECEIVED DURING RECESS

Under the authority of the order of the Senate of January 7, 1997, the Secretary of the Senate, on October 6, 1998, during the recess of the Senate, received a message from the House of Representatives announcing that House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4194) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1999, and for other purposes.

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 5:57 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 4101. An act making appropriations for Agriculture, Rural Development, Food and Drug Administrations, and Related Agencies programs of the fiscal year ending September 30, 1999, and for other purposes.

H.R. 4103. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1999, and for other purposes.

The enrolled bills were signed subsequently by the President pro tempore (Mr. THURMOND).

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on October 6, 1998, he had presented to the President of the United States, the following enrolled bill:

S. 414. An act to amend the Shipping Act of 1984 to encourage competition in international shipping and growth of United States exports, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THOMPSON, from the Committee on Governmental Affairs, with an amendment in the nature of a substitute:

S. 1404: A bill to establish a Federal Commission on Statistical Policy to study the reorganization of the Federal statistical system, to provide uniform safeguards for the confidentiality of information acquired for exclusively statistical purposes, and to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records among designated agencies for statistical purposes under strong safeguards (Rept. No. 105–367).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources: Report to accompany the bill (S. 2117) to authorize the construction of the Perkins County Rural Water System and authorize financial assistance to the Perkins County Rural Water System, Inc., a nonprofit corporation, in the planning and construction of the water supply system, and for other purposes (Rept. No. 105–368).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources: Report to accompany the bill (S. 744) to authorize the construction of the Fall River Water Users District Rural Water System and authorize financial assistance to the Fall River Water Users District, a non-profit corporation, in the planning and construction of the water supply system, and for other purposes (Rept. No. 105–369).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources: Report to accompany the bill (S. 736) to convey certain real property within the Carlsbad Project in New Mexico to the Carlsbad Irrigation District (Rept. No. 105–370).

By Mr. HATCH, from the Committee on the Judiciary: Report to accompany the bill (S. 2151) to clarify Federal law to prohibit the dispensing or distribution of a controlled substance for the purpose of causing, or assisting in causing, the suicide, euthanasia, or mercy killing of any individual (Rept. No. 105–371).

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 2238: A bill to reform unfair and anticompetitive practices in the professional boxing industry (Rept. No. 105–371).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 2402: A bill to direct the Secretary of Agriculture to convey certain lands in San Juan County, New Mexico, to San Juan College.

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with amendments and an amendment to the title:

S. 2413: A bill to provide for the development of a management plan for the Woodland Lake Park tract in Apache-Sitgreaves National Forest in the State of Arizona reflecting the current use of the tract as a public park.

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

S. 2458: A bill to amend the Act entitled ''An Act to provide for the creation of the Morristown National Historical Park in the State of New Jersey, and for other purposes'' to authorize the acquisition of property known as the ''Warren Property.''

S. 2513: A bill to transfer administrative jurisdiction over certain Federal land located within or adjacent to Rogue River National Forest and to clarify the authority of the Bureau of Land Management to sell and exchange other Federal land in Oregon.

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources:

David Michaels, of New York, to be an Assistant Secretary of Energy (Environment, Safety and Health).

Rose Eilene Gottemoeller, of Virginia, to be an Assistant Secretary of Energy (Non-Proliferation and National Security).

By Mr. SPECTER, from the Committee on Veterans' Affairs:

Eligah Dane Clark, of Alabama, to be Chairman of the Board of Veterans' Appeals for a term of six years.

Edward A. Powell, Jr., of Virginia, to be an Assistant Secretary of Veterans Affairs (Management).

Leigh A. Bradley, of Virginia, to be General Counsel, Department of Veterans' Affairs.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' 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 time by unanimous consent, and referred as indicated:

By Mr. GRAMS:

S. 2552. A bill to reform Social Security by creating personalized retirement accounts, and for other purposes; to the Committee on Finance.

By Mr. BYRD:

S. 2553. A bill to amend the Safe and Drug-Free Schools and Communities Act of 1994 to provide for the establishment of school violence prevention hotlines; to the Committee on Labor and Human Resources.

By Mr. DEWINE:

S. 2554. A bill to amend Public Law 90–419 to repeal a limitation on the consent of Congress to the Great Lakes Basin Compact; to the Committee on the Judiciary.

By Mr. DASCHLE:

S. 2555. A bill to deauthorize the Blunt Reservoir feature of the Oahe Irrigation Project, South Dakota, and direct the Secretary of the Interior to convey certain parcels of land acquired for the reservoir to the Commission of Schools and Public Lands of the State of South Dakota, on the condition that the current preferential leaseholders shall have an option to purchase the parcels from the Commission; to the Committee on Energy and Natural Resources.

By Mr. DEWINE:

S. 2556. A bill to amend the Internal Revenue Code of 1986, the Social Security Act, the Wagner-Peyser Act, and the Federal-State Extended Unemployment Compensation Act of 1970 to improve the method by which Federal unemployment taxes are collected and to improve the method by which funds are provided from Federal unemployment tax revenue for employment security administration, and for other purposes; to the Committee on Finance.

By Mr. SPECTER (for himself and Mr. SANTORUM):

S. 2557. A bill to authorize construction and operation of the Valley Forge Museum of the American Revolution at Valley Forge National Historical Park, and for other purposes; to the Committee on Environment and Public Works.

By Mrs. MURRAY (for herself and Mr. WELLSTONE):

S. 2558. A bill to provide economic security for battered women, and for other purposes; to the Committee on the Judiciary.

By Mr. REED:

S. 2559. A bill to provide for certain inspections with respect to small farms; to the Committee on Labor and Human Resources.

By Mr. BREAUX (for himself and Mr. COCHRAN):

S. 2560. A bill to authorize electronic issuance and recognition of migratory bird hunting and conservation stamps; to the Committee on Environment and Public Works.

By Mr. NICKLES (for himself and Mr. BRYAN):

S. 2561. A bill to amend the Fair Credit Reporting Act with respect to furnishing and using consumer reports for employment purposes; considered and passed.

By Mr. DODD (for himself, Mr. DASCHLE, and Mr. WELLSTONE):

S. 2562. A bill to amend title XVIII of the Social Security Act to extend for 6 months the contracts of certain managed care organizations under the medicare program; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MCCONNELL:

S. Res. 288. A resolution authorizing the printing of the Report of the Task Force on Economic Sanctions; to the Committee on Rules and Administration.

By Mr. LAUTENBERG (for himself, Mr. HATCH, Mr. GRAHAM, Mr. GRASSLEY, Mr. HELMS, Mrs. BOXER, Mr. BINGAMAN, and Mr. MACK):

S. Con. Res. 124. A concurrent resolution expressing the sense of Congress regarding the denial of benefits under the Generalized System of Preferences to developing countries that violate the intellectual property rights of United States persons, particularly those that have not implemented their obligations under the Agreement on Trade-Related Aspects of Intellectual Property; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DASCHLE:

S. 2555. A bill to deauthorize the Blunt Reservoir feature of the Oahe Irrigation Project, South Dakota, and direct the Secretary of the Interior to convey certain parcels of land acquired for the reservoir to the Commission of Schools and Public Lands of the State of South Dakota, on the condition that the current preferential leaseholders shall have an option to purchase the parcels from the Commission; to the Committee on Energy and Natural Resources.

THE BLUNT RESERVOIR LAND TRANSFER ACT

Mr. DASCHLE. Mr. President, today, I am introducing legislation to restore to the original owners and operators, the Blunt Reservoir lands in Sully County, South Dakota. The time has come for Congress finally to return these lands to those who owned them and worked them before they were acquired for the Oahe project. It is clear the lands will never be used for their intended purpose and it makes no sense for the Bureau of Reclamation to continue to manage them with the expectation that someday this project ever will be constructed.

The history of this project has been one of contention and debate within South Dakota and the federal government. One of the promises made to South Dakota when the Pick-Sloan dams were authorized was that we would be compensated for hosting the dams with the development of abundant irrigation. The centerpiece of that promise was the Oahe Irrigation project, which was to have expanded the agricultural potential of central South Dakota. In anticipation of constructing the Oahe Irrigation project, the Bureau of Reclamation acquired about 25,000 acres of land in Sully County to be used as a reservoir to store water for the irrigation project and for a canal from Pierre to carry the water. Despite taking this initial step, the project became very controversial and, as a result, has never been built. Consequently, instead of constructing the Blunt Reservoir feature of the project, the Bureau of Reclamation has leased these lands to the original owners and operators on a preferential basis and to others on a non-preferential basis, while waiting to see if Congress and the Administration would ever provide the funding necessary to build the project.

What has become clear during that time is that the Blunt Reservoir feature of the Oahe project never will be completed. It is senseless to continue to ask the Bureau of Reclamation to manage these lands. We should recognize this fact and take the steps necessary to return the lands to the county tax rolls by restoring them to their former owners and operators.

Those who have sacrificed their lands to this ill-fated project should no longer be forced to live with the uncertainty of wondering if they will be forever renting the lands they once owned. One farmer whose family owned Blunt Reservoir land for four generations recently visited me in Washington and told me that under their current circumstances there is little incentive to invest in improving the land. Without the security of ownership, farmers feel more like hired hands than permanent stewards. At times like these, when the very act of

farming is a precarious pursuit, we should pursue every means of providing stability to our producers.

That is why today I am introducing legislation to deauthorize the Blunt Reservoir feature of the Oahe Irrigation Project in South Dakota, and to transfer to the South Dakota School and Public Lands Commission the preferentially-leased lands. The Commission, in turn, will be required to offer the lands for sale to the original landowners or operators, or their heirs. The legislation also will transfer to the South Dakota Game, Fish and Parks Department the lands associated with this project that are currently leased on a non-preferential basis. The Department will use the lands to help mitigate the wildlife habitat that was inundated by the Pick-Sloan project.

Under my legislation, the preferential lessees will be able to purchase the Blunt Reservoir lands they currently are leasing for cash, at a 10% discount from the assessed value, or for a contract-for-deed at the full assessed value. The land also could be purchased with a contract-for-deed if the purchaser makes a down payment of 20% of the value of the land, and pays the balance over 30 years at 3% interest per year. Existing preferential lessees would have 10 years from the date of enactment to decide to purchase the lands, during which time they could continue to lease the lands from the School and Public Lands Commission at the current lease rates. Money gained from the sale of these lands by the School and Public Lands Commission will support education in South Dakota, which has been adversely affected by the replacement of property tax revenue with the perennially inadequate federal payments-in-lieu-of-taxes for these lands and for the Pick-Sloan project lands. It is my hope that in the near future, similar legislation can be developed for the lessees using the Pierre Canal lands that addresses their objectives to purchase the land and the objectives of those who hope to maintain the option of someday developing an irrigation project for the area.

Thank you, Mr. President, for the opportunity to present this legislation to the Senate. I urge my colleagues to join me in supporting its enactment. I ask unanimous consent that the full text of the bill appear in the RECORD.

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

S. 2555

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

SECTION 1. DEAUTHORIZATION OF THE BLUNT RESERVOIR FEATURE OF THE OAHE IRRIGATION PROJECT, SOUTH DAKOTA; CONVEYANCE.

(a) DEFINITIONS.—In this section:

(1) BLUNT RESERVOIR FEATURE.—The term ''Blunt Reservoir feature'' means the Blunt Reservoir feature of the Oahe Irrigation Project authorized by section 9 of the Act of December 22, 1944 (58 Stat. 891, chapter 665), as part of the Pick-Sloan Missouri River Basin Program.

(2) COMMISSION.—The term ''Commission'' means the Commission of Schools and Public Lands of the State of South Dakota.

(3) PREFERENTIAL LEASEHOLDER.—The term ''preferential leaseholder'' means a leaseholder of a parcel of land who is—

(A) the person from whom the Secretary purchased the parcel for use in connection with the Blunt Reservoir feature;

(B) the original operator of the parcel at the time of acquisition; or

(C) a descendant of a person described in subparagraph (A) or (B).

(4) PREFERENTIAL LEASE PARCEL.—The term ''preferential lease parcel'' means a parcel of land that—

(A) was purchased by the Secretary for use in connection with the Blunt Reservoir feature; and

(B) is under lease to a preferential leaseholder as of the date of enactment of this Act.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior, acting through the Commissioner of Reclamation.

(b) DEAUTHORIZATION.—The Blunt Reservoir feature is deauthorized.

(c) CONVEYANCE.—The Secretary shall convey all of the preferential lease parcels to the Commission, without consideration, on the condition that the Commission honor the purchase option provided to preferential leaseholders under subsection (d).

(d) PURCHASE OPTION.—

(1) IN GENERAL.—A preferential leaseholder shall have an option to purchase from the Commission the preferential lease parcel that is the subject of the lease.

(2) TERMS.—A preferential leaseholder may elect to purchase a parcel on 1 of the following terms:

(A) Cash purchase for the amount that is equal to—

(i) the value of the parcel determined under paragraph (4); minus

(ii) 10 percent of that value.

(B) Installment purchase, with 20 percent of the value of the parcel determined under paragraph (4) to be paid on the date of purchase and the remainder to be paid over 30 years at 3 percent annual interest.

(3) OPTION EXERCISE PERIOD.—

(A) IN GENERAL.—A preferential leaseholder shall have until the date that is 10 years after the date of the conveyance under subsection (c) to exercise the option under paragraph (1).

(B) CONTINUATION OF LEASES.—Until the date specified in subparagraph (A), a preferential leaseholder shall be entitled to continue to lease from the Commission, under the same terms and conditions as under the lease as in effect as of the date of conveyance, the parcel leased by the preferential leaseholder.

(4) VALUATION.—

(A) IN GENERAL.—The value of a preferential lease parcel shall be determined to be, at the election of the preferential leaseholder—

(i) the amount that is equal to 110 percent of the amount that is equal to—

(I) the number of acres of the preferential lease parcel; multiplied by

(II) the amount of the per-acre assessment of adjacent parcels made by the Director of Equalization of the county in which the preferential lease parcel is situated; or

(ii) the amount of a valuation of the preferential lease parcel for agricultural use made by an independent appraiser.

(B) COST OF APPRAISAL.—If a preferential leaseholder elects to use the method of valuation described in subparagraph (A)(ii), the cost of the valuation shall be paid by the preferential leaseholder.

(e) CONVEYANCE OF NONPREFERENTIALLY LEASED PARCELS.—The Secretary shall convey to the South Dakota Department of Game, Fish, and Parks the Blunt Reservoir parcels that are leased on a nonpreferential basis. These lands shall be used by the South Dakota Department of Game, Fish, and Parks for the purpose of mitigating the wildlife habitat that was lost as a result of the development of the Pick-Sloan project.

By Mr. DEWINE:

S. 2556. A bill to amend the Internal Revenue Code of 1986, the Social Security Act, the Wagner-Peyser Act, and the Federal-State Extended Unemployment Compensation Act of 1970 to improve the method by which Federal unemployment taxes are collected and to improve the method by which funds are provided from Federal unemployment tax revenue for employment security administration, and for other purposes; to the Committee on Finance.

EMPLOYMENT SECURITY FINANCING ACT OF 1998

● Mr. DEWINE. Mr. President, today I introduce the Employment Security Financing Act of 1998, a bill which seeks to reform the unemployment insurance program by giving states greater control over the management of their unemployment insurance system.

Specifically, under this legislation, beginning January 1, 2000, states would begin to collect Federal unemployment taxes, or ''FUTA taxes,'' in addition to the state unemployment taxes that they currently collect. The legislation also repeals the ''temporary'' 0.2 percent FUTA surtax in 2004, restructures the accounts in the Unemployment Trust Fund and reduces paperwork for employers. Most importantly, this legislation will return to the states the funding necessary to effectively operate their employment security systems and services.

Reform of the unemployment insurance program is essential to a state like Ohio which receives less than 39 cents of each employer FUTA dollar. This shortfall in funding has led to the closing of 22 local employment service offices during the past four years. In order to make up for the shortfall of FUTA dollars, the Ohio legislature has appropriated more than $50 million during the last four years to pay for employment services, something that should be funded by FUTA dollars. This appropriation of state tax dollars forces Ohio taxpayers to pay twice to fund unemployment services.

Ohio is not alone—since 1990, less than 59 cents of every employer FUTA tax dollar has been returned to the states for funding employment security. As a result, $2 billion sits in Federal accounts rather than being used as it was intended—to help put people back to work.

This is an important issue that Congress needs to consider. While this legislation obviously will not be considered before adjournment, I look forward to working with Representative CLAY SHAW, the House sponsor of this bill, on legislation that can meet the budget rules, yet still achieve necessary reform of the unemployment insurance program.●

By Mr. SPECTER (for himself and Mr. SANTORUM):

S. 2557. A bill to authorize construction and operation of the Valley Forge Museum of the American Revolution at Valley Forge National Historical Park, and for other purposes; to the Committee on Environment and Public Works.

VALLEY FORGE MUSEUM OF THE AMERICAN REVOLUTION ACT OF 1998

● Mr. SPECTER. Mr. President, today I introduce the Valley Forge Museum of the American Revolution Act of 1998, which authorizes the Secretary of Interior to enter into an agreement with the private, non-profit Valley Forge Historical Society to construct and operate this museum and visitor center within the boundaries of Valley Forge National Historical Park.

I have worked closely with Congressman WELDON on this legislation, and the Valley Forge Museum of the American Revolution Act included in the Omnibus National Parks and Public lands Act currently being considered in the House of Representatives.

This museum will combine the holdings of the Valley Forge National Historical Park and the Valley Forge Historical Society, making it the largest collection of Revolutionary War era artifacts in the world. The Valley Forge Historical Society, established in 1918, has a long history of service to the park, and has amassed one of the best collections of artifacts, art, books, and documents relating to the 1777–1778 encampment of George Washington's Continental Army at Valley Forge, the American Revolution, and the American colonial era. Their collection is currently housed in a facility that is inadequate to properly maintain, preserve, and display the Society's ever-growing collection. Construction of a new facility will rectify this situation.

This project is supported by local officials, and a new facility is part of Valley Forge National Historical Park's General Management Plan, which has identified inadequacies in the park's current visitor center and calls for the development of a new or significantly renovated museum and visitor center. The museum will educate an estimated 500,000 visitors a year about the critical events surrounding the birth of our nation. Currently, there is no museum in the United States dedicated to the American Revolution, and I believe it is important that Congress provide the authorization to bring this worthwhile project to fruition.

This legislation authorizes the Valley Forge Historical Society to operate the museum in cooperation with the Secretary of Interior. This project will directly support the historical, educational, and interpretive activities and needs of Valley Forge National Historical Park and the Valley Forge Historical Society while combining two outstanding museum collections.

Mr. President, this legislation holds enormous potential for visitors, scholars, and researchers to the park. I therefore urge my colleagues to support this bill.●

By Mrs. MURRAY (for herself and Mr. WELLSTONE):

S. 2558. A bill to provide economic security for battered women, and for other purposes; to the Committee on the Judiciary.

BATTERED WOMEN'S ECONOMIC SECURITY ACT

● Mrs. MURRAY. Mr. President, today, Senator WELLSTONE and I are introducing the Battered Women's Economic Security Act. This legislation was developed in order to address the numerous economic obstacles facing victims of domestic and family violence as they try to escape this violence.

I know that Senator WELLSTONE joins me in applauding Senator BIDEN's efforts in crafting legislation to reauthorize the Violence Against Women Act programs. Senator BIDEN developed a bipartisan bill to build on the success of VAWA and expand those programs aimed at the immediate needs of victims of domestic violence.

The legislation we are introducing today takes the next step. As a result of VAWA and the increased federal commitment to addressing the domestic violence crisis, we now have an infrastructure in place that helps the community respond to this violence. VAWA has been a success in helping local law enforcement, and the courts, prosecute those who batter and abuse women. VAWA provides a strong law enforcement component as well as services to provide immediate and emergency assistance to victims. But, the road to recovery is much longer and much harder because of economic barriers.

As I learned last year in my efforts to maintain a safety net for victims of family violence, often times it is basic economics that trap women and children in violent homes and relationships. Economic barriers threaten the success of VAWA and work to maintain the threat of violence.

We all know the cost of domestic and family violence. But, there is a much greater cost to the community that is often overlooked. How many police officers have been caught in the cross fire when responding to domestic and family violence calls? How many innocent children grow up in a violent home and bring this violence into the classroom or future relationships? We have made a commitment to ending domestic violence, however, in order to succeed we must tear down the economic barriers.

We have insurance policies that discriminate against victims of domestic violence. Some insurance companies think that victims of domestic violence are engaging in high risk behavior similar to a race car driver or sky diver. Life, homeowners, auto and health insurance are essential elements of economic security. Eliminating this protection for victims of domestic violence threatens their ability to achieve economic independence. It also discourages women from coming forward and reporting this violence and abuse for fear that their insurance company will use it against them.

Don't let anyone tell you this does not happen. I can give many examples of insurance discrimination faced by victims of domestic violence. Just ask Kaddas Bolduc from Washington, whose estranged husband burned down her home. Her insurance company refused to honor her homeowner's policy as they decided this was not arson, but a violent response to the break up of a relationship. Her husband had been released from jail shortly before the fire. She was told that she had no claim and no way to rebuild her home. I would have to say that this is a serious economic barrier that must come down.

I have met with many domestic violence advocates in Washington and have listen to their concerns about finding long term security for victims. I have heard horror stories about the lack of affordable housing or the inability of victims to secure safe housing. Many landlords refuse to rent to a victim for fear that the violence will follow her. Many women do not have a lease or mortgage in their name. They have no real credit history and certainly cannot prove that they were reliable tenants. As a result they have a difficult time finding housing. Shelters are simply temporary solutions and in many communities the need far outweighs the availability of emergency shelter space.

We need to expand Section 8 opportunities for victims of domestic violence in order to ensure that they can find long term housing. A safe, affordable home is often a goal that many battered women are unable to achieve. Many women end up back in violent homes or relationships as they have no where else to go. In order to end domestic and family violence we must provide greater housing assistance and opportunities to those who have suffered this violence.

Currently, there are many barriers to work for victims of domestic violence. Safe, affordable child care would be the greatest barrier and I believe the bonus provisions included in this bill will provide the incentives to the states to address this problem. We need to expand child care options and benefits for victims of domestic violence, but we cannot do it at the expense of other low income women an families struggling to stay off of welfare. I believe we need to work with the states in addressing the unique needs of victims of domestic violence.

Unfortunately, the violence can follow women into the work place which jeopardizes their health and safety as well as their job. Many women are unable to take leave to seek relief in the courts. They do not have the luxury of taking time off to file for a restraining order or to testify against their abuser. They cannot take sick leave to seek medical attention or treatment. Many employers simply do not offer or provide the flexibility that these women

need. Included in this legislation we are introducing today is the Employment Protection for Battered Women introduced by Senator WELLSTONE. I believe these provisions will help battered women maintain their jobs without jeopardizing their safety.

But when the threat of violence becomes so great as to jeopardize the woman and her coworkers she must be able to leave the job immediately. Unfortunately, many states refuse to allow these women the ability to collect unemployment compensation as they rule that she left on her own accord. However, many women are forced to leave a job and should not be penalized because they are being harassed and have been subjected to abuse in the past. Our legislation includes provisions that would allow a victim of domestic violence to collect unemployment compensation when they are forced to leave their job due to the thereat of continued violence.

I have also heard first hand from advocates who have been working with women in an effort to change their Social Security number in order to flee a violent abuser. It is impossible to secure employment without giving out one's Social Security number. It is impossible to rent an apartment or even establish credit without a Social Security number. Yet giving out this number can make it easier for an abusive husband or boyfriend to track a woman down. The ability to change their Social Security number becomes the difference between economic dependency and economic independence. Yet it is easier to change one's number based on superstition than it is because one is trying to flee a violent relationship.

The Office of Victims Advocacy at the Washington State AG's office told me that it can take as long as six months to change a Social Security number and that is in a case where there was a clear need to change the victim's identity. But, in most cases it takes more than 12 months and for some it may never happen. The Social Security Administration must work to correct this threat. Included in our legislation is a requirement that the Social Security Administration expedite requests from victims of domestic violence for a change in their Social Security number in order to achieve economic independency faster and safer.

The legislation is the result of months of drafting and working with domestic violence advocactes to address the many economic barriers facing victims. In working to strengthen the Family Violence Option in welfare reform, I became painfully aware of the barriers that punitive welfare reform provisions had created. But I realized that this was only one of many barriers.

VAWA took the first step in dedicating federal resources to addressing the domestic violence crisis, but its whole focus is law enforcement and emergency response. We need to go to the next level to truly end violence against women. We need to address these economic needs and problems. I believe our legislation meets this test and will eliminate many of the economic barriers that trap women and children in violent homes and relationships.

I urge my colleagues to join us in support of this important legislation.●

By Mr. BREAUX (for himself and Mr. COCHRAN):

S. 2560. A bill to authorize electronic issuance and recognition of migratory bird hunting and conservation stamps; to the Committee on Environment and Public Works.

ELECTRONIC DUCK STAMP ACT

● Mr. BREAUX. Mr. President, I am pleased to join with the distinguished senior Senator from the State of Mississippi and my colleague on the Migratory Bird Conservation Commission, Senator COCHRAN, in introducing the Electronic Duck Stamp Act. I believe it is legislation all of our colleagues should support.

The Electronic Duck Stamp Act would authorize electronic issuance of the federal migratory bird hunting and conservation stamp. A number of states are setting up electronic licensing systems so their hunters can purchase all their state hunting licenses at one time and in one location. This bill will help coordinate federal and state licensing systems and provide sportsmen and sportswomen the convenience of getting all their hunting licenses, federal and state, in one location. I believe this added convenience will increase ''duck stamp'' sales. This, in turn, will increase the total funds deposited into the Migratory Bird Conservation Fund for the purchase of suitable habitat for migratory birds. These funds are essential to the long-term survival of our migratory bird populations.

Mr. President, I urge my colleagues to join us in supporting this worthwhile legislation, and I ask unanimous consent that the full text of this legislation be printed in the RECORD.

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

S. 2560

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 ''Electronic Duck Stamp Act of 1998''.

SEC. 2. ELECTRONIC ISSUANCE OF MIGRATORY BIRD HUNTING AND CONSERVATION STAMPS.

Section 2 of the Act of March 16, 1934 (16 U.S.C. 718b), is amended by adding at the end the following:

''(c) ELECTRONIC ISSUANCE OF STAMPS.—

''(1) DEFINITIONS.—In this subsection:

''(A) ACTUAL STAMP.—The term 'actual stamp' means a printed paper stamp that is issued and sold through a means in use on the day before the date of enactment of this subsection.

''(B) ELECTRONIC STAMP.—The term 'electronic stamp' means a representation of a stamp issued electronically under paragraph (2).

''(C) STAMP.—The term 'stamp' means a migratory bird hunting and conservation stamp required by the first section.

''(2) AUTHORIZATION.—The Department of the Interior, the Postal Service, or, subject to paragraph (7), a State or person authorized under subsection (a) to sell stamps, may issue representations of stamps electronically by endorsement affixed to licenses issued at points of sale or through other electronic media.

''(3) SIZE OF ELECTRONIC STAMPS.—An electronic stamp shall be of an area that is less than ¾, or more than 1½, of the area of an actual stamp.

''(4) CONFIRMATION NUMBER AND OTHER IDENTIFYING INFORMATION.—

''(A) CONFIRMATION NUMBER.—An electronic stamp shall be assigned a unique confirmation number.

''(B) OTHER IDENTIFYING INFORMATION.—Each issuer of an electronic stamp and unique confirmation number shall print on the electronic stamp appropriate information that is sufficient to permit Federal, State, and other law enforcement officers to verify the electronic stamp, confirmation number, and sales transaction with the licensee.

''(5) DELIVERY OF ACTUAL STAMPS.—An entity that issues electronic stamps shall have financial responsibility for the sale, delivery, and mailing of the corresponding actual stamp to the licensee within 14 calendar days after the date of issuance of the electronic stamp.

''(6) RECOGNITION OF ELECTRONIC STAMPS.—

''(A) IN GENERAL.—An electronic stamp and its unique confirmation number shall—

''(i) subject to the requirements of the first section, be given full recognition during the period beginning on the date of issuance of the electronic stamp until the date on which the corresponding actual stamp is received; and

''(ii) expire and be replaced by the actual stamp upon receipt of the actual stamp, but not later than 14 calendar days after the date of issuance of the electronic stamp, if the licensee complies with the requirements of the first section.

''(7) PLAN.—

''(A) SUBMISSION TO SECRETARY OF THE INTERIOR.—A State or person may participate in the issuance of an electronic stamp under this subsection only if the Secretary of the Interior has approved a plan submitted by the State or person that provides for—

''(i) a satisfactory accounting process for the collection and transfer of revenue;

''(ii) distribution and law enforcement verification of the electronic transaction; and

''(iii) the subsequent distribution of the actual stamp.

''(B) ACTION BY THE SECRETARY.—Not later than 60 days after the date of submission of a plan under subparagraph (A), the Secretary of the Interior shall—

''(i) review the request of the State or person and all accompanying documentation and other information available to the Secretary; and

''(ii) make a determination to approve or disapprove the plan.

''(8) ELECTRONIC COLLECTION OF ELECTRONIC STAMP SALES REVENUE.—Not later than 14 days after the date of issuance of an electronic stamp under this subsection, a State or person shall transfer to the Department of the Interior or a designated agent the revenue collected from the issuance by means of an electronic fund transfer method approved by, and compatible with, the accounting system of the Department of the Interior or the designated agent.''.●

ADDITIONAL COSPONSORS

S. 1137

At the request of Mr. DURBIN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 1137, a bill to amend section 258 of the Communications Act of 1934 to establish additional protections against the unauthorized change of subscribers from one telecommunications carrier to another.

S. 1326

At the request of Mr. DASCHLE, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 1326, a bill to amend title XIX of the Social Security Act to provide for medicaid coverage of all certified nurse practitioners and clinical nurse specialists services.

S. 1720

At the request of Mr. ROBB, his name was added as a cosponsor of S. 1720, a bill to amend title 17, United States Code, to reform the copyright law with respect to satellite retransmissions of broadcast signals, and for other purposes.

S. 1881

At the request of Mr. LIEBERMAN, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 1881, a bill to amend title 49, United States Code, relating to the installation of emergency locator transmitters on aircraft.

S. 2013

At the request of Mrs. FEINSTEIN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 2013, a bill to amend title XIX of the Social Security Act to permit children covered under private health insurance under a State children's health insurance plan to continue to be eligible for benefits under the vaccine for children program.

S. 2024

At the request of Mr. ASHCROFT, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 2024, a bill to increase the penalties for trafficking in methamphetamine in order to equalize those penalties with the penalties for trafficking in crack cocaine.

S. 2119

At the request of Mr. STEVENS, the name of the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 2119, a bill to amend the Amateur Sports Act to strengthen provisions protecting the right of athletes to compete, recognize the Paralympics and growth of disabled sports, improve the U.S. Olympic Committee's ability to resolve certain disputes, and for other purposes.

S. 2213

At the request of Mr. FRIST, the name of the Senator from Arizona (Mr. MCCAIN) was added as a cosponsor of S. 2213, a bill to allow all States to participate in activities under the Education Flexibility Partnership Demonstration Act.

S. 2217

At the request of Mr. FRIST, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 2217, a bill to provide for continuation of the Federal research investment in a fiscally sustainable way, and for other purposes.

S. 2364

At the request of Mr. CHAFEE, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of S. 2364, a bill to reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965.

S. 2520

At the request of Mr. MOYNIHAN, the name of the Senator from Illinois (Ms. MOSELEY-BRAUN) was added as a cosponsor of S. 2520, a bill to exclude from Federal taxation any portion of any reward paid to David R. Kaczynski and Linda E. Patrik which is donated to the victims in the Unabomber case or their families or which is used to pay Mr. Kaczynski's and Ms. Patrik's attorneys' fees.

SENATE CONCURRENT RESOLUTION 83

At the request of Mr. WARNER, the name of the Senator from Tennessee (Mr. FRIST) was added as a cosponsor of Senate Concurrent Resolution 83, a concurrent resolution remembering the life of George Washington and his contributions to the Nation.

SENATE CONCURRENT RESOLUTION 108

At the request of Mr. DORGAN, the names of the Senator from Idaho (Mr. CRAIG), the Senator from Washington (Mrs. MURRAY), and the Senator from New Hampshire (Mr. SMITH) were added as cosponsors of Senate Concurrent Resolution 108, a concurrent resolution recognizing the 50th anniversary of the National Heart, Lung, and Blood Institute, and for other purposes.

SENATE CONCURRENT RESOLUTION 121

At the request of Mr. SPECTER, the names of the Senator from Ohio (Mr. GLENN), the Senator from Illinois (Mr. DURBIN), the Senator from Georgia (Mr. COVERDELL), and the Senator from Wisconsin (Mr. KOHL) were added as cosponsors of Senate Concurrent Resolution 121, a concurrent resolution expressing the sense of Congress that the President should take all necessary measures to respond to the increase in steel imports resulting from the financial crises in Asia, the independent States of the former Soviet Union, Russia, and other areas of the world, and for other purposes.

SENATE RESOLUTION 264

At the request of Mrs. MURRAY, the name of the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of Senate Resolution 264, a resolution to designate October 8, 1998 as the Day of Concern About Young People and Gun Violence.

AMENDMENT NO. 3722

At the request of Mr. MCCAIN the names of the Senator from New Hampshire (Mr. GREGG) and the Senator from Connecticut (Mr. LIEBERMAN) were added as cosponsors of Amendment No. 3722 intended to be proposed to S. 442, a bill to establish a national policy against State and local government interference with interstate commerce on the Internet or interactive computer services, and to exercise Congressional jurisdiction over interstate commerce by establishing a moratorium on the imposition of exactions that would interfere with the free flow of commerce via the Internet, and for other purposes.

SENATE CONCURRENT RESOLUTION 124—EXPRESSING THE SENSE OF CONGRESS ON INTELLECTUAL PROPERTY PROTECTION

Mr. LAUTENBERG (for himself, Mr. HATCH, Mr. GRAHAM, Mr. GRASSLEY, Mr. HELMS, Mrs. BOXER, Mr. BINGAMAN, and Mr. MACK) submitted the following concurrent resolution; which was referred to the Committee on Finance:

S. CON. RES. 124

Whereas intellectual property-dependent industries include businesses that depend on protection of trademarks, trade secrets, trade names, copyrights, and patents;

Whereas intellectual property-dependent industries have become primary drivers of the United States economy, contributing over $500,000,000,000 to the United States economy in 1997;

Whereas the foreign sales and exports of United States intellectual property-dependent goods totaled at least $100,000,000,000 in 1997, exceeded sales of every other industrial sector, and helped the United States balance of trade;

Whereas international piracy of United States intellectual property, which the Department of Commerce estimates costs United States companies nearly $50,000,000,000 annually, poses the greatest threat to the continued success of United States intellectual property-dependent industries;

Whereas goods from many developing countries receive preferential duty treatment under the Generalized System of Preferences even though those countries do not protect intellectual property rights of United States persons;

Whereas piracy of United States intellectual property is so rampant in some developing countries that receive benefits under the Generalized System of Preferences that it effectively prevents United States intellectual property-dependent industries from selling products in those countries;

Whereas the Agreement on Trade-Related Aspects of Intellectual Property Rights requires its signatories to provide a minimum of essential protections to the intellectual property of citizens from all signatory nations;

Whereas the United States has fully implemented its obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights, and in fact in many cases offers stronger protection of intellectual property rights than required in the Agreement;

Whereas it appears that at the current rate many developing countries that receive benefits under the Generalized System of Preferences may not be in compliance with their obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights on January 1, 2000, as required; and

Whereas many of the developing countries that receive benefits under the Generalized System of Preferences and that are not on track in complying with their obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights are responsible for substantial trade losses suffered by United States intellectual property-dependent industries: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that—

(1) the United States should not give special trade preferences to goods originating from a country that does not adequately and effectively protect United States intellectual property rights, particularly a developing country that has not met its obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights by January 1, 2000;

(2) Congress should monitor the progress of developing countries in meeting their obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights by January 1, 2000; and

(3) Congress should consider legislation that would deny the benefits of the Generalized System of Preferences to developing countries that are not in compliance with their obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights beginning on January 1, 2000.

● Mr. LAUTENBERG. Mr. President, today I submit a resolution expressing the sense of the Congress that the United States should not extend preferential duty-free treatment on products to countries who do not comply with their treaty obligations regarding the protection of intellectual property.

The United States leads the world in the production of intellectual property. Intellectual property-based industries, including those that rely on patents, copyrights, trademarks, trade secrets, and trade names, contribute over $500 billion annually to the U.S. economy. However, the current global reach of information is making it much easier for pirates to gain access to intellectual property. It is vitally important that we take adequate steps to discourage, and ultimately prevent, other nations from allowing the rampant piracy of the work of Americans.

Members of the World Trade Organization signed an agreement on Trade-Related aspects of Intellectual Property Rights, or TRIPS, in 1995. That agreement establishes minimum standards of intellectual property protection and requires the signatory developing nations to be compliant with their TRIPS obligations by January 1, 2000. Regardless of this, piracy continues in GSP beneficiary nations and around the world, costing the U.S. intellectual property-dependent industries approximately $50 billion a year.

The United States has recognized the importance of protecting American intellectual property and encouraging the growth of its related industries. The Administration has actively pressed other nations to engage in adequate protections, particularly through the use of the Special 301 ''watch'' list. However, this is not enough. We need to do more to remove the incentives for piracy. Linking GSP benefits to TRIPS obligations is an important first step, and a powerful way to send a clear message to these and other nations that there is a price to pay for continuing to permit rampant piracy of American-made products.

Mr. President, this sense of the Congress does send an important message to these countries that the United States is watching, and that legislation to implement the denial of duty-free treatment is imminent unless they take the necessary steps to respect and protect the intellectual capital of Americans.

At this point, Mr. President, I ask unanimous consent that letters in support of this resolution be inserted into the RECORD.

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

INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE,
Washington, DC, October 1, 1998.

Hon. ORRIN HATCH,
U.S. Senate, Russell Senate Office Building, Washington, DC.

Hon. FRANK LAUTENBERG,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATORS HATCH AND LAUTENBERG: On behalf of the International Intellectual Property Alliance and its members (listed below), we convey our strong support for your ''Sense of the Congress'' resolution designed to warn developing countries around the world that they cannot expect preferential trade benefits under the Generalized System of Preferences (GSP) program while, at the same time, condoning the theft of U.S. intellectual property (in our case, movies, business and entertainment software, music and sound recording, and books and journals—products protected by copyright laws).

Your resolution rightly sets, as the minimum standard of IP protection, the TRIPS agreement negotiated during the Uruguay Round and set to go into effect for most developing countries on January 1, 2000. It warns these countries that they must bring their statutory laws and, most importantly, their enforcement systems into compliance with those standards if they expect to receive these trade benefits. While the current GSP provisions give the President discretion to deny such benefits where U.S. intellectual property is inadequately protected, we welcome the message you are sending—that the Congress will consider tougher legislation which would increase the risk of these benefits being denied if these countries do not bring their IPR regimes into compliance with their international obligations.

Piracy levels in developing countries often hover at or above 90% of the marketplace. Rates at these levels simply deny our copyright-based industries the ability to enter and survive in many of these markets effectively. In total, IIPA estimates that the copyright industries lose over $20 billion to piracy worldwide, with a significant portion of this loss coming from developing countries. IIPA and the Administration have been working diligently to lower these piracy levels and global losses and to a great extent we have achieved success in obtaining improved legislation, the first step in this process. Now we face the challenge of improving enforcement systems and we welcome your resolution in the fight to meet this next objective.

We also applaud the resolution's acknowledgment of the importance of the intellectual property industries to the U.S. economy and to our international trade. As we announced last May before Senator Hatch's Judiciary Committee, the copyright industries accounted for $278.4 billion in value added to the U.S. economy, or approximately 3.65% of the Gross Domestic Product (GDP) in 1996 (the last year for which complete data is available). With respect to employment and job growth, the core copyright industries grew at more than twice the annual growth rate of the U.S. economy as a whole between 1977 and 1996 (5.5% vs. 2.6%). Employment in the core copyright industries grew at nearly three times the employment growth in the economy as a whole between 1977 and 1996 (4.6% vs. 1.6%). More than 6.5 million workers were employed by the total copyright industries in 1996, about 5.15% of the total U.S. work force. In 1996, the core copyright industries achieved foreign sales and exports of $60.18 billion, a 13% gain over the $53.25 billion generated in 1995, for the first time leading all major industry sectors including agriculture, automobiles and auto parts and the aircraft industry. In the future, the copyright industries will assume ever greater importance to revenue growth, job creation and international trade. Your resolution is right on target to ensure that these industries continue to remain healthy and vibrant.

Thank you for your attention to these important matters. Again, the nearly 1,400 companies represented by IIPA members strongly support this resolution.

Sincerely,

ERIC H. SMITH,
President.

INTELLECTUAL PROPERTY COMMITTEE,
Washington, DC, October 1, 1998.

Hon. FRANK R. LAUTENBERG
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: The Intellectual Property Committee (IPC), whose members represent the broad spectrum of private sector intellectual property interests, strongly endorses the concurrent resolution on worldwide intellectual property protection that you are about to introduce.

The concurrent resolution demonstrates a clear understanding that strong worldwide protection of U.S. intellectual property is critical to the continued competitiveness of U.S. industry and to our nation's ability to create good jobs here in the United States. The intellectual property (TRIPS) agreement, which developing country members of the World Trade Organization (WTO) will be required to implement on January 1, 2000, provides international standards of protection and enforcement across a broad range of intellectual property elements.

The concurrent resolution expresses the sense of Congress that the United States should not give special trade preferences, under the U.S. Generalized System of Preferences (GSP), to goods originating from countries that will have failed to meet their obligations on January 1, 2000 under the TRIPS Agreement. It also expresses the sense of Congress that Congress should consider legislation that would deny GSP benefits to developing countries that will not be in compliance with their TRIPS obligations beginning on January 1, 2000.

Through such linkage, your concurrent resolution and the legislation that it envisages will provide the United States with the leverage necessary to ensure that GSP-beneficiary countries will live up to their WTO obligations. (These countries have had a five year transition period to comply with their WTO intellectual property obligations; the transition period will expire as of January 1, 2000.) In the absence of this type of leverage, the United States will face real difficulty in achieving the critical goal of improved

worldwide intellectual property protection in a timely manner. In addition, your concurrent resolution will underscore the importance of adequate and effective intellectual property protection in stimulating economic growth in GSP-beneficiary countries, which will lead to expanded export opportunities for U.S. goods and services.

The IPC commends your continued efforts on behalf of strong intellectual property protection and economic growth in the United States.

Sincerely,

CHARLES S. LEVY,
Counsel.
JACQUES J. GORLIN,
Director.

INTERACTIVE DIGITAL SOFTWARE ASSOCIATION,
Washington, DC, October 1, 1998.

Hon. ORRIN HATCH,
U.S. Senate, Russell Office Building, Washington, DC.
Hon. FRANK LAUTENBERG,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATORS HATCH AND LAUTENBERG: I write to thank you for your leadership on the issue of protecting intellectual property, and in particular to express the support of the Interactive Digital Software Association (IDSA), which represents the United States entertainment software publishers, for your decision to introduce a ''Sense of the Congress'' resolution on this issue. The IDSA believe this resolution will provide developing nations an incentive to meet pre-existing obligations to offer adequate and effective protection to intellectual property rights (IPR), and in particular to take all necessary steps to implement the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement.) Because the United States leads the world in intellectual property production and experiences a tremendous positive balance of trade in this area, better global protection for IPR will directly benefit the United States economy.

Piracy of intellectual property is a severe problem for U.S. industries. In 1997, the U.S. entertainment software industry, which had revenues of $5.6 billion in the United States, experienced global piracy losses of approximately $3.2 billion (not including online piracy losses.) Perhaps more troubling, $894 million of those losses occurred in developing nations that receive special trade preference from the U.S. under the Generalized Systems of Preferences (GSP) program. As a result, the U.S. provides special trade preferences to the goods of nations whose inadequate protection for IPR effectively bars many U.S. companies from doing business therein.

Piracy losses in GSP beneficiary nations continue to mount though many of these nations have signed the TRIPs Agreement and are required to meet its obligations by January 1, 2000. In fact, many of these nations have yet to begin the long process of passing legislation to implement the TRIPs Agreement, much less to demonstrate a willingness to enforce such laws once enacted. Due to this lack of progress, it appears that the vast majority of developing nations will not be in full compliance with the TRIPs Agreement as required on January 1, 2000.

Your resolution will, in a variety of ways, help to address the problem of inadequate protection for IPR rights by developing nations. Your resolution will send a powerful message that the United States Congress places a high priority on global IPR protection. By expressing a congressional willingness to deny GSP benefits to nations that do not meet their TRIPs Agreement obligations, your resolution will provide developing nations a powerful incentive to get serious about TRIPs Agreement implementation. Furthermore, your resolution will supplement and support the efforts of the United States Government, particularly the Office of the United States Trade Representative (USTR), and United States intellectual property owners to convince developing nations to provide at least the minimum of IPR protection required under the TRIPs Agreement.

Therefore, I again express the full support of the IDSA for your resolution, and offer any assistance we may provide in seeing this resolution to passage.

Sincerely,

DOUG LOWENSTEIN,
President.

PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA,
Washington, DC, October 6, 1998.

Hon. FRANK LAUTENBERG,
U.S. Senate, Washington, DC.

DEAR SENATOR LAUTENBERG: I am writing to express PhRMA's support for the Concurrent Resolution regarding GSP and intellectual property you are introducing today. The denial of intellectual property rights protection abroad is one of the American research-based pharmaceutical industry's most serious challenges. Billions of dollars are lost annually to patent pirates in such countries as Argentina, India, Egypt, and many others.

By withholding GSP privileges from countries that refuse to respect the intellectual property rights of American biomedical inventors, your Resolution sends an important signal to the world trading community. American foreign trade policy is based on the fundamental principle of reciprocity, and denial of intellectual property rights is, in fact, a de facto denial of market access since the innovator cannot enjoy the limited period of marketing exclusivity granted by a patent. Since many pirating countries on the one hand deny market access to American companies, but on the other hand enjoy not only market access but GSP treatment on trade with the United States, your Resolution is quite appropriate and necessary.

PhRMA is pleased to offer its support for the Concurrent Resolution expressing the sense of the Senate that GSP benefits should be withheld from developing countries that violate American intellectual property rights.

Respectfully,

BARRY H. CALDWELL,
Vice President.●

AMENDMENTS SUBMITTED

READING EXCELLENCE ACT

JEFFORDS AMENDMENT NO. 3740

Mr. JEFFORDS proposed an amendment to the bill (H.R. 2614) to improve the reading and literacy skills of children and families by improving in-service instructional practices for teachers who teach reading, to stimulate the development of more high-quality family literacy programs, to support extended learning-time opportunities for children, to ensure that children can read well and independently not later than third grade, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Reading Excellence Act''.

TITLE I—READING AND LITERACY GRANTS

SEC. 101. AMENDMENT TO ESEA FOR READING AND LITERACY GRANTS.

(a) IN GENERAL.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by redesignating parts C and D as parts D and E, respectively; and

(2) by inserting after part B the following:

''PART C—READING AND LITERACY GRANTS

''SEC. 2251. PURPOSES.

''The purposes of this part are as follows:

''(1) To provide children with the readiness skills they need to learn to read once they enter school.

''(2) To teach every child to read in the child's early childhood years—

''(A) as soon as the child is ready to read; or

''(B) as soon as possible once the child enters school, but not later than 3d grade.

''(3) To improve the reading skills of students, and the instructional practices for current teachers (and, as appropriate, other instructional staff) who teach reading, through the use of findings from scientifically based reading research, including findings relating to phonemic awareness, systematic phonics, fluency, and reading comprehension.

''(4) To expand the number of high-quality family literacy programs.

''(5) To provide early literacy intervention to children who are experiencing reading difficulties in order to reduce the number of children who are incorrectly identified as a child with a disability and inappropriately referred to special education.

''SEC. 2252. DEFINITIONS.

''For purposes of this part:

''(1) ELIGIBLE PROFESSIONAL DEVELOPMENT PROVIDER.—The term 'eligible professional development provider' means a provider of professional development in reading instruction to teachers that is based on scientifically based reading research.

''(2) FAMILY LITERACY SERVICES.—The term 'family literacy services' means services provided to participants on a voluntary basis that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family, and that integrate all of the following activities:

''(A) Interactive literacy activities between parents and their children.

''(B) Training for parents regarding how to be the primary teacher for their children and full partners in the education of their children.

''(C) Parent literacy training that leads to economic self-sufficiency.

''(D) An age-appropriate education to prepare children for success in school and life experiences.

''(3) INSTRUCTIONAL STAFF.—The term 'instructional staff'—

''(A) means individuals who have responsibility for teaching children to read; and

''(B) includes principals, teachers, supervisors of instruction, librarians, library school media specialists, teachers of academic subjects other than reading, and other individuals who have responsibility for assisting children to learn to read.

''(4) READING.—The term 'reading' means a complex system of deriving meaning from print that requires all of the following:

''(A) The skills and knowledge to understand how phonemes, or speech sounds, are connected to print.

''(B) The ability to decode unfamiliar words.

''(C) The ability to read fluently.

''(D) Sufficient background information and vocabulary to foster reading comprehension.

''(E) The development of appropriate active strategies to construct meaning from print.

''(F) The development and maintenance of a motivation to read.

''(5) SCIENTIFICALLY BASED READING RESEARCH.—The term 'scientifically based reading research'—

''(A) means the application of rigorous, systematic, and objective procedures to obtain valid knowledge relevant to reading development, reading instruction, and reading difficulties; and

''(B) shall include research that—

''(i) employs systematic, empirical methods that draw on observation or experiment;

''(ii) involves rigorous data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn;

''(iii) relies on measurements or observational methods that provide valid data across evaluators and observers and across multiple measurements and observations; and

''(iv) has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.

''SEC. 2253. READING AND LITERACY GRANTS TO STATE EDUCATIONAL AGENCIES.

''(a) PROGRAM AUTHORIZED.—

''(1) IN GENERAL.—Subject to the provisions of this part, the Secretary shall award grants to State educational agencies to carry out the reading and literacy activities authorized under this section and sections 2254 through 2256.

''(2) LIMITATIONS.—

''(A) SINGLE GRANT PER STATE.—A State educational agency may not receive more than one grant under paragraph (1).

''(B) 3-YEAR TERM.—A State educational agency that receives a grant under paragraph (1) may expend the funds provided under the grant only during the 3-year period beginning on the date on which the grant is made.

''(b) APPLICATION.—

''(1) IN GENERAL.—A State educational agency that desires to receive a grant under this part shall submit an application to the Secretary at such time and in such form as the Secretary may require. The application shall contain the information described in paragraph (2).

''(2) CONTENTS.—An application under this subsection shall contain the following:

''(A) An assurance that the Governor of the State, in consultation with the State educational agency, has established a reading and literacy partnership described in subsection (d), and a description of how such partnership—

''(i) assisted in the development of the State plan;

''(ii) will be involved in advising on the selection of subgrantees under sections 2255 and 2256; and

''(iii) will assist in the oversight and evaluation of such subgrantees.

''(B) A description of the following:

''(i) How the State educational agency will ensure that professional development activities related to reading instruction and provided under this part are—

''(I) coordinated with other State and local level funds and used effectively to improve instructional practices for reading; and

''(II) based on scientifically based reading research.

''(ii) How the activities assisted under this part will address the needs of teachers and other instructional staff, and will effectively teach students to read, in schools receiving assistance under section 2255 and 2256.

''(iii) The extent to which the activities will prepare teachers in all the major components of reading instruction (including phonemic awareness, systematic phonics, fluency, and reading comprehension).

''(iv) How the State educational agency will use technology to enhance reading and literacy professional development activities for teachers, as appropriate.

''(v) How parents can participate in literacy-related activities assisted under this part to enhance their children's reading.

''(vi) How subgrants made by the State educational agency under sections 2255 and 2256 will meet the requirements of this part, including how the State educational agency will ensure that subgrantees will use practices based on scientifically based reading research.

''(vii) How the State educational agency will, to the extent practicable, make grants to subgrantees in both rural and urban areas.

''(viii) The process that the State used to establish the reading and literacy partnership described in subsection (d).

''(C) An assurance that each local educational agency to which the State educational agency makes a subgrant—

''(i) will provide professional development for the classroom teacher and other appropriate instructional staff on the teaching of reading based on scientifically based reading research;

''(ii) will provide family literacy services based on programs such as the Even Start family literacy model authorized under part B of title I, to enable parents to be their child's first and most important teacher;

''(iii) will carry out programs to assist those kindergarten students who are not ready for the transition to first grade, particularly students experiencing difficulty with reading skills; and

''(iv) will use supervised individuals (including tutors), who have been appropriately trained using scientifically based reading research, to provide additional support, before school, after school, on weekends, during noninstructional periods of the school day, or during the summer, for children preparing to enter kindergarten and students in kindergarten through grade 3 who are experiencing difficulty reading.

''(D) An assurance that instruction in reading will be provided to children with reading difficulties who—

''(i) are at risk of being referred to special education based on these difficulties; or

''(ii) have been evaluated under section 614 of the Individuals with Disabilities Education Act but, in accordance with section 614(b)(5) of such Act, have not been identified as being a child with a disability (as defined in section 602 of the such Act).

''(E) A description of how the State educational agency—

''(i) will build on, and promote coordination among, literacy programs in the State (including federally funded programs such as the Adult Education and Family Literacy Act and the Individuals with Disabilities Education Act), in order to increase the effectiveness of the programs in improving reading for adults and children and to avoid duplication of the efforts of the programs;

''(ii) will promote reading and library programs that provide access to engaging reading material;

''(iii) will make local educational agencies described in sections 2255(a)(1) and 2256(a)(1) aware of the availability of subgrants under sections 2255 and 2256; and

''(iv) will assess and evaluate, on a regular basis, local educational agency activities assisted under this part, with respect to whether they have been effective in achieving the purposes of this part.

''(F) A description of the evaluation instrument the State educational agency will use for purposes of the assessments and evaluations under subparagraph (E)(iv).

''(c) APPROVAL OF APPLICATIONS.—

''(1) IN GENERAL.—The Secretary shall approve an application of a State educational agency under this section only—

''(A) if such application meets the requirement of this section; and

''(B) after taking into account the extent to which the application furthers the purposes of this part and the overall quality of the application.

''(2) PEER REVIEW.—

''(A) IN GENERAL.—The Secretary, in consultation with the National Institute for Literacy, shall convene a panel to evaluate applications under this section. At a minimum, the panel shall include—

''(i) representatives of the National Institute for Literacy, the National Research Council of the National Academy of Sciences, and the National Institute of Child Health and Human Development;

''(ii) 3 individuals selected by the Secretary;

''(iii) 3 individuals selected by the National Institute for Literacy;

''(iv) 3 individuals selected by the National Research Council of the National Academy of Sciences; and

''(v) 3 individuals selected by the National Institute of Child Health and Human Development.

''(B) EXPERTS.—The panel shall include experts who are competent, by virtue of their training, expertise, or experience, to evaluate applications under this section, and experts who provide professional development to teachers of reading to children and adults, and experts who provide professional development to other instructional staff, based on scientifically based reading research.

''(C) PRIORITY.—The panel shall recommend grant applications from State educational agencies under this section to the Secretary for funding or for disapproval. In making such recommendations, the panel shall give priority to applications from State educational agencies whose States have modified, are modifying, or provide an assurance that not later than 18 months after receiving a grant under this section the State educational agencies will increase the training and the methods of teaching reading required for certification as an elementary school teacher to reflect scientifically based reading research, except that nothing in this Act shall be construed to establish a national system of teacher certification.

''(D) MINIMUM GRANT AMOUNTS.—

''(i) STATES.—Each State educational agency selected to receive a grant under this section shall receive an amount for the grant period that is not less than $500,000.

''(ii) OUTLYING AREAS.—The Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands selected to receive a grant under this section shall receive an amount for the grant period that is not less than $100,000.

''(E) LIMITATION.—The Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall not be eligible to receive a grant under this part.

''(d) READING AND LITERACY PARTNERSHIPS.—

''(1) REQUIRED PARTICIPANTS.—In order for a State educational agency to receive a grant under this section, the Governor of the State, in consultation with the State educational agency, shall establish a reading and literacy partnership consisting of at least the following participants:

''(A) The Governor of the State.

''(B) The chief State school officer.

''(C) The chairman and the ranking member of each committee of the State legislature that is responsible for education policy.

''(D) A representative, selected jointly by the Governor and the chief State school officer, of at least one local educational agency that is eligible to receive a subgrant under section 2255.

''(E) A representative, selected jointly by the Governor and the chief State school officer, of a community-based organization working with children to improve their reading skills, particularly a community-based organization using tutors and scientifically based reading research.

''(F) State directors of appropriate Federal or State programs with a strong reading component.

''(G) A parent of a public or private school student or a parent who educates their child or children in their home, selected jointly by the Governor and the chief State school officer.

''(H) A teacher who successfully teaches reading and an instructional staff member, selected jointly by the Governor and the chief State school officer.

''(I) A family literacy service provider jointly by the Governor and the Chief State School Officer.

''(2) OPTIONAL PARTICIPANTS.—A reading and literacy partnership may include additional participants, who shall be selected jointly by the Governor and the chief State school officer, and who may include a representative of—

''(A) an institution of higher education operating a program of teacher preparation based on scientifically based reading research in the State;

''(B) a local educational agency;

''(C) a private nonprofit or for-profit eligible professional development provider providing instruction based on scientifically based reading research;

''(D) an adult education provider;

''(E) a volunteer organization that is involved in reading programs; or

''(F) a school library or a public library that offers reading or literacy programs for children or families.

''(3) PREEXISTING PARTNERSHIP.—If, before the date of the enactment of the Reading Excellence Act, a State established a consortium, partnership, or any other similar body, that includes the Governor and the chief State school officer and has, as a central part of its mission, the promotion of literacy for children in their early childhood years through the 3d grade and family literacy services, but that does not satisfy the requirements of paragraph (1), the State may elect to treat that consortium, partnership, or body as the reading and literacy partnership for the State notwithstanding such paragraph, and it shall be considered a reading and literacy partnership for purposes of the other provisions of this part.

''SEC. 2254. USE OF AMOUNTS BY STATE EDUCATIONAL AGENCIES.

''A State educational agency that receives a grant under section 2253—

''(1) shall use not more than 5 percent of the funds made available under the grant for the administrative costs of carrying out this part (excluding section 2256), of which not more than 2 percent may be used to carry out section 2259; and

''(2) shall use not more than 15 percent of the funds made available under the grant to solicit applications for, award, and oversee the performance of, not less than one subgrant pursuant to section 2256.

''SEC. 2255. LOCAL READING IMPROVEMENT SUBGRANTS.

''(a) IN GENERAL.—

''(1) SUBGRANTS.—A State educational agency that receives a grant under section 2253 shall make subgrants, on a competitive basis, to local educational agencies that either—

''(A) have at least one school that is identified for school improvement under section 1116(c) in the geographic area served by the agency;

''(B) have the largest, or second largest, number of children who are counted under section 1124(c), in comparison to all other local educational agencies in the State; or

''(C) have the highest, or second highest, school-age child poverty rate, in comparison to all other local educational agencies in the State.

For purposes of subparagraph (C), the term 'school-age child poverty rate' means the number of children counted under section 1124(c) who are living within the geographic boundaries of the local educational agency, expressed as a percentage of the total number of children aged 5-17 years living within the geographic boundaries of the local educational agency.

''(2) SUBGRANT AMOUNT.—A subgrant under this section shall consist of an amount sufficient to enable the subgrant recipient to operate a program for a 2-year period and may not be revoked or terminated on the grounds that a school ceases, during the grant period, to meet the requirements of subparagraph (A), (B), or (C) of paragraph (1).

''(b) APPLICATIONS.—A local educational agency that desires to receive a subgrant under this section shall submit an application to the State educational agency at such time, in such manner, and including such information as the agency may require. The application—

''(1) shall describe how the local educational agency will work with schools selected by the agency to receive assistance under subsection (d)(1)—

''(A) to select one or more programs of reading instruction, developed using scientifically based reading research, to improve reading instruction by all academic teachers for all children in each of the schools selected by the agency under such subsection and, where appropriate, for their parents; and

''(B) to enter into an agreement with a person or entity responsible for the development of each program selected under subparagraph (A), or a person with experience or expertise about the program and its implementation, under which the person or entity agrees to work with the local educational agency and the schools in connection with such implementation and improvement efforts;

''(2) shall include an assurance that the local educational agency—

''(A) will carry out professional development for the classroom teacher and other instructional staff on the teaching of reading based on scientifically based reading research;

''(B) will provide family literacy services based on programs such as the Even Start family literacy model authorized under part B of title I, to enable parents to be their child's first and most important teacher;

''(C) will carry out programs to assist those kindergarten students who are not ready for the transition to first grade, particularly students experiencing difficulty with reading skills; and

''(D) will use supervised individuals (including tutors), who have been appropriately trained using scientifically based reading research, to provide additional support, before school, after school, on weekends, during noninstructional periods of the school day, or during the summer, for children preparing to enter kindergarten and students in kindergarten through grade 3 who are experiencing difficulty reading;

''(3) shall describe how the applicant will ensure that funds available under this part, and funds available for reading instruction for kindergarten through grade 6 from other appropriate sources, are effectively coordinated, and, where appropriate, integrated with funds under this Act in order to improve existing activities in the areas of reading instruction, professional development, program improvement, parental involvement, technical assistance, and other activities that can help meet the purposes of this part;

''(4) shall describe, if appropriate, how parents, tutors, and early childhood education providers will be assisted by, and participate in, literacy-related activities receiving financial assistance under this part to enhance children's reading fluency;

''(5) shall describe how the local educational agency—

''(A) provides instruction in reading to children with reading difficulties who—

''(i) are at risk of being referred to special education based on these difficulties; or

''(ii) have been evaluated under section 614 of the Individuals with Disabilities Education Act but, in accordance with section 614(b)(5) of such Act, have not been identified as being a child with a disability (as defined in section 602 of the such Act); and

''(B) will promote reading and library programs that provide access to engaging reading material; and

''(6) shall include an assurance that the local educational agency will make available, upon request and in an understandable and uniform format, to any parent of a student attending any school selected to receive assistance under subsection (d)(1) in the geographic area served by the local educational agency, information regarding the professional qualifications of the student's classroom teacher to provide instruction in reading.

''(c) SPECIAL RULE.—To the extent feasible, a local educational agency that desires to receive a grant under this section shall form a partnership with one or more community-based organizations of demonstrated effectiveness in early childhood literacy, and reading readiness, reading instruction, and reading achievement for both adults and children, such as a Head Start program, family literacy program, public library, or adult education program, to carry out the functions described in paragraphs (1) through (6) of subsection (b). In evaluating subgrant applications under this section, a State educational agency shall consider whether the applicant has satisfied the requirement in the preceding sentence. If not, the applicant must provide information on why it would not have been feasible for the applicant to have done so.

''(d) USE OF FUNDS.—

''(1) IN GENERAL.—Subject to paragraph (2), a local educational agency that receives a subgrant under this section shall use amounts from the subgrant to carry out activities to advance reform of reading instruction in any school that (A) is described in subsection (a)(1)(A), (B) has the largest, or second largest, number of children who are counted under section 1124(c), in comparison to all other schools in the local educational agency, or (C) has the highest, or second highest, school-age child poverty rate (as defined in the second sentence of subsection (a)(1)), in comparison to all other schools in the local educational agency. Such activities shall include the following:

''(A) Securing technical and other assistance from—

''(i) a program of reading instruction based on scientifically based reading research;

''(ii) a person or entity with experience or expertise about such program and its implementation, who has agreed to work with the recipient in connection with its implementation; or

''(iii) a program providing family literacy services.

''(B) Providing professional development activities to teachers and other instructional staff (including training of tutors), using scientifically based reading research and purchasing of curricular and other supporting materials.

''(C) Promoting reading and library programs that provide access to engaging reading material.

''(D) Providing, on a voluntary basis, training to parents of children enrolled in a school selected to receive assistance under subsection (d)(1) on how to help their children with school work, particularly in the development of reading skills. Such training may be provided directly by the subgrant recipient, or through a grant or contract with another person. Such training shall be consistent with reading reforms taking place in the school setting. No parent shall be required to participate in such training.

''(E) Carrying out family literacy services based on programs such as the Even Start family literacy model authorized under part B of title I, to enable parents to be their child's first and most important teacher.

''(F) Providing instruction for parents of children enrolled in a school selected to receive assistance under subsection (d)(1), and others who volunteer to be reading tutors for such children, in the instructional practices based on scientifically based reading research used by the applicant.

''(G) Programs to assist those kindergarten students enrolled in a school selected to receive assistance under subsection (d)(1) who are not ready for the transition to first grade, particularly students experiencing difficulty with reading skills.

''(H) Providing additional support for children preparing to enter kindergarten and students in kindergarten through grade 3 who are enrolled in a school selected to receive assistance under subsection (d)(1), who are experiencing difficulty reading, before school, after school, on weekends, during noninstructional periods of the school day, or during the summer, using supervised individuals (including tutors), who have been appropriately trained using scientifically based reading research.

''(I) Providing instruction in reading to children with reading difficulties who—

''(i) are at risk of being referred to special education based on these difficulties; or

''(ii) have been evaluated under section 614 of the Individuals with Disabilities Education Act but, in accordance with section 614(b)(5) of such Act, have not been identified as being a child with a disability (as defined in section 602 of the such Act).

''(J) Providing coordination of reading, library, and literacy programs within the local educational agency to avoid duplication and increase the effectiveness of reading, library, and literacy activities.

''(2) LIMITATION ON ADMINISTRATIVE EXPENSES.—A recipient of a subgrant under this section may use not more than 5 percent of the subgrant funds for administrative costs.

''(e) TRAINING NONRECIPIENTS.—A recipient of a subgrant under this section may train, on a fee-for-service basis, personnel from schools, or local educational agencies, that are not a beneficiary of, or receiving, such a subgrant, in the instructional practices based on scientifically based reading research used by the recipient. Such a nonrecipient school or agency may use funds received under title I of this Act, and other appropriate Federal funds used for reading instruction, to pay for such training, to the extent consistent with the law under which such funds were received.

''SEC. 2256. TUTORIAL ASSISTANCE SUBGRANTS.

''(a) IN GENERAL.—

''(1) SUBGRANTS.—Except as provided in paragraph (4), a State educational agency that receives a grant under section 2253 shall make at least one subgrant on a competitive basis to—

''(A) local educational agencies that have at least one school in the geographic area served by the agency that—

''(i) is located in an area designated as an empowerment zone under part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986; or

''(ii) is located in an area designated as an enterprise community under part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986;

''(B) local educational agencies that have at least one school that is identified for school improvement under section 1116(c) in the geographic area served by the agency;

''(C) local educational agencies with the largest, or second largest, number of children who are counted under section 1124(c), in comparison to all other local educational agencies in the State; or

''(D) local educational agencies with the highest, or second highest, school-age child poverty rate, in comparison to all other local educational agencies in the State.

For purposes of subparagraph (D), the term 'school-age child poverty rate' means the number of children counted under section 1124(c) who are living within the geographic boundaries of the local educational agency, expressed as a percentage of the total number of children aged 5-17 years living within the geographic boundaries of the local educational agency.

''(2) NOTIFICATION.—

''(A) TO LOCAL EDUCATIONAL AGENCIES.—A State educational agency shall provide notice to all local educational agencies within the State regarding the availability of the subgrants under this section.

''(B) TO PROVIDERS AND PARENTS.—Not later than 30 days after the date on which the State educational agency provides notice under subparagraph (A), each eligible local educational agency shall provide public notice to potential providers of tutorial assistance and parents within the eligible local educational agency regarding the availability of the subgrants under this section.

''(3) APPLICATION.—A local educational agency that desires to receive a subgrant under this section shall submit an application to the State educational agency at such time, in such manner, and including such information as the agency may require. The application shall include an assurance that the local educational agency will use the subgrant funds to carry out the duties described in subsection (b) for children enrolled in any school selected by the agency that (A) is described in paragraph (1)(A), (B) is described in paragraph (1)(B), (C) has the largest, or second largest, number of children who are counted under section 1124(c), in comparison to all other schools in the local educational agency, or (D) has the highest, or second highest, school-age child poverty rate (as defined in the second sentence of paragraph (1)), in comparison to all other schools in the local educational agency.

''(4) EXCEPTION.—If no local educational agency within the State submits an application to receive a subgrant under this section within the 6-month period beginning on the date on which the State educational agency provided notice to the local educational agencies regarding the availability of the subgrants, the State educational agency may use funds otherwise reserved under 2254(2) for the purpose of providing local reading improvement subgrants under section 2255 if the State educational agency certifies to the Secretary that the requirements of paragraph (2) have been met and each local educational agency has demonstrated to the State educational agency that no providers of tutorial assistance requested a local educational agency within the State to submit an application for a tutorial assistance subgrant under paragraph (3).

''(b) USE OF FUNDS.—

''(1) IN GENERAL.—A local educational agency that receives a subgrant under this section shall carry out, using the funds provided under the subgrant, each of the duties described in paragraph (2).

''(2) DUTIES.—The duties described in this paragraph are the provision of tutorial assistance in reading, before school, after school, on weekends, or during the summer, to children who have difficulty reading, using instructional practices based on scientifically based reading research, through the following:

''(A) The creation and implementation of objective criteria to determine in a uniform manner the eligibility of tutorial assistance providers and tutorial assistance programs desiring to provide tutorial assistance under the subgrant. Such criteria shall include the following:

''(i) A record of effectiveness with respect to reading readiness, reading instruction for children in kindergarten through 3d grade, and early childhood literacy, as appropriate.

''(ii) Location in a geographic area convenient to the school or schools attended by the children who will be receiving tutorial assistance.

''(iii) The ability to provide tutoring in reading to children who have difficulty reading, using instructional practices based on scientifically based reading research and consistent with the reading instructional methods and content used by the school the child attends.

''(B) The provision, to parents of a child eligible to receive tutorial assistance pursuant to this section, of multiple choices among tutorial assistance providers and tutorial assistance programs determined to be eligible under the criteria described in subparagraph (A). Such choices shall include a school-based program and at least one tutorial assistance program operated by a provider pursuant to a contract with the local educational agency.

''(C) The development of procedures—

''(i) for the provision of information to parents of an eligible child regarding such parents' choices for tutorial assistance for the child;

''(ii) for considering children for tutorial assistance who are identified under subparagraph (D) and for whom no parent has selected a tutorial assistance provider or tutorial assistance program that give such parents additional opportunities to select a tutorial assistance provider or tutorial assistance program referred to in subparagraph (B); and

''(iii) that permit a local educational agency to recommend a tutorial assistance provider or tutorial assistance program in a case where a parent asks for assistance in the making of such selection.

''(D) The development of a selection process for providing tutorial assistance in accordance with this paragraph that limits the provision of assistance to children identified, by the school the child attends, as having difficulty reading, including difficulty mastering phonemic awareness, systematic phonics, fluency, and reading comprehension.

''(E) The development of procedures for selecting children to receive tutorial assistance, to be used in cases where insufficient funds are available to provide assistance with respect to all children identified by a school under subparagraph (D), that—

''(i) give priority to children who are determined, through State or local reading assessments, to be most in need of tutorial assistance; and

''(ii) give priority, in cases where children are determined, through State or local reading assessments, to be equally in need of tutorial assistance, based on a random selection principle.

''(F) The development of a methodology by which payments are made directly to tutorial assistance providers who are identified and selected pursuant to this section and selected for funding. Such methodology shall include the making of a contract, consistent with State and local law, between the provider and the local educational agency. Such contract shall satisfy the following requirements:

''(i) It shall contain specific goals and timetables with respect to the performance of the tutorial assistance provider.

''(ii) It shall require the tutorial assistance provider to report to the local educational agency on the provider's performance in meeting such goals and timetables.

''(iii) It shall specify the measurement techniques that will be used to evaluate the performance of the provider.

''(iv) It shall require the provider to meet all applicable Federal, State, and local health, safety, and civil rights laws.

''(v) It shall ensure that the tutorial assistance provided under the contract is consistent with reading instruction and content used by the local educational agency.

''(vi) It shall contain an agreement by the provider that information regarding the identity of any child eligible for, or enrolled in the program, will not be publicly disclosed without the permission of a parent of the child.

''(vii) It shall include the terms of an agreement between the provider and the local educational agency with respect to the provider's purchase and maintenance of adequate general liability insurance.

''(viii) It shall contain provisions with respect to the making of payments to the provider by the local educational agency.

''(G) The development of procedures under which the local educational agency carrying out this paragraph—

''(i) will ensure oversight of the quality and effectiveness of the tutorial assistance provided by each tutorial assistance provider that is selected for funding;

''(ii) will provide for the termination of contracts with ineffective and unsuccessful tutorial assistance providers (as determined by the local educational agency based upon the performance of the provider with respect to the goals and timetables contained in the contract between the agency and the provider under subparagraph (F));

''(iii) will provide to each parent of a child identified under subparagraph (D) who requests such information for the purpose of selecting a tutorial assistance provider for the child, in a comprehensible format, information with respect to the quality and effectiveness of the tutorial assistance referred to in clause (i);

''(iv) will ensure that each school identifying a child under subparagraph (D) will provide upon request, to a parent of the child, assistance in selecting, from among the tutorial assistance providers who are identified pursuant to subparagraph (B) the provider who is best able to meet the needs of the child;

''(v) will ensure that parents of a child receiving tutorial assistance pursuant to this section are informed of their child's progress in the tutorial program; and

''(vi) will ensure that it does not disclose the name of any child who may be eligible for tutorial assistance pursuant to this section, the name of any parent of such a child, or any other personally identifiable information about such a parent or child, to any tutorial assistance provider (excluding the agency itself), without the prior written consent of such parent.

''SEC. 2257. NATIONAL EVALUATION.

''From funds reserved under section 2260(b)(1), the Secretary, through grants or contracts, shall conduct a national assessment of the programs under this part. In developing the criteria for the assessment, the Secretary shall receive recommendations from the peer review panel convened under section 2253(c)(2).

''SEC. 2258. INFORMATION DISSEMINATION.

''(a) IN GENERAL.—From funds reserved under section 2260(b)(2), the National Institute for Literacy shall disseminate information on scientifically based reading research and information on subgrantee projects under section 2255 or 2256 that have proven effective. At a minimum, the institute shall disseminate such information to all recipients of Federal financial assistance under titles I and VII of this Act, the Head Start Act, the Individuals with Disabilities Education Act, and the Adult Education and Family Literacy Act.

''(b) COORDINATION.—In carrying out this section, the National Institute for Literacy—

''(1) shall use, to the extent practicable, information networks developed and maintained through other public and private persons, including the Secretary, the National Center for Family Literacy, and the Readline Program;

''(2) shall work in conjunction with any panel convened by the National Institute of Child Health and Human Development and the Secretary and any panel convened by the Office of Educational Research and Improvement to assess the current status of research-based knowledge on reading development, including the effectiveness of various approaches to teaching children to read, with respect to determining the criteria by which the National Institute for Literacy judges scientifically based reading research and the design of strategies to disseminate such information; and

''(3) may assist any State educational agency selected to receive a grant under section 2253, and that requests such assistance—

''(A) in determining whether applications submitted under section 2253 meet the requirements of this title relating to scientifically based reading research; and

''(B) in the development of subgrant application forms.

''SEC. 2259. STATE EVALUATIONS; PERFORMANCE REPORTS.

''(a) STATE EVALUATIONS.—

''(1) IN GENERAL.—Each State educational agency that receives a grant under section 2253 shall evaluate the success of the agency's subgrantees in meeting the purposes of this part. At a minimum, the evaluation shall measure the extent to which students who are the intended beneficiaries of the subgrants made by the agency have improved their reading skills.

''(2) CONTRACT.—A State educational agency shall carry out the evaluation under this subsection by entering into a contract with an entity that conducts scientifically based reading research, under which contract the entity will perform the evaluation.

''(3) SUBMISSION.—A State educational agency shall submit the findings from the evaluation under this subsection to the Secretary. The Secretary shall submit a summary of the findings from the evaluations under this subsection and the national assessment conducted under section 2257 to the appropriate committees of the Congress, including the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

''(b) PERFORMANCE REPORTS.—A State educational agency that receives a grant under section 2253 shall submit performance reports to the Secretary pursuant to a schedule to be determined by the Secretary, but not more frequently than annually. Such reports shall include—

''(1) with respect to subgrants under section 2255, the program or programs of reading instruction, based on scientifically based reading research, selected by subgrantees;

''(2) the results of use of the evaluation referred to in section 2253(b)(2)(E)(iv); and

''(3) a description of the subgrantees receiving funds under this part.

''SEC. 2260. AUTHORIZATIONS OF APPROPRIATIONS; RESERVATIONS FROM APPROPRIATIONS; SUNSET.

''(a) AUTHORIZATIONS.—

''(1) FY 1999.—If the amount appropriated to carry out the Individuals with Disabilities Education Act for fiscal year 1999 exceeds by at least $500,000,000 the amount appropriated to carry out such Act for fiscal year 1998, there are authorized to be appropriated to carry out this part and section 1202(c) $260,000,000 for fiscal year 1999.

''(2) FY 2000.—If the amount appropriated to carry out the Individuals with Disabilities Education Act for fiscal year 2000 exceeds by at least $500,000,000 the amount appropriated to carry out such Act for fiscal year 1999, there are authorized to be appropriated to carry out this part and section 1202(c) $260,000,000 for fiscal year 2000.

''(b) RESERVATIONS.—From each of the amounts appropriated under subsection (a) for a fiscal year, the Secretary—

''(1) shall reserve 1.5 percent to carry out section 2257(a);

''(2) shall reserve $5,000,000 to carry out section 2258; and

''(3) shall reserve $10,000,000 to carry out section 1202(c).

''(c) SUNSET.—Notwithstanding section 422(a) of the General Education Provisions Act, this part is not subject to extension under such section.''.

(b) CONFORMING AMENDMENTS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 2003 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6603) is amended—

(A) in subsection (a), by striking ''title,'' and inserting ''title (other than part C),''; and

(B) in subsection (b)(3), by striking ''part C'' and inserting ''part D''.

(2) PRIORITY FOR PROFESSIONAL DEVELOPMENT IN MATHEMATICS AND SCIENCE.—Section 2206 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6646) is amended by inserting ''(other than part C)'' after ''for this title'' each place such term appears.

(3) REPORTING AND ACCOUNTABILITY.—Section 2401 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6701) is amended by striking ''under this part'' each place such term appears and inserting ''under this title (other than part C)''.

(4) DEFINITIONS.—Section 2402 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6701) is amended by striking ''this part—'' and inserting ''this title (other than part C)—''.

(5) GENERAL DEFINITIONS.—Section 14101(10)(C) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(10)(C)) is

amended by striking ''part C'' and inserting ''part D''.

TITLE II—AMENDMENTS TO EVEN START FAMILY LITERACY PROGRAMS

SEC. 201. RESERVATION FOR GRANTS.

Section 1202(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)) is amended to read as follows:

''(c) RESERVATION FOR GRANTS.—

''(1) GRANTS AUTHORIZED.—From funds reserved under section 2260(b)(3), the Secretary shall award grants, on a competitive basis, to States to enable such States to plan and implement statewide family literacy initiatives to coordinate and, where appropriate, integrate existing Federal, State, and local literacy resources consistent with the purposes of this part. Such coordination and integration shall include funds available under the Adult Education and Family Literacy Act, the Head Start Act, this part, part A of this title, and part A of title IV of the Social Security Act.

''(2) CONSORTIA.—

''(A) ESTABLISHMENT.—To receive a grant under this subsection, a State shall establish a consortium of State-level programs under the following laws:

''(i) This title (other than part D).

''(ii) The Head Start Act.

''(iii) The Adult Education and Family Literacy Act.

''(iv) All other State-funded preschool programs and programs providing literacy services to adults.

''(B) PLAN.—To receive a grant under this subsection, the consortium established by a State shall create a plan to use a portion of the State's resources, derived from the programs referred to in subparagraph (A), to strengthen and expand family literacy services in such State.

''(C) COORDINATION WITH PART C OF TITLE II.—The consortium shall coordinate its activities with the activities of the reading and literacy partnership for the State established under section 2253(d), if the State educational agency receives a grant under section 2253.

''(3) READING INSTRUCTION.—Statewide family literacy initiatives implemented under this subsection shall base reading instruction on scientifically based reading research (as such term is defined in section 2252).

''(4) TECHNICAL ASSISTANCE.—The Secretary shall provide, directly or through a grant or contract with an organization with experience in the development and operation of successful family literacy services, technical assistance to States receiving a grant under this subsection.

''(5) MATCHING REQUIREMENT.—The Secretary shall not make a grant to a State under this subsection unless the State agrees that, with respect to the costs to be incurred by the eligible consortium in carrying out the activities for which the grant was awarded, the State will make available non-Federal contributions in an amount equal to not less than the Federal funds provided under the grant.''.

SEC. 202. DEFINITIONS.

Section 1202(e) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(e)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) the term 'family literacy services' means services provided to participants on a voluntary basis that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family, and that integrate all of the following activities:

''(A) Interactive literacy activities between parents and their children.

''(B) Training for parents regarding how to be the primary teacher for their children and full partners in the education of their children.

''(C) Parent literacy training that leads to economic self-sufficiency.

''(D) An age-appropriate education to prepare children for success in school and life experiences.

SEC. 203. EVALUATION.

Section 1209 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6369) is amended—

(1) in paragraph (1), by striking ''and'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) to provide States and eligible entities receiving a subgrant under this part, directly or through a grant or contract with an organization with experience in the development and operation of successful family literacy services, technical assistance to ensure local evaluations undertaken under section 1205(10) provide accurate information on the effectiveness of programs assisted under this part.''.

SEC. 204. INDICATORS OF PROGRAM QUALITY.

(a) IN GENERAL.—The Elementary and Secondary Education Act of 1965 is amended—

(1) by redesignating section 1210 as section 1212; and

(2) by inserting after section 1209 the following:

''SEC. 1210. INDICATORS OF PROGRAM QUALITY.

''Each State receiving funds under this part shall develop, based on the best available research and evaluation data, indicators of program quality for programs assisted under this part. Such indicators shall be used to monitor, evaluate, and improve such programs within the State. Such indicators shall include the following:

''(1) With respect to eligible participants in a program who are adults—

''(A) achievement in the areas of reading, writing, English language acquisition, problem solving, and numeracy;

''(B) receipt of a high school diploma or a general equivalency diploma;

''(C) entry into a postsecondary school, job retraining program, or employment or career advancement, including the military; and

''(D) such other indicators as the State may develop.

''(2) With respect to eligible participants in a program who are children—

''(A) improvement in ability to read on grade level or reading readiness;

''(B) school attendance;

''(C) grade retention and promotion; and

''(D) such other indicators as the State may develop.''.

(b) STATE LEVEL ACTIVITIES.—Section 1203(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6363(a)) is amended—

(1) in paragraph (1), by striking ''and'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) carrying out section 1210.''.

(c) AWARD OF SUBGRANTS.—Paragraphs (3) and (4) of section 1208(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368) are amended to read as follows:

''(3) CONTINUING ELIGIBILITY.—In awarding subgrant funds to continue a program under this part for the second, third, or fourth year, the State educational agency shall evaluate the program based on the indicators of program quality developed by the State under section 1210. Such evaluation shall take place after the conclusion of the start-up period, if any.

''(4) INSUFFICIENT PROGRESS.—The State educational agency may refuse to award subgrant funds if such agency finds that the eligible entity has not sufficiently improved the performance of the program, as evaluated based on the indicators of program quality developed by the State under section 1210, after—

''(A) providing technical assistance to the eligible entity; and

''(B) affording the eligible entity notice and an opportunity for a hearing.''.

SEC. 205. RESEARCH.

The Elementary and Secondary Education Act of 1965, as amended by section 204 of this Act, is further amended by inserting after section 1210 the following:

''SEC. 1211. RESEARCH.

''(a) IN GENERAL.—The Secretary shall carry out, through grant or contract, research into the components of successful family literacy services, to use—

''(1) to improve the quality of existing programs assisted under this part or other family literacy programs carried out under this Act or the Adult Education and Family Literacy Act; and

''(2) to develop models for new programs to be carried out under this Act or the Adult Education and Family Literacy Act.

''(b) DISSEMINATION.—The National Institute for Literacy shall disseminate, pursuant to section 2258, the results of the research described in subsection (a) to States and recipients of subgrants under this part.''.

TITLE III—REPEALS

SEC. 301. REPEAL OF CERTAIN UNFUNDED EDUCATION PROGRAMS.

(a) COMMUNITY SCHOOL PARTNERSHIPS.—The Community School Partnership Act (contained in part B of title V of the Improving America's Schools Act of 1994 (20 U.S.C. 1070 note) is repealed.

(b) EDUCATIONAL RESEARCH, DEVELOPMENT, DISSEMINATION, AND IMPROVEMENT ACT OF 1994.—Section 941(j) of the Educational Research, Development, Dissemination, and Improvement Act of 1994 (20 U.S.C. 6041(j)) is repealed.

(c) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—The following provisions are repealed:

(1) INNOVATIVE ELEMENTARY SCHOOL TRANSITION PROJECTS.—Section 1503 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6493).

(2) DE LUGO TERRITORIAL EDUCATION IMPROVEMENT PROGRAM.—Part H of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8221 et seq.).

(3) EXTENDED TIME FOR LEARNING AND LONGER SCHOOL YEAR.—Part L of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8351).

(4) TERRITORIAL ASSISTANCE.—Part M of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8371).

(d) FAMILY AND COMMUNITY ENDEAVOR SCHOOLS.—The Family and Community Endeavor Schools Act (42 U.S.C. 13792) is repealed.

(e) GOALS 2000: EDUCATE AMERICA ACT.—Subsections (b) and (d)(1) of section 601 of the Goals 2000: Educate America Act (20 U.S.C. 5951) are repealed.

TITLE IV—TECHNICAL AND CONFORMING AMENDMENTS

SEC. 401. TECHNICAL AMENDMENTS TO THE WORKFORCE INVESTMENT ACT OF 1998.

(1) Section 111(c) of the Workforce Investment Act of 1998 is amended by striking ''CHAIRMAN'' and inserting ''CHAIRPERSON''.

(2) Section 112(c)(1) of such Act is amended by striking ''; and'' and inserting ''; or''.

(3) Section 116(a)(3)(D)(ii)(I)(aa) of such Act is amended by striking ''; or'' and inserting ''; and''.

(4) Section 117 of such Act is amended—

(A) in subsection (f)(1)(D), by striking ''State'' and inserting ''Governor''; and

(B) in subsection (i)(1)(D)(ii), by striking subclause (II), and inserting the following:

''(II) other representatives of employees in the local area (for a local area in which no employees are represented by such organizations).''.

(5) Section 134(d)(4)(F) of such Act is amended by adding at the end the following:

''(iii) INDIVIDUAL TRAINING ACCOUNTS.—An individual who seeks training services and who is eligible pursuant to subparagraph (A), may, in consultation with a case manager, select an eligible provider of training services from the list or identifying information for providers described in clause (ii)(I). Upon such selection, the one-stop operator involved shall, to the extent practicable, refer such individual to the eligible provider of training services, and arrange for payment for such services through an individual training account.''.

(6) Section 159 of such Act is amended—

(A) in subsections (c)(1)(G) and (d)(4), by striking ''post-secondary'' and inserting ''postsecondary''; and

(B) in subsection (c)(3), by striking ''containing'' and inserting ''containing,''.

(7) Section 166(h)(3)(A) of such Act is amended by striking ''paragraph (2)'' and inserting ''subparagraph (B)''.

(8) Section 167(d) of such Act is amended by inserting ''and section 127(b)(1)(A)(iii)'' after ''this section''.

(9) Section 170(a)(1) of such Act is amended by striking ''carry out'' and inserting ''carrying out''.

(10) Section 170(b)(2) of such Act is amended by striking ''174(b)'' and inserting ''173(b)''.

(11) Section 171(b)(2) of such Act is amended by striking ''only on a competitive'' and all that follows through the period and inserting ''in accordance with generally applicable Federal requirements.''.

(12) Section 173(a)(2) of such Act is amended by striking ''the Robert'' and inserting ''The Robert''.

(13) Section 189(i)(1) of such Act is amended by striking ''1997 (Public Law 104-208; 110 Stat. 3009-234)'' and inserting ''1998 (Public Law 105-78; 111 Stat. 1467).

(14) Paragraphs (2) and (3) of section 192(a) of such Act are amended by striking ''), to'' and inserting '') to''.

(15) Section 334(b) of such Act is amended by striking paragraph (2) and inserting the following:

''(2) DATE.—The appointments of the members of the Commission shall be made by February 1, 1999.''.

(16) Section 405 of such Act is amended by striking ''et seq.),'' and inserting ''et seq.)''.

(17) Section 501(b)(1) of such Act is amended by adding at the end the following: ''For purposes of this paragraph, the activities and programs described in subparagraphs (A) and (B) of paragraph (2) shall not be considered to be 2 or more activities or programs for purposes of the unified plan. Such activities or programs shall be considered to be 1 activity or program.''.

(18) Section 505 of such Act is amended—

(A) in subsection (a), by striking ''in this Act'' and inserting ''under title I, II, or III or this title''; and

(B) in subsection (b), by striking ''under this Act'' each place it appears and inserting ''under title I, II, or III or this title''.

(19) Section 506(d) of such Act is amended—

(A) in paragraph (1), by striking ''subsection (b)'' and inserting ''subsection (c)''; and

(B) in paragraph (2)—

(i) by inserting ''planning authorized under'' after ''carry out'' each place that such appears; and

(ii) by striking ''the purposes'' and inserting ''the planning purposes''.

SEC. 402. TECHNICAL AMENDMENTS TO THE REHABILITATION ACT OF 1973.

(a) REDESIGNATION.—

(1) The Rehabilitation Act of 1973 (as amended by title IV of the Workforce Investment Act of 1998) is further amended by redesignating sections 6 through 19 as sections 7, 8, and 10 through 21, respectively.

(2) The table of contents for the Rehabilitation Act of 1973 (as amended by section 403 of the Workforce Investment Act of 1998) is further amended by striking the items relating to sections 6 through 19 and inserting the following:

''Sec. 7. Definitions.
''Sec. 8. Allotment percentage.
''Sec. 10. Nonduplication.
''Sec. 11. Application of other laws.
''Sec. 12. Administration of the Act.
''Sec. 13. Reports.
''Sec. 14. Evaluation.
''Sec. 15. Information clearinghouse.
''Sec. 16. Transfer of funds.
''Sec. 17. State administration.
''Sec. 18. Review of applications.
''Sec. 19. Carryover.
''Sec. 20. Client assistance information.
''Sec. 21. Traditionally underserved populations.''.

(b) SECTION HEADINGS.—

(1) Section 1 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''SHORT TITLE.—'' and inserting the following:

''SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

''(a) SHORT TITLE.—''.

(2) Section 2 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''FINDINGS.—'' and inserting the following:

''SEC. 2. FINDINGS; PURPOSE; POLICY.

''(a) FINDINGS.—''.

(3) Section 7 of such Act (as so amended and redesignated in subsection (a)) is further amended by striking the section heading and all that follows through ''(1) The term'' and inserting the following:

''SEC. 7. DEFINITIONS.

''For the purposes of this Act:

''(1) ADMINISTRATIVE COSTS.—The term''.

(4) Section 19 of such Act (as so amended and redesignated in subsection (a)) is further amended by striking the section heading and all that follows through ''IN GENERAL.—'' and inserting the following:

''SEC. 19. CARRYOVER.

''(a) IN GENERAL.—''.

(5) Section 20 of such Act (as so amended and redesignated in subsection (a)) is further amended by striking the section heading and all that follows through ''All'' and inserting the following:

''SEC. 20. CLIENT ASSISTANCE INFORMATION.

''All''.

(6) Section 21 of such Act (as so amended and redesignated in subsection (a)) is further amended by striking the section heading and all that follows through ''FINDINGS.—'' and inserting the following:

''SEC. 21. TRADITIONALLY UNDERSERVED POPULATIONS.

''(a) FINDINGS.—''.

(7) Section 110 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''(a)(1) Subject'' and inserting the following:

''STATE ALLOTMENTS

''SEC. 110. (a)(1) Subject''.

(8) Section 111 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''(a)(1) Except'' and inserting the following:

''PAYMENTS TO STATES

''SEC. 111. (a)(1) Except''.

(9) Section 112 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''(a) From'' and inserting the following:

''CLIENT ASSISTANCE PROGRAM

''SEC. 112. (a) From''.

(10) Section 121 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''(a) The'' and inserting the following:

''VOCATIONAL REHABILITATION SERVICES GRANTS

''SEC. 121. (a) The''.

(11) Section 205 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''ESTABLISHMENT.—'' and inserting the following:

''SEC. 205. REHABILITATION RESEARCH ADVISORY COUNCIL.

''(a) ESTABLISHMENT.—''.

(12) Section 621 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''It'' and inserting the following:

''SEC. 621. PURPOSE.

''It''.

(13) Section 622 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''IN GENERAL.—'' and inserting the following:

''SEC. 622. ALLOTMENTS.

''(a) IN GENERAL.—''.

(14) Section 623 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''Funds provided under this part may'' and inserting the following:

''SEC. 623. AVAILABILITY OF SERVICES.

''Funds provided under this part may''.

(15) Section 624 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''An'' and inserting the following:

''SEC. 624. ELIGIBILITY.

''An''.

(16) Section 625 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''STATE PLAN SUPPLEMENTS.—'' and inserting the following:

''SEC. 625. STATE PLAN.

''(a) STATE PLAN SUPPLEMENTS.—''.

(17) Section 626 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''Each'' and inserting the following:

''SEC. 626. RESTRICTION.

''Each''.

(18) Section 627 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''SUPPORTED EMPLOYMENT SERVICES.—'' and inserting the following:

''SEC. 627. SAVINGS PROVISION.

''(a) SUPPORTED EMPLOYMENT SERVICES.—''.

(19) Section 628 of such Act (as so amended) is further amended by striking the section heading and all that follows through ''There'' and inserting the following:

''SEC. 628. AUTHORIZATION OF APPROPRIATIONS.

''There''.

(c) OTHER AMENDMENTS.—

(1) Section 7 of such Act (as so amended and redesignated in subsection (a)) is further amended—

(A) in paragraph (2)(B), by striking ''objectives, nature,'' and inserting ''nature'';

(B) by striking paragraph (7);

(C) in paragraph (16)(A)(iii), by striking ''client'' and inserting ''eligible individual''; and

(D) in paragraph (36)(C), by striking ''rehabilitation objectives'' and inserting ''employment outcome''.

(2) Section 10 of such Act (as so amended and redesignated in subsection (a)) is further amended—

(A) by striking ''disregarded: (1)'' and inserting the following: ''disregarded—

''(1)'';

(B) by striking ''(2)'' and inserting the following:

''(2)''; and

(C) by striking ''No payment'' and inserting the following:

''No payment''.

(3) The second and third sentences of section 21(a)(3) of such Act (as so amended and redesignated in subsection (a)) are further amended by striking ''are'' and inserting ''is''.

(4) Section 101(a) of such Act (as so amended) is further amended—

(A) in paragraph (18)(C), by striking ''will be utilized'' and inserting ''were utilized during the preceding year''; and

(B) in paragraph (21)(A)(i)(II)(bb), by striking ''Commission'' and inserting ''commission''.

(5) Section 102(c)(5)(F) (as so amended) is further amended—

(A) in clause (ii), by striking ''and'' at the end thereof;

(B) in clause (iii), by striking the period and inserting ''; and''; and

(C) by adding at the end the following:

''(iv) not delegate the responsibility for making the final decision to any officer or employee of the designated State unit.''.

(6) Section 105(b) of such Act (as so amended) is further amended—

(A) in paragraph (3)—

(i) by striking ''Governor'' the first place it appears and inserting ''Governor or, in the case of a State that, under State law, vests authority for the administration of the activities carried out under this Act in an entity other than the Governor (such as one or more houses of the State legislature or an independent board), the chief officer of that entity''; and

(ii) in the second and third sentences, by striking ''Governor'' and inserting ''appointing authority'';

(B) in paragraph (4)(A)(i), by striking ''section 7(20)(A)'' and inserting ''section 7(20)(B)'';

(C) in paragraph (5)(B)—

(i) in the subparagraph heading, by striking ''GOVERNOR'' and inserting ''CHIEF EXECUTIVE OFFICER''; and

(ii) by striking ''Governor shall'' and inserting ''appointing authority described in paragraph (3) shall''; and

(D) in paragraphs (6)(A)(ii) and (7)(B), by striking ''Governor'' and inserting ''appointing authority described in paragraph (3)''.

(7) Section 705(b) of such Act (as so amended) is further amended—

(A) in paragraph (1)—

(i) by striking ''Governor'' the first place it appears and inserting ''Governor or, in the case of a State that, under State law, vests authority for the administration of the activities carried out under this Act in an entity other than the Governor (such as one or more houses of the State legislature or an independent board), the chief officer of that entity''; and

(ii) in the second sentence, by striking ''Governor'' and inserting ''appointing authority'';

(B) in paragraph (5)(B)—

(i) in the subparagraph heading, by striking ''GOVERNOR'' and inserting ''CHIEF EXECUTIVE OFFICER''; and

(ii) by striking ''Governor shall'' and inserting ''appointing authority described in paragraph (3) shall''; and

(C) in paragraphs (6)(A)(ii) and (7)(B), by striking ''Governor'' and inserting ''appointing authority described in paragraph (3)''.

SEC. 403. TECHNICAL AMENDMENTS TO OTHER ACTS.

(a) WAGNER-PEYSER ACT.—Section 15 of the Wagner-Peyser Act (as added by section 309 of the Workforce Investment Act of 1998) is amended—

(1) in subsection (a)(2)(A)(i), by striking ''of this section''; and

(2) in subsection (e)(2)(G), by striking ''complementary'' and inserting ''complementarity''.

(b) OLDER AMERICANS ACT OF 1965.—Subparagraph (Q) of section 502(b)(1) of the Older Americans Act of 1965 (42 U.S.C. 3056(b)(1)) (as added by section 323 of the Workforce Investment Act of 1998) is amended by aligning the margins of the subparagraph with the margins of subparagraph (P) of such section.

SEC. 404. TECHNICAL AMENDMENTS REGARDING ADULT EDUCATION.

(a) REFERENCES TO TITLE.—The matter preceding paragraph (1) of section 203, and sections 204 and 205, of the Adult Education and Family Literacy Act (20 U.S.C. 9202, 9203, and 9204) are each amended by striking ''this subtitle'' and inserting ''this title''.

(b) QUALIFYING ADULT.—Section 211(d)(1) of the Adult Education and Family Literacy Act (20 U.S.C. 9211(d)(1)) is amended by striking '', but less than 61 years of age''.

(c) LEVELS OF PERFORMANCE.—Section 212(b)(3)(A)(vi) of the Adult Education and Family Literacy Act (20 U.S.C. 9212(b)(3)(A)(vi)) is amended by striking ''136(j)'' and inserting ''136(i)(1)''.

(d) CORRECTIONS EDUCATION.—Section 225(a) of the Adult Education and Family Literacy Act (20 U.S.C. 9225) is amended—

(1) in subsection (a), by striking ''or education'' and inserting ''and education''; and

(2) in subsection (c), by striking ''with'' and inserting ''within''.

(e) NATIONAL LEADERSHIP ACTIVITIES.—Section 243(2)(B) of the Adult Education and Family Literacy Act (20 U.S.C. 9253(2)(B)) is amended by striking ''qualify'' and inserting ''quality''.

(f) INCENTIVE GRANTS.—Section 503(a) of the Workforce Investment Act of 1998 (20 U.S.C. 9273(a)) is amended by striking ''expected'' and inserting ''adjusted''.

SEC. 405. CONFORMING AMENDMENTS.

(a) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(b) REFERENCES TO TITLE II OF PUBLIC LAW 95–250.—Section 103 of Public Law 95–250 (16 U.S.C. 79l) is amended—

(1) by striking the second sentence of subsection (a); and

(2) by striking the second sentence of subsection (b).

(c) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(1) TABLE OF CONTENTS RELATING TO SUBTITLE C OF TITLE VII.—The table of contents of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.) is amended by striking the items relating to sections 731 through 737, and sections 739 through 741, of such Act.

(2) TITLE VII.—Title VII of such Act is amended by inserting before section 738 the following:

''Subtitle C—Job Training for the Homeless''.

(3) TITLE 31, UNITED STATES CODE.—Section 6703(a) of title 31, United States Code, is amended—

(A) by striking paragraph (15); and

(B) by redesignating paragraphs (16) through (19) as paragraphs (15) through (18), respectively.

(d) REFERENCES TO JOB TRAINING PARTNERSHIP ACT PRIOR TO REPEAL.—

(1) TITLE 5, UNITED STATES CODE.—Section 3502(d) of title 5, United States Code, is amended—

(A) in paragraph (3)—

(i) in subparagraph (A), by striking clause (i) and inserting the following:

''(i) the appropriate State dislocated worker unit or office (referred to in section 311(b)(2) of the Job Training Partnership Act), or the State or entity designated by the State to carry out rapid response activities under section 134(a)(2)(A) of the Workforce Investment Act of 1998; and''; and

(ii) in subparagraph (B)(iii), by striking ''other services under the Job Training Partnership Act'' and inserting ''other services under the Job Training Partnership Act or under title I of the Workforce Investment Act of 1998''; and

(B) in paragraph (4), in the second sentence, by striking ''Secretary of Labor on matters relating to the Job Training Partnership Act'' and inserting ''Secretary of Labor on matters relating to the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(2) FOOD STAMP ACT OF 1977.—

(A) SECTION 5.—Section 5(l) of the Food Stamp Act of 1977 (7 U.S.C. 2014(l)) is amended by striking ''Notwithstanding section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 204(b)(1)(C) or section 264(c)(1)(A) of the Job Training Partnership Act'' and inserting ''Notwithstanding section 142(b) of the Job Training Partnership Act or section 181(a)(2) of the Workforce Investment Act of 1998, earnings to individuals participating in on-the-job training programs under section 204(b)(1)(C) or 264(c)(1)(A) of the Job Training Partnership Act or in on-the-job training under title I of the Workforce Investment Act of 1998''.

(B) SECTION 6.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(i) in subsection (d)(4)(M), by striking ''the State public employment offices and agencies operating programs under the Job Training Partnership Act'' and inserting ''the State public employment offices and agencies operating programs under the Job Training Partnership Act or of the State public employment offices and other State agencies and providers carrying out activities under title I of the Workforce Investment Act of 1998'';

(ii) in subsection (e)(3), by striking subparagraph (A) and inserting the following:

''(A) a program under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998;''; and

(iii) in subsection (o)(1)(A), by striking ''Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(C) SECTION 17.—The second sentence of section 17(b)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amended—

(i) by striking ''to accept an offer of employment from a political subdivision or a prime sponsor pursuant to the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 812),'' and inserting ''to accept an offer of employment from a political subdivision or provider pursuant to a program carried out under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998,''; and

(ii) by striking '': *Provided*, That all of the political subdivision's'' and all that follows and inserting '', if all of the jobs supported under the program have been made available

to participants in the program before the political subdivision or provider providing the jobs extends an offer of employment under this paragraph, and if the political subdivision or provider, in employing the person, complies with the requirements of Federal law that relate to the program.''.

(3) PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.—

(A) Section 403(c)(2)(K) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)(K)) is amended by striking ''Job Training Partnership Act'' and inserting ''Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(B) Section 423(d)(11) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1183a note) is amended by striking ''Job Training Partnership Act'' and inserting ''Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(4) IMMIGRATION AND NATIONALITY ACT.—Section 245A(h)(4)(F) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(F)) is amended by striking ''The Job Training Partnership Act.'' and inserting ''The Job Training Partnership Act or title I of the Workforce Investment Act of 1998.''.

(5) REFUGEE EDUCATION ASSISTANCE ACT OF 1980.—Section 402(a)(4) of the Refugee Education Assistance Act of 1980 (8 U.S.C. 1522 note) is amended by striking ''the Comprehensive Employment and Training Act of 1973'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(6) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1991.—Section 4003(5)(C) of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 2391 note) is amended by inserting before the period the following: '', as in effect on the day before the date of enactment of the Workforce Investment Act of 1998''.

(7) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—

(A) SECTION 3161.—Section 3161(c)(6) of the National Defense Authorization Act for Fiscal Year 1993 (42 U.S.C. 7274h(c)(6)) is amended by striking subparagraph (A) and inserting the following:

''(A) programs carried out by the Secretary of Labor under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998;''.

(B) SECTION 4461.—Section 4461(1) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended by striking ''The Job Training Partnership Act (29 U.S.C. 1501 et seq.).'' and inserting ''The Job Training Partnership Act or title I of the Workforce Investment Act of 1998.''.

(C) SECTION 4471.—Section 4471 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 2501 note) is amended—

(i) in subsection (c)(2), by striking ''the State dislocated'' and all that follows through ''and the chief'' and inserting ''the State dislocated worker unit or office referred to in section 311(b)(2) of the Job Training Partnership Act, or the State or entity designated by the State to carry out rapid response activities under section 134(a)(2)(A) of the Workforce Investment Act of 1998, and the chief'';

(ii) in subsection (d)—

(I) in the first sentence, by striking ''for training, adjustment assistance, and employment services'' and all that follows through ''except where'' and inserting ''for training, adjustment assistance, and employment services under section 325 or 325A of the Job Training Partnership Act or to participate in employment and training activities carried out under title I of the Workforce Investment Act of 1998, except in a case in which''; and

(II) by striking the second sentence; and

(iii) in subsection (e), by striking ''for training,'' and all that follows through ''beginning'' and inserting '', on the basis of any related reduction in funding under the contract, for training, adjustment assistance, and employment services under section 325 or 325A of the Job Training Partnership Act or to participate in employment and training activities under title I of the Workforce Investment Act of 1998, beginning''.

(D) SECTION 4492.—Section 4492(b) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended by striking ''the Job Training Partnership Act'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(8) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994.—Section 1333(c)(2)(B) of the National Defense Authorization Act for Fiscal Year 1994 (10 U.S.C. 2701 note) is amended by striking ''Private industry councils (as described in section 102 of the Job Training Partnership Act (29 U.S.C. 1512)).'' and inserting ''Private industry councils as described in section 102 of the Job Training Partnership Act or local workforce investment boards established under section 117 of the Workforce Investment Act of 1998.''.

(9) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998.—Section 2824(c)(5) of the National Defense Authorization Act for Fiscal Year 1998 (10 U.S.C. 2687 note) is amended by striking ''Job Training Partnership Act'' and inserting ''Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(10) SMALL BUSINESS ACT.—The fourth sentence of section 7(j)(13)(E) of the Small Business Act (15 U.S.C. 636(j)(13)(E)) is amended by striking ''the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(11) EMPLOYMENT ACT OF 1946.—Section 4(f)(2)(B) of the Employment Act of 1946 (15 U.S.C. 1022a(f)(2)(B)) is amended by striking ''and include these in the annual Employment and Training Report of the President required under section 705(a) of the Comprehensive Employment and Training Act of 1973 (hereinafter in this Act referred to as 'CETA')'' and inserting ''and prepare and submit to the President an annual report containing the recommendations''.

(12) FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1978.—

(A) SECTION 206.—Section 206 of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 3116) is amended—

(i) in subsection (b)—

(I) in the matter preceding paragraph (1), by striking ''CETA'' and inserting ''the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''; and

(II) in paragraph (1), by striking ''(including use of section 110 of CETA when necessary)''; and

(ii) in subsection (c)(1), by striking ''CETA'' and inserting ''activities carried out under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(B) SECTION 401.—Section 401(d) of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 3151(d)) is amended by striking ''include, in the annual Employment and Training Report of the President provided under section 705(a) of CETA,'' and inserting ''include, in the annual report referred to in section 4(f)(2)(B) of the Employment Act of 1946 (15 U.S.C. 1022a(f)(2)(B)),''.

(13) TITLE 18, UNITED STATES CODE.—Subsections (a), (b), and (c) of section 665 of title 18, United States Code are amended by striking ''the Comprehensive Employment and Training Act or the Job Training Partnership Act'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(14) TRADE ACT OF 1974.—

(A) SECTION 236.—Section 236(a)(5)(B) of the Trade Act of 1974 (19 U.S.C. 2296(a)(5)(B)) is amended by striking ''section 303 of the Job Training Partnership Act'' and inserting ''section 303 of the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(B) SECTION 239.—Section 239(e) of the Trade Act of 1974 (19 U.S.C. 2311(e)) is amended by striking ''under title III of the Job Training Partnership Act'' and inserting ''under title III of the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(15) HIGHER EDUCATION ACT OF 1965.—

(A) SECTION 418A.—Subsections (b)(1)(B)(ii) and (c)(1)(A) of section 418A of the Higher Education Act of 1965 (20 U.S.C. 1070d–2) are amended by striking ''section 402 of the Job Training Partnership Act'' and inserting ''section 402 of the Job Training Partnership Act or section 167 of the Workforce Investment Act of 1998''.

(B) SECTION 480.—Section 480(b)(14) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(b)(14)) is amended by striking ''Job Training Partnership Act noneducational benefits'' and inserting ''Job Training Partnership Act noneducational benefits or benefits received through participation in employment and training activities under title I of the Workforce Investment Act of 1998''.

(16) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—Subsection (a) of section 302 of the Department of Education Organization Act (20 U.S.C. 3443(a)) is amended by striking ''under section 303(c)(2) of the Comprehensive Employment and Training Act'' and inserting ''relating to such education''.

(17) NATIONAL SKILL STANDARDS ACT OF 1994.—

(A) SECTION 504.—Section 504(c)(3) of the National Skill Standards Act of 1994 (20 U.S.C. 5934(c)(3)) is amended by striking ''the Capacity Building and Information and Dissemination Network established under section 453(b) of the Job Training Partnership Act (29 U.S.C. 1733(b)) and''.

(B) SECTION 508.—Section 508(1) of the National Skill Standards Act of 1994 (20 U.S.C. 5938(1)) is amended to read as follows:

''(1) COMMUNITY-BASED ORGANIZATION.—The term 'community-based organization' means a private nonprofit organization that is representative of a community or a significant segment of a community and that has demonstrated expertise and effectiveness in the field of workforce investment.''.

(18) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—

(A) SECTION 1205.—Section 1205(8)(B) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6365(8)(B)) is amended by striking ''the Job Training Partnership Act'' and inserting ''the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''.

(B) SECTION 1414.—Section 1414(c)(8) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6434(c)(8)) is amended by striking ''programs under the Job Training Partnership Act,'' and inserting ''programs under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998,''.

(C) SECTION 1423.—Section 1423(9) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6453(9)) is amended by striking ''programs under the Job Training and Partnership Act'' and inserting ''programs under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(D) SECTION 1425.—Section 1425(9) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6455(9)) is amended by striking '', such as funds under the Job Training Partnership Act,'' and inserting '', such as funds made available under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998,''.

(19) DISTRICT OF COLUMBIA SCHOOL REFORM ACT OF 1995.—Section 2604(c)(2)(B)(ii) of the District of Columbia School Reform Act of 1995 (Public Law 104–134; 110 Stat. 1321–145) is amended by striking ''Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(20) FREEDOM SUPPORT ACT.—The last sentence of section 505 of the FREEDOM Support Act (22 U.S.C. 5855) is amended by striking '', through the Defense Conversion'' and all that follows through ''or through'' and inserting ''or through''.

(21) EMERGENCY JOBS AND UNEMPLOYMENT ASSISTANCE ACT OF 1974.—

(A) SECTION 204.—Section 204(b) of the Emergency Jobs and Unemployment Assistance Act of 1974 (26 U.S.C. 3304 note) is amended by striking ''designate as an area'' and all that follows and inserting ''designate as an area under this section an area that is a service delivery area established under section 101 of the Job Training Partnership Act (except that after local workforce investment areas are designated under section 116 of the Workforce Investment Act of 1998 for the State involved, the corresponding local workforce investment area shall be considered to be the area designated under this section) or a local workforce investment area designated under section 116 of the Workforce Investment Act of 1998.''.

(B) SECTION 223.—Section 223 of the Emergency Jobs and Unemployment Assistance Act of 1974 (26 U.S.C. 3304 note) is amended—

(i) in paragraph (3), by striking ''assistance provided'' and all that follows and inserting ''assistance provided under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998;''; and

(ii) in paragraph (4), by striking ''funds provided'' and all that follows and inserting ''funds provided under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998;''.

(22) JOB TRAINING REFORM AMENDMENTS OF 1992.—Section 701 of the Job Training Reform Amendments of 1992 (29 U.S.C. 1501 note) is repealed.

(23) PUBLIC LAW 98–524.—Section 7 of Public Law 98–524 (29 U.S.C. 1551 note) is repealed.

(24) VETERANS' BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402 of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended—

(A) in subsection (a), by striking ''title III of the Job Training Partnership Act (29 U.S.C. 1651 et seq.)'' and inserting ''title III of the Job Training Partnership Act or title I of the Workforce Investment Act of 1998'';

(B) in subsection (c), by striking ''Training, in consultation with the office designated or created under section 322(b) of the Job Training Partnership Act,'' and inserting ''Training, in consultation with the unit or office designated or created under section 322(b) of the Job Training Partnership Act or any successor to such unit or office under title I of the Workforce Investment Act of 1998,''; and

(C) in subsection (d)—

(i) in paragraph (1)(A), by striking ''part C'' and all that follows through''; and'' and inserting ''part C of title IV of the Job Training Partnership Act or title I of the Workforce Investment Act of 1998; and''; and

(ii) in paragraph (2), by striking ''Employment and training'' and all that follows and inserting ''Employment and training activities for dislocated workers under title III of the Job Training Partnership Act or title I of the Workforce Investment Act of 1998.''.

(25) VETERANS' JOB TRAINING ACT.—

(A) SECTION 13.—Section 13(b) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended by striking ''assistance under the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''assistance under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(B) SECTION 14.—Section 14(b)(3)(B)(i)(II) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended by striking ''under part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''under part C of title IV the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(C) SECTION 15.—Section 15(c)(2) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended—

(i) in the second sentence, by striking ''part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''part C of title IV of the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''; and

(ii) in the third sentence, by striking ''title III of that Act'' and inserting ''title III of the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(26) WORKER ADJUSTMENT AND RETRAINING NOTIFICATION ACT.—Section 3(a)(2) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102(a)(2)) is amended by striking ''to the State'' and all that follows through ''and the chief'' and inserting ''to the State dislocated worker unit or office (referred to in section 311(b)(2) of the Job Training and Partnership Act), or the State or entity designated by the State to carry out rapid response activities under section 134(a)(2)(A) of the Workforce Investment Act of 1998, and the chief''.

(27) TITLE 31, UNITED STATES CODE.—Section 6703(a) of title 31, United States Code, is amended by striking paragraph (4) and inserting the following:

''(4) Programs under title II or IV of the Job Training Partnership Act or under title I of the Workforce Investment Act of 1998.''.

(28) VETERANS' REHABILITATION AND EDUCATION AMENDMENTS OF 1980.—Section 512 of the Veterans' Rehabilitation and Education Amendments of 1980 (38 U.S.C. 4101 note) is amended by striking ''the Comprehensive Employment and Training Act (29 U.S.C. et seq.),'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998,''.

(29) TITLE 38, UNITED STATES CODE.—

(A) SECTION 4102A.—Section 4102A(d) of title 38, United States Code, is amended by striking ''the Job Training Partnership Act'' and inserting ''the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''.

(B) SECTION 4103A.—Section 4103A(c)(4) of title 38, United States Code, is amended by striking ''(including part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.))'' and inserting ''including part C of title IV of the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''.

(C) SECTION 4213.—Section 4213 of title 38, United States Code, is amended by striking ''program assisted under the Job Training Partnership Act (29 U.S.C. 1501 et seq.),'' and inserting ''program carried out under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998,''.

(30) SOCIAL SECURITY ACT.—Section 403(a)(5) of Social Security Act (42 U.S.C. 603(a)(5)) is amended—

(A) in subparagraph (A)(vii)(I), by striking ''(as described in section 103(c) of the Job Training Partnership Act)'' and inserting ''(as described in section 103(c) of the Job Training Partnership Act or defined in section 101 of the Workforce Investment Act of 1998)''; and

(B) in subparagraph (D)—

(i) in clause (ii), by striking ''means, with respect to a service delivery area, the private industry council (or successor entity) established for the service delivery area pursuant to the Job Training Partnership Act'' and inserting ''means, with respect to a service delivery area, the private industry council or local workforce investment board established for the service delivery area pursuant to the Job Training Partnership Act or title I of the Workforce Investment Area of 1998, as appropriate''; and

(ii) in clause (iii), by striking ''shall have the meaning given such term (or the successor to such term) for purposes of the Job Training Partnership Act'' and inserting ''shall have the meaning given such term for purposes of the Job Training Partnership Act or shall mean a local area as defined in section 101 of the Workforce Investment Act of 1998, as appropriate''.

(31) UNITED STATES HOUSING ACT.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended—

(A) in subsection (b)(2)(A), by striking ''the Job Training'' and all that follows through ''or the'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998 or the'';

(B) in the first sentence of subsection (f)(2), by striking ''programs under the'' and all that follows through ''and the'' and inserting ''programs under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998 or the''; and

(C) in subsection (g)—

(i) in paragraph (2), by striking ''programs under the'' and all that follows through ''and the'' and inserting ''programs under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998 or the''; and

(ii) in paragraph (3)(H), by striking ''program under'' and all that follows through ''and any other'' and inserting ''programs under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998 and any other''.

(32) HOUSING ACT OF 1949.—Section 504(c)(3) of the Housing Act of 1949 (42 U.S.C. 1474(c)(3)) is amended by striking ''pursuant to'' and all that follows through ''or the'' and inserting ''pursuant to the Job Training Partnership Act or title I of the Workforce Investment Act of 1998 or the''.

(33) OLDER AMERICANS ACT OF 1965.—

(A) SECTION 203.—Section 203 of the Older Americans Act of 1965 (42 U.S.C. 3013) is amended—

(i) in subsection (a)(2), by striking the last sentence and inserting the following: ''In particular, the Secretary of Labor shall consult and cooperate with the Assistant Secretary in carrying out the Job Training Partnership Act and title I of the Workforce Investment Act of 1998.''; and

(ii) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) the Job Training Partnership Act or title I of the Workforce Investment Act of 1998,''.

(B) SECTION 502.—Section 502 of the Older Americans Act of 1965 (42 U.S.C. 3056) is amended—

(i) in subsection (b)(1)(N)(i), by striking ''the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''; and

(ii) in subsection (e)(2)(C), by striking ''programs carried out under section 124 of the Job Training Partnership Act (29 U.S.C. 1534)'' and inserting ''programs carried out under the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''.

(C) SECTION 503.—Section 503(b)(1) of the Older Americans Act of 1965 (42 U.S.C. 3056a(b)(1)) is amended—

(i) in the first sentence, by striking ''the Job Training Partnership Act'' and inserting ''the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''; and

(ii) in the first sentence, by striking ''the Job Training Partnership Act'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(D) SECTION 510.—Section 510 of the Older Americans Act of 1965 (42 U.S.C. 3056h) is amended by striking the matter following the section heading and inserting the following:

''In the case of projects under this title carried out jointly with programs carried out under the Job Training Partnership Act, eligible individuals shall be deemed to satisfy the requirements of sections 203 and 204(d)(5)(A) of such Act (29 U.S.C. 1603, 1604(d)(5)(A)) that are applicable to adults. In the case of projects under this title carried out jointly with programs carried out under subtitle B of title I of the Workforce Investment Act of 1998, eligible individuals shall be deemed to satisfy the requirements of section 134 of such Act.''.

(34) OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968.—Section 1801(b)(3) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796ee(b)(3)) is amended by striking ''activities carried out under part B of title IV of the Job Training Partnership Act (relating to Job Corps) (29 U.S.C. 1691 et seq.)'' and inserting ''activities carried out under part B of title IV of the Job Training Partnership Act or subtitle C of title I of the Workforce Investment Act of 1998 (relating to Job Corps)''.

(35) ENVIRONMENTAL PROGRAMS ASSISTANCE ACT OF 1984.—The second sentence of section 2(a) of the Environmental Programs Assistance Act of 1984 (42 U.S.C. 4368a(a)) is amended by striking ''and title IV of the Job Training Partnership Act'' and inserting ''and title IV of the Job Training Partnership Act or subtitle D of title I of the Workforce Investment Act of 1998''.

(36) DOMESTIC VOLUNTEER SERVICE ACT OF 1973.—

(A) SECTION 103.—The second sentence of section 103(d) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4953(d)) is amended to read as follows: ''Whenever feasible, such efforts shall be coordinated with an appropriate private industry council established under the Job Training Partnership Act or local workforce investment board established under section 117 of the Workforce Investment Act of 1998.''.

(B) SECTION 109.—Subsections (c)(2) and (d)(2) of section 109 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4959) is amended by striking ''administrative entities designated to administer job training plans under the Job Training Partnership Act'' and inserting ''administrative entities designated to administer job training plans under the Job Training Partnership Act and eligible providers of employment and training activities under subtitle B of title I of the Workforce Investment Act of 1998''.

(37) AGE DISCRIMINATION ACT OF 1975.—Section 304(c)(1) of the Age Discrimination Act of 1975 (42 U.S.C. 6103(c)(1)) is amended by striking ''Except with'' and all that follows through ''nothing'' and inserting ''Nothing''.

(38) ENERGY CONSERVATION AND PRODUCTION ACT.—Section 414(b)(3) of the Energy Conservation and Production Act (42 U.S.C. 6864(b)(3)) is amended by striking ''the Comprehensive Employment and Training Act of 1973'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(39) NATIONAL ENERGY CONSERVATION POLICY ACT.—Section 233 of the National Energy Conservation Policy Act (42 U.S.C. 6873) is amended, in the matter preceding paragraph (1), by striking ''the Comprehensive Employment and Training Act of 1973'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(40) COMMUNITY ECONOMIC DEVELOPMENT ACT OF 1981.—Section 617(a)(3) of the Community Economic Development Act of 1981 (42 U.S.C. 9806(a)(3)) is amended by striking ''activities such as those described in the Comprehensive Employment and Training Act'' and inserting ''activities such as the activities described in the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(41) STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—Section 103(b)(2) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302(b)(2)) is amended by striking ''the Job Training Partnership Act'' and inserting ''the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(42) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—

(A) SECTION 177.—Section 177(d) of the National and Community Service Act of 1990 (42 U.S.C. 12637(d)) is amended to read as follows:

''(d) TREATMENT OF BENEFITS.—Allowances, earnings, and payments to individuals participating in programs that receive assistance under this title shall not be considered to be income for the purposes of determining eligibility for and the amount of income transfer and in-kind aid furnished under any Federal or federally assisted program based on need, other than as provided under the Social Security Act (42 U.S.C. 301 et seq.).''.

(B) SECTION 198C.—Section 198C of the National and Community Service Act of 1990 (42 U.S.C. 12653c) is amended—

(i) in subsection (b)(1), by striking ''a military installation described in section 325(e)(1) of the Job Training Partnership Act (29 U.S.C. 1662d(e)(1)).'' and inserting ''a military installation being closed or realigned under—

''(A) the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of division B of Public Law 101–510; 10 U.S.C. 2687 note); and

''(B) title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).''; and

(ii) in subsection (e)(1)(B), by striking clause (iii) and inserting the following:

''(iii) an eligible youth described in section 423 of the Job Training Partnership Act or an individual described in section 144 of the Workforce Investment Act of 1998.''.

(C) SECTION 199L.—Section 199L(a) of the National and Community Service Act of 1990 (42 U.S.C. 12655m(a)) is amended by striking ''the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''.

(43) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—

(A) SECTION 454.—Subparagraphs (H) and (M) of subsection (c)(2), and subsection (d)(7), of section 454 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c) are amended by striking ''the Job Training Partnership Act'' and inserting ''the Job Training Partnership Act and title I of the Workforce Investment Act of 1998''.

(B) SECTION 456.—The first sentence of section 456(e) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899e(e)) is amended by inserting ''(as in effect on the day before the date of enactment of the Workforce Investment Act of 1998)'' after ''the Job Training Partnership Act'' each place it appears.

(44) VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994.—Section 31113(a)(4)(C) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 13823(a)(4)(C)) is amended by striking ''authorized under the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''authorized under the Job Training Partnership Act or title I of the Workforce Investment Act of 1998''.

(e) OTHER REFERENCES TO TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(1) TABLE OF CONTENTS.—The table of contents of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.) is amended by striking the items relating to title VII of such Act, except the items relating to the title heading, and subtitles B and C, of such title.

(2) TITLE VII.—The Stewart B. McKinney Homeless Assistance Act (as amended by section 199(b)(1) of the Workforce Investment Act of 1998) is further amended by inserting before subtitle B (relating to education for homeless children and families) the following:

''TITLE VII—EDUCATION AND TRAINING''.

(f) REFERENCES TO JOB TRAINING PARTNERSHIP ACT SUBSEQUENT TO REPEAL.—

(1) TITLE 5, UNITED STATES CODE.—Section 3502(d) of title 5, United States Code, is amended—

(A) in paragraph (3)—

(i) in subparagraph (A), by striking clause (i) and inserting the following:

''(i) the State or entity designated by the State to carry out rapid response activities under section 134(a)(2)(A) of the Workforce Investment Act of 1998; and''; and

(ii) in subparagraph (B)(iii), by striking ''under the Job Training Partnership Act or''; and

(B) in paragraph (4), in the second sentence, by striking ''the Job Training Partnership Act or''.

(2) FOOD STAMP ACT OF 1977.—

(A) SECTION 5.—Section 5(l) of the Food Stamp Act of 1977 (7 U.S.C. 2014(l)) is amended by striking ''Notwithstanding section 142(b) of the Job Training Partnership Act or section 181(a)(2) of the Workforce Investment Act of 1998, earnings to individuals participating in on-the-job training programs under section 204(b)(1)(C) or 264(c)(1)(A) of the Job Training Partnership Act or in on-the-job training under title I of the Workforce Investment Act of 1998'' and inserting ''Notwithstanding section 181(a)(2) of the Workforce Investment Act of 1998, earnings to individuals participating in on-the-job training under title I of the Workforce Investment Act of 1998''

(B) SECTION 6.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(i) in subsection (d)(4)(M), by striking ''the State public employment offices and agencies operating programs under the Job Training Partnership Act or of'';

(ii) in subsection (e)(3), by striking subparagraph (A) and inserting the following:

''(A) a program under title I of the Workforce Investment Act of 1998;''; and

(iii) in subsection (o)(1)(A), by striking ''Job Training Partnership Act or''.

(C) SECTION 17.—The second sentence of section 17(b)(2) of the Food Stamp Act of 1977 (7

U.S.C. 2026(b)(2)) is amended by striking ''the Job Training Partnership Act or''.

(3) PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.—

(A) Section 403(c)(2)(K) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)(K)) is amended by striking ''Job Training Partnership Act or''.

(B) Section 423(d)(11) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1183a note) is amended by striking ''Job Training Partnership Act or''.

(4) IMMIGRATION AND NATIONALITY ACT.—Section 245A(h)(4)(F) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(F)) is amended by striking ''The Job Training Partnership Act or title'' and inserting ''Title''.

(5) REFUGEE EDUCATION ASSISTANCE ACT OF 1980.—Section 402(a)(4) of the Refugee Education Assistance Act of 1980 (8 U.S.C. 1522 note) is amended by striking ''the Comprehensive Employment and Training Act of 1973'' and inserting ''the Job Training Partnership Act or''.

(6) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—

(A) SECTION 3161.—Section 3161(c)(6) of the National Defense Authorization Act for Fiscal Year 1993 (42 U.S.C. 7274h(c)(6)) is amended by striking subparagraph (A) and inserting the following:

''(A) programs carried out by the Secretary of Labor under title I of the Workforce Investment Act of 1998;''.

(B) SECTION 4461.—Section 4461(1) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended by striking ''The Job Training Partnership Act of title'' and inserting ''Title''.

(C) SECTION 4471.—Section 4471 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 2501 note) is amended—

(i) in subsection (c)(2), by striking ''the State dislocated worker unit or office referred to in section 311(b)(2) of the Job Training Partnership Act, or'';

(ii) in subsection (d), in the first sentence, by striking ''for training, adjustment assistance, and employment services under section 325 or 325A of the Job Training Partnership Act or''; and

(iii) in subsection (e), by striking ''for training, adjustment assistance, and employment services under section 325 or 325A of the Job Training Partnership Act or''.

(D) SECTION 4492.—Section 4492(b) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended by striking ''the Job Training Partnership Act or''.

(7) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994.—Section 1333(c)(2)(B) of the National Defense Authorization Act for Fiscal Year 1994 (10 U.S.C. 2701 note) is amended by striking ''Private industry councils as described in section 102 of the Job Training Partnership Act or local'' and inserting ''local''.

(8) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998.—Section 2824(c)(5) of the National Defense Authorization Act for Fiscal Year 1998 (10 U.S.C. 2687 note) is amended by striking ''Job Training Partnership Act or''.

(9) SMALL BUSINESS ACT.—The fourth sentence of section 7(j)(13)(E) of the Small Business Act (15 U.S.C. 636(j)(13)(E)) is amended by striking ''the Job Training Partnership Act or''.

(10) FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1978.—Section 206 of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 3116) is amended—

(A) in subsection (b), in the matter preceding paragraph (1), by striking ''CETA'' and inserting ''the Job Training Partnership Act and''; and

(B) in subsection (c)(1), by striking ''activities carried out under the Job Training Partnership Act or''.

(11) TRADE ACT OF 1974.—

(A) SECTION 236.—Section 236(a)(5)(B) of the Trade Act of 1974 (19 U.S.C. 2296(a)(5)(B)) is amended by striking ''section 303 of the Job Training Partnership Act or''.

(B) SECTION 239.—Section 239(e) of the Trade Act of 1974 (19 U.S.C. 2311(e)) is amended by striking ''title III of the Job Training Partnership Act or''.

(12) HIGHER EDUCATION ACT OF 1965.—

(A) SECTION 418A.—Subsections (b)(1)(B)(ii) and (c)(1)(A) of section 418A of the Higher Education Act of 1965 (20 U.S.C. 1070d–2) are amended by striking ''section 402 of the Job Training Partnership Act or''.

(B) SECTION 480.—Section 480(b)(14) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(b)(14)) is amended by striking ''Job Training Partnership Act noneducational benefits or''.

(13) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—

(A) SECTION 1205.—Section 1205(8)(B) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6365(8)(B)) is amended by striking ''the Job Training Partnership Act and''.

(B) SECTION 1414.—Section 1414(c)(8) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6434(c)(8)) is amended by striking ''the Job Training Partnership Act or''.

(C) SECTION 1423.—Section 1423(9) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6453(9)) is amended by striking ''the Job Training Partnership Act or''.

(D) SECTION 1425.—Section 1425(9) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6455(9)) is amended by striking ''the Job Training Partnership Act or''.

(14) DISTRICT OF COLUMBIA SCHOOL REFORM ACT OF 1995.—Section 2604(c)(2)(B)(ii) of the District of Columbia School Reform Act of 1995 (Public Law 104–134; 110 Stat. 1321–145) is amended by striking ''Job Training Partnership Act or''.

(15) EMERGENCY JOBS AND UNEMPLOYMENT ASSISTANCE ACT OF 1974.—

(A) SECTION 204.—Section 204(b) of the Emergency Jobs and Unemployment Assistance Act of 1974 (26 U.S.C. 3304 note) is amended by striking ''service delivery area established'' and all that follows through ''this section) or a''.

(B) SECTION 223.—Section 223 of the Emergency Jobs and Unemployment Assistance Act of 1974 (26 U.S.C. 3304 note) is amended—

(i) in paragraph (3), by striking ''the Job Training Partnership Act or''; and

(ii) in paragraph (4), by striking ''the Job Training Partnership Act or''.

(16) VETERANS' BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402 of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended—

(A) in subsection (a), by striking ''title III of the Job Training Partnership Act or''; and

(B) in subsection (d)—

(i) in paragraph (1)(A), by striking ''part C of title IV of the Job Training Partnership Act or''; and

(ii) in paragraph (2), by striking ''title III of the Job Training Partnership Act or''.

(17) VETERANS' JOB TRAINING ACT.—

(A) SECTION 13.—Section 13(b) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended by striking ''the Job Training Partnership Act or''.

(B) SECTION 14.—Section 14(b)(3)(B)(i)(II) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended by striking ''part C of title IV the Job Training Partnership Act or''.

(C) SECTION 15.—Section 15(c)(2) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended—

(i) in the second sentence, by striking ''part C of title IV of the Job Training Partnership Act or''; and

(ii) in the third sentence, by striking ''title III of the Job Training Partnership Act or''.

(18) WORKER ADJUSTMENT AND RETRAINING NOTIFICATION ACT.—Section 3(a)(2) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102(a)(2)) is amended by striking ''the State dislocated worker unit or office (referred to in section 311(b)(2) of the Job Training and Partnership Act), or''.

(19) TITLE 31, UNITED STATES CODE.—Section 6703(a) of title 31, United States Code, is amended by striking paragraph (4) and inserting the following:

''(4) Programs under title I of the Workforce Investment Act of 1998.''.

(20) VETERANS' REHABILITATION AND EDUCATION AMENDMENTS OF 1980.—Section 512 of the Veterans' Rehabilitation and Education Amendments of 1980 (38 U.S.C. 4101 note) is amended by striking ''the Job Training Partnership Act or''.

(21) TITLE 38, UNITED STATES CODE.—

(A) SECTION 4102A.—Section 4102A(d) of title 38, United States Code, is amended by striking ''the Job Training Partnership Act and''.

(B) SECTION 4103A.—Section 4103A(c)(4) of title 38, United States Code, is amended by striking ''part C of title IV of the Job Training Partnership Act and''.

(C) SECTION 4213.—Section 4213 of title 38, United States Code, is amended by striking ''the Job Training Partnership Act or''.

(22) SOCIAL SECURITY ACT.—Section 403(a)(5) of Social Security Act (42 U.S.C. 603(a)(5)) is amended—

(A) in subparagraph (A)(vii)(I), by striking ''described in section 103(c) of the Job Training Partnership Act or''; and

(B) in subparagraph (D)—

(i) in clause (ii), by striking ''the Job Training Partnership Act or''; and

(ii) in clause (iii), by striking ''shall mean a local area as defined in section 101 of the Workforce Investment Act of 1998, as appropriate''.

(23) UNITED STATES HOUSING ACT.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended—

(A) in subsection (b)(2)(A), by striking ''the Job Training Partnership Act or'';

(B) in the first sentence of subsection (f)(2), by striking ''the Job Training Partnership Act or''; and

(C) in subsection (g)—

(i) in paragraph (2), by striking ''the Job Training Partnership Act or''; and

(ii) in paragraph (3)(H), by striking ''the Job Training Partnership Act or''.

(24) HOUSING ACT OF 1949.—Section 504(c)(3) of the Housing Act of 1949 (42 U.S.C. 1474(c)(3)) is amended by striking ''the Job Training Partnership Act or''.

(25) OLDER AMERICANS ACT OF 1965.—

(A) SECTION 203.—Section 203 of the Older Americans Act of 1965 (42 U.S.C. 3013) is amended—

(i) in subsection (a)(2), by striking ''the Job Training Partnership Act and''; and

(ii) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) title I of the Workforce Investment Act of 1998,''.

(B) SECTION 502.—Section 502 of the Older Americans Act of 1965 (42 U.S.C. 3056) is amended—

(i) in subsection (b)(1)(N)(i), by striking ''the Job Training Partnership Act and''; and

(ii) in subsection (e)(2)(C), by striking ''the Job Training Partnership Act and''.

(C) SECTION 503.—Section 503(b)(1) of the Older Americans Act of 1965 (42 U.S.C. 3056a(b)(1)) is amended—

(i) in the first sentence, by striking ''the Job Training Partnership Act and''; and

(ii) in the first sentence, by striking ''the Job Training Partnership Act or''.

(D) SECTION 510.—Section 510 of the Older Americans Act of 1965 (42 U.S.C. 3056h) is amended by striking the matter following the section heading and inserting the following:

''In the case of projects under this title carried out jointly with programs carried out under subtitle B of title I of the Workforce Investment Act of 1998, eligible individuals shall be deemed to satisfy the requirements of section 134 of such Act.''.

(26) OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968.—Section 1801(b)(3) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796ee(b)(3)) is amended by striking ''part B of title IV of the Job Training Partnership Act or''.

(27) ENVIRONMENTAL PROGRAMS ASSISTANCE ACT OF 1984.—The second sentence of section 2(a) of the Environmental Programs Assistance Act of 1984 (42 U.S.C. 4368a(a)) is amended by striking ''title IV of the Job Training Partnership Act or''.

(28) DOMESTIC VOLUNTEER SERVICE ACT OF 1973.—

(A) SECTION 103.—The second sentence of section 103(d) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4953(d)) is amended to read as follows: ''private industry council established under the Job Training Partnership Act or''.

(B) SECTION 109.—Subsections (c)(2) and (d)(2) of section 109 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4959) is amended by striking ''administrative entities designated to administer job training plans under the Job Training Partnership Act and''.

(29) ENERGY CONSERVATION AND PRODUCTION ACT.—Section 414(b)(3) of the Energy Conservation and Production Act (42 U.S.C. 6864(b)(3)) is amended by striking ''the Job Training Partnership Act or''.

(30) NATIONAL ENERGY CONSERVATION POLICY ACT.—Section 233 of the National Energy Conservation Policy Act (42 U.S.C. 6873) is amended, in the matter preceding paragraph (1), by striking ''the Job Training Partnership Act or''.

(31) COMMUNITY ECONOMIC DEVELOPMENT ACT OF 1981.—Section 617(a)(3) of the Community Economic Development Act of 1981 (42 U.S.C. 9806(a)(3)) is amended by striking ''the Job Training Partnership Act or''.

(32) STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—Section 103(b)(2) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302(b)(2)) is amended by striking ''the Job Training Partnership Act or''.

(33) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—

(A) SECTION 198C.—Section 198C(e)(1)(B) of the National and Community Service Act of 1990 (42 U.S.C. 12653c(e)(1)(C)) is amended by striking clause (iii) and inserting the following:

''(iii) an individual described in section 144 of the Workforce Investment Act of 1998.''.

(B) SECTION 199L.—Section 199L(a) of the National and Community Service Act of 1990 (42 U.S.C. 12655m(a)) is amended by striking ''the Job Training Partnership Act and''.

(34) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—Subparagraphs (H) and (M) of subsection (c)(2), and subsection (d)(7), of section 454 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c) are amended by striking ''the Job Training Partnership Act and''.

(35) VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994.—Section 31113(a)(4)(C) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 13823(a)(4)(C)) is amended by striking ''the Job Training Partnership Act or''.

(g) EFFECTIVE DATES.—

(1) IMMEDIATELY EFFECTIVE AMENDMENTS.—The amendments made by subsections (a) through (d) shall take effect on the date of the enactment of this Act.

(2) SUBSEQUENTLY EFFECTIVE AMENDMENTS.—

(A) STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—The amendments made by subsection (e) shall take effect on July 1, 1999.

(B) JOB TRAINING PARTNERSHIP ACT.—The amendments made by subsection (f) shall take effect on July 1, 2000.

(h) REFERENCES.—

(1) IN GENERAL.—Section 190 of the Workforce Investment Act of 1998 is amended to read as follows:

''SEC. 190. REFERENCES.

''(a) REFERENCES TO COMPREHENSIVE EMPLOYMENT AND TRAINING ACT.—Except as otherwise specified, a reference in a Federal law (other than a reference in a provision amended by the Reading Excellence Act) to a provision of the Comprehensive Employment and Training Act—

''(1) effective on the date of enactment of this Act, shall be deemed to refer to the corresponding provision of the Job Training Partnership Act or of the Workforce Investment Act of 1998; and

''(2) effective on July 1, 2000, shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998.''.

''(b) REFERENCES TO JOB TRAINING PARTNERSHIP ACT.—Except as otherwise specified, a reference in a Federal law (other than a reference in this Act or a reference in a provision amended by the Reading Excellence Act) to a provision of the Job Training Partnership Act—

''(1) effective on the date of enactment of this Act, shall be deemed to refer to that provision or the corresponding provision of the Workforce Investment Act of 1998; and

''(2) effective on July 1, 2000, shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the Workforce Investment Act of 1998.

(3) CONFORMING AMENDMENT.—Section 199A of such Act is amended by striking subsection (c).

INTERNET TAX FREEDOM ACT

HUTCHINSON (AND MCCAIN) AMENDMENT NO. 3741

(Ordered to lie on the table.)

Mr. HUTCHINSON (for himself and Mr. MCCAIN) submitted an amendment intended to be proposed by them to the bill (S. 442) to establish a national policy against State and local government interference with interstate commerce on the Internet or interactive computer services, and to exercise Congressional jurisdiction over interstate commerce by establishing a moratorium on the imposition of exactions that would interfere with the free flow of commerce via the Internet, and for other purposes; as follows:

On page 24, strike line 5 and insert the following: communications services; and

(F) an examination of the effects of taxation, including the absence of taxation, on all interstate sales transactions, including transactions using the Internet, on local retail businesses and on State and local governments, which examination may include a review of the efforts of State and local governments to collect sales and use taxes owed on in-State purchases from out-of-State sellers.

BUMPERS (AND GRAHAM) AMENDMENT NO. 3742

Mr. BUMPERS (for himself and Mr. GRAHAM) proposed an amendment to the bill, S. 442, supra; as follows:

At the appropriate place, insert the following new title:

TITLE —CONSUMER PROTECTION TAX DISCLOSURE

SEC. . DISCLOSURE REQUIREMENT.

(a) DISCLOSURE REQUIREMENT.—Any person selling tangible personal property via the Internet who—

(1) delivers such property, or causes such property to be delivered, to a person in another State, and

(2) does not collect and remit all applicable State and local sales taxes pertaining to the sale and use of such property.

shall prominently display the notice described in subsection (b) on every other form available to a purchaser or prospective purchaser.

(b) DISCLOSURE NOTICE.—The notice described in this subsection is as follows:

''NOTICE REGARDING TAXES: You may be required by your State or local government to pay sales or use tax on this purchase. Such taxes are imposed in most States. Failure to pay such taxes could result in civil or criminal penalties. For information on your tax obligations, contact your State taxation department.''

(c) REGULATORY AUTHORITY.—The Secretary of Commerce shall issue and enforce such regulations as are necessary to ensure compliance with this section, including regulations as to what constitutes prominently displaying a notice.

SEC. . PENALTIES.

Any person who willfully fails to include any notice under section ____ shall be fined not more than $100 for each such failure.

SEC. . DEFINITIONS.

For purposes of this title—

(1) the term ''use tax'' means a tax imposed on or incident to the use, storage, consumption, distribution, or other use within a State or local jurisdiction or other area of a State, of tangible personal property,

(2) the term ''local sales tax'' means a sales tax imposed in a local jurisdiction or area of a State and includes, but is not limited to—

(A) a sales tax or in-lieu fee imposed in a local jurisdiction or area of a State by the State on behalf of such jurisdiction or area, and

(B) a sales tax imposed by a local jurisdiction or other State-authorized entity pursuant to the authority of State law, local law, or both,

(3) the term ''person'' means an individual, a trust, estate, partnership, society, association, company (including a limited liability company), or corporation, whether or not acting in a fiduciary or representative capacity, and any combination thereof,

(4) the term ''sales tax'' means a tax, including use tax, that is—

(A) imposed on or incident to the sale, purchase, storage, consumption, distribution, or other use of tangible personal property as may be defined or specified under the laws imposing such tax, and

(B) measured by the amount of the sale price, cost, charge, or other value of or for such property, and

(5) the term ''State'' means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

SEC. . EFFECTIVE DATE.

This title shall take effect 180 days after the date of enactment of this Act. In no event shall this Act apply to any sale occurring before such effective date.

FRIST (AND OTHERS) AMENDMENT NO. 3743

Mr. MCCAIN (for Mr. FRIST for himself, Mr. THOMPSON, Mr. DEWINE, Mr. JEFFORDS, and Mr. SMITH of Oregon) proposed an amendment to the bill, S. 442, supra; as follows:

At the end add the following:

TITLE ___—OREGON INSTITUTE OF PUBLIC SERVICE AND CONSTITUTIONAL STUDIES

SEC. ___01. DEFINITIONS.

In this title:

(1) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by Portland State University for the purpose of generating income for the support of the Institute.

(2) INSTITUTE.—The term ''Institute'' means the Oregon Institute of Public Service and Constitutional Studies established under this title.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

SEC. ___02. OREGON INSTITUTE OF PUBLIC SERVICE AND CONSTITUTIONAL STUDIES.

From the funds appropriated under section ___06, the Secretary is authorized to award a grant to Portland State University at Portland, Oregon, for the establishment of an endowment fund to support the Oregon Institute of Public Service and Constitutional Studies at the Mark O. Hatfield School of Government at Portland State University.

SEC. ___03. DUTIES.

In order to receive a grant under this title the Portland State University shall establish the Institute. The Institute shall have the following duties:

(1) To generate resources, improve teaching, enhance curriculum development, and further the knowledge and understanding of students of all ages about public service, the United States Government, and the Constitution of the United States of America.

(2) To increase the awareness of the importance of public service, to foster among the youth of the United States greater recognition of the role of public service in the development of the United States, and to promote public service as a career choice.

(3) To establish a Mark O. Hatfield Fellows program for students of government, public policy, public health, education, or law who have demonstrated a commitment to public service through volunteer activities, research projects, or employment.

(4) To create library and research facilities for the collection and compilation of research materials for use in carrying out programs of the Institute.

(5) To support the professional development of elected officials at all levels of government.

SEC. ___04. ADMINISTRATION.

(a) LEADERSHIP COUNCIL.—

(1) IN GENERAL.—In order to receive a grant under this title Portland State University shall ensure that the Institute operates under the direction of a Leadership Council (in this title referred to as the ''Leadership Council'') that—

''(A) consists of 15 individuals appointed by the President of Portland State University; and

''(B) is established in accordance with this section.

(2) APPOINTMENTS.—Of the individuals appointed under paragraph (1)(A)—

(A) Portland State University, Willamette University, the Constitution Project, George Fox University, Warner Pacific University, and Oregon Health Sciences University shall each have a representative;

(B) at least 1 shall represent Mark O. Hatfield, his family, or a designee thereof;

(C) at least 1 shall have expertise in elementary and secondary school social sciences or governmental studies;

(D) at least 2 shall be representative of business or government and reside outside of Oregon;

(E) at least 1 shall be an elected official; and

(F) at least 3 shall be leaders in the private sector.

(3) EX-OFFICIO MEMBER.—The Director of the Mark O. Hatfield School of Government at Portland State University shall serve as an ex-officio member of the Leadership Council.

(b) CHAIRPERSON.—

(1) IN GENERAL.—The President of Portland State University shall designate 1 of the individuals first appointed to the Leadership Council under subsection (a) as the Chairperson of the Leadership Council. The individual so designated shall serve as Chairperson for 1 year.

(2) REQUIREMENT.—Upon the expiration of the term of the Chairperson of the individual designated as Chairperson under paragraph (1), or the term of the Chairperson elected under this paragraph, the members of the Leadership Council shall elect a Chairperson of the Leadership Council from among the members of the Leadership Council.

SEC. ___05. ENDOWMENT FUND.

(a) MANAGEMENT.—The endowment fund shall be managed in accordance with the standard endowment policies established by the Oregon University System.

(b) USE OF INTEREST AND INVESTMENT INCOME.—Interest and other investment income earned (on or after the date of enactment of this subsection) from the endowment fund may be used to carry out the duties of the Institute under section ___03.

(c) DISTRIBUTION OF INTEREST AND INVESTMENT INCOME.—Funds realized from interest and other investment income earned (on or after the date of enactment of this subsection) shall be spent by Portland State University in collaboration with Willamette University, George Fox University, the Constitution Project, Warner Pacific University, Oregon Health Sciences University, and other appropriate educational institutions or community-based organizations. In expending such funds, the Leadership Council shall encourage programs to establish partnerships, to leverage private funds, and to match expenditures from the endowment fund.

SEC. ___06. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $3,000,000 for fiscal year 1999.

TITLE ___—PAUL SIMON PUBLIC POLICY INSTITUTE

SEC. ___01. DEFINITIONS.

In this title:

(1) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by the University for the purpose of generating income for the support of the Institute.

(2) ENDOWMENT FUND CORPUS.—The term ''endowment fund corpus'' means an amount equal to the grant or grants awarded under this title plus an amount equal to the matching funds required under section ___02(d).

(3) ENDOWMENT FUND INCOME.—The term ''endowment fund income'' means an amount equal to the total value of the endowment fund minus the endowment fund corpus.

(4) INSTITUTE.—The term ''Institute'' means the Paul Simon Public Policy Institute described in section ___02.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(6) UNIVERSITY.—The term ''University'' means Southern Illinois University at Carbondale, Illinois.

SEC. ___02. PROGRAM AUTHORIZED.

(a) GRANTS.—From the funds appropriated under section ___06, the Secretary is authorized to award a grant to Southern Illinois University for the establishment of an endowment fund to support the Paul Simon Public Policy Institute. The Secretary may enter into agreements with the University and include in any agreement made pursuant to this title such provisions as are determined necessary by the Secretary to carry out this title.

(b) DUTIES.—In order to receive a grant under this title, the University shall establish the Institute. The Institute, in addition to recognizing more than 40 years of public service to Illinois, to the Nation, and to the world, shall engage in research, analysis, debate, and policy recommendations affecting world hunger, mass media, foreign policy, education, and employment.

(c) DEPOSIT INTO ENDOWMENT FUND.—The University shall deposit the proceeds of any grant received under this section into the endowment fund.

(d) MATCHING FUNDS REQUIREMENT.—The University may receive a grant under this section only if the University has deposited in the endowment fund established under this title an amount equal to one-third of such grant and has provided adequate assurances to the Secretary that the University will administer the endowment fund in accordance with the requirements of this title. The source of the funds for the University match shall be derived from State, private foundation, corporate, or individual gifts or bequests, but may not include Federal funds or funds derived from any other federally supported fund.

(e) DURATION; CORPUS RULE.—The period of any grant awarded under this section shall not exceed 20 years, and during such period the University shall not withdraw or expend any of the endowment fund corpus. Upon expiration of the grant period, the University may use the endowment fund corpus, plus any endowment fund income for any educational purpose of the University.

SEC. ___03. INVESTMENTS.

(a) IN GENERAL.—The University shall invest the endowment fund corpus and endowment fund income in those low-risk instruments and securities in which a regulated insurance company may invest under the laws of the State of Illinois, such as federally insured bank savings accounts or comparable interest bearing accounts, certificates of deposit, money market funds, or obligations of the United States.

(b) JUDGMENT AND CARE.—The University, in investing the endowment fund corpus and endowment fund income, shall exercise the judgment and care, under circumstances then prevailing, which a person of prudence, discretion, and intelligence would exercise in the management of the person's own business affairs.

SEC. ___04. WITHDRAWALS AND EXPENDITURES.

(a) IN GENERAL.—The University may withdraw and expend the endowment fund income

to defray any expenses necessary to the operation of the Institute, including expenses of operations and maintenance, administration, academic and support personnel, construction and renovation, community and student services programs, technical assistance, and research. No endowment fund income or endowment fund corpus may be used for any type of support of the executive officers of the University or for any commercial enterprise or endeavor. Except as provided in subsection (b), the University shall not, in the aggregate, withdraw or expend more than 50 percent of the total aggregate endowment fund income earned prior to the time of withdrawal or expenditure.

(b) SPECIAL RULE.—The Secretary is authorized to permit the University to withdraw or expend more than 50 percent of the total aggregate endowment fund income whenever the University demonstrates such withdrawal or expenditure is necessary because of—

(1) a financial emergency, such as a pending insolvency or temporary liquidity problem;

(2) a life-threatening situation occasioned by a natural disaster or arson; or

(3) another unusual occurrence or exigent circumstance.

(c) REPAYMENT.—

(1) INCOME.—If the University withdraws or expends more than the endowment fund income authorized by this section, the University shall repay the Secretary an amount equal to one-third of the amount improperly expended (representing the Federal share thereof).

(2) CORPUS.—Except as provided in section ___02(e)—

(A) the University shall not withdraw or expend any endowment fund corpus; and

(B) if the University withdraws or expends any endowment fund corpus, the University shall repay the Secretary an amount equal to one-third of the amount withdrawn or expended (representing the Federal share thereof) plus any endowment fund income earned thereon.

SEC. ___05. ENFORCEMENT.

(a) IN GENERAL.—After notice and an opportunity for a hearing, the Secretary is authorized to terminate a grant and recover any grant funds awarded under this section if the University—

(1) withdraws or expends any endowment fund corpus, or any endowment fund income in excess of the amount authorized by section ___04, except as provided in section ___02(e);

(2) fails to invest the endowment fund corpus or endowment fund income in accordance with the investment requirements described in section ___03; or

(3) fails to account properly to the Secretary, or the General Accounting Office if properly designated by the Secretary to conduct an audit of funds made available under this title, pursuant to such rules and regulations as may be proscribed by the Comptroller General of the United States, concerning investments and expenditures of the endowment fund corpus or endowment fund income.

(b) TERMINATION.—If the Secretary terminates a grant under subsection (a), the University shall return to the Treasury of the United States an amount equal to the sum of the original grant or grants under this title, plus any endowment fund income earned thereon. The Secretary may direct the University to take such other appropriate measures to remedy any violation of this title and to protect the financial interest of the United States.

SEC. ___06. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $3,000,000 for fiscal year 1999. Funds appropriated under this section shall remain available until expended.

TITLE ___—HOWARD BAKER SCHOOL OF GOVERNMENT

SEC. ___01. DEFINITIONS.

In this title:

(1) BOARD.—The term ''Board'' means the Board of Advisors established under section ___04.

(2) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by the University of Tennessee in Knoxville, Tennessee, for the purpose of generating income for the support of the School.

(3) SCHOOL.—The term ''School'' means the Howard Baker School of Government established under this title.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(5) UNIVERSITY.—The term ''University'' means the University of Tennessee in Knoxville, Tennessee.

SEC. ___02. HOWARD BAKER SCHOOL OF GOVERNMENT.

From the funds authorized to be appropriated under section ___06, the Secretary is authorized to award a grant to the University for the establishment of an endowment fund to support the Howard Baker School of Government at the University of Tennessee in Knoxville, Tennessee.

SEC. ___03. DUTIES.

In order to receive a grant under this title, the University shall establish the School. The School shall have the following duties:

(1) To establish a professorship to improve teaching and research related to, enhance the curriculum of, and further the knowledge and understanding of, the study of democratic institutions, including aspects of regional planning, public administration, and public policy.

(2) To establish a lecture series to increase the knowledge and awareness of the major public issues of the day in order to enhance informed citizen participation in public affairs.

(3) To establish a fellowship program for students of government, planning, public administration, or public policy who have demonstrated a commitment and an interest in pursuing a career in public affairs.

(4) To provide appropriate library materials and appropriate research and instructional equipment for use in carrying out academic and public service programs, and to enhance the existing United States Presidential and public official manuscript collections.

(5) To support the professional development of elected officials at all levels of government.

SEC. ___04. ADMINISTRATION.

(a) BOARD OF ADVISORS.—

(1) IN GENERAL.—The School shall operate with the advice and guidance of a Board of Advisors consisting of 13 individuals appointed by the Vice Chancellor for Academic Affairs of the University.

(2) APPOINTMENTS.—Of the individuals appointed under paragraph (1)—

(A) 5 shall represent the University;

(B) 2 shall represent Howard Baker, his family, or a designee thereof;

(C) 5 shall be representative of business or government; and

(D) 1 shall be the Governor of Tennessee, or the Governor's designee.

(3) EX OFFICIO MEMBERS.—The Vice Chancellor for Academic Affairs and the Dean of the College of Arts and Sciences at the University shall serve as an ex officio member of the Board.

(b) CHAIRPERSON.—

(1) IN GENERAL.—The Chancellor, with the concurrence of the Vice Chancellor for Academic Affairs, of the University shall designate 1 of the individuals first appointed to the Board under subsection (a) as the Chairperson of the Board. The individual so designated shall serve as Chairperson for 1 year.

(2) REQUIREMENTS.—Upon the expiration of the term of the Chairperson of the individual designated as Chairperson under paragraph (1) or the term of the Chairperson elected under this paragraph, the members of the Board shall elect a Chairperson of the Board from among the members of the Board.

SEC. ___05. ENDOWMENT FUND.

(a) MANAGEMENT.—The endowment fund shall be managed in accordance with the standard endowment policies established by the University of Tennessee System.

(b) USE OF INTEREST AND INVESTMENT INCOME.—Interest and other investment income earned (on or after the date of enactment of this subsection) from the endowment fund may be used to carry out the duties of the School under section ___03.

(c) DISTRIBUTION OF INTEREST AND INVESTMENT INCOME.—Funds realized from interest and other investment income earned (on or after the date of enactment of this subsection) shall be available for expenditure by the University for purposes consistent with section ___03, as recommended by the Board. The Board shall encourage programs to establish partnerships, to leverage private funds, and to match expenditures from the endowment fund.

SEC. ___06. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $10,000,000 for fiscal year 2000.

TITLE ___—JOHN GLENN INSTITUTE FOR PUBLIC SERVICE AND PUBLIC POLICY

SEC. ___01. DEFINITIONS.

In this title:

(1) ENDOWMENT FUND.—The term ''endowment fund'' means a fund established by the University for the purpose of generating income for the support of the Institute.

(2) ENDOWMENT FUND CORPUS.—The term ''endowment fund corpus'' means an amount equal to the grant or grants awarded under this title plus an amount equal to the matching funds required under section ___02(d).

(3) ENDOWMENT FUND INCOME.—The term ''endowment fund income'' means an amount equal to the total value of the endowment fund minus the endowment fund corpus.

(4) INSTITUTE.—The term ''Institute'' means the John Glenn Institute for Public Service and Public Policy described in section ___02.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(6) UNIVERSITY.—The term ''University'' means the Ohio State University at Columbus, Ohio.

SEC. ___02. PROGRAM AUTHORIZED.

(a) GRANTS.—From the funds appropriated under section ___06, the Secretary is authorized to award a grant to the Ohio State University for the establishment of an endowment fund to support the John Glenn Institute for Public Service and Public Policy. The Secretary may enter into agreements with the University and include in any agreement made pursuant to this title such provisions as are determined necessary by the Secretary to carry out this title.

(b) PURPOSES.—The Institute shall have the following purposes:

(1) To sponsor classes, internships, community service activities, and research projects to stimulate student participation in public service, in order to foster America's next generation of leaders.

(2) To conduct scholarly research in conjunction with public officials on significant

issues facing society and to share the results of such research with decisionmakers and legislators as the decisionmakers and legislators address such issues.

(3) To offer opportunities to attend seminars on such topics as budgeting and finance, ethics, personnel management, policy evaluations, and regulatory issues that are designed to assist public officials in learning more about the political process and to expand the organizational skills and policymaking abilities of such officials.

(4) To educate the general public by sponsoring national conferences, seminars, publications, and forums on important public issues.

(5) To provide access to Senator John Glenn's extensive collection of papers, policy decisions, and memorabilia, enabling scholars at all levels to study the Senator's work.

(c) DEPOSIT INTO ENDOWMENT FUND.—The University shall deposit the proceeds of any grant received under this section into the endowment fund.

(d) MATCHING FUNDS REQUIREMENT.—The University may receive a grant under this section only if the University has deposited in the endowment fund established under this title an amount equal to one-third of such grant and has provided adequate assurances to the Secretary that the University will administer the endowment fund in accordance with the requirements of this title. The source of the funds for the University match shall be derived from State, private foundation, corporate, or individual gifts or bequests, but may not include Federal funds or funds derived from any other federally supported fund.

(e) DURATION; CORPUS RULE.—The period of any grant awarded under this section shall not exceed 20 years, and during such period the University shall not withdraw or expend any of the endowment fund corpus. Upon expiration of the grant period, the University may use the endowment fund corpus, plus any endowment fund income for any educational purpose of the University.

SEC. ___03. INVESTMENTS.

(a) IN GENERAL.—The University shall invest the endowment fund corpus and endowment fund income in accordance with the University's investment policy approved by the Ohio State University Board of Trustees.

(b) JUDGMENT AND CARE.—The University, in investing the endowment fund corpus and endowment fund income, shall exercise the judgment and care, under circumstances then prevailing, which a person of prudence, discretion, and intelligence would exercise in the management of the person's own business affairs.

SEC. ___04. WITHDRAWALS AND EXPENDITURES.

(a) IN GENERAL.—The University may withdraw and expend the endowment fund income to defray any expenses necessary to the operation of the Institute, including expenses of operations and maintenance, administration, academic and support personnel, construction and renovation, community and student services programs, technical assistance, and research. No endowment fund income or endowment fund corpus may be used for any type of support of the executive officers of the University or for any commercial enterprise or endeavor. Except as provided in subsection (b), the University shall not, in the aggregate, withdraw or expend more than 50 percent of the total aggregate endowment fund income earned prior to the time of withdrawal or expenditure.

(b) SPECIAL RULE.—The Secretary is authorized to permit the University to withdraw or expend more than 50 percent of the total aggregate endowment fund income whenever the University demonstrates such withdrawal or expenditure is necessary because of—

(1) a financial emergency, such as a pending insolvency or temporary liquidity problem;

(2) a life-threatening situation occasioned by a natural disaster or arson; or

(3) another unusual occurrence or exigent circumstance.

(c) REPAYMENT.—

(1) INCOME.—If the University withdraws or expends more than the endowment fund income authorized by this section, the University shall repay the Secretary an amount equal to one-third of the amount improperly expended (representing the Federal share thereof).

(2) CORPUS.—Except as provided in section ___02(e)—

(A) the University shall not withdraw or expend any endowment fund corpus; and

(B) if the University withdraws or expends any endowment fund corpus, the University shall repay the Secretary an amount equal to one-third of the amount withdrawn or expended (representing the Federal share thereof) plus any endowment fund income earned thereon.

SEC. ___05. ENFORCEMENT.

(a) IN GENERAL.—After notice and an opportunity for a hearing, the Secretary is authorized to terminate a grant and recover any grant funds awarded under this section if the University—

(1) withdraws or expends any endowment fund corpus, or any endowment fund income in excess of the amount authorized by section ___04, except as provided in section ___02(e);

(2) fails to invest the endowment fund corpus or endowment fund income in accordance with the investment requirements described in section ___03; or

(3) fails to account properly to the Secretary, or the General Accounting Office if properly designated by the Secretary to conduct an audit of funds made available under this title, pursuant to such rules and regulations as may be prescribed by the Comptroller General of the United States, concerning investments and expenditures of the endowment fund corpus or endowment fund income.

(b) TERMINATION.—If the Secretary terminates a grant under subsection (a), the University shall return to the Treasury of the United States an amount equal to the sum of the original grant or grants under this title, plus any endowment fund income earned thereon. The Secretary may direct the University to take such other appropriate measures to remedy any violation of this title and to protect the financial interest of the United States.

SEC. ___06. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $6,000,000 for fiscal year 2000. Funds appropriated under this section shall remain available until expended.

AFRICA: SEEDS OF HOPE ACT OF 1998

DEWINE AMENDMENT NO. 3744

(Ordered to lie on the table.)

Mr. DEWINE submitted an amendment intended to be proposed by him to the bill (H.R. 4283) to support sustainable and broad-based agricultural and rural development in sub-Saharan Africa, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Africa: Seeds of Hope Act of 1998''.

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

SEC. 2. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) The economic, security, and humanitarian interests of the United States and the nations of sub-Saharan Africa would be enhanced by sustainable, broad-based agricultural and rural development in each of the African nations.

(2) According to the Food and Agriculture Organization, the number of undernourished people in Africa has more than doubled, from approximately 100,000,000 in the late 1960s to 215,000,000 in 1998, and is projected to increase to 265,000,000 by the year 2010. According to the Food and Agriculture Organization, the term ''under nutrition'' means inadequate consumption of nutrients, often adversely affecting children's physical and mental development, undermining their future as productive and creative members of their communities.

(3) Currently, agricultural production in Africa employs about two-thirds of the workforce but produces less than one-fourth of the gross domestic product in sub-Saharan Africa, according to the World Bank Group.

(4) African women produce up to 80 percent of the total food supply in Africa according to the International Food Policy Research Institute.

(5) An effective way to improve conditions of the poor is to increase the productivity of the agricultural sector. Productivity increases can be fostered by increasing research and education in agriculture and rural development.

(6) In November 1996, the World Food Summit set a goal of reducing hunger worldwide by 50 percent by the year 2015 and encouraged national governments to develop domestic food plans and to support international aid efforts.

(7) Although the World Bank Group recently has launched a major initiative to support agricultural and rural development, only 10 percent, or $1,200,000,000, of its total lending to sub-Saharan Africa for fiscal years 1993 to 1997 was devoted to agriculture.

(8)(A) United States food processing and agricultural sectors benefit greatly from the liberalization of global trade and increased exports.

(B) Africa represents a growing market for United States food and agricultural products. Africa's food imports are projected to rise from less than 8,000,000 metric tons in 1990 to more than 25,000,000 metric tons by the 2020.

(9)(A) Increased private sector investment in African countries and expanded trade between the United States and Africa can greatly help African countries achieve food self-sufficiency and graduate from dependency on international assistance.

(B) Development assistance, technical assistance, and training can facilitate and encourage commercial development in Africa, such as improving rural roads, agricultural research and extension, and providing access to credit and other resources.

(10)(A) Several United States private voluntary organizations have demonstrated success in empowering Africans through direct business ownership and helping African agricultural producers more efficiently and directly market their products.

(B) Rural business associations, owned and controlled by farmer shareholders, also greatly help agricultural producers to increase their household incomes.

(b) DECLARATION OF POLICY.—It is the policy of the United States, consistent with title XII of part I of the Foreign Assistance Act of 1961, to support governments of sub-Saharan African countries, United States and African nongovernmental organizations, universities, businesses, and international agencies, to help ensure the availability of basic nutrition and economic opportunities for individuals in sub-Saharan Africa, through sustainable agriculture and rural development.

TITLE I—ASSISTANCE FOR SUB-SAHARAN AFRICA

SEC. 101. AFRICA FOOD SECURITY INITIATIVE.

(a) ADDITIONAL REQUIREMENTS IN CARRYING OUT THE INITIATIVE.—In providing development assistance under the Africa Food Security Initiative, or any comparable or successor program, the Administrator of the United States Agency for International Development—

(1) shall emphasize programs and projects that improve the food security of infants, young children, school-age children, women and food-insecure households, or that improve the agricultural productivity, incomes, and marketing of the rural poor in Africa;

(2) shall solicit and take into consideration the views and needs of intended beneficiaries and program participants during the selection, planning, implementation, and evaluation phases of projects;

(3) shall favor countries that are implementing reforms of their trade and investment laws and regulations in order to enhance free market development in the food processing and agricultural sectors; and

(4) shall ensure that programs are designed and conducted in cooperation with African and United States organizations and institutions, such as private and voluntary organizations, cooperatives, land-grant and other appropriate universities, and local producer-owned cooperative marketing and buying associations, that have expertise in addressing the needs of the poor, small-scale farmers, entrepreneurs, and rural workers, including women.

(b) SENSE OF CONGRESS.—It is the sense of Congress that, if there is an increase in funding for sub-Saharan programs, the Administrator of the United States Agency for International Development should proportionately increase resources to the Africa Food Security Initiative, or any comparable or successor program, for fiscal year 2000 and subsequent fiscal years in order to meet the needs of the countries participating in such Initiative.

SEC. 102. MICROENTERPRISE ASSISTANCE.

(a) BILATERAL ASSISTANCE.—In providing microenterprise assistance for sub-Saharan Africa, the Administrator of the United States Agency for International Development shall, to the extent practicable, use credit and microcredit assistance to improve the capacity and efficiency of agriculture production in sub-Saharan Africa of small-scale farmers and small rural entrepreneurs. In providing assistance, the Administrator should use the applied research and technical assistance capabilities of United States land-grant universities.

(b) MULTILATERAL ASSISTANCE.—

(1) IN GENERAL.—The Administrator of the United States Agency for International Development shall continue to work with other countries, international organizations (including multilateral development institutions), and entities assisting microenterprises and shall develop a comprehensive and coordinated strategy for providing microenterprise assistance for sub-Saharan Africa.

(2) ADDITIONAL REQUIREMENT.—In carrying out paragraph (1), the Administrator should encourage the World Bank Consultative Group to Assist the Poorest to coordinate the strategy described in such paragraph.

SEC. 103. SUPPORT FOR PRODUCER-OWNED COOPERATIVE MARKETING ASSOCIATIONS.

(a) PURPOSES.—The purposes of this section are—

(1) to support producer-owned cooperative purchasing and marketing associations in sub-Saharan Africa;

(2) to strengthen the capacity of farmers in sub-Saharan Africa to participate in national and international private markets and to promote rural development in sub-Saharan Africa;

(3) to encourage the efforts of farmers in sub-Saharan Africa to increase their productivity and income through improved access to farm supplies, seasonal credit, technical expertise; and

(4) to support small businesses in sub-Saharan Africa as they grow beyond microenterprises.

(b) SUPPORT FOR PRODUCER-OWNED COOPERATIVE MARKETING ASSOCIATIONS.—

(1) ACTIVITIES.—

(A) IN GENERAL.—The Administrator of the United States Agency for International Development is authorized to utilize relevant foreign assistance programs and initiatives for sub-Saharan Africa to support private producer-owned cooperative marketing associations in sub-Saharan Africa, including rural business associations that are owned and controlled by farmer shareholders.

(B) ADDITIONAL REQUIREMENTS.—In carrying out subparagraph (A), the Administrator—

(i) shall take into account small-scale farmers, small rural entrepreneurs, and rural workers and communities; and

(ii) shall take into account the local-level perspectives of the rural and urban poor through close consultation with these groups, consistent with section 496(e)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2293(e)(1)).

(2) OTHER ACTIVITIES.—In addition to carrying out paragraph (1), the Administrator is encouraged—

(A) to cooperate with governments of foreign countries, including governments of political subdivisions of such countries, their agricultural research universities, and particularly with United States nongovernmental organizations and United States land-grant universities, that have demonstrated expertise in the development and promotion of successful private producer-owned cooperative marketing associations; and

(B) to facilitate partnerships between United States and African cooperatives and private businesses to enhance the capacity and technical and marketing expertise of business associations in sub-Saharan Africa.

SEC. 104. AGRICULTURAL AND RURAL DEVELOPMENT ACTIVITIES OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION.

(a) PURPOSE.—The purpose of this section is to encourage the Overseas Private Investment Corporation to work with United States businesses and other United States entities to invest in rural sub-Saharan Africa, particularly in ways that will develop the capacities of small-scale farmers and small rural entrepreneurs, including women, in sub-Saharan Africa.

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

(1) the Overseas Private Investment Corporation should exercise its authority under law to undertake an initiative to support private agricultural and rural development in sub-Saharan Africa, including issuing loans, guaranties, and insurance, to support rural development in sub-Saharan Africa, particularly to support intermediary organizations that—

(A) directly serve the needs of small-scale farmers, small rural entrepreneurs, and rural producer-owned cooperative purchasing and marketing associations;

(B) have a clear track-record of support for sound business management practices; and

(C) have demonstrated experience with participatory development methods; and

(2) the Overseas Private Investment Corporation should utilize existing equity funds, loan and insurance funds, to the extent feasible and in accordance with existing contractual obligations, to support agriculture and rural development in sub-Saharan Africa.

SEC. 105. AGRICULTURAL RESEARCH AND EXTENSION ACTIVITIES.

(a) DEVELOPMENT OF PLAN.—The Administrator of the United States Agency for International Development, in consultation with the Secretary of Agriculture and appropriate Department of Agriculture agencies, especially the Cooperative State, Research, Education and Extension Service (CSREES), shall develop a comprehensive plan to coordinate and build on the research and extension activities of United States land-grant universities, international agricultural research centers, and national agricultural research and extension centers in sub-Saharan Africa.

(b) ADDITIONAL REQUIREMENTS.—Such plan shall seek to ensure that—

(1) research and extension activities will respond to the needs of small-scale farmers while developing the potential and skills of researchers, extension agents, farmers, and agribusiness persons in sub-Saharan Africa;

(2) sustainable agricultural methods of farming will be considered together with new technologies in increasing agricultural productivity in sub-Saharan Africa; and

(3) research and extension efforts will focus on sustainable agricultural practices and will be adapted to widely varying climates within sub-Saharan Africa.

TITLE II—WORLDWIDE FOOD ASSISTANCE AND AGRICULTURAL PROGRAMS

Subtitle A—Nonemergency Food Assistance Programs

SEC. 201. NONEMERGENCY FOOD ASSISTANCE PROGRAMS.

(a) IN GENERAL.—In providing nonemergency assistance under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.), the Administrator of the United States Agency for International Development shall ensure that—

(1) in planning, decisionmaking, and implementation in providing such assistance, the Administrator takes into consideration local input and participation directly and through United States and indigenous private and voluntary organizations;

(2) each of the nonemergency activities described in paragraphs (2) through (6) of section 201 of such Act (7 U.S.C. 1721), including programs that provide assistance to people of any age group who are otherwise unable to meet their basic food needs (including feeding programs for the disabled, orphaned, elderly, sick and dying), are carried out; and

(3) greater flexibility is provided for program and evaluation plans so that such assistance may be developed to meet local needs, as provided for in section 202(f) of such Act (7 U.S.C. 1722(f)).

(b) OTHER REQUIREMENTS.—In providing assistance under the Agriculture Trade Development and Assistance Act of 1954, the Secretary of Agriculture and the Administrator of United States Agency for International Development shall ensure that commodities are provided in a manner that is consistent with sections 403 (a) and (b) of such Act (7 U.S.C. 1733 (a) and (b)).

Subtitle B—Bill Emerson Humanitarian Trust Act of 1998

SEC. 211. SHORT TITLE.

This subtitle may be cited as the ''Bill Emerson Humanitarian Trust Act of 1998''.

SEC. 212. BILL EMERSON HUMANITARIAN TRUST ACT.

(a) IN GENERAL.—Section 302 of the Agricultural Act of 1980 (7 U.S.C. 1736f–1) is amended—

(1) in subsection (b)—

(A) in the subsection heading, by inserting ''OR FUNDS'' after ''COMMODITIES'';

(B) in paragraph (1)—

(i) in subparagraph (B), by striking ''and'' at the end;

(ii) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(D) funds made available under paragraph (2)(B).''; and

(C) in paragraph (2)—

(i) in subparagraph (A), by striking ''Subject to subsection (h), commodities'' and inserting ''Commodities''; and

(ii) by striking subparagraph (B) and inserting the following:

''(B) FUNDS.—Any funds used to acquire eligible commodities through purchases from producers or in the market to replenish the trust shall be derived—

''(i) with respect to fiscal year 2000 and subsequent fiscal years, from funds made available to carry out the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) that are used to repay or reimburse the Commodity Credit Corporation for the release of eligible commodities under subsections (c)(2) and (f)(2), except that, of such funds, not more than $20,000,000 may be expended for this purpose in each of the fiscal years 2000 through 2003 and any such funds not expended in any of such fiscal years shall be available for expenditure in subsequent fiscal years; and

''(ii) from funds authorized for that use by an appropriations Act.'';

(2) in subsection (c)(2)—

(A) by striking ''ASSISTANCE.—Notwithstanding'' and inserting the following: ''ASSISTANCE.—

''(A) IN GENERAL.—Notwithstanding''; and

(B) by adding at the end the following:

''(B) LIMITATION.—The Secretary may release eligible commodities under subparagraph (A) only to the extent such release is consistent with maintaining the long-term value of the trust.'';

(3) in subsection (d)—

(A) in paragraph (1), by striking ''and'' at the end;

(B) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(3) subject to the need for release of commodities from the trust under subsection (c)(1), for the management of the trust to preserve the value of the trust through acquisitions under subsection (b)(2).'';

(4) in subsection (f)—

(A) in paragraph (2), by inserting ''OF THE TRUST'' after ''REIMBURSEMENT'' in the heading; and

(B) in paragraph (2)(A), by inserting ''and the funds shall be available to replenish the trust under subsection (b)'' before the end period; and

(5) by striking subsection (h).

(b) CONFORMING AMENDMENTS.—

(1) Title III of the Agricultural Act of 1980 (7 U.S.C. 1736f–1 et seq.) is amended by striking the title heading and inserting the following:

''TITLE III—BILL EMERSON HUMANITARIAN TRUST''.

(2) Section 301 of the Agricultural Act of 1980 (7 U.S.C. 1736f–1 note) is amended to read as follows:

''SEC. 301. SHORT TITLE.

''This title may be cited as the 'Bill Emerson Humanitarian Trust Act'.''.

(3) Section 302 of the Agricultural Act of 1980 (7 U.S.C. 1736f–1) is amended—

(A) in the section heading, by striking ''**reserve**'' and inserting ''**trust**'';

(B) by striking ''reserve'' each place it appears (other than in subparagraphs (A) and (B) of subsection (b)(1)) and inserting ''trust'';

(C) in subsection (b)—

(i) in the subsection heading, by striking ''RESERVE'' and inserting ''TRUST'';

(ii) in paragraph (1)(B), by striking ''reserve,'' and inserting ''trust,''; and

(iii) in the paragraph heading of paragraph (2), by striking ''RESERVE'' and inserting ''TRUST''; and

(D) in the subsection heading of subsection (e), by striking ''RESERVE'' and inserting ''TRUST''.

(4) Section 208(d)(2) of the Agricultural Trade Suspension Adjustment Act of 1980 (7 U.S.C. 4001(d)(2)) is amended by striking ''Food Security Commodity Reserve Act of 1996'' and inserting ''Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1 et seq.)''.

(5) Section 901b(b)(3) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241f(b)(3)), is amended by striking ''Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f–1)'' and inserting ''Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1 et seq.)''.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. REPORT.

Not later than 6 months after the date of enactment of this Act, the Administrator of the United States Agency for International Development, in consultation with the heads of other appropriate agencies, shall prepare and submit to Congress a report on how the Agency plans to implement sections 101, 102, 103, 105, and 201 of this Act, the steps that have been taken toward such implementation, and an estimate of all amounts expended or to be expended on related activities during the current and previous 4 fiscal years.

INTERNET TAX FREEDOM ACT

SHELBY AMENDMENTS NOS. 3745–3746

(Ordered to lie on the table.)

Mr. SHELBY submitted two amendments intended to be proposed by him to amendment No. 3685 submitted by him to the bill, S. 442, supra; as follows:

AMENDMENT NO. 3745

In lieu of the language to be inserted, insert the following,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Internet Tax Freedom Act''.

TITLE I—MORATORIUM ON CERTAIN TAXES

SEC. 101. MORATORIUM.

(a) MORATORIUM.—No State or political subdivision thereof shall impose any of the following taxes on transactions occurring during the period beginning on July 29, 1998, and ending 2 years after the date of the enactment of this Act:

(1) Taxes on Internet access.

(2) Bit taxes.

(3) Multiple or discriminatory taxes on electronic commerce.

(b) APPLICATION OF MORATORIUM.—Subsection (a) shall not apply with respect to the provision of Internet access that is offered for sale as part of a package of services that includes services other than Internet access, unless the service provider separately states that portion of the billing that applies to such services on the user's bill.

SEC. 102. ADVISORY COMMISSION ON ELECTRONIC COMMERCE.

(a) ESTABLISHMENT OF COMMISSION.—There is established a commission to be known as the Advisory Commission on Electronic Commerce (in this title referred to as the ''Commission''). The Commission shall—

(1) be composed of 16 members appointed in accordance with subsection (b), including the chairperson who shall be selected by the members of the Commission from among themselves; and

(2) conduct its business in accordance with the provisions of this title.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Commissioners shall serve for the life of the Commission. The membership of the Commission shall be as follows:

(A) Four representatives from the Federal Government comprised of the Secretary of Commerce, the Secretary of State, the Secretary of the Treasury, and the United States Trade Representative, or their respective representatives.

(B) Six representatives from State and local governments comprised of—

(i) two representatives appointed by the Majority Leader of the Senate;

(ii) one representative appointed by the Minority Leader of the Senate;

(iii) two representatives appointed by the Speaker of the House of Representatives; and

(iv) one representative appointed by the Minority Leader of the House of Representatives.

(C) Six representatives of the electronic industry and consumer groups comprised of—

(i) two representatives appointed by the Majority Leader of the Senate;

(ii) one representative appointed by the Minority Leader of the Senate;

(iii) two representatives appointed by the Speaker of the House of Representatives; and

(iv) one representative appointed by the Minority Leader of the House of Representatives.

(2) APPOINTMENTS.—Appointments to the Commission shall be made not later than 45 days after the date of the enactment of this Act. The chairperson shall be selected not later than 60 days after the date of the enactment of this Act.

(3) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(c) ACCEPTANCE OF GIFTS AND GRANTS.—The Commission may accept, use, and dispose of gifts or grants of services or property, both real and personal, for purposes of aiding or facilitating the work of the Commission. Gifts or grants not used at the expiration of the Commission shall be returned to the donor or grantor.

(d) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, data, and other information from the Department of Justice, the Department of Commerce, the Department of State, the Department of the Treasury, and the Office of the United States Trade Representative. The Commission shall also have reasonable access to use the facilities of any such Department or Office for purposes of conducting meetings.

(e) SUNSET.—The Commission shall terminate 18 months after the date of the enactment of this Act.

(f) RULES OF THE COMMISSION.—

(1) QUORUM.—Nine members of the Commission shall constitute a quorum for conducting the business of the Commission.

(2) MEETINGS.—Any meetings held by the Commission shall be duly noticed at least 14 days in advance and shall be open to the public.

(3) OPPORTUNITIES TO TESTIFY.—The Commission shall provide opportunities for representatives of the general public, taxpayer groups, consumer groups, and State and local government officials to testify.

(4) ADDITIONAL RULES.—The Commission may adopt other rules as needed.

(g) DUTIES OF THE COMMISSION.—

(1) IN GENERAL.—The Commission shall conduct a thorough study of Federal, State and local, and international taxation and tariff treatment of transactions using the Internet and Internet access and other comparable interstate or international sales activities.

(2) ISSUES TO BE STUDIED.—The Commission may include in the study under subsection (a)—

(A) an examination of—

(i) barriers imposed in foreign markets on United States providers of property, goods, services, or information engaged in electronic commerce and on United States providers of telecommunications services; and

(ii) how the imposition of such barriers will affect United States consumers, the competitiveness of United States citizens providing property, goods, services, or information in foreign markets, and the growth and maturing of the Internet;

(B) an examination of the collection and administration of consumption taxes on interstate commerce in other countries and the United States, and the impact of such collection on the global economy, including an examination of the relationship between the collection and administration of such taxes when the transaction uses the Internet and when it does not;

(C) an examination of the impact of the Internet and Internet access (particularly voice transmission) on the revenue base for taxes imposed under section 4251 of the Internal Revenue Code of 1986;

(D) an examination of—

(i) the efforts of State and local governments to collect sales and use taxes owed on purchases from interstate sellers, the advantages and disadvantages of authorizing State and local governments to require such sellers to collect and remit such taxes, particularly with respect to electronic commerce, and the level of contacts sufficient to permit a State or local government to impose such taxes on such interstate commerce;

(ii) model State legislation relating to taxation of transactions using the Internet and Internet access, including uniform terminology, definitions of the transactions, services, and other activities that may be subject to State and local taxation, procedural structures and mechanisms applicable to such taxation, and a mechanism for the resolution of disputes between States regarding matters of multiple taxation; and

(iii) ways to simplify the interstate administration of sales and use taxes on interstate commerce, including a review of the need for a single or uniform tax registration, single or uniform tax returns, simplified remittance requirements, simplified administrative procedures, or the need for an independent third party collection system; and

(E) the examination of ways to simplify Federal and State and local taxes imposed on the provision of telecommunications services.

SEC. 103. REPORT.

Not later than 18 months after the date of the enactment of this Act, the Commission shall transmit to Congress a report reflecting the results of the Commission's study under this title. No finding or recommendation shall be included in the report unless agreed to by at least two-thirds of the members of the Commission serving at the time the finding or recommendation is made.

SEC. 104. DEFINITIONS.

For the purposes of this title:

(1) BIT TAX.—The term ''bit tax'' means any tax on electronic commerce expressly imposed on or measured by the volume of digital information transmitted electronically, or the volume of digital information per unit of time transmitted electronically, but does not include taxes imposed on the provision of telecommunications services.

(2) DISCRIMINATORY TAX.—The term ''discriminatory tax'' means any tax imposed by a State or political subdivision thereof on electronic commerce that—

(A) is not generally imposed and legally collectible by such State or such political subdivision on transactions involving the same or similar property, goods, services, or information accomplished through other means;

(B) is not generally imposed and legally collectible at the same rate by such State or such political subdivision on transactions involving the same or similar property, goods, services, or information accomplished through other means, unless the rate is lower as part of a phase-out of the tax over not more than a 5-year period; or

(C) imposes an obligation to collect or pay the tax on a different person or entity than in the case of transactions involving the same or similar property, goods, services, or information accomplished through other means.

(3) ELECTRONIC COMMERCE.—The term ''electronic commerce'' means any transaction conducted over the Internet or through Internet access, comprising the sale, lease, license, offer, or delivery of property, goods, services, or information, whether or not for consideration, and includes the provision of Internet access.

(4) INTERNET.—The term ''Internet'' means the combination of computer facilities and electromagnetic transmission media, and related equipment and software, comprising the interconnected worldwide network of computer networks that employ the Transmission Control Protocol/Internet Protocol, or any predecessor or successor protocol, to transmit information.

(5) INTERNET ACCESS.—The term ''Internet access'' means a service that enables users to access content, information, electronic mail, or other services offered over the Internet, and may also include access to proprietary content, information, and other services as part of a package of services offered to consumers. Such term does not include telecommunications services.

(6) MULTIPLE TAX.—

(A) IN GENERAL.—The term ''multiple tax'' means any tax that is imposed by one State or political subdivision thereof on the same or essentially the same electronic commerce that is also subject to another tax imposed by another State or political subdivision thereof (whether or not at the same rate or on the same basis), without a credit (for example, a resale exemption certificate) for taxes paid in other jurisdictions.

(B) EXCEPTION.—Such term shall not include a sales or use tax imposed by a State and 1 or more political subdivisions thereof on the same electronic commerce or a tax on persons engaged in electronic commerce which also may have been subject to a sales or use tax thereon.

(C) SALES OR USE TAX.—For purposes of subparagraph (B), the term ''sales or use tax'' means a tax that is imposed on or incident to the sale, purchase, storage, consumption, distribution, or other use of tangible personal property or services as may be defined by laws imposing such tax and which is measured by the amount of the sales price or other charge for such property or service.

(7) STATE.—The term ''State'' means any of the several States, the District of Columbia, or any commonwealth, territory, or possession of the United States.

(8) TAX.—

(A) IN GENERAL.—The term ''tax'' means—

(i) any levy, fee, or charge imposed under governmental authority by any governmental entity; or

(ii) the imposition of or obligation to collect and to remit to a governmental entity any such levy, fee, or charge imposed by a governmental entity.

(B) EXCEPTION.—Such term shall not include any franchise fees or similar fees imposed by a State or local franchising authority, pursuant to section 622 or 653 of the Communications Act of 1934 (47 U.S.C. 542, 573).

(9) TELECOMMUNICATIONS SERVICES.—The term ''telecommunications services'' has the meaning given such term in section 3(46) of the Communications Act of 1934 (47 U.S.C. 153(46)) and includes communications services (as defined in section 4251 of the Internal Revenue Code of 1986).

TITLE II—OTHER PROVISIONS

SEC. 201. DECLARATION THAT INTERNET SHOULD BE FREE OF NEW FEDERAL TAXES.

It is the sense of Congress that no new Federal taxes similar to the taxes described in section 101(a) should be enacted with respect to the Internet and Internet access during the moratorium provided in such section.

SEC. 202. NATIONAL TRADE ESTIMATE.

Section 181 of the Trade Act of 1974 (19 U.S.C. 2241) is amended—

(1) in subsection (a)(1)—

(A) in subparagraph (A)—

(i) by striking ''and'' at the end of clause (i);

(ii) by inserting ''and'' at the end of clause (ii); and

(iii) by inserting after clause (ii) the following new clause:

''(iii) United States electronic commerce,''; and

(B) in subparagraph (C)—

(i) by striking ''and'' at the end of clause (i);

(ii) by inserting ''and'' at the end of clause (ii);

(iii) by inserting after clause (ii) the following new clause:

''(iii) the value of additional United States electronic commerce,''; and

(iv) by inserting ''or transacted with,'' after ''or invested in'';

(2) in subsection (a)(2)(E)—

(A) by striking ''and'' at the end of clause (i);

(B) by inserting ''and'' at the end of clause (ii); and

(C) by inserting after clause (ii) the following new clause:

''(iii) the value of electronic commerce transacted with,''; and

(3) by adding at the end the following new subsection:

''(d) ELECTRONIC COMMERCE.—For purposes of this section, the term 'electronic commerce' has the meaning given that term in section 104(3) of the Internet Tax Freedom Act.''.

SEC. 203. DECLARATION THAT THE INTERNET SHOULD BE FREE OF FOREIGN TARIFFS, TRADE BARRIERS, AND OTHER RESTRICTIONS.

(a) IN GENERAL.— It is the sense of Congress that the President should seek bilateral, regional, and multilateral agreements to remove barriers to global electronic commerce through the World Trade Organization, the Organization for Economic Cooperation and Development, the Trans-Atlantic Economic Partnership, the Asia Pacific Economic Cooperation forum, the Free Trade Area of the America, the North American Free Trade Agreement, and other appropriate venues.

(b) NEGOTIATING OBJECTIVES.—The negotiating objectives of the United States shall be—

(1) to assure that electronic commerce is free from—

(A) tariff and nontariff barriers;

(B) burdensome and discriminatory regulation and standards; and

(C) discriminatory taxation; and

(2) to accelerate the growth of electronic commerce by expanding market access opportunities for—

(A) the development of telecommunications infrastructure;

(B) the procurement of telecommunications equipment;

(C) the provision of Internet access and telecommunications services; and

(D) the exchange of goods, services, and digitalized information.

(c) ELECTRONIC COMMERCE.—For purposes of this section, the term ''electronic commerce'' has the meaning given that term in section 104(3).

SEC. 204. NO EXPANSION OF TAX AUTHORITY.

Nothing in this Act shall be construed to expand the duty of any person to collect or pay taxes beyond that which existed immediately before the date of the enactment of this Act.

SEC. 205. PRESERVATION OF AUTHORITY.

Nothing in this Act shall limit or otherwise affect the implementation of the Telecommunications Act of 1996 (Public Law 104–104) or the amendments made by such Act.

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Government Paperwork Elimination Act.''

SEC. 2. DIRECTION AND OVERSIGHT OF INFORMATION TECHNOLOGY.

Section 3504(a)(1)(B)(vi) of title 44, United States Code, is amended to read as follows:

''(vi) the acquisition and use of information technology, including the use of alternative information technologies (such as the use of electronic submission, maintenance, or disclosure of information) to substitute for paper, and the use and acceptance of electronic signatures.''.

SEC. 3. PROCEDURES.

(a) Within 18 months after enactment of this Act, in order to fulfill the responsibility to administer the functions assigned under chapter 35 of title 44, United States Code, the Clinger-Cohen Act of 1996 (P.L. 104–106), and the provisions of this Act, the Director of the Office of Management and Budget shall develop procedures and guidelines for executive agency use.

(1) The procedures shall be compatible with standards and technology for electronic signatures as may be generally used in commerce and industry and by State governments, based upon consultation with appropriate private sector and State government standard setting bodies.

(2) Such procedures shall not inappropriately favor one industry or technology.

(3) An electronic signature shall be as reliable as is appropriate for the purpose, and efforts shall be made to keep the information submitted intact.

(4) Successful submission of an electronic form shall be electronically acknowledged.

(5) In accordance with all other sections of the Act, to the extent feasible and appropriate, and described in a written finding, an agency, when it expects to receive electronically 50,000 or more submittals of a particular form, shall take all steps necessary to ensure that multiple formats of electronic signatures are made available for submitting such forms.

SEC. 4. AUTHORITY AND FUNCTIONS OF THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.

In order to fulfill the responsibility to administer the functions assigned under chapter 35 of title 44, United States Code, the Clinger-Cohen Act of 1996 (P.L. 104–106), and the provisions of this Act, the Director of the Office of Management and Budget shall ensure that, within five years of the date of enactment of this Act, executive agencies provide for the optional use of electronic maintenance, submission, or disclosure of information where practicable, as an alternative information technology to substitute for paper, and the use and acceptance of electronic signatures where practicable.

SEC. 5. ELECTRONIC STORAGE OF FORMS.

Within 18 months of enactment of this Act, in order to fulfill the responsibility to administer the functions assigned under chapter 35 of title 44, United States Code, the Clinger-Cohen Act of 1996 (P.L. 104–106), and the provisions of this Act, the Director of the Office of Management and Budget shall develop procedures and guidelines for executive agency use to permit employer electronic storage and filing of forms containing information pertaining to employees.

SEC. 6. STUDY.

In order to fulfill the responsibility to administer the functions assigned under chapter 35 of title 44, United States Code, the Clinger-Cohen Act of 1996 (P.L. 104–106), and the provisions of this Act, the Director of the Office of Management and Budget, shall conduct an ongoing study of paperwork reduction and electronic commerce, the impact on individual privacy, and the security and authenticity of transactions due to the use of electronic signatures pursuant to this Act, and shall report the findings to Congress.

SEC. 7. ENFORCEABILITY AND LEGAL EFFECT OF ELECTRONIC RECORDS.

Electronic records submitted or maintained in accordance with agency procedures and guidelines established pursuant to this title, or electronic signatures or other forms of electronic authentication used in accordance with such procedures and guidelines, shall not be denied legal effect, validity or enforceability because they are in electronic form.

SEC. 8. DISCLOSURE OF INFORMATION.

Except as provided by law, information collected in the provision of electronic signature services for communications with an agency, as provided by this Act, shall only be used or disclosed by persons who obtain, collect, or maintain such information as a business or government practice, for the purpose of facilitating such communications, or with the prior affirmative consent of the person about whom the information pertains.

SEC. 9. APPLICATION WITH OTHER LAWS.

Nothing in this title shall apply to the Department of the Treasury or the Internal Revenue Service, to the extent that—

(1) it involves the administration of the internal revenue laws; and

(2) it conflicts with any provision of the Internal Revenue Service Restructuring and Reform Act of 1998 or the Internal Revenue Code of 1986.

SEC. 10. DEFINITIONS.

For purposes of this Act:

(1) EXECUTIVE AGENCY.—The term ''executive agency'' has the meaning given that term in section 105 of title 5, United States Code.

(2) ELECTRONIC SIGNATURE.—The term ''electronic signature'' means a method of signing an electronic message that—

(A) identifies and authenticates a particular person as the source of such electronic message; and

(B) indicates such person's approval of the information contained in such electronic message.

(3) FORM, QUESTIONNAIRE, OR SURVEY.—The terms ''form'', ''questionnaire'', and ''survey'' include documents produced by an agency to facilitate interaction between an agency and non-government persons.

TITLE II—CHILDREN'S ONLINE PRIVACY PROTECTION

SEC. 201. SHORT TITLE.

This title may be cited as the ''Children's Online Privacy Protection Act of 1999''.

SEC. 202. DEFINITIONS.

In this title:

(1) CHILD.—the term ''child'' means an individual under the age of 13.

(2) OPERATOR.—The term ''operator''—

(A) means any person who operates a website located on the Internet or an online service and who collects or maintains personal information from or about the users of or visitors to such website or online service, or on whose behalf such information is collected or maintained, where such website or online service is operated for commercial purposes, including any person offering products or services for sale through that website or online service, involving commerce—

(i) among the several States or with 1 or more foreign nations;

(ii) in any territory of the United States or in the District of Columbia, or between any such territory and—

(I) another such territory; or

(II) any State or foreign nation; or

(iii) between the District of Columbia and any State, territory, or foreign nation; but

(B) does not include any non-profit entity that would otherwise be exempt from coverage under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(3) COMMISSION.—The term ''Commission'' means the Federal Trade Commission.

(4) DISCLOSURE.—The term ''disclosure'' means, with respect to personal information—

(A) the release of personal information collected from a child in identifiable form by an operator for any purpose, except where such information is provided to a person other than the operator who provides support for the internal operations of the website and does not disclose or use that information for any other purpose; and

(B) making personal information collected from a child by a website or online service directed to children or with actual knowledge that such information was collected from a child, publicly available in identifiable form, by any means including by a public posting, through the Internet, or through—

(i) a home page of a website;

(ii) a pen pal service;

(iii) an electronic mail service;

(iv) a message board; or

(v) a chat room.

(5) FEDERAL AGENCY.—The term ''Federal agency'' means an agency, as that term is defined in section 551(1) of title 5, United States Code.

(6) INTERNET.—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.

(7) PARENT.—The term ''parent'' includes a legal guardian.

(8) PERSONAL INFORMATION.—The term ''personal information'' means individually identifiable information about an individual collected online, including—

(A) a first and last name;

(B) a home or other physical address including street name and name of a city or town;

(C) an e-mail address;

(D) a telephone number;

(E) a Social Security number;

(F) any other identifier that the Commission determines permits the physical or online contracting of a specific individual; or

(G) information concerning the child or the parents of that child that the website collects online from the child and combines with an identifier described in this paragraph.

(9) VERIFIABLE PARENTAL CONSENT.—The term ''verifiable parental consent'' means any reasonable effort (taking into consideration available technology), including a request for authorization for future collection use, and disclosure described in the notice, to ensure that a parent of a child receives notice of the operator's personal information collection, use, and disclosure practices, and authorizes the collection, use, and disclosure, as applicable, of personal information and the subsequent use of that information before that information is collected from that child.

(10) WEBSITE OR ONLINE SERVICE DIRECTED TO CHILDREN.—

(A) IN GENERAL.—The term ''website or online service directed to children'' means—

(i) A commercial website or online service that is targeted to children; or

(ii) that portion of a commercial website or online service that is targeted to children.

(B) LIMITATION.—A commercial website or online service, or a portion of a commercial website or online service, shall not be deemed directed to children solely for referring or linking to a commercial website or online service directed to children by using information location tools, including a directory, index, reference, pointer, or hypertext link.

(11) PERSON.—The term ''person'' means any individual, partnership, corporation, trust, estate, cooperative, association, or other entity.

(12) ONLINE CONTACT INFORMATION.—The term ''online contact information'' means an e-mail address or another substantially similar identifier that permits direct contact with a person online.

SEC. 203. REGULATION OF UNFAIR AND DECEPTIVE ACTS AND PRACTICES IN CONNECTION WITH THE COLLECTION AND USE OF PERSONAL INFORMATION FROM AND ABOUT CHILDREN ON THE INTERNET.

(A) ACTS PROHIBITED.—

(1) IN GENERAL.—It is unlawful for an operator of a website or online service directed to children, or any operator that has actual knowledge that it is collecting personal information from a child, to collect personal information from a child in a manner that violates the regulations prescribed under subsection (b).

(2) DISCLOSURE TO PARENT PROTECTED.—Notwithstanding paragraph (1), neither an operator of such a website or online service nor the operator's agent shall be held to be liable under any Federal or State law for any disclosure made in good faith and following reasonable procedures in responding to a request for disclosure of personal information under subsection (b)(1)(B)(iii) to the parent of a child.

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Commission shall promulgate under section 553 of title 5, United States Code, regulations that—

(A) require the operator of any website or online service directed to children that collects personal information from children or the operator of a website or online service that has actual knowledge that it is collecting personal information from a child—

(i) to provide notice on the website of what information is collected from children by the operator, how the operator uses such information, and the operator's disclosure practices for such information; and

(ii) to obtain verifiable parental consent for the collection, use, or disclosure of personal information from children;

(B) require the operator to provide, upon request of a parent under this subparagraph whose child has provided personal information to that website or online service, upon proper identification of that parent, to such parent—

(i) a description of the specific types of personal information collected from the child by that operator;

(ii) the opportunity at any time to refuse to permit the operator's further use or maintenance in retrievable form, or future online collection, of personal information from that child; and

(iii) notwithstanding any other provision of law, a means that is reasonable under the circumstances for the parent to obtain any personal information collected from that child;

(C) prohibit conditioning a child's participation in a game, the offering of a prize, or another activity on the child disclosing more personal information than is reasonably necessary to participate in such activity; and

(D) require the operator of such a website or online service to establish and maintain reasonable procedures to protect the confidentiality, security, and integrity of personal information collected from children.

(2) WHEN CONSENT NOT REQUIRED.—The regulations shall provide that verifiable parental consent under paragraph (1)(A)(ii) is not required in the case of—

(A) online contact information collected from a child that is used only to respond directly on a one-time basis to a specific request from the child and is not used to recontact the child and is not maintained in retrievable form by the operator;

(B) a request for the name or online contact information of a parent or child that is used for the sole purpose of obtaining parental consent or providing notice under this section and where such information is not maintained in retrievable form by the operator if parental consent is not obtained after a reasonable time;

(C) online contact information collected from a child that is used only to respond more than once directly to a specific request from the child and is not used to recontact the child beyond the scope of that request—

(i) if, before any additional response after the initial response to the child, the operator uses reasonable efforts to provide a parent notice of the online contact information collected from the child, the purposes for which it is to be used, and an opportunity for the parent to request that the operator make no further use of the information and that it not be maintained in retrievable form; or

(ii) without notice to the parent in such circumstances as the Commission may determine are appropriate, taking into consideration the benefits to the child of access to information and services, and risks to the security and privacy of the child, in regulations promulgated under this subsection;

(D) the name of the child and online contact information (to the extent reasonably necessary to protect the safety of a child participant on the site)—

(i) used only for the purpose of protecting such safety;

(ii) not used to recontact the child or for any other purpose; and

(iii) not disclosed on the site,

if the operator uses reasonable efforts to provide a parent notice of the name and online contact information collected from the child, the purposes for which it is to be used, and an opportunity for the parent to request that the operator make no further use of the information and that it not be maintained in retrievable form; or

(E) the collection, use, or dissemination of such information by the operator of such a website or online service necessary—

(i) to protect the security or integrity of its website;

(ii) to take precautions against liability;

(iii) to respond to judicial process; or

(iv) to the extent permitted under other provisions of law, to provide information to law enforcement agencies or for an investigation on a matter related to public safety.

(3) TERMINATION OF SERVICE.—The regulations shall permit the operator of a website or an online service to terminate service provided to a child whose parent has refused, under the regulations prescribed under paragraph (1)(B)(ii), to permit the operator's further use or maintenance in retrievable form, or future online collection, of personal information from that child.

(c) ENFORCEMENT.—Subject to sections 204 and 206, a violation of a regulation prescribed under subsection (a) 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)).

(d) INCONSISTENT STATE LAW.—No State or local government may impose any liability

for commercial activities or actions by operators in interstate or foreign commerce in connection with an activity or action described in this title that is inconsistent with the treatment of those activities or actions under this section.

SEC. 204. SAFE HARBORS.

(a) GUIDELINES.—An operator may satisfy the requirements of regulations issued under section 203(b) by following a set of self-regulatory guidelines, issued by representatives of the marketing or online industries, or by other persons, approved under subsection (b).

(b) INCENTIVES.—

(1) SELF-REGULATORY INCENTIVES.—In prescribing regulations under section 203, the Commission shall provide incentives for self-regulation by operators to implement the protections afforded children under the regulatory requirements described in subsection (b) of that section.

(2) DEEMED COMPLIANCE.—Such incentives shall include provisions for ensuring that a person will be deemed to be in compliance with the requirements of the regulations under section 203 if that person complies with guidelines that, after notice and comment, are approved by the Commission upon making a determination that the guidelines meet the requirements of the regulations issued under section 203.

(3) EXPEDITED RESPONSE TO REQUESTS.—The Commission shall act upon requests for safe harbor treatment within 180 days of the filing of the request, and shall set forth in writing its conclusions with regard to such requests.

(c) APPEALS.—Final action by the Commission on a request for approval of guidelines, or the failure to act within 180 days on a request for approval of guidelines, submitted under subsection (b) may be appealed to a district court of the United States of appropriate jurisdiction as provided for in section 706 of title 5, United States Code.

SEC. 205. ACTIONS BY STATES.

(a) IN GENERAL.—

(1) 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 has been or is threatened or adversely affected by the engagement of any person in a practice that violates any regulation of the Commission prescribed under section 203(b), the State, as parens patriae, may bring a civil action on behalf of the residents of the State in a district court of the United States of appropriate jurisdiction to—

(A) enjoin that practice;

(B) enforce compliance with the regulation;

(C) obtain damage, restitution, or other compensation on behalf of residents of the State; or

(D) obtain such other relief as the court may consider to be appropriate.

(2) NOTICE.—

(A) IN GENERAL.—Before filing an action under paragraph (1), the attorney general of the State involved shall provide to the Commission—

(i) written notice of that action; and

(ii) a copy of the complaint for that action.

(B) EXEMPTION.—

(i) IN GENERAL.—Subparagraph (A) shall not apply with respect to the filing of an action by an attorney general of a State under this subsection, if the attorney general determines that it is not feasible to provide the notice described in that subparagraph before the filing of the action.

(ii) NOTIFICATION.—In an action described in clause (i), the attorney general of a State shall provide notice and a copy of the complaint to the Commission at the same time as the attorney general files the action.

(b) INTERVENTION.—

(1) IN GENERAL.—On receiving notice under subsection (a)(2), the Commission shall have the right to intervene in the action that is the subject of the notice.

(2) EFFECT OF INTERVENTION.—If the Commission intervenes in an action under subsection (a), it shall have the right—

(A) to be heard with respect to any matter that arises in that action; and

(B) to file a petition for appeal.

(3) AMICUS CURIAE.—Upon application to the court, a person whose self-regulatory guidelines have been approved by the Commission and are relied upon as a defense by any defendant to a proceeding under this section may file amicus curiae in that proceeding.

(c) CONSTRUCTION.—For purposes of bringing any civil action under subsection (a), nothing in this title 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—

(1) conduct investigations;

(2) administer oaths or affirmations; or

(3) 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 Commission for violation of any regulation prescribed under section 293, no State may, during the pendency of that action, institute an action under subsection (a) against any defendant named in the complaint in that action for violation of that regulation.

(e) VENUE; SERVICE OF PROCESS.—

(1) VENUE.—Any action brought under subsection (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.

(2) SERVICE OF PROCESS.—In an action brought under subsection (a), process may be served in any district in which the defendant—

(A) is an inhabitant; or

(B) may be found.

SEC. 206. ADMINISTRATION AND APPLICABILITY OF ACT.

(a) IN GENERAL.—Except as otherwise provided, this title shall be enforced by the Commission under the Federal Trade Commission Act (15 U.S.C. 41 et seq.).

(b) PROVISIONS.—Compliance with the requirements imposed under this title shall be enforced under—

(1) section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818), in the case of—

(A) national banks, and Federal branches and Federal agencies of foreign banks, by the Office of the Comptroller of the Currency;

(B) member banks of the Federal Reserve System (other than national banks), branches and agencies of foreign banks (other than Federal branches, Federal agencies, and insured State branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25(a) of the Federal Reserve Act (12 U.S.C. 601 et seq. and 611 et. seq.), by the Board; and

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System) and insured State branches of foreign banks, by the Board of Directors of the Federal Deposit Insurance Corporation;

(2) section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818), by the Director of the Office of Thrift Supervision, in the case of a savings association the deposits of which are insured by the Federal Deposit Insurance Corporation;

(3) the Federal Credit Union Act (12 U.S.C. 1751 et seq.) by the National Credit Union Administration Board with respect to any Federal credit union;

(4) part A of subtitle VII of title 49, United States Code, by the Secretary of Transportation with respect to any air carrier or foreign air carrier subject to that part;

(5) the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et. seq.) (except as provided in section 406 of that Act (7 U.S.C. 226, 227)), by the Secretary of Agriculture with respect to any activities subject to that Act; and

(6) the Farm Credit Act of 1971 (12 U.S.C. (2001 et seq.) by the Farm Credit Administration with respect to any Federal land bank, Federal land bank association, Federal intermediate credit bank, or production credit association.

(c) EXERCISE OF CERTAIN POWERS.—For the purpose of the exercise by any agency referred to in subsection (a) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (a), each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with any requirement imposed under this title, any other authority conferred on it by law.

(d) ACTIONS BY THE COMMISSION.—The Commission shall prevent any person from violating a rule of the Commission under section 203 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 title. Any entity that violates such rule shall be subject to the penalties and entitled to the privileges and immunities provided in the Federal Trade Commission Act in the same manner, by the same means, and with the same jurisdiction, power, and duties as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this title.

(e) EFFECT ON OTHER LAWS.—Nothing contained in the Act shall be construed to limit the authority of the Commission under any other provisions of law.

SEC. 207. REVIEW.

(a) IN GENERAL.—Not later than 5 years after the effective date of the regulations initially issued under section 203, the Commission shall—

(1) review the implementation of this title, including the effect of the implementation of this title on practices relating to the collection and disclosure of information relating to children, children's ability to obtain access to information of their choice online, and on the availability of websites directed to children; and

(2) prepare and submit to Congress a report on the results of the review under paragraph (1).

SEC. 208. EFFECTIVE DATE.

Sections 203(a), 205, and 206 of this title take effect on the later of—

(1) the date that is 18 months after the date of enactment of this Act; or

(2) the date on which the Commission rules on the first application for safe harbor treatment under section 204 if the Commission does not rule on the first such application within one year after the date of enactment of this Act, but in no case later than the date that is 30 months after the date of enactment of this Act.

AMENDMENT NO. 3746

In lieu of the language to be inserted, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Internet Tax Freedom Act''.

TITLE I—MORATORIUM ON CERTAIN TAXES

SEC. 101. MORATORIUM.

(a) MORATORIUM.—No State or political subdivision thereof shall impose any of the following taxes on transactions occurring during the period beginning on July 29, 1998, and ending 3 years after the date of the enactment of this Act:

(1) Taxes on Internet access.

(2) Bit taxes.

(3) Multiple or discriminatory taxes on electronic commerce.

(b) APPLICATION OF MORATORIUM.—Subsection (a) shall not apply with respect to the provision of Internet access that is offered for sale as part of a package of services that includes services other than Internet access, unless the service provider separately states that portion of the billing that applies to such services on the user's bill.

SEC. 102. ADVISORY COMMISSION ON ELECTRONIC COMMERCE.

(a) ESTABLISHMENT OF COMMISSION.—There is established a commission to be known as the Advisory Commission on Electronic Commerce (in this title referred to as the ''Commission''). The Commission shall—

(1) be composed of 16 members appointed in accordance with subsection (b), including the chairperson who shall be selected by the members of the Commission from among themselves; and

(2) conduct its business in accordance with the provisions of this title.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Commissioners shall serve for the life of the Commission. The membership of the Commission shall be as follows:

(A) Four representatives from the Federal Government comprised of the Secretary of Commerce, the Secretary of State, the Secretary of the Treasury, and the United States Trade Representative, or their respective representatives.

(B) Six representatives from State and local governments comprised of—

(i) two representatives appointed by the Majority Leader of the Senate;

(ii) one representative appointed by the Minority Leader of the Senate;

(iii) two representatives appointed by the Speaker of the House of Representatives; and

(iv) one representative appointed by the Minority Leader of the House of Representatives.

(C) Six representatives of the electronic industry and consumer groups comprised of—

(i) two representatives appointed by the Majority Leader of the Senate;

(ii) one representative appointed by the Minority Leader of the Senate;

(iii) two representatives appointed by the Speaker of the House of Representatives; and

(iv) one representative appointed by the Minority Leader of the House of Representatives.

(2) APPOINTMENTS.—Appointments to the Commission shall be made not later than 45 days after the date of the enactment of this Act. The chairperson shall be selected not later than 60 days after the date of the enactment of this Act.

(3) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(c) ACCEPTANCE OF GIFTS AND GRANTS.—The Commission may accept, use, and dispose of gifts or grants of services or property, both real and personal, for purposes of aiding or facilitating the work of the Commission. Gifts or grants not used at the expiration of the Commission shall be returned to the donor or grantor.

(d) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, data, and other information from the Department of Justice, the Department of Commerce, the Department of State, the Department of the Treasury, and the Office of the United States Trade Representative. The Commission shall also have reasonable access to use the facilities of any such Department or Office for purposes of conducting meetings.

(e) SUNSET.—The Commission shall terminate 18 months after the date of the enactment of this Act.

(f) RULES OF THE COMMISSION.—

(1) QUORUM.—Nine members of the Commission shall constitute a quorum for conducting the business of the Commission.

(2) MEETINGS.—Any meetings held by the Commission shall be duly noticed at least 14 days in advance and shall be open to the public.

(3) OPPORTUNITIES TO TESTIFY.—The Commission shall provide opportunities for representatives of the general public, taxpayer groups, consumer groups, and State and local government officials to testify.

(4) ADDITIONAL RULES.—The Commission may adopt other rules as needed.

(g) DUTIES OF THE COMMISSION.—

(1) IN GENERAL.—The Commission shall conduct a thorough study of Federal, State and local, and international taxation and tariff treatment of transactions using the Internet and Internet access and other comparable interstate or international sales activities.

(2) ISSUES TO BE STUDIED.—The Commission may include in the study under subsection (a)—

(A) an examination of—

(i) barriers imposed in foreign markets on United States providers of property, goods, services, or information engaged in electronic commerce and on United States providers of telecommunications services; and

(ii) how the imposition of such barriers will affect United States consumers, the competitiveness of United States citizens providing property, goods, services, or information in foreign markets, and the growth and maturing of the Internet;

(B) an examination of the collection and administration of consumption taxes on interstate commerce in other countries and the United States, and the impact of such collection on the global economy, including an examination of the relationship between the collection and administration of such taxes when the transaction uses the Internet and when it does not;

(C) an examination of the impact of the Internet and Internet access (particularly voice transmission) on the revenue base for taxes imposed under section 4251 of the Internal Revenue Code of 1986;

(D) an examination of—

(i) the efforts of State and local governments to collect sales and use taxes owed on purchases from interstate sellers, the advantages and disadvantages of authorizing State and local governments to require such sellers to collect and remit such taxes, particularly with respect to electronic commerce, and the level of contacts sufficient to permit a State or local government to impose such taxes on such interstate commerce;

(ii) model State legislation relating to taxation of transactions using the Internet and Internet access, including uniform terminology, definitions of the transactions, services, and other activities that may be subject to State and local taxation, procedural structures and mechanisms applicable to such taxation, and a mechanism for the resolution of disputes between States regarding matters of multiple taxation; and

(iii) ways to simplify the interstate administration of sales and use taxes on interstate commerce, including a review of the need for a single or uniform tax registration, single or uniform tax returns, simplified remittance requirements, simplified administrative procedures, or the need for an independent third party collection system; and

(E) the examination of ways to simplify Federal and State and local taxes imposed on the provision of telecommunications services.

SEC. 103. REPORT.

Not later than 18 months after the date of the enactment of this Act, the Commission shall transmit to Congress a report reflecting the results of the Commission's study under this title. No finding or recommendation shall be included in the report unless agreed to by at least two-thirds of the members of the Commission serving at the time the finding or recommendation is made.

SEC. 104. DEFINITIONS.

For the purposes of this title:

(1) BIT TAX.—The term ''bit tax'' means any tax on electronic commerce expressly imposed on or measured by the volume of digital information transmitted electronically, or the volume of digital information per unit of time transmitted electronically, but does not include taxes imposed on the provision of telecommunications services.

(2) DISCRIMINATORY TAX.—The term ''discriminatory tax'' means any tax imposed by a State or political subdivision thereof on electronic commerce that—

(A) is not generally imposed and legally collectible by such State or such political subdivision on transactions involving the same or similar property, goods, services, or information accomplished through other means;

(B) is not generally imposed and legally collectible at the same rate by such State or such political subdivision on transactions involving the same or similar property, goods, services, or information accomplished through other means, unless the rate is lower as part of a phase-out of the tax over not more than a 5-year period; or

(C) imposes an obligation to collect or pay the tax on a different person or entity than in the case of transactions involving the same or similar property, goods, services, or information accomplished through other means.

(3) ELECTRONIC COMMERCE.—The term ''electronic commerce'' means any transaction conducted over the Internet or through Internet access, comprising the sale, lease, license, offer, or delivery of property, goods, services, or information, whether or not for consideration, and includes the provision of Internet access.

(4) INTERNET.—The term ''Internet'' means the combination of computer facilities and electromagnetic transmission media, and related equipment and software, comprising the interconnected worldwide network of computer networks that employ the Transmission Control Protocol/Internet Protocol, or any predecessor or successor protocol, to transmit information.

(5) INTERNET ACCESS.—The term ''Internet access'' means a service that enables users to access content, information, electronic mail, or other services offered over the Internet, and may also include access to proprietary content, information, and other services as part of a package of services offered to consumers. Such term does not include telecommunications services.

(6) MULTIPLE TAX.—

(A) IN GENERAL.—The term ''multiple tax'' means any tax that is imposed by one State or political subdivision thereof on the same or essentially the same electronic commerce that is also subject to another tax imposed by another State or political subdivision thereof (whether or not at the same rate or

on the same basis), without a credit (for example, a resale exemption certificate) for taxes paid in other jurisdictions.

(B) EXCEPTION.—Such term shall not include a sales or use tax imposed by a State and 1 or more political subdivisions thereof on the same electronic commerce or a tax on persons engaged in electronic commerce which also may have been subject to a sales or use tax thereon.

(C) SALES OR USE TAX.—For purposes of subparagraph (B), the term ''sales or use tax'' means a tax that is imposed on or incident to the sale, purchase, storage, consumption, distribution, or other use of tangible personal property or services as may be defined by laws imposing such tax and which is measured by the amount of the sales price or other charge for such property or service.

(7) STATE.—The term ''State'' means any of the several States, the District of Columbia, or any commonwealth, territory, or possession of the United States.

(8) TAX.—

(A) IN GENERAL.—The term ''tax'' means—

(i) any levy, fee, or charge imposed under governmental authority by any governmental entity; or

(ii) the imposition of or obligation to collect and to remit to a governmental entity any such levy, fee, or charge imposed by a governmental entity.

(B) EXCEPTION.—Such term shall not include any franchise fees or similar fees imposed by a State or local franchising authority, pursuant to section 622 or 653 of the Communications Act of 1934 (47 U.S.C. 542, 573).

(9) TELECOMMUNICATIONS SERVICES.—The term ''telecommunications services'' has the meaning given such term in section 3(46) of the Communications Act of 1934 (47 U.S.C. 153(46)) and includes communications services (as defined in section 4251 of the Internal Revenue Code of 1986).

TITLE II—OTHER PROVISIONS

SEC. 201. DECLARATION THAT INTERNET SHOULD BE FREE OF NEW FEDERAL TAXES.

It is the sense of Congress that no new Federal taxes similar to the taxes described in section 101(a) should be enacted with respect to the Internet and Internet access during the moratorium provided in such section.

SEC. 202. NATIONAL TRADE ESTIMATE.

Section 181 of the Trade Act of 1974 (19 U.S.C. 2241) is amended—

(1) in subsection (a)(1)—

(A) in subparagraph (A)—

(i) by striking ''and'' at the end of clause (i);

(ii) by inserting ''and'' at the end of clause (ii); and

(iii) by inserting after clause (ii) the following new clause:

''(iii) United States electronic commerce,''; and

(B) in subparagraph (C)—

(i) by striking ''and'' at the end of clause (i);

(ii) by inserting ''and'' at the end of clause (ii);

(iii) by inserting after clause (ii) the following new clause:

''(iii) the value of additional United States electronic commerce,''; and

(iv) by inserting ''or transacted with,'' after ''or invested in'';

(2) in subsection (a)(2)(E)—

(A) by striking ''and'' at the end of clause (i);

(B) by inserting ''and'' at the end of clause (ii); and

(C) by inserting after clause (ii) the following new clause:

''(iii) the value of electronic commerce transacted with,''; and

(3) by adding at the end the following new subsection:

''(d) ELECTRONIC COMMERCE.—For purposes of this section, the term 'electronic commerce' has the meaning given that term in section 104(3) of the Internet Tax Freedom Act.''.

SEC. 203. DECLARATION THAT THE INTERNET SHOULD BE FREE OF FOREIGN TARIFFS, TRADE BARRIERS, AND OTHER RESTRICTIONS.

(a) IN GENERAL.— It is the sense of Congress that the President should seek bilateral, regional, and multilateral agreements to remove barriers to global electronic commerce through the World Trade Organization, the Organization for Economic Cooperation and Development, the Trans-Atlantic Economic Partnership, the Asia Pacific Economic Cooperation forum, the Free Trade Area of the America, the North American Free Trade Agreement, and other appropriate venues.

(b) NEGOTIATING OBJECTIVES.—The negotiating objectives of the United States shall be—

(1) to assure that electronic commerce is free from—

(A) tariff and nontariff barriers;

(B) burdensome and discriminatory regulation and standards; and

(C) discriminatory taxation; and

(2) to accelerate the growth of electronic commerce by expanding market access opportunities for—

(A) the development of telecommunications infrastructure;

(B) the procurement of telecommunications equipment;

(C) the provision of Internet access and telecommunications services; and

(D) the exchange of goods, services, and digitalized information.

(c) ELECTRONIC COMMERCE.—For purposes of this section, the term ''electronic commerce'' has the meaning given that term in section 104(3).

SEC. 204. NO EXPANSION OF TAX AUTHORITY.

Nothing in this Act shall be construed to expand the duty of any person to collect or pay taxes beyond that which existed immediately before the date of the enactment of this Act.

SEC. 205. PRESERVATION OF AUTHORITY.

Nothing in this Act shall limit or otherwise affect the implementation of the Telecommunications Act of 1996 (Public Law 104–104) or the amendments made by such Act.

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Government Paperwork Elimination Act.''

SEC. 2. DIRECTION AND OVERSIGHT OF INFORMATION TECHNOLOGY.

Section 3504(a)(1)(B)(vi) of title 44, United States Code, is amended to read as follows:

''(vi) the acquisition and use of information technology, including the use of alternative information technologies (such as the use of electronic submission, maintenance, or disclosure of information) to substitute for paper, and the use and acceptance of electronic signatures.''.

SEC. 3. PROCEDURES.

(a) Within 18 months after enactment of this Act, in order to fulfill the responsibility to administer the functions assigned under chapter 35 of title 44, United States Code, the Clinger-Cohen Act of 1996 (P.L. 104–106), and the provisions of this Act, the Director of the Office of Management and Budget shall develop procedures and guidelines for executive agency use.

(1) The procedures shall be compatible with standards and technology for electronic signatures as may be generally used in commerce and industry and by State governments, based upon consultation with appropriate private sector and State government standard setting bodies.

(2) Such procedures shall not inappropriately favor one industry or technology.

(3) An electronic signature shall be as reliable as is appropriate for the purpose, and efforts shall be made to keep the information submitted intact.

(4) Successful submission of an electronic form shall be electronically acknowledged.

(5) In accordance with all other sections of the Act, to the extent feasible and appropriate, and described in a written finding, an agency, when it expects to receive electronically 50,000 or more submittals of a particular form, shall take all steps necessary to ensure that multiple formats of electronic signatures are made available for submitting such forms.

SEC. 4. AUTHORITY AND FUNCTIONS OF THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.

In order to fulfill the responsibility to administer the functions assigned under chapter 35 of title 44, United States Code, the Clinger-Cohen Act of 1996 (P.L. 104–106), and the provisions of this Act, the Director of the Office of Management and Budget shall ensure that, within five years of the date of enactment of this Act, executive agencies provide for the optional use of electronic maintenance, submission, or disclosure of information where practicable, as an alternative information technology to substitute for paper, and the use and acceptance of electronic signatures where practicable.

SEC. 5. ELECTRONIC STORAGE OF FORMS.

Within 18 months of enactment of this Act, in order to fulfill the responsibility to administer the functions assigned under chapter 35 of title 44, United States Code, the Clinger-Cohen Act of 1996 (P.L. 104–106), and the provisions of this Act, the Director of the Office of Management and Budget shall develop procedures and guidelines for executive agency use to permit employer electronic storage and filing of forms containing information pertaining to employees.

SEC. 6. STUDY.

In order to fulfill the responsibility to administer the functions assigned under chapter 35 of title 44, United States Code, the Clinger-Cohen Act of 1996 (P.L. 104–106), and the provisions of this Act, the Director of the Office of Management and Budget, shall conduct an ongoing study of paperwork reduction and electronic commerce, the impact on individual privacy, and the security and authenticity of transactions due to the use of electronic signatures pursuant to this Act, and shall report the findings to Congress.

SEC. 7. ENFORCEABILITY AND LEGAL EFFECT OF ELECTRONIC RECORDS.

Electronic records submitted or maintained in accordance with agency procedures and guidelines established pursuant to this title, or electronic signatures or other forms of electronic authentication used in accordance with such procedures and guidelines, shall not be denied legal effect, validity or enforceability because they are in electronic form.

SEC. 8. DISCLOSURE OF INFORMATION.

Except as provided by law, information collected in the provision of electronic signature services for communications with an agency, as provided by this Act, shall only be used or disclosed by persons who obtain, collect, or maintain such information as a business or government practice, for the purpose of facilitating such communications, or with the prior affirmative consent of the person about whom the information pertains.

SEC. 9. APPLICATION WITH OTHER LAWS.

Nothing in this title shall apply to the Department of the Treasury or the Internal Revenue Service, to the extent that—

(1) it involves the administration of the internal revenue laws; and

(2) it conflicts with any provision of the Internal Revenue Service Restructuring and Reform Act of 1998 or the Internal Revenue Code of 1986.

SEC. 10. DEFINITIONS.

For purposes of this Act:

(1) EXECUTIVE AGENCY.—The term ''executive agency'' has the meaning given that term in section 105 of title 5, United States Code.

(2) ELECTRONIC SIGNATURE.—The term ''electronic signature'' means a method of signing an electronic message that—

(A) identifies and authenticates a particular person as the source of such electronic message; and

(B) indicates such person's approval of the information contained in such electronic message.

(3) FORM, QUESTIONNAIRE, OR SURVEY.—The terms ''form'', ''questionnaire'', and ''survey'' include documents produced by an agency to facilitate interaction between an agency and non-government persons.

TITLE II—CHILDREN'S ONLINE PRIVACY PROTECTION

SEC. 201. SHORT TITLE.

This title may be cited as the ''Children's Online Privacy Protection Act of 1999''.

SEC. 202. DEFINITIONS.

In this title:

(1) CHILD.—the term ''child'' means an individual under the age of 13.

(2) OPERATOR.—The term ''operator''—

(A) means any person who operates a website located on the Internet or an online service and who collects or maintains personal information from or about the users of or visitors to such website or online service, or on whose behalf such information is collected or maintained, where such website or online service is operated for commercial purposes, including any person offering products or services for sale through that website or online service, involving commerce—

(i) among the several States or with 1 or more foreign nations;

(ii) in any territory of the United States or in the District of Columbia, or between any such territory and—

(I) another such territory; or

(II) any State or foreign nation; or

(iii) between the District of Columbia and any State, territory, or foreign nation; but

(B) does not include any non-profit entity that would otherwise be exempt from coverage under section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

(3) COMMISSION.—The term ''Commission'' means the Federal Trade Commission.

(4) DISCLOSURE.—The term ''disclosure'' means, with respect to personal information—

(A) the release of personal information collected from a child in identifiable form by an operator for any purpose, except where such information is provided to a person other than the operator who provides support for the internal operations of the website and does not disclose or use that information for any other purpose; and

(B) making personal information collected from a child by a website or online service directed to children or with actual knowledge that such information was collected from a child, publicly available in identifiable form, by any means including by a public posting, through the Internet, or through—

(i) a home page of a website;

(ii) a pen pal service;

(iii) an electronic mail service;

(iv) a message board; or

(v) a chat room.

(5) FEDERAL AGENCY.—The term ''Federal agency'' means an agency, as that term is defined in section 551(1) of title 5, United States Code.

(6) INTERNET.—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.

(7) PARENT.—The term ''parent'' includes a legal guardian.

(8) PERSONAL INFORMATION.—The term ''personal information'' means individually identifiable information about an individual collected online, including—

(A) a first and last name;

(B) a home or other physical address including street name and name of a city or town;

(C) an e-mail address;

(D) a telephone number;

(E) a Social Security number;

(F) any other identifier that the Commission determines permits the physical or online contracting of a specific individual; or

(G) information concerning the child or the parents of that child that the website collects online from the child and combines with an identifier described in this paragraph.

(9) VERIFIABLE PARENTAL CONSENT.—The term ''verifiable parental consent'' means any reasonable effort (taking into consideration available technology), including a request for authorization for future collection use, and disclosure described in the notice, to ensure that a parent of a child receives notice of the operator's personal information collection, use, and disclosure practices, and authorizes the collection, use, and disclosure, as applicable, of personal information and the subsequent use of that information before that information is collected from that child.

(10) WEBSITE OR ONLINE SERVICE DIRECTED TO CHILDREN.—

(A) IN GENERAL.—The term ''website or online service directed to children'' means—

(i) A commercial website or online service that is targeted to children; or

(ii) that portion of a commercial website or online service that is targeted to children.

(B) LIMITATION.—A commercial website or online service, or a portion of a commercial website or online service, shall not be deemed directed to children solely for referring or linking to a commercial website or online service directed to children by using information location tools, including a directory, index, reference, pointer, or hypertext link.

(11) PERSON.—The term ''person'' means any individual, partnership, corporation, trust, estate, cooperative, association, or other entity.

(12) ONLINE CONTACT INFORMATION.—The term ''online contact information'' means an e-mail address or another substantially similar identifier that permits direct contact with a person online.

SEC. 203. REGULATION OF UNFAIR AND DECEPTIVE ACTS AND PRACTICES IN CONNECTION WITH THE COLLECTION AND USE OF PERSONAL INFORMATION FROM AND ABOUT CHILDREN ON THE INTERNET.

(A) ACTS PROHIBITED.—

(1) IN GENERAL.—It is unlawful for an operator of a website or online service directed to children, or any operator that has actual knowledge that it is collecting personal information from a child, to collect personal information from a child in a manner that violates the regulations prescribed under subsection (b).

(2) DISCLOSURE TO PARENT PROTECTED.—Notwithstanding paragraph (1), neither an operator of such a website or online service nor the operator's agent shall be held to be liable under any Federal or State law for any disclosure made in good faith and following reasonable procedures in responding to a request for disclosure of personal information under subsection (b)(1)(B)(iii) to the parent of a child.

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Commission shall promulgate under section 553 of title 5, United States Code, regulations that—

(A) require the operator of any website or online service directed to children that collects personal information from children or the operator of a website or online service that has actual knowledge that it is collecting personal information from a child—

(i) to provide notice on the website of what information is collected from children by the operator, how the operator uses such information, and the operator's disclosure practices for such information; and

(ii) to obtain verifiable parental consent for the collection, use, or disclosure of personal information from children;

(B) require the operator to provide, upon request of a parent under this subparagraph whose child has provided personal information to that website or online service, upon proper identification of that parent, to such parent—

(i) a description of the specific types of personal information collected from the child by that operator;

(ii) the opportunity at any time to refuse to permit the operator's further use or maintenance in retrievable form, or future online collection, of personal information from that child; and

(iii) notwithstanding any other provision of law, a means that is reasonable under the circumstances for the parent to obtain any personal information collected from that child;

(C) prohibit conditioning a child's participation in a game, the offering of a prize, or another activity on the child disclosing more personal information than is reasonably necessary to participate in such activity; and

(D) require the operator of such a website or online service to establish and maintain reasonable procedures to protect the confidentiality, security, and integrity of personal information collected from children.

(2) WHEN CONSENT NOT REQUIRED.—The regulations shall provide that verifiable parental consent under paragraph (1)(A)(ii) is not required in the case of—

(A) online contact information collected from a child that is used only to respond directly on a one-time basis to a specific request from the child and is not used to recontact the child and is not maintained in retrievable form by the operator;

(B) a request for the name or online contact information of a parent or child that is used for the sole purpose of obtaining parental consent or providing notice under this section and where such information is not maintained in retrievable form by the operator if parental consent is not obtained after a reasonable time;

(C) online contact information collected from a child that is used only to respond more than once directly to a specific request from the child and is not used to recontact the child beyond the scope of that request—

(i) if, before any additional response after the initial response to the child, the operator uses reasonable efforts to provide a parent notice of the online contact information collected from the child, the purposes for which it is to be used, and an opportunity for the

parent to request that the operator make no further use of the information and that it not be maintained in retrievable form; or

(ii) without notice to the parent in such circumstances as the Commission may determine are appropriate, taking into consideration the benefits to the child of access to information and services, and risks to the security and privacy of the child, in regulations promulgated under this subsection;

(D) the name of the child and online contact information (to the extent reasonably necessary to protect the safety of a child participant on the site)—

(i) used only for the purpose of protecting such safety;

(ii) not used to recontact the child or for any other purpose; and

(iii) not disclosed on the site,

if the operator uses reasonable efforts to provide a parent notice of the name and online contact information collected from the child, the purposes for which it is to be used, and an opportunity for the parent to request that the operator make no further use of the information and that it not be maintained in retrievable form; or

(E) the collection, use, or dissemination of such information by the operator of such a website or online service necessary—

(i) to protect the security or integrity of its website;

(ii) to take precautions against liability;

(iii) to respond to judicial process; or

(iv) to the extent permitted under other provisions of law, to provide information to law enforcement agencies or for an investigation on a matter related to public safety.

(3) TERMINATION OF SERVICE.—The regulations shall permit the operator of a website or an online service to terminate service provided to a child whose parent has refused, under the regulations prescribed under paragraph (1)(B)(ii), to permit the operator's further use or maintenance in retrievable form, or future online collection, of personal information from that child.

(c) ENFORCEMENT.—Subject to sections 204 and 206, a violation of a regulation prescribed under subsection (a) 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)).

(d) INCONSISTENT STATE LAW.—No State or local government may impose any liability for commercial activities or actions by operators in interstate or foreign commerce in connection with an activity or action described in this title that is inconsistent with the treatment of those activities or actions under this section.

SEC. 204. SAFE HARBORS.

(a) GUIDELINES.—An operator may satisfy the requirements of regulations issued under section 203(b) by following a set of self-regulatory guidelines, issued by representatives of the marketing or online industries, or by other persons, approved under subsection (b).

(b) INCENTIVES.—

(1) SELF-REGULATORY INCENTIVES.—In prescribing regulations under section 203, the Commission shall provide incentives for self-regulation by operators to implement the protections afforded children under the regulatory requirements described in subsection (b) of that section.

(2) DEEMED COMPLIANCE.—Such incentives shall include provisions for ensuring that a person will be deemed to be in compliance with the requirements of the regulations under section 203 if that person complies with guidelines that, after notice and comment, are approved by the Commission upon making a determination that the guidelines meet the requirements of the regulations issued under section 203.

(3) EXPEDITED RESPONSE TO REQUESTS.—The Commission shall act upon requests for safe harbor treatment within 180 days of the filing of the request, and shall set forth in writing its conclusions with regard to such requests.

(c) APPEALS.—Final action by the Commission on a request for approval of guidelines, or the failure to act within 180 days on a request for approval of guidelines, submitted under subsection (b) may be appealed to a district court of the United States of appropriate jurisdiction as provided for in section 706 of title 5, United States Code.

SEC. 205. ACTIONS BY STATES.

(a) IN GENERAL.—

(1) 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 has been or is threatened or adversely affected by the engagement of any person in a practice that violates any regulation of the Commission prescribed under section 203(b), the State, as parens patriae, may bring a civil action on behalf of the residents of the State in a district court of the United States of appropriate jurisdiction to—

(A) enjoin that practice;

(B) enforce compliance with the regulation;

(C) obtain damage, restitution, or other compensation on behalf of residents of the State; or

(D) obtain such other relief as the court may consider to be appropriate.

(2) NOTICE.—

(A) IN GENERAL.—Before filing an action under paragraph (1), the attorney general of the State involved shall provide to the Commission—

(i) written notice of that action; and

(ii) a copy of the complaint for that action.

(B) EXEMPTION.—

(i) IN GENERAL.—Subparagraph (A) shall not apply with respect to the filing of an action by an attorney general of a State under this subsection, if the attorney general determines that it is not feasible to provide the notice described in that subparagraph before the filing of the action.

(ii) NOTIFICATION.—In an action described in clause (i), the attorney general of a State shall provide notice and a copy of the complaint to the Commission at the same time as the attorney general files the action.

(b) INTERVENTION.—

(1) IN GENERAL.—On receiving notice under subsection (a)(2), the Commission shall have the right to intervene in the action that is the subject of the notice.

(2) EFFECT OF INTERVENTION.—If the Commission intervenes in an action under subsection (a), it shall have the right—

(A) to be heard with respect to any matter that arises in that action; and

(B) to file a petition for appeal.

(3) AMICUS CURIAE.—Upon application to the court, a person whose self-regulatory guidelines have been approved by the Commission and are relied upon as a defense by any defendant to a proceeding under this section may file amicus curiae in that proceeding.

(c) CONSTRUCTION.—For purposes of bringing any civil action under subsection (a), nothing in this title 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—

(1) conduct investigations;

(2) administer oaths or affirmations; or

(3) 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 Commission for violation of any regulation prescribed under section 293, no State may, during the pendency of that action, institute an action under subsection (a) against any defendant named in the complaint in that action for violation of that regulation.

(e) VENUE; SERVICE OF PROCESS.—

(1) VENUE.—Any action brought under subsection (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.

(2) SERVICE OF PROCESS.—In an action brought under subsection (a), process may be served in any district in which the defendant—

(A) is an inhabitant; or

(B) may be found.

SEC. 206. ADMINISTRATION AND APPLICABILITY OF ACT.

(a) IN GENERAL.—Except as otherwise provided, this title shall be enforced by the Commission under the Federal Trade Commission Act (15 U.S.C. 41 et seq.).

(b) PROVISIONS.—Compliance with the requirements imposed under this title shall be enforced under—

(1) section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818), in the case of—

(A) national banks, and Federal branches and Federal agencies of foreign banks, by the Office of the Comptroller of the Currency;

(B) member banks of the Federal Reserve System (other than national banks), branches and agencies of foreign banks (other than Federal branches, Federal agencies, and insured State branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25(a) of the Federal Reserve Act (12 U.S.C. 601 et seq. and 611 et. seq.), by the Board; and

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System) and insured State branches of foreign banks, by the Board of Directors of the Federal Deposit Insurance Corporation;

(2) section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818), by the Director of the Office of Thrift Supervision, in the case of a savings association the deposits of which are insured by the Federal Deposit Insurance Corporation;

(3) the Federal Credit Union Act (12 U.S.C. 1751 et seq.) by the National Credit Union Administration Board with respect to any Federal credit union;

(4) part A of subtitle VII of title 49, United States Code, by the Secretary of Transportation with respect to any air carrier or foreign air carrier subject to that part;

(5) the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et. seq.) (except as provided in section 406 of that Act (7 U.S.C. 226, 227)), by the Secretary of Agriculture with respect to any activities subject to that Act; and

(6) the Farm Credit Act of 1971 (12 U.S.C. (2001 et seq.) by the Farm Credit Administration with respect to any Federal land bank, Federal land bank association, Federal intermediate credit bank, or production credit association.

(c) EXERCISE OF CERTAIN POWERS.—For the purpose of the exercise by any agency referred to in subsection (a) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (a), each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with any requirement imposed under this title, any other authority conferred on it by law.

(d) ACTIONS BY THE COMMISSION.—The Commission shall prevent any person from violating a rule of the Commission under section 203 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 title. Any entity that violates such rule shall be subject to the penalties and entitled to the privileges and immunities provided in the Federal Trade Commission Act in the same manner, by the same means, and with the same jurisdiction, power, and duties as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this title.

(e) EFFECT ON OTHER LAWS.—Nothing contained in the Act shall be construed to limit the authority of the Commission under any other provisions of law.

SEC. 207. REVIEW.

(a) IN GENERAL.—Not later than 5 years after the effective date of the regulations initially issued under section 203, the Commission shall—

(1) review the implementation of this title, including the effect of the implementation of this title on practices relating to the collection and disclosure of information relating to children, children's ability to obtain access to information of their choice online, and on the availability of websites directed to children; and

(2) prepare and submit to Congress a report on the results of the review under paragraph (1).

SEC. 208. EFFECTIVE DATE.

Sections 203(a), 205, and 206 of this title take effect on the later of—

(1) the date that is 18 months after the date of enactment of this Act; or

(2) the date on which the Commission rules on the first application for safe harbor treatment under section 204 if the Commission does not rule on the first such application within one year after the date of enactment of this Act, but in no case later than the date that is 30 months after the date of enactment of this Act.

TAXPAYER RELIEF ACT OF 1998

LAUTENBERG AMENDMENT NO. 3747

(Ordered to lie on the table.)

Mr. LAUTENBERG submitted an amendment intended to be proposed by him to the bill (H.R. 4579) to provide tax relief for individuals, families, and farming and other small businesses, to provide tax incentives for education, to extend certain provisions, and for other purposes; as follows:

In lieu of the matter proposed to be inserted, insert:

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Tax Cut Act of 1998''.

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

(c) TABLE OF CONTENTS.—

TITLE I—FAMILY TAX RELIEF PROVISIONS

Subtitle A—General Provisions

SEC. 101. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended—

(1) by striking ''$5,000'' in subparagraph (A) and inserting ''twice the dollar amount in effect under subparagraph (C) for the taxable year'',

(2) by adding ''or'' at the end of subparagraph (B),

(3) by striking ''in the case of'' and all that follows in subparagraph (C) and inserting ''in any other case.'', and

(4) by striking subparagraph (D).

(b) ADDITIONAL STANDARD DEDUCTION FOR AGED AND BLIND TO BE THE SAME FOR MARRIED AND UNMARRIED INDIVIDUALS.—

(1) Paragraphs (1) and (2) of section 63(f) are each amended by striking ''$600'' and inserting ''$750''.

(2) Subsection (f) of section 63 is amended by striking paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) is amended by striking ''(other than with'' and all that follows through ''shall be applied'' and inserting ''(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied''.

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

''The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 102. EXEMPTION OF CERTAIN INTEREST AND DIVIDEND INCOME FROM TAX.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to amounts specifically excluded from gross income) is amended by inserting after section 115 the following new section:

''SEC. 116. PARTIAL EXCLUSION OF DIVIDENDS AND INTEREST RECEIVED BY INDIVIDUALS.

''(a) EXCLUSION FROM GROSS INCOME.—Gross income does not include dividends and interest received during the taxable year by an individual.

''(b) LIMITATIONS.—

''(1) MAXIMUM AMOUNT.—The aggregate amount excluded under subsection (a) for any taxable year shall not exceed $200 ($400 in the case of a joint return).

''(2) CERTAIN DIVIDENDS EXCLUDED.—Subsection (a) shall not apply to any dividend from a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organization) or section 521 (relating to farmers' cooperative associations).

''(c) SPECIAL RULES.—For purposes of this section—

''(1) EXCLUSION NOT TO APPLY TO CAPITAL GAIN DIVIDENDS FROM REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—

''For treatment of capital gain dividends, see sections 854(a) and 857(c).

''(2) CERTAIN NONRESIDENT ALIENS INELIGIBLE FOR EXCLUSION.—In the case of a nonresident alien individual, subsection (a) shall apply only—

''(A) in determining the tax imposed for the taxable year pursuant to section 871(b)(1) and only in respect of dividends and interest which are effectively connected with the conduct of a trade or business within the United States, or

''(B) in determining the tax imposed for the taxable year pursuant to section 877(b).

''(3) DIVIDENDS FROM EMPLOYEE STOCK OWNERSHIP PLANS.—Subsection (a) shall not apply to any dividend described in section 404(k).''

(b) CONFORMING AMENDMENTS.—

(1)(A) Subparagraph (A) of section 135(c)(4) is amended by inserting ''116,'' before ''137''.

(B) Subsection (d) of section 135 is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) COORDINATION WITH SECTION 116.—This section shall be applied before section 116.''

(2) Paragraph (2) of section 265(a) is amended by inserting before the period '', or to purchase or carry obligations or shares, or to make deposits, to the extent the interest thereon is excludable from gross income under section 116''.

(3) Subsection (c) of section 584 is amended by adding at the end thereof the following new flush sentence:

''The proportionate share of each participant in the amount of dividends or interest received by the common trust fund and to which section 116 applies shall be considered for purposes of such section as having been received by such participant.''

(4) Subsection (a) of section 643 is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

''(7) DIVIDENDS OR INTEREST.—There shall be included the amount of any dividends or interest excluded from gross income pursuant to section 116.''

(5) Section 854(a) is amended by inserting ''section 116 (relating to partial exclusion of dividends and interest received by individuals) and'' after ''For purposes of''.

(6) Section 857(c) is amended to read as follows:

''(c) RESTRICTIONS APPLICABLE TO DIVIDENDS RECEIVED FROM REAL ESTATE INVESTMENT TRUSTS.—

''(1) TREATMENT FOR SECTION 116.—For purposes of section 116 (relating to partial exclusion of dividends and interest received by individuals), a capital gain dividend (as defined in subsection (b)(3)(C)) received from a real estate investment trust which meets the requirements of this part shall not be considered as a dividend.

''(2) TREATMENT FOR SECTION 243.—For purposes of section 243 (relating to deductions for dividends received by corporations), a dividend received from a real estate investment trust which meets the requirements of this part shall not be considered as a dividend.''

(7) The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 115 the following new item:

''Sec. 116. Partial exclusion of dividends and interest received by individuals.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 103. NONREFUNDABLE PERSONAL CREDITS ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.

(a) IN GENERAL.—Subsection (a) of section 26 is amended to read as follows:

''(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the sum of—

''(1) the taxpayer's regular tax liability for the taxable year, and

''(2) the tax imposed for the taxable year by section 55(a).

For purposes of applying the preceding sentence, paragraph (2) shall be treated as being zero for any taxable year beginning during 1998.''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 24 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(2) Section 32 is amended by striking subsection (h).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

Subtitle B—Affordable Child Care

SEC. 111. EXPANDING THE DEPENDENT CARE TAX CREDIT.

(a) PERCENTAGE OF EMPLOYMENT-RELATED EXPENSES DETERMINED BY TAXPAYER STATUS.—Section 21(a)(2) (defining applicable percentage) is amended to read as follows:

''(2) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (1), the term 'applicable percentage' means—

''(A) except as provided in subparagraph (B), 50 percent reduced (but not below 20 percent) by 1 percentage point for each $1,000, or fraction thereof, by which the taxpayers's adjusted gross income for the taxable year exceeds $30,000, and

''(B) in the case of employment-related expenses described in subsection (e)(11), 50 percent reduced (but not below zero) by 1 percentage point for each $800, or fraction thereof, by which the taxpayers's adjusted gross income for the taxable year exceeds $30,000.''.

(b) INFLATION ADJUSTMENT FOR ALLOWABLE EXPENSES.—Section 21(c) (relating to dollar limit on amount creditable) is amended by striking ''The amount determined'' and inserting ''In the case of any taxable year beginning after 1998, each dollar amount referred to in paragraphs (1) and (2) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof. If any dollar amount after being increased under the preceding sentence is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10. The amount determined''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1998.

SEC. 112. MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.

(a) IN GENERAL.—Section 21(e) (relating to special rules) is amended by adding at the end the following:

''(11) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Notwithstanding subsection (d), in the case of any taxpayer with one or more qualifying individuals described in subsection (b)(1)(A) under the age of 1 at any time during the taxable year, such taxpayer shall be deemed to have employment-related expenses with respect to such qualifying individuals in an amount equal to the sum of—

''(A) $90 for each month in such taxable year during which at least one of such qualifying individuals is under the age of 1, and

''(B) the amount of employment-related expenses otherwise incurred for such qualifying individuals for the taxable year (determined under this section without regard to this paragraph).''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1998.

SEC. 113. CREDIT MADE REFUNDABLE.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended—

(1) by redesignating section 35 as section 36, and

(2) by redesignating section 21 as section 35.

(b) ADVANCE PAYMENT OF CREDIT.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by inserting after section 3507 the following:

''SEC. 3507A. ADVANCE PAYMENT OF DEPENDENT CARE CREDIT.

''(a) GENERAL RULE.—Except as otherwise provided in this section, every employer making payment of wages with respect to whom a dependent care eligibility certificate is in effect shall, at the time of paying such wages, make an additional payment equal to such employee's dependent care advance amount.

''(b) DEPENDENT CARE ELIGIBILITY CERTIFICATE.—For purposes of this title, a dependent care eligibility certificate is a statement furnished by an employee to the employer which—

''(1) certifies that the employee will be eligible to receive the credit provided by section 35 for the taxable year,

''(2) certifies that the employee reasonably expects to be an applicable taxpayer for the taxable year,

''(3) certifies that the employee does not have a dependent care eligibility certificate in effect for the calendar year with respect to the payment of wages by another employer,

''(4) states whether or not the employee's spouse has a dependent care eligibility certificate in effect,

''(5) states the number of qualifying individuals in the household maintained by the employee, and

''(6) estimates the amount of employment-related expenses for the calendar year.

''(c) DEPENDENT CARE ADVANCE AMOUNT.—

''(1) IN GENERAL.—For purposes of this title, the term 'dependent care advance amount' means, with respect to any payroll period, the amount determined—

''(A) on the basis of the employee's wages from the employer for such period,

''(B) on the basis of the employee's estimated employment-related expenses included in the dependent care eligibility certificate, and

''(C) in accordance with tables provided by the Secretary.

''(2) ADVANCE AMOUNT TABLES.—The tables referred to in paragraph (1)(C) shall be similar in form to the tables prescribed under section 3402 and, to the maximum extent feasible, shall be coordinated with such tables and the tables prescribed under section 3507(c).

''(d) OTHER RULES.—For purposes of this section, rules similar to the rules of subsections (d) and (e) of section 3507 shall apply.

''(e) DEFINITIONS.—For purposes of this section, terms used in this section which are defined in section 35 shall have the respective meanings given such terms by section 35.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 35(a)(1), as redesignated by paragraph (1), is amended by striking ''chapter'' and inserting ''subtitle''.

(2) Section 35(e), as so redesignated and amended by subsection (c), is amended by adding at the end the following:

''(12) COORDINATION WITH ADVANCE PAYMENTS AND MINIMUM TAX.—Rules similar to the rules of subsections (g) and (h) of section 32 shall apply for purposes of this section.''.

(3) Sections 23(f)(1) and 129(a)(2)(C) are each amended by striking ''section 21(e)'' and inserting ''section 35(e)''.

(4) Section 129(b)(2) is amended by striking ''section 21(d)(2)'' and inserting ''section 35(d)(2)''.

(5) Section 129(e)(1) is amended by striking ''section 21(b)(2)'' and inserting ''section 35(b)(2)''.

(6) Section 213(e) is amended by striking ''section 21'' and inserting ''section 35''.

(7) Section 995(f)(2)(C) is amended by striking ''and 34'' and inserting ''34, and 35''.

(8) Section 6211(b)(4)(A) is amended by striking ''and 34'' and inserting '', 34, and 35''.

(9) Section 6213(g)(2)(H) is amended by striking ''section 21'' and inserting ''section 35''.

(10) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 35 and inserting the following:

''Sec. 35. Dependent care services.

''Sec. 36. Overpayments of tax.''.

(11) The table of sections for subpart A of such part IV is amended by striking the item relating to section 21.

(12) The table of sections for chapter 25 is amended by adding after the item relating to section 3507 the following:

''Sec. 3507A. Advance payment of dependent care credit.''.

(13) Section 1324(b)(2) of title 31, United States Code, is amended by inserting before the period '', or enacted by the Tax Cut Act of 1998''.

(d) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1998.

SEC. 114. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following:

''SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to 25 percent of the qualified child care expenditures of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $150,000.

''(c) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED CHILD CARE EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

''(i) to acquire, construct, rehabilitate, or expand property—

''(I) which is to be used as part of a qualified child care facility of the taxpayer,

''(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

''(III) which does not constitute part of the principal residence (within the meaning of section 1034) of the taxpayer or any employee of the taxpayer,

''(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees of the child care facility, to scholarship programs, to the providing of differential compensation to employees based on level of child care training, and to expenses associated with achieving accreditation,

''(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer, or

''(iv) under a contract to provide child care resource and referral services to employees of the taxpayer.

''(B) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified child care expenditure' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(C) LIMITATION ON ALLOWABLE OPERATING COSTS.—The term 'qualified child care expenditure' shall not include any amount described in subparagraph (A)(ii) if such amount is paid or incurred after the third taxable year in which a credit under this section is taken by the taxpayer, unless the qualified child care facility of the taxpayer has received accreditation from a nationally recognized accrediting body before the end of such third taxable year.

''(2) QUALIFIED CHILD CARE FACILITY.—

''(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

''(i) the principal use of which is to provide child care assistance, and

''(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including, but not limited to, the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 1034) of the operator of the facility.

''(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

''(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

''(ii) the facility is not the principal trade or business of the taxpayer unless at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

''(iii) the costs to employees of child care services at such facility are determined on a sliding fee scale.

''(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

''(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

''(A) the applicable recapture percentage, and

''(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

''If the recapture event occurs in:	**The applicable recapture percentage is:**
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

''(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

''(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

''(B) CHANGE IN OWNERSHIP.—

''(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

''(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

''(4) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

''(B) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

''(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

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

''(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

''(f) NO DOUBLE BENEFIT.—

''(1) REDUCTION IN BASIS.—For purposes of this subtitle—

''(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

''(B) CERTAIN DISPOSITIONS.—If during any taxable year there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

''(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) is amended—

(A) by striking out ''plus'' at the end of paragraph (11),

(B) by striking out the period at the end of paragraph (12), and inserting a comma and ''plus'', and

(C) by adding at the end the following new paragraph:

''(13) the employer-provided child care credit determined under section 45D.''.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45D. Employer-provided child care credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE II—EDUCATION AND INFRASTRUCTURE

Subtitle A—General Provisions

SEC. 201. ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.

(a) IN GENERAL.—Paragraph (1) of section 529(b) (defining qualified State tuition program) is amended by inserting ''or by 1 or more eligible educational institutions'' after ''maintained by a State or agency or instrumentality thereof''.

(b) TECHNICAL AMENDMENTS.—

(1) The texts of sections 72(e)(9), 135(c)(2)(C), 135(d)(1)(D), 529, 530, and 4973(e)(1)(B) are each amended by striking ''qualified State tuition program'' each place it appears and inserting ''qualified tuition program''.

(2) The paragraph heading for paragraph (9) of section 72(e) and the subparagraph heading for subparagraph (B) of section 530(b)(2) are each amended by striking ''STATE''.

(3) The subparagraph heading for subparagraph (C) of section 135(c)(2) is amended by striking ''QUALIFIED STATE TUITION PROGRAM'' and inserting ''QUALIFIED TUITION PROGRAMS''.

(4) Sections 529(c)(3)(D)(i) and 6693(a)(2)(C) are each amended by striking ''qualified State tuition programs'' and inserting ''qualified tuition programs''.

(5)(A) The section heading of section 529 is amended to read as follows:

''SEC. 529. QUALIFIED TUITION PROGRAMS.''.

(B) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 is amended by striking ''State''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1999.

SEC. 202. INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) IN GENERAL.—Subsection (d) of section 146 (relating to volume cap) is amended by striking paragraph (2), by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively, and by striking paragraph (1) and inserting the following new paragraph:

''(1) IN GENERAL.—The State ceiling applicable to any State for any calendar year shall be the greater of—

''(A) an amount equal to $75 multiplied by the State population, or

''(B) $225,000,000.

Subparagraph (B) shall not apply to any possession of the United States.''

(b) CONFORMING AMENDMENT.—Sections 25(f)(3) and 42(h)(3)(E)(iii) are each amended by striking ''section 146(d)(3)(C)'' and inserting ''section 146(d)(2)(C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 1998.

Subtitle B—American Community Renewal Act of 1998

SEC. 211. SHORT TITLE.

This subtitle may be cited as the ''American Community Renewal Act of 1998''.

SEC. 212. DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

''Subchapter X—Renewal Communities

''PART I—DESIGNATION

''SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

''(A) which is nominated by one or more local governments and the State or States in which it is located for designation as a renewal community (hereinafter in this section referred to as a 'nominated area'), and

''(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration, and

''(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 20 nominated areas as renewal communities.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 4 must be areas—

''(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

''(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

''(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

''(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

''(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

''(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

''(C) PRIORITY FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES WITH RESPECT TO FIRST HALF OF DESIGNATIONS.—With respect to the first 10 designations made under this section—

''(i) 10 shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section), and

''(ii) of such 10, 2 shall be areas described in paragraph (2)(B).

''(4) LIMITATION ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating an area under paragraph (1)(A),

''(ii) the parameters relating to the size and population characteristics of a renewal community, and

''(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

''(i) the local governments and the States in which the nominated area is located have the authority—

''(I) to nominate such area for designation as a renewal community,

''(II) to make the State and local commitments described in subsection (d), and

''(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

''(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe, and

''(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

''(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State and local governments with respect to such area.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

''(A) December 31, 2006,

''(B) the termination date designated by the State and local governments in their nomination, or

''(C) the date the Secretary of Housing and Urban Development revokes such designation.

''(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may revoke the designation under this section of an area if such Secretary determines that the local government or the State in which the area is located—

''(A) has modified the boundaries of the area, or

''(B) is not complying substantially with, or fails to make progress in achieving, the State or local commitments, respectively, described in subsection (d).

''(c) AREA AND ELIGIBILITY REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

''(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

''(A) the area is within the jurisdiction of one or more local governments,

''(B) the boundary of the area is continuous, and

''(C) the area—

''(i) has a population, of at least—

''(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan

statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater, or

''(II) 1,000 in any other case, or

''(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

''(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

''(A) the area is one of pervasive poverty, unemployment, and general distress,

''(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1½ times the national unemployment rate for the period to which such data relate,

''(C) the poverty rate for each population census tract within the nominated area is at least 20 percent, and

''(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

''(4) CONSIDERATION OF HIGH INCIDENCE OF CRIME.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.

''(5) CONSIDERATION OF COMMUNITIES IDENTIFIED IN GAO STUDY.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, if the area has census tracts identified in the May 12, 1998, report of the Government Accounting Office regarding the identification of economically distressed areas.

''(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

''(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area, and

''(B) the economic growth promotion requirements of paragraph (3) are met.

''(2) COURSE OF ACTION.—

''(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and timetables. Such course of action shall include at least five of the following:

''(i) A reduction of tax rates or fees applying within the renewal community.

''(ii) An increase in the level of efficiency of local services within the renewal community.

''(iii) Crime reduction strategies, such as crime prevention (including the provision of such services by nongovernmental entities).

''(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

''(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

''(vi) State or local income tax benefits for fees paid for services performed by a nongovernmental entity which were formerly performed by a governmental entity.

''(vii) The gift (or sale at below fair market value) of surplus real property (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

''(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

''(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government and State, respectively, have repealed or otherwise will not enforce within the area, if such area is designated as a renewal community—

''(A) licensing requirements for occupations that do not ordinarily require a professional degree,

''(B) zoning restrictions on home-based businesses which do not create a public nuisance,

''(C) permit requirements for street vendors who do not create a public nuisance,

''(D) zoning or other restrictions that impede the formation of schools or child care centers, and

''(E) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling,

except to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

''(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, if there are in effect with respect to the same area both—

''(1) a designation as a renewal community, and

''(2) a designation as an empowerment zone or enterprise community,

both of such designations shall be given full effect with respect to such area.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

''(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

''(2) STATE.—The term 'State' includes Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

''(3) LOCAL GOVERNMENT.—The term 'local government' means—

''(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State,

''(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development, and

''(C) the District of Columbia.

''(4) APPLICATION OF RULES RELATING TO CENSUS TRACTS AND CENSUS DATA.—The rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

''PART II—RENEWAL COMMUNITY CAPITAL GAIN; RENEWAL COMMUNITY BUSINESS

''Sec. 1400F. Renewal community capital gain.

''Sec. 1400G. Renewal community business defined.

''SEC. 1400F. RENEWAL COMMUNITY CAPITAL GAIN.

''(a) GENERAL RULE.—Gross income does not include any qualified capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years.

''(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified community asset' means—

''(A) any qualified community stock,

''(B) any qualified community partnership interest, and

''(C) any qualified community business property.

''(2) QUALIFIED COMMUNITY STOCK.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified community stock' means any stock in a domestic corporation if—

''(i) such stock is acquired by the taxpayer after December 31, 1999, and before January 1, 2007, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash,

''(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business), and

''(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

''(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

''(3) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term 'qualified community partnership interest' means any interest in a partnership if—

''(A) such interest is acquired by the taxpayer after December 31, 1999, and before January 1, 2007,

''(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business), and

''(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

''(4) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

''(A) IN GENERAL.—The term 'qualified community business property' means tangible property if—

''(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 1999, and before January 1, 2007,

''(ii) the original use of such property in the renewal community commences with the taxpayer, and

''(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

''(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

''(i) property which is substantially improved (within the meaning of section 1400B(b)(4)(B)(ii)) by the taxpayer before January 1, 2007, and

''(ii) any land on which such property is located.

''(c) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (e), (f), and (g), of section 1400B shall apply for purposes of this section.

''SEC. 1400G. RENEWAL COMMUNITY BUSINESS DEFINED.

''For purposes of this part, the term 'renewal community business' means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397B if—

''(1) references to renewal communities were substituted for references to empowerment zones in such section; and

''(2) '80 percent' were substituted for '50 percent' in subsections (b)(2) and (c)(1) of such section.

''PART III—FAMILY DEVELOPMENT ACCOUNTS

''SEC. 1400H. FAMILY DEVELOPMENT ACCOUNTS FOR RENEWAL COMMUNITY EITC RECIPIENTS.

''(a) ALLOWANCE OF DEDUCTION.—

''(1) IN GENERAL.—There shall be allowed as a deduction—

''(A) in the case of a qualified individual, the amount paid in cash for the taxable year by such individual to any family development account for such individual's benefit, and

''(B) in the case of any person other than a qualified individual, the amount paid in cash for the taxable year by such person to any family development account for the benefit of a qualified individual but only if the amount so paid is designated for purposes of this section by such individual.

No deduction shall be allowed under this paragraph for any amount deposited in a family development account under section 1400I (relating to demonstration program to provide matching amounts in renewal communities).

''(2) LIMITATION.—

''(A) IN GENERAL.—The amount allowable as a deduction to any individual for any taxable year by reason of paragraph (1)(A) shall not exceed the lesser of—

''(i) $2,000, or

''(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

''(B) PERSONS DONATING TO FAMILY DEVELOPMENT ACCOUNTS OF OTHERS.—The amount which may be designated under paragraph (1)(B) by any qualified individual for any taxable year of such individual shall not exceed $1,000.

''(3) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—Rules similar to rules of section 219(c) shall apply to the limitation in paragraph (2)(A).

''(4) COORDINATION WITH IRA'S.—No deduction shall be allowed under this section to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid into an individual retirement account (including a Roth IRA) for the benefit of such individual.

''(5) ROLLOVERS.—No deduction shall be allowed under this section with respect to any rollover contribution.

''(b) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) INCLUSION OF AMOUNTS IN GROSS INCOME.—Except as otherwise provided in this subsection, any amount paid or distributed out of a family development account shall be included in gross income by the payee or distributee, as the case may be.

''(2) EXCLUSION OF QUALIFIED FAMILY DEVELOPMENT DISTRIBUTIONS.—Paragraph (1) shall not apply to any qualified family development distribution.

''(c) QUALIFIED FAMILY DEVELOPMENT DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified family development distribution' means any amount paid or distributed out of a family development account which would otherwise be includible in gross income, to the extent that such payment or distribution is used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder.

''(2) QUALIFIED FAMILY DEVELOPMENT EXPENSES.—The term 'qualified family development expenses' means any of the following:

''(A) Qualified higher education expenses.

''(B) Qualified first-time homebuyer costs.

''(C) Qualified business capitalization costs.

''(D) Qualified medical expenses.

''(E) Qualified rollovers.

''(3) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

''(B) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

''(C) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).

''(4) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in such section).

''(5) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

''(A) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

''(B) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

''(C) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law.

''(D) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which meets such requirements as the Secretary may specify.

''(6) QUALIFIED MEDICAL EXPENSES.—The term 'qualified medical expenses' means any amount paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or his dependent (as defined in section 152).

''(7) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means any amount paid from a family development account of a taxpayer into another such account established for the benefit of—

''(A) such taxpayer, or

''(B) any qualified individual who is—

''(i) the spouse of such taxpayer, or

''(ii) any dependent (as defined in section 152) of the taxpayer.

Rules similar to the rules of section 408(d)(3) shall apply for purposes of this paragraph.

''(d) TAX TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Any family development account is exempt from taxation under this subtitle unless such account has ceased to be a family development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations). Notwithstanding any other provision of this title (including chapters 11 and 12), the basis of any person in such an account is zero.

''(2) LOSS OF EXEMPTION IN CASE OF PROHIBITED TRANSACTIONS.—For purposes of this section, rules similar to the rules of section 408(e) shall apply.

''(3) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (6) of section 408(d) shall apply for purposes of this section.

''(e) FAMILY DEVELOPMENT ACCOUNT.—For purposes of this title, the term 'family development account' means a trust created or organized in the United States for the exclusive benefit of a qualified individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

''(1) Except in the case of a qualified rollover (as defined in subsection (c)(7))—

''(A) no contribution will be accepted unless it is in cash, and

''(B) contributions will not be accepted for the taxable year in excess of $3,000 (determined without regard to any contribution made under section 1400I (relating to demonstration program to provide matching amounts in renewal communities)).

''(2) The requirements of paragraphs (2) through (6) of section 408(a) are met.

''(f) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means, for any taxable year, an individual—

''(1) who is a bona fide resident of a renewal community throughout the taxable year, and

''(2) to whom a credit was allowed under section 32 for the preceding taxable year.

''(g) OTHER DEFINITIONS AND SPECIAL RULES.—

''(1) COMPENSATION.—The term 'compensation' has the meaning given such term by section 219(f)(1).

''(2) MARRIED INDIVIDUALS.—The maximum deduction under subsection (a) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

''(3) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to a family development account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

''(4) EMPLOYER PAYMENTS; CUSTODIAL ACCOUNTS.—Rules similar to the rules of sections 219(f)(5) and 408(h) shall apply for purposes of this section.

''(5) REPORTS.—The trustee of a family development account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

''(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations, and

''(B) shall be furnished to individuals—

''(i) not later than January 31 of the calendar year following the calendar year to which such reports relate, and

''(ii) in such manner as the Secretary prescribes in such regulations.

''(6) INVESTMENT IN COLLECTIBLES TREATED AS DISTRIBUTIONS.—Rules similar to the rules of section 408(m) shall apply for purposes of this section.

''(h) PENALTY FOR DISTRIBUTIONS NOT USED FOR QUALIFIED FAMILY DEVELOPMENT EXPENSES.—

''(1) IN GENERAL.—If any amount is distributed from a family development account and is not used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder, the tax imposed by this chapter for the taxable year of such distribution shall be increased by the sum of—

''(A) 100 percent of the portion of such amount which is includible in gross income and is attributable to amounts contributed under section 1400I (relating to demonstration program to provide matching amounts in renewal communities), and

''(B) 10 percent of the portion of such amount which is includible in gross income and is not described in subparagraph (A).

For purposes of this subsection, distributions which are includable in gross income shall be treated as attributable to amounts contributed under section 1400I to the extent thereof. For purposes of the preceding sentence, all family development accounts of an individual shall be treated as one account.

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—Paragraph (1) shall not apply to distributions which are—

''(A) made on or after the date on which the account holder attains age 59½,

''(B) made to a beneficiary (or the estate of the account holder) on or after the death of the account holder, or

''(C) attributable to the account holder's being disabled within the meaning of section 72(m)(7).

''(i) TERMINATION.—No deduction shall be allowed under this section for any amount paid to a family development account for any taxable year beginning after December 31, 2006.

''SEC. 1400I. DEMONSTRATION PROGRAM TO PROVIDE MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS IN CERTAIN RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this section, the term 'FDA matching demonstration area' means any renewal community—

''(A) which is nominated under this section by each of the local governments and States which nominated such community for designation as a renewal community under section 1400E(a)(1)(A), and

''(B) which the Secretary of Housing and Urban Development designates as an FDA matching demonstration area after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury, the Director of the Office of Management and Budget, and the Administrator of the Small Business Administration, and

''(ii) in the case of a community on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 5 communities as FDA matching demonstration areas.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under subparagraph (A), at least 2 must be areas described in section 1400E(a)(2)(B).

''(3) LIMITATIONS ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating a renewal community under paragraph (1)(A) (including procedures for coordinating such nomination with the nomination of an area for designation as a renewal community under section 1400E), and

''(ii) the manner in which nominated renewal communities will be evaluated for purposes of this section.

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate renewal communities as FDA matching demonstration areas only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(4) DESIGNATION BASED ON DEGREE OF POVERTY, ETC.—The rules of section 1400E(a)(3) shall apply for purposes of designations of FDA matching demonstration areas under this section.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—Any designation of a renewal community as an FDA matching demonstration area shall remain in effect during the period beginning on the date of such designation and ending on the date on which such area ceases to be a renewal community.

''(c) MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS.—

''(1) IN GENERAL.—Not less than once each taxable year, the Secretary shall deposit (to the extent provided in appropriation Acts) into a family development account of each qualified individual (as defined in section 1400H(f))—

''(A) who is a resident throughout the taxable year of an FDA matching demonstration area, and

''(B) who requests (in such form and manner as the Secretary prescribes) such deposit for the taxable year,

an amount equal to the sum of the amounts deposited into all of the family development accounts of such individual during such taxable year (determined without regard to any amount contributed under this section).

''(2) LIMITATIONS.—

''(A) ANNUAL LIMIT.—The Secretary shall not deposit more than $1000 under paragraph (1) with respect to any individual for any taxable year.

''(B) AGGREGATE LIMIT.—The Secretary shall not deposit more than $2000 under paragraph (1) with respect to any individual for all taxable years.

''(3) EXCLUSION FROM INCOME.—Except as provided in section 1400H, gross income shall not include any amount deposited into a family development account under paragraph (1).

''(d) NOTICE OF PROGRAM.—The Secretary shall provide appropriate notice to residents of FDA matching demonstration areas of the availability of the benefits under this section.

''(e) TERMINATION.—No amount may be deposited under this section for any taxable year beginning after December 31, 2006.

''SEC. 1400J. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT TO FAMILY DEVELOPMENT ACCOUNT.

''(a) IN GENERAL.—With respect to the return of any qualified individual (as defined in section 1400H(f)) for the taxable year of the tax imposed by this chapter, such individual may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year which is attributable to the earned income tax credit shall be deposited by the Secretary into a family development account of such individual. The Secretary shall so deposit such portion designated under this subsection.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

''(1) at the time of filing the return of the tax imposed by this chapter for such taxable year, or

''(2) at any other time (after the time of filing the return of the tax imposed by this chapter for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations.

''(c) PORTION ATTRIBUTABLE TO EARNED INCOME TAX CREDIT.—For purposes of subsection (a), an overpayment for any taxable year shall be treated as attributable to the earned income tax credit to the extent that such overpayment does not exceed the credit allowed to the taxpayer under section 32 for such taxable year.

''(d) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by this chapter (determined without regard to extensions) or, if later, the date the return is filed.

''(e) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 2006.

''PART IV—ADDITIONAL INCENTIVES

''SEC. 1400K. COMMERCIAL REVITALIZATION CREDIT.

''(a) GENERAL RULE.—For purposes of section 46, except as provided in subsection (e), the commercial revitalization credit for any taxable year is an amount equal to the applicable percentage of the qualified revitalization expenditures with respect to any qualified revitalization building.

''(b) APPLICABLE PERCENTAGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'applicable percentage' means—

''(A) 20 percent for the taxable year in which a qualified revitalization building is placed in service, or

''(B) at the election of the taxpayer, 5 percent for each taxable year in the credit period.

The election under subparagraph (B), once made, shall be irrevocable.

''(2) CREDIT PERIOD.—

''(A) IN GENERAL.—The term 'credit period' means, with respect to any building, the period of 10 taxable years beginning with the taxable year in which the building is placed in service.

''(B) APPLICABLE RULES.—Rules similar to the rules under paragraphs (2) and (4) of section 42(f) shall apply.

''(c) QUALIFIED REVITALIZATION BUILDINGS AND EXPENDITURES.—For purposes of this section—

''(1) QUALIFIED REVITALIZATION BUILDING.—The term 'qualified revitalization building' means any building (and its structural components) if—

''(A) such building is located in a renewal community and is placed in service after December 31, 1999,

''(B) a commercial revitalization credit amount is allocated to the building under subsection (e), and

''(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building.

''(2) QUALIFIED REVITALIZATION EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified revitalization expenditure' means any amount properly chargeable to capital account—

''(i) for property for which depreciation is allowable under section 168 and which is—

''(I) nonresidential real property, or

''(II) an addition or improvement to property described in subclause (I), and

''(ii) in connection with the construction of any qualified revitalization building which was not previously placed in service or in connection with the substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building which was placed in service before the beginning of such rehabilitation.

''(B) DOLLAR LIMITATION.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building for any taxable year shall not exceed the excess of—

''(i) $10,000,000, reduced by

''(ii) any such expenditures with respect to the building taken into account by the taxpayer or any predecessor in determining the amount of the credit under this section for all preceding taxable years.

''(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

''(i) STRAIGHT LINE DEPRECIATION MUST BE USED.—Any expenditure (other than with respect to land acquisitions) with respect to which the taxpayer does not use the straight line method over a recovery period determined under subsection (c) or (g) of section 168. The preceding sentence shall not apply to any expenditure to the extent the alternative depreciation system of section 168(g) applies to such expenditure by reason of subparagraph (B) or (C) of section 168(g)(1).

''(ii) ACQUISITION COSTS.—The costs of acquiring any building or interest therein and any land in connection with such building to the extent that such costs exceed 30 percent of the qualified revitalization expenditures determined without regard to this clause.

''(iii) OTHER CREDITS.—Any expenditure which the taxpayer may take into account in computing any other credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(d) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—

''(1) IN GENERAL.—Qualified revitalization expenditures with respect to any qualified revitalization building shall be taken into account for the taxable year in which the qualified revitalization building is placed in service. For purposes of the preceding sentence, a substantial rehabilitation of a building shall be treated as a separate building.

''(2) PROGRESS EXPENDITURE PAYMENTS.—Rules similar to the rules of subsections (b)(2) and (d) of section 47 shall apply for purposes of this section.

''(e) LIMITATION ON AGGREGATE CREDITS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

''(1) IN GENERAL.—The amount of the credit determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization credit amount (in the case of an amount determined under subsection (b)(1)(B), the present value of such amount as determined under the rules of section 42(b)(2)(C)) allocated to such building under this subsection by the commercial revitalization credit agency. Such allocation shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

''(2) COMMERCIAL REVITALIZATION CREDIT AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate commercial revitalization credit amount which a commercial revitalization credit agency may allocate for any calendar year is the amount of the State commercial revitalization credit ceiling determined under this paragraph for such calendar year for such agency.

''(B) STATE COMMERCIAL REVITALIZATION CREDIT CEILING.—The State commercial revitalization credit ceiling applicable to any State—

''(i) for each calendar year after 1999 and before 2007 is $2,000,000 for each renewal community in the State, and

''(ii) zero for each calendar year thereafter.

''(C) COMMERCIAL REVITALIZATION CREDIT AGENCY.—For purposes of this section, the term 'commercial revitalization credit agency' means any agency authorized by a State to carry out this section.

''(f) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION CREDIT AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization credit amount with respect to any building shall be zero unless—

''(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization credit agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) by the governmental unit of which such agency is a part, and

''(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

''(2) QUALIFIED ALLOCATION PLAN.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

''(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization credit agency which are appropriate to local conditions,

''(B) which considers—

''(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process,

''(ii) the amount of any increase in permanent, full-time employment by reason of any project, and

''(iii) the active involvement of residents and nonprofit groups within the renewal community, and

''(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

''(g) TERMINATION.—This section shall not apply to any building placed in service after December 31, 2006.

''SEC. 1400L. INCREASE IN EXPENSING UNDER SECTION 179.

''(a) GENERAL RULE.—In the case of a renewal community business (as defined in section 1400G), for purposes of section 179—

''(1) the limitation under section 179(b)(1) shall be increased by the lesser of—

''(A) $35,000, or

''(B) the cost of section 179 property which is qualified renewal property placed in service during the taxable year, and

''(2) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified renewal property shall be 50 percent of the cost thereof.

''(b) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified renewal property which ceases to be used in a renewal community by a renewal community business.

''(c) QUALIFIED RENEWAL PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

''(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 1999, and before January 1, 2007, and

''(B) such property would be qualified zone property (as defined in section 1397C) if references to renewal communities were substituted for references to empowerment zones in section 1397C.

''(2) CERTAIN RULES TO APPLY.—The rules of subsections (a)(2) and (b) of section 1397C shall apply for purposes of this section.''

SEC. 213. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS TO RENEWAL COMMUNITIES.

(a) EXTENSION.—Paragraph (2) of section 198(c) (defining targeted area) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) RENEWAL COMMUNITIES INCLUDED.—Except as provided in subparagraph (B), such term shall include a renewal community (as defined in section 1400E).''

(b) EXTENSION OF TERMINATION DATE FOR RENEWAL COMMUNITIES.—Subsection (h) of section 198 is amended by inserting before the period ''(December 31, 2006, in the case of a renewal community, as defined in section 1400E).''

SEC. 214. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR RENEWAL COMMUNITIES

(a) EXTENSION.—Subsection (c) of section 51 (relating to termination) is amended by adding at the end the following new paragraph:

''(5) EXTENSION OF CREDIT FOR RENEWAL COMMUNITIES.—

''(A) IN GENERAL.—In the case of an individual who begins work for the employer after the date contained in paragraph (4)(B), for purposes of section 38—

''(i) in lieu of applying subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to—

''(I) 15 percent of the qualified first-year wages for such year, and

''(II) 30 percent of the qualified second-year wages for such year,

''(ii) subsection (b)(3) shall be applied by substituting '$10,000' for '$6,000',

''(iii) paragraph (4)(B) shall be applied by substituting for the date contained therein

the last day for which the designation under section 1400E of the renewal community referred to in subparagraph (B)(i) is in effect, and

''(iv) rules similar to the rules of section 51A(b)(5)(C) shall apply.

''(B) QUALIFIED FIRST- AND SECOND-YEAR WAGES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified wages' means, with respect to each 1-year period referred to in clause (ii) or (iii), as the case may be, the wages paid or incurred by the employer during the taxable year to any individual but only if—

''(I) the employer is engaged in a trade or business in a renewal community throughout such 1-year period,

''(II) the principal place of abode of such individual is in such renewal community throughout such 1-year period, and

''(III) substantially all of the services which such individual performs for the employer during such 1-year period are performed in such renewal community.

''(ii) QUALIFIED FIRST-YEAR WAGES.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

''(iii) QUALIFIED SECOND-YEAR WAGES.—The term 'qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under clause (ii).''

(b) CONGRUENT TREATMENT OF RENEWAL COMMUNITIES AND ENTERPRISE ZONES FOR PURPOSES OF YOUTH RESIDENCE REQUIREMENTS.—

(1) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) are each amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(2) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) is amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(3) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) are each amended by inserting ''OR COMMUNITY'' in the heading after ''ZONE''.

SEC. 215. CONFORMING AND CLERICAL AMENDMENTS.

(a) DEDUCTION FOR CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS ALLOWABLE WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to adjusted gross income defined) is amended by inserting after paragraph (17) the following new paragraph:

''(18) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400H(a)(1)(A).''

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 is amended by striking ''or'' at the end of paragraph (3), adding ''or'' at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

''(5) a family development account (within the meaning of section 1400H(e)),''.

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

''(g) FAMILY DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of a family development account, the term 'excess contributions' means the sum of—

''(1) the excess (if any) of—

''(A) the amount contributed for the taxable year to the account (other than a qualified rollover, as defined in section 1400H(c)(7), or a contribution under section 1400I), over

''(B) the amount allowable as a deduction under section 1400H for such contributions, and

''(2) the amount determined under this subsection for the preceding taxable year reduced by the sum of—

''(A) the distributions out of the account for the taxable year which were included in the gross income of the payee under section 1400H(b)(1),

''(B) the distributions out of the account for the taxable year to which rules similar to the rules of section 408(d)(5) apply by reason of section 1400H(d)(3), and

''(C) the excess (if any) of the maximum amount allowable as a deduction under section 1400H for the taxable year over the amount contributed to the account for the taxable year (other than a contribution under section 1400I).

For purposes of this subsection, any contribution which is distributed from the family development account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 1400H(d)(3) shall be treated as an amount not contributed.''

(c) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

''(6) SPECIAL RULE FOR FAMILY DEVELOPMENT ACCOUNTS.—An individual for whose benefit a family development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a family development account by reason of the application of section 1400H(d)(2) to such account.'', and

(2) in subsection (e)(1), by striking ''or'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) a family development account described in section 1400H(e), or''.

(d) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting ''or section 1400H'' after ''section 219'', and

(2) by inserting '', of any family development account described in section 1400H(e),'', after ''section 408(a)''.

(e) INSPECTION OF APPLICATIONS FOR TAX EXEMPTION.—Clause (i) of section 6104(a)(1)(B) is amended by inserting ''a family development account described in section 1400H(e),'' after ''section 408(a),''.

(f) FAILURE TO PROVIDE REPORTS ON FAMILY DEVELOPMENT ACCOUNTS.—Paragraph (2) of section 6693(a) is amended by striking ''and'' at the end of subparagraph (C), by striking the period and inserting '', and'' at the end of subparagraph (D), and by adding at the end the following new subparagraph:

''(E) section 1400H(g)(6) (relating to family development accounts).''

(g) CONFORMING AMENDMENTS REGARDING COMMERCIAL REVITALIZATION CREDIT.—

(1) Section 46 (relating to investment credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) the commercial revitalization credit provided under section 1400K.''

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

''(9) NO CARRYBACK OF SECTION 1400K CREDIT BEFORE DATE OF ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to any commercial revitalization credit determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.''

(3) Subparagraph (B) of section 48(a)(2) is amended by inserting ''or commercial revitalization'' after ''rehabilitation'' each place it appears in the text and heading.

(4) Subparagraph (C) of section 49(a)(1) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) the portion of the basis of any qualified revitalization building attributable to qualified revitalization expenditures.''

(5) Paragraph (2) of section 50(a) is amended by inserting ''or 1400K(d)(2)'' after ''section 47(d)'' each place it appears.

(6) Subparagraph (A) of section 50(a)(2) is amended by inserting ''or qualified revitalization building (respectively)'' after ''qualified rehabilitated building''.

(7) Subparagraph (B) of section 50(a)(2) is amended by adding at the end the following new sentence: ''A similar rule shall apply for purposes of section 1400K.''

(8) Paragraph (2) of section 50(b) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ''; and'', and by adding at the end the following new subparagraph:

''(E) a qualified revitalization building (as defined in section 1400K) to the extent of the portion of the basis which is attributable to qualified revitalization expenditures (as defined in section 1400K).''

(9) The last sentence of section 50(b)(3) is amended to read as follows: ''If any qualified rehabilitated building or qualified revitalization building is used by the tax-exempt organization pursuant to a lease, this paragraph shall not apply for purposes of determining the amount of the rehabilitation credit or the commercial revitalization credit.''

(10) Subparagraph (C) of section 50(b)(4) is amended—

(A) by inserting ''or commercial revitalization'' after ''rehabilitated'' in the text and heading, and

(B) by inserting ''or commercial revitalization'' after ''rehabilitation''.

(11) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 1400K'' after ''section 42''; and

(B) by striking ''CREDIT'' in the heading and inserting ''AND COMMERCIAL REVITALIZATION CREDITS''.

(h) CLERICAL AMENDMENTS.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''Subchapter X. Renewal Communities.''

SEC. 216. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the fourth calendar year after the year in which the Secretary of Housing and Urban Development first designates an area as a renewal community under section 1400E of the Internal Revenue Code of 1986, and at the close of each fourth calendar year thereafter, such Secretary shall prepare and submit to the Congress a report on the effects of such designations in stimulating the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and promoting the revitalization of economically distressed areas.

Subtitle C—Tax Incentives for Education

SEC. 221. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.

(a) IN GENERAL.—Part IV of subchapter U of chapter 1 (relating to incentives for education zones) is amended to read as follows:

"PART IV—INCENTIVES FOR QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS

"SEC. 1397E. CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified public school modernization bond on the credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year the amount determined under subsection (b).

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any qualified public school modernization bond is the amount equal to the product of—

''(A) the credit rate determined by the Secretary under paragraph (2) for the month in which such bond was issued, multiplied by

''(B) the face amount of the bond held by the taxpayer on the credit allowance date.

''(2) DETERMINATION.—During each calendar month, the Secretary shall determine a credit rate which shall apply to bonds issued during the following calendar month. The credit rate for any month is the percentage which the Secretary estimates will on average permit the issuance of qualified public school modernization bonds without discount and without interest cost to the issuer.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

''(1) IN GENERAL.—The credit allowed under subsection (a) for any 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 part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) 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 taxable year.

''(d) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND; CREDIT ALLOWANCE DATE.—For purposes of this section—

''(1) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND.—The term 'qualified public school modernization bond' means—

''(A) a qualified zone academy bond, and

''(B) a qualified school construction bond.

''(2) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means, with respect to any issue, the last day of the 1-year period beginning on the date of issuance of such issue and the last day of each successive 1-year period thereafter.

''(e) OTHER DEFINITIONS.—For purposes of this part—

''(1) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given to such term by section 14101 of the Elementary and Secondary Education Act of 1965. Such term includes the local educational agency that serves the District of Columbia but does not include any other State agency.

''(2) BOND.—The term 'bond' includes any obligation.

''(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

''(4) PUBLIC SCHOOL FACILITY.—The term 'public school facility' shall not include any stadium or other facility primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public.

''(f) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section and the amount so included shall be treated as interest income.

''(g) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified public school modernization bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

"SEC. 1397F. QUALIFIED ZONE ACADEMY BONDS.

''(a) QUALIFIED ZONE ACADEMY BOND.—For purposes of this part—

''(1) IN GENERAL.—The term 'qualified zone academy bond' means any bond issued as part of an issue if—

''(A) 95 percent or more of the proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by a local educational agency,

''(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

''(C) the issuer—

''(i) designates such bond for purposes of this section,

''(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

''(iii) certifies that it has the written approval of the local educational agency for such bond issuance, and

''(D) the term of each bond which is part of such issue does not exceed 15 years.

''(2) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—

''(A) IN GENERAL.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the local educational agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

''(B) QUALIFIED CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'qualified contribution' means any contribution (of a type and quality acceptable to the local educational agency) of—

''(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

''(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

''(iii) services of employees as volunteer mentors,

''(iv) internships, field trips, or other educational opportunities outside the academy for students, or

''(v) any other property or service specified by the local educational agency.

''(3) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of a local educational agency to provide education or training below the postsecondary level if—

''(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

''(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the local educational agency,

''(D) the comprehensive education plan of such public school or program is approved by the local educational agency, and

''(E)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

''(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

''(4) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

''(A) constructing, rehabilitating, or repairing the public school facility in which the academy is established,

''(B) providing equipment for use at such academy,

''(C) developing course materials for education to be provided at such academy, and

''(D) training teachers and other school personnel in such academy.

''(5) TEMPORARY PERIOD EXCEPTION.—A bond shall not be treated as failing to meet the requirement of paragraph (1)(A) solely by reason of the fact that the proceeds of the issue of which such bond is a part are invested for a reasonable temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued. Any earnings on such proceeds during such period shall be treated as proceeds of the issue for purposes of applying paragraph (1)(A).

''(b) LIMITATIONS ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—There is a national zone academy bond limitation for each calendar year. Such limitation is—

''(A) $400,000,000 for 1998,

''(B) $700,000,000 for 1999,

''(C) $700,000,000 for 2000,

''(D) $700,000,000 for 2001,

''(C) $700,000,000 for 2002, and

''(D) except as provided in paragraph (3), zero after 2002.

''(2) ALLOCATION OF LIMITATION.—

''(A) ALLOCATION AMONG STATES.—

''(i) 1998 LIMITATION.—The national zone academy bond limitation for calendar year 1998 shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget).

''(ii) LIMITATION AFTER 1998.—The national zone academy bond limitation for any calendar year after 1998 shall be allocated by the Secretary among the States in the manner prescribed by section 1397G(d); except that, in making the allocation under this clause, the Secretary shall take into account Basic Grants attributable to large local educational agencies (as defined in section 1397G(e)).

''(B) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—The limitation amount allocated to a State under subparagraph (A) shall be allocated by the State education agency to qualified zone academies within such State.

''(C) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone

academy shall not exceed the limitation amount allocated to such academy under subparagraph (B) for such calendar year.

''(3) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

''(A) the limitation amount under this subsection for any State, exceeds

''(B) the amount of bonds issued during such year which are designated under subsection (a) with respect to qualified zone academies within such State,

the limitation amount under this subsection for such State for the following calendar year shall be increased by the amount of such excess. The preceding sentence shall not apply if such following calendar year is after 2004.

''SEC. 1397G. QUALIFIED SCHOOL CONSTRUCTION BONDS.

''(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—For purposes of this part, the term 'qualified school construction bond' means any bond issued as part of an issue if—

''(1) 95 percent or more of the proceeds of such issue are to be used for the construction, rehabilitation, or repair of a public school facility,

''(2) the bond is issued by a State or local government within the jurisdiction of which such school is located,

''(3) the issuer designates such bond for purposes of this section, and

''(4) the term of each bond which is part of such issue does not exceed 15 years.

Rules similar to the rules of section 1397F(a)(5) shall apply for purposes of paragraph (1).

''(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) by any issuer shall not exceed the sum of—

''(1) the limitation amount allocated under subsection (d) for such calendar year to such issuer, and

''(2) if such issuer is a large local educational agency (as defined in subsection (e)) or is issuing on behalf of such an agency, the limitation amount allocated under subsection (e) for such calendar year to such agency.

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—There is a national qualified school construction bond limitation for each calendar year equal to the dollar amount specified in paragraph (2) for such year, reduced, in the case of calendar years 1999 and 2000, by 1.5 percent of such amount.

''(2) DOLLAR AMOUNT SPECIFIED.—The dollar amount specified in this paragraph is—

''(A) $9,700,000,000 for 1999,

''(B) $9,700,000,000 for 2000, and

''(C) except as provided in subsection (f), zero after 2000.

''(d) 65-PERCENT OF LIMITATION ALLOCATED AMONG STATES.—

''(1) IN GENERAL.—Sixty-five percent of the limitation applicable under subsection (c) for any calendar year shall be allocated among the States under paragraph (2) by the Secretary. The limitation amount allocated to a State under the preceding sentence shall be allocated by the State education agency to issuers within such State and such allocations may be made only if there is an approved State application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among the States in proportion to the respective amounts each such State received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year. For purposes of the preceding sentence, Basic Grants attributable to large local educational agencies (as defined in subsection (e)) shall be disregarded.

''(3) MINIMUM ALLOCATIONS TO STATES.—

''(A) IN GENERAL.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the sum of—

''(i) the amount allocated to such State under this subsection for such year, and

''(ii) the aggregate amounts allocated under subsection (e) to large local educational agencies in such State for such year,

is not less than an amount equal to such State's minimum percentage of 65 percent of the national qualified school construction bond limitation under subsection (c) for the calendar year.

''(B) MINIMUM PERCENTAGE.—A State's minimum percentage for any calendar year is the minimum percentage described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for such State for the most recent fiscal year ending before such calendar year.

''(4) ALLOCATIONS TO CERTAIN POSSESSIONS.—The amount to be allocated under paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

''(5) APPROVED STATE APPLICATION.—For purposes of paragraph (1), the term 'approved State application' means an application which is approved by the Secretary of Education and which includes—

''(A) the results of a recent publicly-available survey (undertaken by the State with the involvement of local education officials, members of the public, and experts in school construction and management) of such State's needs for public school facilities, including descriptions of—

''(i) health and safety problems at such facilities,

''(ii) the capacity of public schools in the State to house projected enrollments, and

''(iii) the extent to which the public schools in the State offer the physical infrastructure needed to provide a high-quality education to all students, and

''(B) a description of how the State will allocate to local educational agencies, or otherwise use, its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how it will—

''(i) give highest priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

''(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own, including the issuance of bonds by the State on behalf of such localities, and

''(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation.

Any allocation under paragraph (1) by a State education agency shall be binding if such agency reasonably determined that the allocation was in accordance with the plan approved under this paragraph.

''(e) 35-PERCENT OF LIMITATION ALLOCATED AMONG LARGEST SCHOOL DISTRICTS.—

''(1) IN GENERAL.—Thirty-five percent of the limitation applicable under subsection (c) for any calendar year shall be allocated under paragraph (2) by the Secretary among local educational agencies which are large local educational agencies for such year. No qualified school construction bond may be issued by reason of an allocation to a large local educational agency under the preceding sentence unless such agency has an approved local application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among large local educational agencies in proportion to the respective amounts each such agency received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

''(3) LARGE LOCAL EDUCATIONAL AGENCY.—For purposes of this section, the term 'large local educational agency' means, with respect to a calendar year, any local educational agency if such agency is—

''(A) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

''(B) 1 of not more than 25 local educational agencies (other than those described in clause (i)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

''(4) APPROVED LOCAL APPLICATION.—For purposes of paragraph (1), the term 'approved local application' means an application which is approved by the Secretary of Education and which includes—

''(A) the results of a recent publicly-available survey (undertaken by the local educational agency with the involvement of school officials, members of the public, and experts in school construction and management) of such agency's needs for public school facilities, including descriptions of—

''(i) the overall condition of the local educational agency's school facilities, including health and safety problems,

''(ii) the capacity of the agency's schools to house projected enrollments, and

''(iii) the extent to which the agency's schools offer the physical infrastructure needed to provide a high-quality education to all students,

''(B) a description of how the local educational agency will use its allocation under this subsection to address the needs identified under subparagraph (A), and

''(C) a description of how the local educational agency will ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, or repair in the locality that would have occurred in the absence of such allocation.

A rule similar to the rule of the last sentence of subsection (d)(5) shall apply for purposes of this paragraph.

''(f) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

''(1) the amount allocated under subsection (d) to any State, exceeds

''(2) the amount of bonds issued during such year which are designated under subsection (a) pursuant to such allocation,

the limitation amount under such subsection for such State for the following calendar year shall be increased by the amount of such excess. A similar rule shall apply to the amounts allocated under subsection (e). The subsection shall not apply if such following calendar year is after 2002.

''(g) SET-ASIDE ALLOCATED AMONG INDIAN TRIBES.—

''(1) IN GENERAL.—The 1.5 percent set-aside applicable under subsection (c)(1) for any calendar year shall be allocated under paragraph (2) among Indian tribes for the construction, rehabilitation, or repair of tribal schools. No allocation may be made under the preceding sentence unless the Indian tribe has an approved application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among Indian tribes on a competitive basis by the Secretary of Education, in consultation with the Secretary of the Interior—

''(A) through a negotiated rulemaking procedure with the tribes in the same manner as the procedure described in section 106(b)(2) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4116(b)(2)), and

''(B) based on criteria described in paragraphs (1), (3), (4), (5), and (6) of section 12005(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8505(a)).

''(3) APPROVED APPLICATION.—For purposes of paragraph (1), the term 'approved application' means an application submitted by an Indian tribe which is approved by the Secretary of Education and which includes—

''(A) the basis upon which the applicable tribal school meets the criteria described in paragraph (2)(B), and

''(B) an assurance by the Indian tribe that such tribal school will not receive funds pursuant to allocations described in subsection (d) or (e).

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

''(A) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given such term by section 45A(c)(6).

''(B) TRIBAL SCHOOL.—The term 'tribal school' means a school that is operated by an Indian tribe for the education of Indian children with financial assistance under grant under the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2501 et seq.) or a contract with the Bureau of Indian Affairs under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450f et seq.).''

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(8) REPORTING OF CREDIT ON QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 1397E(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1397E(d)(2)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''

(c) CLERICAL AMENDMENTS.—

(1) The table of parts for subchapter U of chapter 1 is amended by striking the item relating to part IV and inserting the following new item:

''Part IV. Incentives for qualified public school modernization bonds.''

(2) Part V of subchapter U of chapter 1 is amended by redesignating both section 1397F and the item relating thereto in the table of sections for such part as section 1397H.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to obligations issued after December 31, 1998.

(2) REPEAL OF RESTRICTION ON ZONE ACADEMY BOND HOLDERS.—The repeal of the limitation of section 1397E of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act) to eligible taxpayers (as defined in subsection (d)(6) of such section) shall apply to obligations issued after December 31, 1997.

TITLE III—SMALL BUSINESS AND FARMER TAX RELIEF

SEC. 301. ACCELERATION OF UNIFIED ESTATE AND GIFT TAX CREDIT INCREASE.

The table in section 2010(c) (relating to applicable credit amount) is amended by striking the item relating to calendar year 1999 and by striking ''2000 and 2001'' and inserting ''1999, 2000, and 2001''.

SEC. 302. 100 PERCENT DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 303. INCOME AVERAGING FOR FARMERS MADE PERMANENT.

Subsection (c) of section 933 of the Taxpayer Relief Act of 1997 is amended by striking '', and before January 1, 2001''.

SEC. 304. 5-YEAR NET OPERATING LOSS CARRYBACK FOR FARMING LOSSES.

(a) IN GENERAL.—Paragraph (1) of section 172(b) (relating to net operating loss deduction) is amended by adding at the end the following new subparagraph:

''(G) FARMING LOSSES.—In the case of a taxpayer which has a farming loss (as defined in subsection (i)) for a taxable year, such farming loss shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss.''

(b) FARMING LOSS.—Section 172 is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

''(i) RULES RELATING TO FARMING LOSSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'farming loss' means the lesser of—

''(A) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to farming businesses (as defined in section 263A(e)(4)) are taken into account, or

''(B) the amount of the net operating loss for such taxable year.

''(2) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), a farming loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

''(3) ELECTION.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(G) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(G). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''

(c) COORDINATION WITH FARM DISASTER LOSSES.—Clause (ii) of section 172(b)(1)(F) is amended by adding at the end the following flush sentence:

''Such term shall not include any farming loss (as defined in subsection (i)).''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1997.

SEC. 305. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) GENERAL RULE.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $25,000.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 306. RESEARCH CREDIT.

(a) TEMPORARY EXTENSION.—

(1) IN GENERAL.—Paragraph (1) of section 41(h) (relating to termination) is amended—

(A) by striking ''June 30, 1998'' and inserting ''February 29, 2000'',

(B) by striking ''24-month'' and inserting ''44-month'', and

(C) by striking ''24 months'' and inserting ''44 months''.

(2) TECHNICAL AMENDMENT.—Subparagraph (D) of section 45C(b)(1) is amended by striking ''June 30, 1998'' and inserting ''February 29, 2000''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1998.

(b) INCREASE IN PERCENTAGES UNDER ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) is amended—

(A) by striking ''1.65 percent'' and inserting ''2.65 percent'',

(B) by striking ''2.2 percent'' and inserting ''3.2 percent'', and

(C) by striking ''2.75 percent'' and inserting ''3.75 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after June 30, 1998.

SEC. 307. WORK OPPORTUNITY CREDIT.

(a) TEMPORARY EXTENSION.—Subparagraph (B) of section 51(c)(4) (relating to termination) is amended by striking ''June 30, 1998'' and inserting ''February 29, 2000''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals who begin work for the employer after June 30, 1998.

SEC. 308. WELFARE-TO-WORK CREDIT.

Subsection (f) of section 51A (relating to termination) is amended by striking ''April 30, 1999'' and inserting ''February 29, 2000''.

SEC. 309. CONTRIBUTIONS OF STOCK TO PRIVATE FOUNDATIONS; EXPANDED PUBLIC INSPECTION OF PRIVATE FOUNDATIONS' ANNUAL RETURNS.

(a) SPECIAL RULE FOR CONTRIBUTIONS OF STOCK MADE PERMANENT.—

(1) IN GENERAL.—Paragraph (5) of section 170(e) is amended by striking subparagraph (D) (relating to termination).

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to contributions made after June 30, 1998.

(b) EXPANDED PUBLIC INSPECTION OF PRIVATE FOUNDATIONS' ANNUAL RETURNS, ETC.—

(1) IN GENERAL.—Section 6104 (relating to publicity of information required from certain exempt organizations and certain trusts) is amended by striking subsections (d) and (e) and inserting after subsection (c) the following new subsection:

''(d) PUBLIC INSPECTION OF CERTAIN ANNUAL RETURNS AND APPLICATIONS FOR EXEMPTION.—

''(1) IN GENERAL.—In the case of an organization described in subsection (c) or (d) of section 501 and exempt from taxation under section 501(a)—

''(A) a copy of—

''(i) the annual return filed under section 6033 (relating to returns by exempt organizations) by such organization, and

''(ii) if the organization filed an application for recognition of exemption under section 501, the exempt status application materials of such organization,

shall be made available by such organization for inspection during regular business hours by any individual at the principal office of such organization and, if such organization regularly maintains 1 or more regional or district offices having 3 or more employees, at each such regional or district office, and

''(B) upon request of an individual made at such principal office or such a regional or district office, a copy of such annual return and exempt status application materials shall be provided to such individual without charge other than a reasonable fee for any reproduction and mailing costs.

The request described in subparagraph (B) must be made in person or in writing. If such request is made in person, such copy shall be provided immediately and, if made in writing, shall be provided within 30 days.

''(2) 3-YEAR LIMITATION ON INSPECTION OF RETURNS.—Paragraph (1) shall apply to an annual return filed under section 6033 only during the 3-year period beginning on the last day prescribed for filing such return (determined with regard to any extension of time for filing).

''(3) EXCEPTIONS FROM DISCLOSURE REQUIREMENT.—

''(A) NONDISCLOSURE OF CONTRIBUTORS, ETC.—Paragraph (1) shall not require the disclosure of the name or address of any contributor to the organization. In the case of an organization described in section 501(d), subparagraph (A) shall not require the disclosure of the copies referred to in section 6031(b) with respect to such organization.

''(B) NONDISCLOSURE OF CERTAIN OTHER INFORMATION.—Paragraph (1) shall not require the disclosure of any information if the Secretary withheld such information from public inspection under subsection (a)(1)(D).

''(4) LIMITATION ON PROVIDING COPIES.—Paragraph (1)(B) shall not apply to any request if, in accordance with regulations promulgated by the Secretary, the organization has made the requested documents widely available, or the Secretary determines, upon application by an organization, that such request is part of a harassment campaign and that compliance with such request is not in the public interest.

''(5) EXEMPT STATUS APPLICATION MATERIALS.—For purposes of paragraph (1), the term 'exempt status applicable materials' means the application for recognition of exemption under section 501 and any papers submitted in support of such application and any letter or other document issued by the Internal Revenue Service with respect to such application.''

(2) CONFORMING AMENDMENTS.—

(A) Subsection (c) of section 6033 is amended by adding ''and'' at the end of paragraph (1), by striking paragraph (2), and by redesignating paragraph (3) as paragraph (2).

(B) Subparagraph (C) of section 6652(c)(1) is amended by striking ''subsection (d) or (e)(1) of section 6104 (relating to public inspection of annual returns)'' and inserting ''section 6104(d) with respect to any annual return''.

(C) Subparagraph (D) of section 6652(c)(1) is amended by striking ''section 6104(e)(2) (relating to public inspection of applications for exemption)'' and inserting ''section 6104(d) with respect to any exempt status application materials (as defined in such section)''.

(D) Section 6685 is amended by striking ''or (e)''.

(E) Section 7207 is amended by striking ''or (e)''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to requests made after the later of December 31, 1998, or the 60th day after the Secretary of the Treasury first issues the regulations referred to such section 6104(d)(4) of the Internal Revenue Code of 1986, as amended by this section.

(B) PUBLICATION OF ANNUAL RETURNS.—Section 6104(d) of such Code, as in effect before the amendments made by this subsection, shall not apply to any return the due date for which is after the date such amendments take effect under subparagraph (A).

TITLE IV—SOCIAL SECURITY EARNINGS LIMIT

SEC. 401. INCREASES IN THE SOCIAL SECURITY EARNINGS LIMIT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

(a) IN GENERAL.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. 403(f)(8)(D)) is amended by striking clauses (iv) through (vii) and inserting the following new clauses:

''(iv) for each month of any taxable year ending after 1998 and before 2000, $1,416.66⅔,

''(v) for each month of any taxable year ending after 1999 and before 2001, $1,541.66⅔,

''(vi) for each month of any taxable year ending after 2000 and before 2002, $2,166.66⅔,

''(vii) for each month of any taxable year ending after 2001 and before 2003, $2,500.00,

''(viii) for each month of any taxable year ending after 2002 and before 2004, $2,608.33⅓,

''(ix) for each month of any taxable year ending after 2003 and before 2005, $2,833.33⅓,

''(x) for each month of any taxable year ending after 2004 and before 2006, $2,950.00,

''(xi) for each month of any taxable year ending after 2005 and before 2007, $3,066.66⅔,

''(xii) for each month of any taxable year ending after 2006 and before 2008, $3,195.83⅓, and

''(xiii) for each month of any taxable year ending after 2007 and before 2009, $3,312.50.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 203(f)(8)(B)(ii) of such Act (42 U.S.C. 403(f)(8)(B)(ii)) is amended—

(A) by striking ''after 2001 and before 2003'' and inserting ''after 2007 and before 2009''; and

(B) in subclause (II), by striking ''2000'' and inserting ''2006''.

(2) The second sentence of section 223(d)(4)(A) of such Act (42 U.S.C. 423(d)(4)(A)) is amended by inserting ''and section 121 of the Taxpayer Relief Act of 1998'' after ''1996''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years ending after 1998.

TITLE V—REVENUE OFFSET

SEC. 501. TREATMENT OF CERTAIN DEDUCTIBLE LIQUIDATING DISTRIBUTIONS OF REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.

(a) IN GENERAL.—Section 332 (relating to complete liquidations of subsidiaries) is amended by adding at the end the following new subsection:

''(c) DEDUCTIBLE LIQUIDATING DISTRIBUTIONS OF REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—If a corporation receives a distribution from a regulated investment company or a real estate investment trust which is considered under subsection (b) as being in complete liquidation of such company or trust, then, notwithstanding any other provision of this chapter, such corporation shall recognize and treat as a dividend from such company or trust an amount equal to the deduction for dividends paid allowable to such company or trust by reason of such distribution.''.

(b) CONFORMING AMENDMENTS.—

(1) The material preceding paragraph (1) of section 332(b) is amended by striking ''subsection (a)'' and inserting ''this section''.

(2) Paragraph (1) of section 334(b) is amended by striking ''section 332(a)'' and inserting ''section 332''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after May 21, 1998.

(d) TRANSFER OF INCREASED REVENUES TO SOCIAL SECURITY TRUST FUNDS.—

(1) ESTIMATE BY SECRETARY.—The Secretary of the Treasury shall periodically estimate the increase in Federal revenues for each fiscal year beginning after September 30, 1997, by reason of the amendments made by this section. The Secretary shall adjust any estimate to the extent necessary to correct any error in a prior estimate.

(2) TRANSFER OF FUNDS.—The Secretary of the Treasury shall, not less frequently than quarterly, transfer to the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401) from the general fund of the Treasury an amount equal to the increase in Federal revenues estimated under paragraph (1) for the period covered by the transfer. Such transfer shall be allocated among the trust funds in the same manner as other revenues.

TITLE VI—SAVING SOCIAL SECURITY FIRST

SEC. 601. EFFECTIVE DATE OF PROVISIONS CONTINGENT ON SAVING SOCIAL SECURITY FIRST.

(a) FINDINGS.—The Senate finds that—

(1) the social security program, created in 1935 to provide old-age, survivors, and disability insurance benefits, is one the most successful and important social insurance programs in the United States, and has played an essential role in reducing poverty among seniors;

(2) the social security program will face significant pressures when the baby boom generation retires, which could threaten the long-term viability of the program;

(3) Congress needs to act promptly to ensure that social security benefits will be available when today's younger Americans retire; and

(4) current budget law and rules that were established to ensure fiscal discipline, including the pay-as-you-go system (which requires tax cuts to be fully offset), prevent Congress from using projected budget surpluses to pay for tax cuts, except by a supermajority vote by three-fifths of the membership of the Senate.

(b) REQUIREMENT FOR SOCIAL SECURITY SOLVENCY.—Notwithstanding any other provision of, or amendment made by, this Act, no

such provision or amendment shall take effect before the first January 1 after the date of enactment of this Act that follows a calendar year for which there is a social security solvency designation pursuant to subsection (c).

(c) SOCIAL SECURITY SOLVENCY DESIGNATION.—For purposes of subsection (b), there is a social security solvency designation for a calendar year if, during such year—

(1) the Board of Trustees of the social security trust funds certifies in its annual report that both the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are in long-range actuarial balance pursuant to section 201(c)(2) of the Social Security Act (42 U.S.C. 401(c)(2)); and

(2) Congress, upon review of the Board of Trustees' determination that the trust funds are in long-range actuarial balance, so certifies by statute.

● Mr. LAUTENBERG. Mr. President, today I am submitting an amendment to the House-passed tax bill on the calendar. This amendment would improve the House bill by directing more of its tax relief to middle income taxpayers, and by protecting Social Security.

The amendment would provide relief from the marriage penalty, help parents afford child care, promote the modernization of our schools, allow self-employed individuals to deduct the costs of health insurance, encourage savings and investment by establishing new exclusions for interest and dividends for all Americans, promote research by reinstating the research and experimentation tax credit, provide relief from the estate and gift tax, promote the revitalization of depressed areas, expand support for small businesses, and modify rules that discourage seniors from working.

The amendment differs from the House bill in two primary respects. First, it would target tax relief to middle income families, largely by providing additional relief for families with children in child care, and by promoting the modernization of our nation's schools. Second, the bill protects Social Security, by deferring the effective date of the tax cuts until the Social Security Trust Fund is actuarially sound.

Mr. President, let me briefly review the items that are included in my proposal.

First, the amendment would provide relief from the marriage penalty. As proposed in the House-passed bill, the amendment would increase the standard deduction for married couples so that each spouse would have the same deduction as a single filer.

Second, the amendment would help families handle the costs of child care. It would increase the child care and dependent tax credit to a maximum allowable expense for inflation. It would make the credit refundable, so that it benefits those with lower incomes. And it would provide a new tax credit worth $90 per month for stay-at-home parents of children under one year of age.

Third, the amendment would promote education, by supporting the modernization of our schools, and allowing schools of higher education to establish prepaid tuition programs.

Fourth, the amendment would allow self-employed individuals to fully deduct the costs of health insurance.

Fifth, the amendment would promote savings and investment, by establishing a new exclusion for dividends and interest. Individuals could exclude up to $200, and couples could exclude up to $400 in dividends and interest.

Sixth, the amendment would extend several provisions of the tax code that expired this year or would expire next year. These include the credits for research, work opportunity and welfare-to-work, would be extended through Feb. 29, 2000. The credit for contributions of stock to private foundations would be extended permanently.

Seventh, the amendment would provide immediate relief from the estate and gift tax. Under the legislation, an additional $25,000 of estates would, in effect, be excludable from this tax in 1999. This would increase the total credit against this tax to $675,000.

Eighth, the amendment would encourage the revitalization of depressed areas, by providing a variety of tax incentives to businesses and individuals in 20 so-called renewal communities. These low-income areas would be designated by the Secretary of Housing and Urban Development.

Ninth, the amendment includes various provisions to assist small businesses. For example, the legislation would allow small-business owners to deduct up to $25,000 of the cost of business-related equipment.

Finally, the amendment would allow seniors to work more without suffering a reduction in their Social Security benefits. Under the proposal, seniors would be able to earn up to $17,000 in 1999 without losing a portion of their Social Security benefits. That limit would increase to $39,750 in 2008.

Mr. President, there also are other provisions in this amendment, and I will not detail each one. Suffice it to say that, to a very large extent, this proposal tracks the tax cuts included in legislation approved by the House. However, as I have noted, the amendment is more targeted to middle income taxpayers, largely because it includes support for child care and school modernization. Also, its estate tax provisions are somewhat modified from the House version, to help us afford these other provisions, and to ensure that the bulk of the relief provided in the bill goes to middle class and moderate-income Americans.

The second key difference from the House Mr. President, it that this proposal includes significant tax relief while fully protecting Social Security. Under the proposal, all tax cuts would become effective when the Social Security Trust Fund is in long-range actuarial balance. This ensures that we will not squander our opportunity to reform Social Security next year, and that we will not force unnecessary cuts in Social Security benefits for today's younger Americans. It also reflects a commitment to abide by the Balanced Budget Agreement and to maintain fiscal discipline.

I hope my colleagues will support this proposal, and I ask unanimous consent that a summary of the amendment be printed in the RECORD.

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

The Lautenberg Amendment includes approximately $85 billion in tax relief that would be available when the Social Security Trust Fund is actuarially sound. The tax cuts are largely the same as those proposed in the House-passed tax bill (though the Amendment also includes tax cuts for child care and school modernization so that its benefits are more targeted to the middle class). Unlike the House-passed bill, the Amendment would not reduce any budget surplus before Congress saves Social Security first.

The main elements of the proposal (and cost in $ billions/5 years) are:

From House bill: (1) Marriage penalty relief, 28; (2) Interest and dividends exclusion, 15; (3) Self-employed health deduction, 5; (4) Expiring provisions (e.g., R&E credit), 6; (5) Social Security earnings test, 0.5.

Items not in House bill: (1) Child care, 17; (2) School modernization, 5.

Item modified from House bill: Estate tax relief, 2 (House: 18).

AMENDMENT SUMMARY

1. Family Tax Relief Provisions

A. *Marriage Penalty Relief*—Increase the standard deduction for married couples so that each spouse would have the same deduction as a single filer. The deduction for married couples would increase from $7200 to $8600 in 1999, reducing their taxes by an average of $243 per return. Cost: $28 billion (House tax bill)

B. *Interest and Dividends*—Individuals, regardless of income, would be able to exclude up to $200 of combined interest and dividends from taxes. Married couples could exclude $400. Cost: $15 billion (House tax bill)

C. *AMT Relief*—Individuals would not have to pay the alternative minimum tax as a result of claiming certain tax credits, such as the dependent care credit, the adoption credit, and the child tax credit. Cost: $8.1 billion (House tax bill)

D. *Affordable Child Care*—Increase the maximum credit rate to 50% from the current 30%, index the maximum allowable expense for inflation, and make the current dependent care tax credit refundable. Provides a new tax credit worth $90 per month for stay-at-home parents of children under 1. Creates an employer tax credit for child care services. Cost: $17.0 billion. (From S. 1610, Sen. Dodd's Affordable Child Care for Early Success and Security Act)

2. Education and Infrastructure

A. *Permit Schools of Higher Education to Establish Qualified Prepaid Tuition Programs*—These programs allow parents to make contributions which are held for use when their children attend college. Contributions accumulate on a tax-deferred basis. Cost: $572 million (House tax bill)

B. *Government Bonds*—States would be able to issue more private activity tax-exempt bonds, which typically finance privately owned transportation facilities, municipal services, economic development projects and social programs. The current annual limits of $50 per resident or $150 million (whichever is greater) would be increased to $75 per resident or $225 million. Cost $1.1 billion (House tax bill)

C. *Renewal Communities*—To promote the revitalization of depressed areas, the bill

would provide a variety of tax incentives in 20 ''removal communities.''—Cost: $1 billion (House tax bill)

D. *School Modernization*—Bond holders would receive tax credits (a standard amount for all bonds) worth the full interest cost on the bonds, allowing localities to construct or renovate schools without paying any interest. Cost $5 billion (President's budget proposal)

3. Small Business and Farmer Tax Relief

A. *Estate and Gift Tax Unified Credit*—The proposal would accelerate from 2000 to 1999 an increase in the Estate and Gift tax credit (increasing the credit from $650,000 to $675,000). Cost: $1.8 billion (Revised provision from House tax bill)

B *Deduction for Health Insurance Premiums of the Self-Employed*.—Full deductibility is now scheduled to be phased in by 2007. The bill would make the change effective in 1999. Cost: $5.1 billion (House tax bill)

C. *Agriculture*—The bill would permanently extend ''income averaging'' for farmers, which is scheduled to expire in 2000. Rather than pay high taxes in good years, a farmer would have the option of paying taxes based on a three year average. Farmers also could reduce their tax burden by applying an operating loss in one year to their taxable income in any one of five past years, or to a future year. Under current law, they can apply it to two past years or to a future year. Cost $126 million. (House tax bill)

D. *Business Expensing*—Starting in 1999, small-business owners and farmers would be able to deduct up to $25,000 of the cost of business-related equipment. Under current law, the deduction is limited to $18,500 and is slated to rise to $25,000 in 2003. Cost $1.1 billion. (House tax bill)

E. *Expired Credits.* Several tax credits that expired this year or would expire next year, including credits for research, work opportunity and welfare-to-work, would be extended through Feb. 29, 2000. The credit for contributions of stock to private foundations would be extended permanently. Cost: $6.2 billion (House tax bill)

4. Social Security Earnings Test

Senior citizens ages 65 to 69 would be able to earn up to $17,000 in 1999 without losing a portion of their Social Security benefits. The earnings limit would gradually rise to $30,000 in 2002 and $39,750 in 2008. Current law permits the earnings limit to increase to $37,948 in 2008, but at a slower pace. Cost: $550 million (House tax bill)

5. House Loophole Closer

The amendment retains a provision in the House bill that closes tax loopholes related to certain liquidations of real estate investment trusts and regulated investment companies.

6. Tax Reductions Effective When Social Security is Saved

The bill's provisions would become effective when the Social Security Trust Fund achieves long-range actuarial balance.●

INTERNET TAX FREEDOM ACT

HUTCHINSON (AND MCCAIN) AMENDMENT NO. 3748

Mr. HUTCHINSON (for himself and Mr. MCCAIN) submitted an amendment intended to be proposed by him to the bill, S. 442, supra; as follows:

At the end of the amendment, add the following:

On page 24, strike line 5 and insert the following:

communications services; and

(F) an examination of the effects of taxation, including the absence of taxation, on all interstate sales transactions, including transactions using the Internet, on local retail businesses and on State and local governments, which examination may include a review of the efforts of State and local governments to collect sales and use taxes owed on in-State purchases from out-of-State sellers.

NATIONAL FISH AND WILDLIFE FOUNDATION ESTABLISHMENT ACT AMENDMENTS OF 1998

CHAFEE AMENDMENT NO. 3749

Ms. SNOWE (for Mr. CHAFEE) proposed an amendment to the bill (S. 2095) to reauthorize and amend the National Fish and Wildlife Foundation Establishment Act; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Fish and Wildlife Foundation Establishment Act Amendments of 1998''.

SEC. 2. PURPOSES.

Section 2(b) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3701(b)) is amended by striking paragraph (1) and inserting the following:

''(1) to encourage, accept, and administer private gifts of property for the benefit of, or in connection with, the activities and services of the Department of the Interior or the Department of Commerce, particularly the United States Fish and Wildlife Service and the National Oceanic and Atmospheric Administration, to further the conservation and management of fish, wildlife, and plant resources;''.

SEC. 3. BOARD OF DIRECTORS OF THE FOUNDATION.

(a) ESTABLISHMENT AND MEMBERSHIP.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by striking subsection (a) and inserting the following:

''(a) ESTABLISHMENT AND MEMBERSHIP.—

''(1) IN GENERAL.—The Foundation shall have a governing Board of Directors (referred to in this Act as the 'Board'), which shall consist of 25 Directors appointed in accordance with subsection (b), each of whom shall be a United States citizen.

''(2) REPRESENTATION OF DIVERSE POINTS OF VIEW.—To the maximum extent practicable, the membership of the Board shall represent diverse points of view relating to conservation and management of fish, wildlife, and plants.

''(3) NOT FEDERAL EMPLOYEES.—Appointment as a Director of the Foundation shall not constitute employment by, or the holding of an office of, the United States for the purpose of any Federal law.''.

(b) APPOINTMENT AND TERMS.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by striking subsection (b) and inserting the following:

''(b) APPOINTMENT AND TERMS.—

''(1) AGENCY HEADS.—The Director of the United States Fish and Wildlife Service and the Under Secretary of Commerce for Oceans and Atmosphere shall be Directors of the Foundation.

''(2) APPOINTMENTS BY THE SECRETARY OF THE INTERIOR.—

''(A) IN GENERAL.—Subject to subparagraph (B), after consulting with the Secretary of Commerce and considering the recommendations submitted by the Board, the Secretary of the Interior shall appoint 23 Directors who meet the criteria established by subsection (a), of whom—

''(i) at least 6 shall be knowledgeable or experienced in fish and wildlife conservation;

''(ii) at least 4 shall be educated or experienced in the principles of fish and wildlife management; and

''(iii) at least 4 shall be knowledgeable or experienced in ocean and coastal resource conservation.

''(B) TRANSITION PROVISION.—

''(i) CONTINUATION OF TERMS.—The 15 Directors serving on the Board as of the date of enactment of this paragraph shall continue to serve until the expiration of their terms.

''(ii) NEW DIRECTORS.—The Secretary of the Interior shall appoint 8 new Directors; to the maximum extent practicable those appointments shall be made not later than 45 calendar days after the date of enactment of this paragraph.

''(3) TERMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), each Director (other than a Director described in paragraph (1)) shall be appointed for a term of 6 years.

''(B) INITIAL APPOINTMENTS TO NEW MEMBER POSITIONS.—Of the Directors appointed by the Secretary of the Interior under paragraph (2)(B)(ii), the Secretary shall appoint—

''(i) 2 Directors for a term of 2 years;

''(ii) 3 Directors for a term of 4 years; and

''(iii) 3 Directors for a term of 6 years.

''(4) VACANCIES.—

''(A) IN GENERAL.—The Secretary of the Interior shall fill a vacancy on the Board; to the maximum extent practicable the vacancy shall be filled not later than 45 calendar days after the occurrence of the vacancy.

''(B) TERM OF APPOINTMENTS TO FILL UNEXPIRED TERMS.—An individual appointed to fill a vacancy that occurs before the expiration of the term of a Director shall be appointed for the remainder of the term.

''(5) REAPPOINTMENT.—An individual (other than an individual described in paragraph (1)) shall not serve more than 2 consecutive terms as a Director, excluding any term of less than 6 years.''.

(c) PROCEDURAL MATTERS.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by adding at the end the following:

''(h) PROCEDURAL MATTERS.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Foundation.''.

(d) TECHNICAL AMENDMENTS.—

(1) Section 4(c)(5) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(c)(5)) is amended by striking ''Directors of the Board'' and inserting ''Directors of the Foundation''.

(2) Section 6 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3705) is amended by striking ''Secretary'' and inserting ''Secretary of the Interior or the Secretary of Commerce''.

(3) Section 6 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3705) is amended by inserting ''or the Department of Commerce'' after ''Department of the Interior''.

SEC. 4. RIGHTS AND OBLIGATIONS OF THE FOUNDATION.

(a) PRINCIPAL OFFICE OF THE FOUNDATION.—Section 4(a)(3) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(a)(3)) is amended by inserting after ''the District of Columbia'' the following: ''or in a county in the State of Maryland or Virginia that borders on the District of Columbia''.

(b) INVESTMENT AND DEPOSIT OF FEDERAL FUNDS.—Section 4(c) of the National Fish

and Wildlife Foundation Establishment Act (16 U.S.C. 3703(c)) is amended—

(1) by redesignating paragraphs (3) through (7) as paragraphs (7) through (11), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) to invest any funds provided to the Foundation by the Federal Government in obligations of the United States or in obligations or securities that are guaranteed or insured by the United States;

''(4) to deposit any funds provided to the Foundation by the Federal Government into accounts that are insured by an agency or instrumentality of the United States;

''(5) to make use of any interest or investment income that accrues as a consequence of actions taken under paragraph (3) or (4) to carry out the purposes of the Foundation;

''(6) to use Federal funds to make payments under cooperative agreements entered into with willing private landowners to provide substantial long-term benefits for the restoration or enhancement of fish, wildlife, and plant resources on private land;''.

(c) AGENCY APPROVAL OF ACQUISITIONS OF PROPERTY.—Section 4(e)(1) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)(1)) is amended by striking subparagraph (B) and inserting the following:

''(B) the Foundation notifies the Federal agency that administers the program under which the funds were provided of the proposed acquisition, and the agency does not object in writing to the proposed acquisition within 45 calendar days after the date of the notification.''.

(d) REPEAL.—Section 304 of Public Law 102–440 (16 U.S.C. 3703 note) is repealed.

(e) AGENCY APPROVAL OF CONVEYANCES AND GRANTS.—Section 4(e)(3)(B) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)(3)(B)) is amended by striking clause (ii) and inserting the following:

''(ii) the Foundation notifies the Federal agency that administers the Federal program under which the funds were provided of the proposed conveyance or provision of Federal funds, and the agency does not object in writing to the proposed conveyance or provision of Federal funds within 45 calendar days after the date of the notification.''.

(f) RECONVEYANCE OF REAL PROPERTY.—Section 4(e) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)) is amended by striking paragraph (5) and inserting the following:

''(5) RECONVEYANCE OF REAL PROPERTY.—The Foundation shall convey at not less than fair market value any real property acquired by the Foundation in whole or in part with Federal funds if the Foundation notifies the Federal agency that administers the Federal program under which the funds were provided, and the agency does not disagree within 45 calendar days after the date of the notification, that—

''(A) the property is no longer valuable for the purpose of conservation or management of fish, wildlife, and plants; and

''(B) the purposes of the Foundation would be better served by use of the proceeds of the conveyance for other authorized activities of the Foundation.''.

(g) TERMINATION OF CONDEMNATION LIMITATION.—Section 4 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703) is amended by striking subsection (d).

(h) EXPENDITURES FOR PRINTING SERVICES OR CAPITAL EQUIPMENT.—Section 4 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703) (as amended by subsection (g)) is amended by inserting after subsection (c) the following:

''(d) EXPENDITURES FOR PRINTING SERVICES OR CAPITAL EQUIPMENT.—The Foundation shall not make any expenditure of Federal funds in connection with any 1 transaction for printing services or capital equipment that is greater than $10,000 unless the expenditure is approved by the Federal agency that administers the Federal program under which the funds were provided.''.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

Section 10 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3709) is amended by striking subsections (a), (b), and (c) and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this Act for each of fiscal years 1999 through 2003—

''(A) $25,000,000 to the Department of the Interior; and

''(B) $5,000,000 to the Department of Commerce.

''(2) REQUIREMENT OF ADVANCE PAYMENT.—The amount made available for a fiscal year under paragraph (1) shall be provided to the Foundation in an advance payment of the entire amount on October 1, or as soon as practicable thereafter, of the fiscal year.

''(3) USE OF APPROPRIATED FUNDS.—Subject to paragraph (4), amounts made available under paragraph (1) shall be provided to the Foundation for use for matching, on a 1-to-1 basis, contributions (whether in currency, services, or property) made to the Foundation by private persons and State and local government agencies.

''(4) PROHIBITION ON USE FOR ADMINISTRATIVE EXPENSES.—No Federal funds made available under paragraph (1) shall be used by the Foundation for administrative expenses of the Foundation, including for salaries, travel and transportation expenses, and other overhead expenses.

''(b) ADDITIONAL AUTHORIZATION.—

''(1) IN GENERAL.—In addition to the amounts authorized to be appropriated under subsection (a), the Foundation may accept Federal funds from a Federal agency under any other Federal law for use by the Foundation to further the conservation and management of fish, wildlife, and plant resources in accordance with the requirements of this Act.

''(2) USE OF FUNDS ACCEPTED FROM FEDERAL AGENCIES.—Federal funds provided to the Foundation under paragraph (1) shall be used by the Foundation for matching, in whole or in part, contributions (whether in currency, services, or property) made to the Foundation by private persons and State and local government agencies.

''(c) PROHIBITION ON USE OF GRANT AMOUNTS FOR LITIGATION AND LOBBYING EXPENSES.—Amounts provided as a grant by the Foundation shall not be used for—

''(1) any expense related to litigation; or

''(2) any activity the purpose of which is to influence legislation pending before Congress.''.

SEC. 6. LIMITATION ON AUTHORITY.

The National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3701 et seq.) is amended by adding at the end the following:

''SEC. 11. LIMITATION ON AUTHORITY.

''Nothing in this Act authorizes the Foundation to perform any function the authority for which is provided to the National Park Foundation by Public Law 90–209 (16 U.S.C. 19e et seq.).''.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Tuesday, October 6, 1998, at 9 a.m. in open session, to receive testimony on the worldwide threats facing the United States and potential U.S. operational and contingency requirements.

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Tuesday, October 6, 1998, to conduct a hearing on S. 2178, the ''Children's Development Commission Act''.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Tuesday, October 6, for purposes of conducting a Full Committee business meeting which is scheduled to begin at 9:30 a.m. The purpose of this business meeting is to consider pending calendar business.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, October 6, 1998 at 2:15 p.m. to hold a hearing.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. COCHRAN. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee to meet on Tuesday, October 6, 1998, at 10:30 a.m. for a hearing on the nomination of Sylvia Mathews to be Deputy Director of the Office of Management and Budget.

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

COMMITTEE ON THE JUDICIARY

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, October 6, 1998 at 9 a.m. in room 226 of the Senate Dirksen Office Building to hold a hearing on: ''Judicial Nominations.''

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. COCHRAN. Mr. President, the Committee on Veterans' Affairs would like to request unanimous consent to hold a joint hearing with the House Committee on Veterans' Affairs to receive the legislative presentation of the American Legion. The hearing will be held on October 6, 1998, at 9:30 a.m., in room 345 of the Cannon House Office Building.

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. COCHRAN. Mr. President, the Committee on Veterans' Affairs would like to request unanimous consent to hold a markup on the following nominations:

(1) Leigh Bradley, Esq., to be General Counsel, Department of Veterans Affairs;

(2) Eligah Dane Clark to be Chairman, Board of Veterans Appeals, Department of Veterans Affairs;

(3) Edward A. Powell, Jr. to be Assistant Secretary for Management, Department of Veterans Affairs; and

(4) Kenneth W. Kizer, M.D., M.P.H., to be Under Secretary for Health, Department of Veterans Affairs.

The markup will take place in S–216, of the Capitol Building, after the first scheduled vote in the Senate on Tuesday afternoon, October 6, 1998.

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

SUBCOMMITTEE ON CLEAN AIR

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Subcommittee on Clean Air, Wetlands, Private Property, and Nuclear Safety be granted permission to conduct a hearing on S. 1097, the Acid Deposition Control Act Tuesday, October 6, 9:30 a.m., Hearing Room (SD–406).

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

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING AND THE DISTRICT OF COLUMBIA

Mr. COCHRAN. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia to meet on Tuesday, October 6, 1998, at 2 p.m. for a hearing on ''Agency Management of the Implementation of the Coal Act.''

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

ADDITIONAL STATEMENTS

TRIBUTE TO THE UNITED STATES NAVY

● Mr. GRAMS. Mr President, I rise today to pay tribute to the courageous men and women who serve in the United States Navy.

The origins of the Navy can be traced back to October 13, 1775, when the Continental Congress ordered the construction of ships for use in the War of Independence. It was at this time that the Continental Navy was formed, nine months before America declared itself independent. However, it wasn't until later, on April 30, 1798, that the Department of the Navy was established and Benjamin Stoddert was appointed its first Secretary. This past spring we celebrated the 200th anniversary of the Department of the Navy.

Today, the United States Navy has grown to a force of nearly 400,000 active duty and 96,000 Reserves. During times of war, these brave individuals join with the other Armed Forces and valiantly risk their lives to defend America's freedom and national interests. During times of peace, the Navy is engaged in promoting regional economic and political stability by maintaining a global presence both above and beneath the surface of the seas.

The Navy is organized into three main components. The first component, the Navy Department, consists of the Washington, D.C. executive offices and the Secretary of Defense. The second component, the operating forces, includes the Marine Corps, the reserve components and during times of war, the U.S. Coast Guard. The operating component trains and equips naval forces. The third component, the shore establishment, provides intelligence support, medical and dental facilities, training areas, communications centers, and facilities for the repair of machinery and electronics. Together these components form a strong force ready to defend the seas whenever freedom is threatened.

An important division of the Navy is the Naval Reserve. Today, the Naval Reserve comprises 20 percent of the Navy's total assets. These dedicated men and women have provided assistance as medical personnel and offered fleet intelligence support in operations such as Desert Shield and Desert Storm. At other times, the Naval Reserve has helped provide humanitarian assistance and has engaged in maritime patrol. Over the years, the Naval Reserve has evolved from a reactive to a proactive force ready to meet the challenges of the next century.

Minnesota is home to 282 active duty Navy servicepeople, of which 35 are officers and 247 are enlisted. In addition, Minnesota has 1,540 Navy reservists, of which 340 are officers and 1,200 are enlisted.

Mr. President, since its founding over 200 years ago, the Navy has shown the utmost dedication and service while protecting our national interests. I truly appreciate its commitment to defending this nation and am honored today to pay tribute to the men and women of the United States Navy.●

HONORING JOSEPH C. AND LUCILLE PARISI

● Mr. TORRICELLI. Mr. President, I rise today to join the Holy Name Healthcare Foundation in honoring Joseph C. Parisi and Lucille his wife as they receive the Lifetime Achievement Award. The Parisi's record of community activism and involvement has been extensive, and I am pleased to recognize them on this occasion.

Joseph C. Parisi has served as Mayor of Englewood Cliffs since 1976. Prior to that he served on the town council for four years and was also the Englewood Cliffs Police Commissioner. His involvement in the Englewood Cliffs community for over twenty-five years has made Englewood Cliffs one of the finest towns in the North Jersey area. Mayor Parisi has worked on behalf of a diverse pool of charitable and civic organizations that include the Witte Scholarship Fund, the Quincentennial Columbus Day Celebration, Veterans of Foreign Wars, and the Knights of Columbus. The Englewood Chamber of Commerce, UNICO, and the New Jersey Insurance Agents, have all honored Mayor Parisi as their ''Man of the Year'' in the past.

Lucille Parisi has equaled her husband's accomplishments in a number of civic organizations. As President of the Hudson County Independent Insurance Agents, President of the Englewood Cliffs Democratic Club, and Director of the Fort Lee Savings and Loan, Lucille has been an active member of the community. For the past 16 years, she has also served on the Board of Trustees and the Foundation of the Holy Name Hospital.

As a native of Bergen County, I have known the Parisis well for many years. I have seen their dedication to the Englewood Cliffs Community firsthand, and I have consistently been impressed by their level of commitment. They truly embody the activism and dedication to community that is so vital.

I know they will inspire others to take an interest in improving their communities. They have earned a place in the hearts of Englewood Cliffs residents, and it is my pleasure to be able to honor them and their family on this occasion.●

RETIREMENT OF DARLENE GARCIA

● Mr. DOMENICI. Mr. President, as United States Senators, we are often fortunate to have people of exceptional ability work for us. It is, however, unusual to have someone of unlimited compassion helping the people in the State we represent. Darlene Garcia is a person of unlimited compassion and I have been very lucky to have her on my staff for the last 20 years.

Darline is the Director of my Las Cruces office. This is one of the fastest growing areas in New Mexico, and Darlene has her finger on the pulse on it all. She has helped hundreds of New Mexicans with their veterans benefits, social security, food stamps, and immigration problems. Darlene knows how to make the Federal Government do what it is supposed to do for its citizens. In fact, Darlene knows how to make U.S. Senators do what is right by their constituents.

I sometimes say, there isn't any kind of care that Darlene hasn't championed be it health care, child care, or elder care. She has always worked for more and better care for the people of Southern New Mexico because it is Darlene who rally cares. Darlene is the doer of good deeds. If good deed were dollars, she would have surpassed Bill Gates years ago.

Darlene always has a smile for everyone who walks into my office. She always knows who to call to solve a problem. She has been a mother figure and an inspiration to all of the young people who have interned in my Las Cruces office.

Darlene has been my representative to the business community, worked extensively with county and municipal government officials and of course, the Hispanic community. She has worked on border issues and has helped keep the Texans under control The latter is no small feat.

I want to thank Darlene for all of her hard work, and wish her the best in retirement. God bless you, Darlene, for all that you have done for me and for the people of New Mexico.●

HONORING RODRIGO d'ESCOTO

● Ms. MOSELEY-BRAUN. Mr. President, it is my honor to rise today to recognize a distinguished resident and successful businessman from my home state of Illinois, Mr. Rodrigo d'Escoto. Last month, Mr. d'Escoto was named the National Minority Male Entrepreneur of the Year by the U.S. Department of Commerce's Minority Development Agency. This award recognizes Mr. d'Escoto's Hispanic heritage, his success as an entrepreneur, and his service and dedication to the community.

Mr. d'Escoto is the founder and chairman of d'Escoto, Inc., a Chicago-based architectural engineering firm. Established in 1972, d'Escoto, Inc. is one of the largest Hispanic-owned firms of its kind in the Midwest. Over the last twenty five years, the firm has participated in some of the most ambitious and important design/construction projects in the Chicago area. These projects include the Northwestern Memorial Hospital Expansion project, the expansion of the McCormick Place Convention Center and Hotel, the construction of the new Cook County Hospital, the ongoing expansion of O'Hare International Airport and the construction of the airport's new international terminal. Certainly, Rodrigo d'Escoto and d'Escoto Inc. have contributed greatly to the look and structure of Chicago, one of the world's great architectural cities.

As is often the case with someone who has achieved so much professionally, Rodrigo d'Escoto is a committed community member. Among the many boards and organizations that Mr. d'Escoto has given his time and expertise to are: the Harold Washington Foundation, the Urban League, the United Way, the United States Hispanic Chamber of Commerce, the Pilsen Resurrection Development Corporation, the National Association of Latino Elected and Appointed Officials, the Centro Hispano Americano, the City of Chicago Planning Commission, the Alliance of Latinos and Jews, and the Hispanic American Construction Industry Association. It is important to note that this is only a partial list of the many worthwhile and important enterprises that Rodrigo d'Escoto has touched over the years.

Mr. President, as one can see, the dimensions of Rodrigo d'Escoto's professional and civic accomplishments are of breathtaking proportions. Indeed, he is quite deserving of being named the National Minority Male Entrepreneur of the Year. I am confident that my Senate colleagues will join me in congratulating Mr. d'Escoto and d'Escoto, Inc. for this prestigious award, and in wishing them much continued success in the future.●

HIGHER EDUCATION REAUTHORIZATION ACT

● Mr. ABRAHAM. Mr. President, I rise today to express my strong support for the Higher Education Reauthorization Act that passed the Senate by a 96–0 vote last week.

Mr. President, this legislation illustrates this Congress' strong support for education, particularly higher education. This bill will make strong investments in our future by increasing the availability of financial aid to students in need, thereby allowing more students to benefit from our higher education system. Specifically, the bill lowers students' five-year loan rate to the lowest it has been for 17 years. Congress was able to strike a balance of lowering the rates students pay on their loans to 7.46 percent while keeping commercial lenders in the market. This reduction in interest rates will result in a savings of $700 on the average debt of $13,000 and savings of more than $1,000 on a $20,000 debt. By striking this balance, the long-term stability of the student loan program will continue.

The Higher Education Reauthorization Act also increases the maximum Pell Grant available to low-income students. Beginning in 1999, the maximum student Pell Grant authorization level will increase gradually each year from the current level of $3,000 to $5,800 in 2003. This change will enable low-income students to afford college and accumulate less debt.

The bill also includes an important change to the State Student Incentive Grant (SSIG) program that is of particular importance to me. Under this legislation, the SSIG program was reformed and changed to the Special Leveraging Education Assistance Partnership (LEAP) Program. Working with Senators JEFFORDS, COLLINS, and REED, I was able to have language included under the LEAP Program to provide scholarships for low-income students studying mathematics, computer science, or engineering. I believe this language is particularly important given the current shortage of high-tech workers. Through the LEAP program, States are provided matching money from the Federal Government to provide grants for students entering various fields of study.

The Higher Education Reauthorization Act makes a strong commitment to pre-K and K–12 education by creating a loan forgiveness program for students who earn a degree and obtain employment in the child care industry, as well as for students who gain teaching jobs in school districts serving large populations of low-income children. The loan forgiveness program will provide an important incentive for teachers to go into underserved areas and fields. Coupled with this provision, the Higher Education Act strengthens and promotes greater accountability within current teacher preparation programs. The legislation provides State and local partnerships with incentives to place a greater focus on academics and strong teaching skills for teacher certification programs. By focusing on teacher preparation, this bill increases the likelihood that students will be adequately prepared and able to succeed in our higher education system.

In all, this legislation demonstrates the bipartisan nature of this Congress' commitment to education. This bill will impact thousands of college-bound students each year and will prepare thousands of school-age children for higher education in the years to come.●

THE TRUE STORY OF HYDROGEN AND THE ''HINDENBURG'' DISASTER

● Mr. HARKIN. Mr. President, for many years I have spoken of the promise of hydrogen energy as our best hope for an environmentally safe sustainable energy future. My vision, and the vision of many of our top scientists is simple. Hydrogen, which is produced by renewable energy with absolutely no pollution and no resource depletion of any kind, will prove a truly sustainable energy option.

I recognize that hydrogen is not yet a form of energy widely known to the American public. In fact, hydrogen has an unfortunate association. I would like to spend a few minutes dispelling one unfortunate myth of hydrogen energy.

Mr. President, mention the word ''hydrogen'' and many people remember the *Hindenburg*—the dirigible that caught fire back in May of 1937, killing 36 of the 97 people on board. Now, thanks to the scientific sleuthing of Addison Bain, a retired NASA scientist with 30 years experience with hydrogen, we can state with a fair degree of certainty that the *Hindenburg* would have caught fire even without any hydrogen on board.

This detective story was reported in a recent issue of Popular Science. I ask that the Popular Science article be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

Addison Bain collected actual samples from the *Hindenburg*—the cloth bags that contained the hydrogen—which were saved as souvenirs by the crowd awaiting the *Hindenburg* at Lakehurst, New Jersey on May 6, 1937. When these samples were analyzed by modern techniques, Bain discovered

that the bags had been coated with cellulose nitrate or cellulose acetate—both flammable materials. Furthermore, the cellulose material was impregnated with aluminum flakes to reflect sunlight, and aluminum powder is used in rocket fuel. Essentially the outside of the *Hindenburg* was coated with rocket fuel!

Addison now believes that the *Hindenburg* probably caught fire from an electrical discharge igniting the cellulose-coated gas bags. Remember, the ship docked at Lakehurst with electrical storms in the area, which was against regulations.

I would like to personally thank Addison Bain for his valuable contribution to the history of the *Hindenburg,* and to lessening the public's concerns over the safety of hydrogen. Hydrogen, in my judgment, will become a premier fuel in the 21st century, since burning hydrogen produces no pollution of any kind, just pure, clean water. And hydrogen can be produced by using sunlight or wind electricity to split water.

Hydrogen energy has been used safely in the Nation's space program for many decades, and I believe it can be used safely for many other applications here on Earth. For example, hydrogen could be a safe alternative fuel for cars. It would be much less dangerous than gasoline in an accident. Hydrogen gas disperses rapidly, while gasoline lingers in the vicinity of the accident, increasing the risks to survivors of the crash. I believe there are also countless other uses for hydrogen. We can pursue those options without fear because of Addison Bain's efforts. Thanks to Addison Bain, we can continue down the path toward a renewable hydrogen future without the undue fear of a singular event from 60 years ago.

The article follows:

WHAT REALLY DOWNED THE HINDENBURG

(By Mariette DiChristina)

May 6, 1937. The sky still appears moody after a stormy day. A stately, silvery marvel, the 240-ton *Hindenburg* airship glides 200 feet above Lakehurst, New Jersey, at around 7:21 p.m. In a 6-knot wind, the Zeppelin is attempting its first ''high landing'': The crew throws the spider lines out, preparing for mooring. The gigantic ship, nearly three football fields in length, would be slowly winched down.

If you think you know exactly what happened next, Adison Bain has a surprise for you. Six decades after the infamous *Hindenburg* disaster, when 36 of 97 aboard died during the horrific blaze that halted rigid-airship travel, Bain has revealed a stunning new explanation for what started the fire. Bain, a recently retired engineer and manager of hydrogen programs who spent more than 30 years at NASA, has recently concluded several years of scientific sleuthing work in search of the culprit behind the conflagration. He combed through thousands of pages of original testimony and materials at four archives in the United States and one in Germany, interviewed survivors and airship experts, and ultimately tested original materials from the model LZ–129 *Hindenburg* and its contemporaries. Contrary to what the investigators ruled at the time, asserts Bain, the fire did not start with free hydrogen lit by natural electrical discharge or sabotage.

The hunt for the truth about the *Hindenburg* began in the late 1960s for Bain, a genial man with slicked-backed dark hair and a face lined by many smiles. He was working on a hydrogen safety manual for NASA. Sitting in a ''Florida room'' of mint and mauve tiled floors and furniture in a Cocoa Beach apartment, Bain recalls how he paged through the literature on hydrogen. ''Invariably,'' he says, ''the topic of the *Hindenburg* would come up. At the time, I didn't think a lot about it.''

Over the years, however, as he continued his NASA work in hydrogen systems, the reference began to accumulate in his mind. ''What I was starting to notice is that the authors were inconsistent,'' he says. Hydrogen detractors said the gas was so flammable it killed everyone on the *Hindenburg,* which wasn't true—about one-third of those aboard had died. On the other hand, hydrogen promoters pooh-poohed safety concerns and claimed that those who perished did so only because they jumped from the burning airship, which also wasn't true. Says Bain: ''I thought, wait a minute! Where are they getting their information?'' He has also seen the famous photos of the *Hindenburg's* bright, blistering hot fire and knew that hydrogen doesn't burn in that way. A hydrogen fire radiates little heat and is barely visible to the unaided eye.

By 1990, Bain pulled a one-year assignment in Washington, D.C., at NASA headquarters, then across the street from the National Air & Space Museum. ''I like airplanes, so I went over there. Lo and behold, there's this 25-foot-long model of the *Hindenburg* used in the 1975 movie with George C. Scott,'' he recalls. ''I'm looking at that model and a plaque on the wall. The plaque says something about how the hydrogen exploded,'' As a hydrogen expert, he knew that the pure gas doesn't just explode. That was enough: He made an appointment with the archivists upstairs, dooned a pair of protective gloves, and lost himself in decades-old original documents in the museum's *Hindenburg* files for the rest of the day.

His research soon became something of a part-time obsession. Over the next few years. Bain would steal away to the archive and travel to others in College Park and Suitland, Maryland, poring through thousands of pages and copying documents in search of answers. He even traveled to the Fires Sciences Lab in Missoula, Montana. He speculated that, perhaps, some of the airship's materials had played a role in the ignition. Maddeningly, however, he couldn't find the exact formulations used. ''I had the idea of the problem, but needed enough evidence to back my story up,'' he says.

That was as far as he got until 1994, when he ran into Richard van Treuren, a space shuttle technician, at a conference on hydrogen. Van Treuren, a self-avowed ''helium head'' and member of the airship aficionados called the Lighter-Than-Air Society in Akron, Ohio, was seeking Bain to talk about hydrogen. Van Treuren had a book about airships. Bain spotted the book in the crook of van Treuren's arm and bought it from him on the spot.

''The rain still spatters the wet ground in starts and stops. The air is highly charged from the thunderstorms, investigators would rule later. Six and three-quarter acres of *Hindenburg* fabrics is kiting in the breeze. A witness later would recall a bluish electrical phenomenon that dances over the aft starboard side of the *Hindenburg* for more than a minute.''

Through van Treuren, Bain learned that pieces of the *Hindenburg's* skin still existed. Bain traveled around the country to procure them, spending hundreds of dollars buying original materials, books, and papers from collectors. ''What I was trying to find out is, what did they use specifically in the coating?'' he says.

Hepburn Walker, who had been stationed in Lakehurst in the early '40s, was among those in possession of pieces of the *Hindenburg,* Walker had found them in the soil. Another sample, a part of the swastika painted on the *Hindenburg*'s side, was kept in a safe by Cheryl Gantz, head of the Zeppelin Collectors Club in Chicago.

Bain remembers meeting Gantz. ''May I have a little clipping, just anything to take to the lab?'' he begged. Gantz was willing, but wanted to impress upon Bain the fabric's value to her: ''How much do you value your firstborn?'' she asked. Bain laughs: ''I got the message!'' Bain also located fabric samples in Germany that were representative of the top of the *Hindenburg,* where the fire started.

Materials in hand, Bain headed to NASA's Materials Science Laboratory at the nearby Kennedy Space Center. Over the next 14 months, he carefully laid out a systematic testing protocol involving some 14 researchers who would volunteer their spare time to assist in what became known as Project H.

''A jagged fire licks along the aft starboard side of the *Hindenburg,* another witness later recalls. Crewman Helmut Lau, on the lower left of the craft, looks up through the translucent gas cells and sees a red glow. In moments, cells begin to melt before his eyes. The fire crests the top of the *Hindenburg* and spreads outward and downward, toward lau and the others. Girders start cracking and wires snap. With hydrogen still in the cells, the giant airship maintains level trim.''

What was in that fabric? Work to create a chemical and physical analysis included using an infrared stectrograph and a scanning electron microscope, which provided, respectively, the chemical signatures of the organic compounds and elements present.

A startling variety of highly flammable compounds proved to have been added to the cotton fabric base. ''They used a cellulose acetate or nitrate as a typical doping compound, which is flammable to begin with—a forest fire is cellulose fire,'' says Bain. ''OK, you coat that with cellulose nitrate—nitrate is used to make gunpowder. And then you put [on] aluminum powder. Now, aluminum powder is a fuel used on the solid rocket boosters on the space shuttle.'' The wood spacers and ramie cord used to bind the structure together, along with the silk and other fabrics in the ship, would also have added to the fuel-rich inferno. Even the duralumin support framework of the *Hindenburg*'s, rigid skeleton was coated with lacquer, ostensibly to protect it from moisture.

In a flame test, a fabric section ignited and burned readily. The arc test, in which 30,000 volts were zapped across a piece of fabric several inches long, was even more revealing: ''Poof, it disappeared. The whole thing happened faster than I can explain it,'' Bain says. ''I guess the moral of the story is, don't paint your airship with rocket fuel.''

Bain is quick to point out, however, that it's not that the Germans and other airship and aircraft makers of the era were simply foolish in doping the fabric the way they did. They had a number of technical problems to solve using the materials of the time. Today's synthetic fabrics, with their range of properties, did not yet exist. The cotton or linen fabric skin was swabbed with the chemicals to make it taut and reduce flutter for aerodynamics, and then painted with the reflective red iron oxide and aluminum so the sun's heat wouldn't expand the gas in the cells, to help prevent gas from escaping. The skin had to be protected from deterioration from sunlight and rot from moisture. When engineers changed one part of the formulation to address flammability concerns, the

mixture might not have adhered well or other problems would crop up.

''And I'm not saying hydrogen didn't contribute to the fire,'' adds Bain. It is after all a fuel, he notes—and one he is hoping will develop into a replacement or supplement to natural gas. ''But it was a fuel-rich fire already; the hydrogen just added to it.'' Bain figures that maybe half of the 5 million cubic feet of hydrogen remaining aboard the *Hindenburg* after the Atlantic crossing burned in the fire. ''But so what? It's academic.''

Also made academic, perhaps, are decades of speculation over the causes behind the start of the Zeppelin fire. All have blamed hydrogen, with various ideas about how the gas became free and ignited. One popular theory has it that a wire punctured a gas cell. Bain, obviously, finds this doubtful. ''If that happened, it should have occurred during one of the final maneuvers.'' But, ''The ship was stationary for 4 minutes before the first fire was indicated.'' If cells were leaking gas that long, ''The ship should really start going like this,'' Bain says as he tilts a handheld *Hindenburg* model nose upward. ''And it's not. [At the start of the fire,] it's still in trim.''

What about the possibility of loose hydrogen from the vents? Hydrogen was released to help maintain level flight, and others have theorized that a valve may have stuck open. ''The *Hindenberg* had an excellent venting system'' says Bain, with vents between cells that measured some 2 feet high and 7 feet across. If hydrogen accumulated—difficult to imagine for the lightest element, which has the greatest dispersal rate in the universe—how come, he asks, none of the fires were observed at the vent sites atop the ship?

''In seconds, the rear half of the *Hindenburg* is engulfed in bright, writhing flames. Gas cells one and two expand and burst with explosive force; the released hydrogen adds fuel to the conflagration. The ship lurches forward, breaking off water tanks attached by light-release connectors near the bow of the craft. Having lost ballast, the airship's nose heads upward and people start jumping to escape the flames, some too far from the ground to survive the fall.''

What is perhaps most stunning about Bain's research is that what he has discovered comes 60 years after some German airship experts already knew it. While visiting an archive in Germany, he copied two 1937 letters handwritten in German that had not been seen by earlier investigators. Their shocking contents were revealed to Bain only after he returned to Florida and had them translated. They were written by an electrical engineer named Otto Beyerstock, who had incinerated pieces of *Hindenburg* fabric during electrical tests conducted at the behest of the Zeppelin Co. In the notes, Beyerstock testily dismissed the idea that hydrogen could have started the fire, stating with certitude that it could only have been caused by the fabric's flammability in a charged atmosphere. In a similar craft flying under the same atmospheric conditions that the *Hindenburg* faced in Lakehurst, the same sort of conflagration would occur, even if noncombustible helium were used as the lifting gas. (In fact, notes Bain, such a fire did take place in 1935, when a helium-filled airship with an acetate-aluminum skin burned near Point Sur, California.)

''I beg you to kindly inform me about the corrective measures to be taken or that have already been taken,'' Beyerstock wrote to Zeppelin. Some modifications were made in a subsequent airship plan, such as the addition of a fire retardant. ''They knew,'' Bain says simply. But shortly after the *Hindenburg* disaster, and probably because of it, the great Zeppelins were removed from service.

Some detractors are still not ready to put aside the idea of hydrogen as fire-starter. ''Addison Bain's hydrogen background carries some weight,'' says Eric Brothers, the editor of Buoyant Flight, the Lighter-Than-Air Society's bulletin, but not everyone at the society is convinced. The bulletin this year ran three articles detailing the skin-ignition research, coauthored by van Treuren and Bain. As for Brothers: ''I would like to see more independent verification of the tests, though I recognize that that's difficult to do,'' he says. Still, ''I'm 90 percent convinced that the fabric had some role.''

One of the Buoyant Flight articles' most stringent critics is Donald E. Overs, a retired engineer and pilot who worked on Goodyear blimp construction and engineering for more than 20 years. ''Based on the authors' cover burn rate tests, it would have taken anywhere from 15 minutes to probably an hour or more for the cover alone to burn off. The entire ship, on the other hand, was consumed in less than 60 seconds,'' he says. Overs' detailed e-mail challenges to Bain's theory—and the various defenses supporters—would occupy some 50 printed pages. ''Bain can at most demonstrate or argue that the cover was a brief link in the early ignition of the hydrogen, but he cannot prove even that,'' concludes Overs.

''Like the mythical Icarus who ventured too close to the sun, the *Hindenburg* goes down in flames. As it touches the ground, the ship bounces lightly, perhaps still buoyant with remaining hydrogen.''

None of what Bain has learned has diminished his admiration for the engineering achievement in creating the great airships. ''With all due respect,'' he says, ''the Germans did a fantastic job. I admire their technology.

''It was just an unfortunate little flaw, just like the flaw on the *Titanic* and the flaw in the *Challenger*,'' he says, referring to the ''unsinkable'' ship's sulfurous, brittle steel and the space shuttle's O-ring—both of which failed under the prevailing weather conditions. ''You never know what Mother Nature is going to do to you.''●

HIGH-INTENSITY DRUG TRAFFICKING AREA

● Mr. SMITH of Oregon. Mr. President, I rise today to speak for a High-Intensity Drug Trafficking Area (HIDTA) designation for the State of Oregon. On October 1, 1998 Senator WYDEN and I sent letters to the Director of the Office of the National Drug Control Policy, General Barry McCaffrey and Attorney General Janet Reno requesting the designation.

High-Intensity Drug Trafficking Areas (also known as HIDTAs) were authorized in 1988 by the Anti-Drug Abuse Act of 1988 and are administered by the Office of National Drug Control Policy. HIDTA designations are granted to regions that are centers of illegal drug production, manufacturing, importation or distribution and have harmful impacts on the entire country. Once a HIDTA has been designated, increased funding is granted to the State, design strategies to combat drug threats are adopted and these designs are then strategically implemented. The Office of National Drug Control Policy's HIDTA Program has been profoundly successful in those regions where it has been implemented.

Mr. President, the State of Oregon is in desperate need of this designation. Western States—California, Washington, Arizona, New Mexico, and regions in the Rocky Mountains—have received designations to help them combat tremendous drug trafficking challenges. Oregon has been too long without assistance, fighting national and international traffickers.

This request is not idly made. It comes following more than a year of work with local and federal law enforcement agencies, and the U.S. Attorney's Office. There experience, dedication and tireless commitment to eliminating drug production, trafficking, and use is to be commended. Unfortunately, they have insufficient resources to combat this scourge in Oregon or the country. I appreciate their coordinated efforts and have learned through meetings with them and extensive work in my State that we must act—and act now.

I am proud to report that in our first meeting of the HIDTA steering committee, of which I am a member, the Department of Defense announced it was sending Joint Task Force Six to Oregon to engage in a drug threat assessment. As we speak, Task Force Six is conducting its study in our state and will present its report to us at our next steering committee meeting on October 29, 1998. Having requested a copy of the threat assessment for Washington State's HIDTA Program in the Seattle-Tacoma areas and met with Washington State Drug Enforcement Administration (DEA) specialists, I am confident our request will be accepted. The obstacles we face in fighting drug production and trafficking are similar.

Oregon's central location along the Interstate 5, and its proximity to the coast, render it particularly vulnerable to those who move heroine, cocaine and marijuana. For many years traffickers have moved large quantities of illegal drugs along interstate 5, highway 101, highway 97 and interstate 84. Crackdowns along interstate 5 have been successful, but the insufficiency of resources has produced an unbalanced, under-powered drug defense. Drug shipments from Central America moving along these routes continue to increase, while Pacific Rim countries feed the problem through Oregon ports. These drug shipments are then trafficked throughout the continental United States.

This flow, from sources outside Oregon, has introduced a criminal element into the fabric of Oregon society. They came to produce and sell drugs, and stayed to enjoy the climate, the abundance of space and breathtaking beauty, as well as the serenity and tranquility of our fields and forests. These very qualities that make Oregon unique are also the qualities that drug traffickers found beneficial to their trade.

The facts are indisputable. In 1991, only 7 years ago, there were 39 drug-related deaths in Oregon. There were 221

such deaths in 1997. Methamphetamine use among incarcerated adults increased from 30 percent in 1991–1992 to 49 percent in 1996–1997.

Children are the most victimized. There were 629 juvenile arrests for drug offenses in 1991, and 2,392 in 1997. The number of juveniles treated in drug treatment centers increased from 1,742 in 1991 to 4,028 in 1996. The Oregon Public School Drug Use Survey Key Findings Report states that since 1990, marijuana use by eighth graders—eighth graders—mind you!, has tripled, while marijuana use by eleventh graders has increased 68 percent. General illicit drug use by eighth graders has doubled since 1992, and over the same time period increased in eleventh graders by 21 percent.

I have given this problem much thought in the past few months. While I am confident that a HIDTA designation is vital to our ability to deter drug trafficking and production, this problem has been further exacerbated by the current Administration's failure to focus and its diminished emphasis on the international component to the war on drugs. That is why I am proud to be an original cosponsor of the Western Hemisphere Drug Elimination Act of 1998 (S. 2522) which calls for an additional $2.6 billion investment in international counter narcotics efforts over the next three years. This bi-partisan legislation restores funding to international interdiction and eradication efforts that were all but abandoned in 1993. Without decreasing domestic funding or effort, this legislation recommits the nation to fighting drugs with a comprehensive international approach.

We, Oregonians, are committed to the welfare of our State. We will drive the criminal elements from our borders. Finally, Mr. President, we have no choice but to fight. We have no alternative but to win. I thank the chair.●

TRIBUTE TO JOSEPH MORGART

● Mr. LAUTENBERG. Mr. President, I rise today to pay tribute to a very special young man, one who is close to my heart and certainly close to my daughter's. He is my son-in-law Joe Morgart.

I rise to congratulate him not simply for being a terrific husband to my daughter Nan and a loving father to my grandsons, Alexander and Jonathan, but also to recognize some of his personal achievements. Today, I commend him for becoming a leader in the Jewish community in Boston. He was honored there recently with the 1998 Young Leadership Award given by the Combined Jewish Philanthropies (CJP) of Greater Boston.

CJP now raises nearly $25 million annually to support educational, humanitarian and cultural causes, as well as providing funding for health care and social service programs in Israel and other Jewish communities around the world. The Young Leadership Division of CJP gives young Jewish people in the Boston area the opportunity to get involved in community service, as well as to participate in discussions about Jewish issues from religious, ethical, social, political and economic perspectives.

For Joe to receive this award is especially noteworthy, coming from one of the oldest philanthropies in the country and one so dedicated to educating others about Jewish issues. That is so, Mr. President, because Joe has not always been a member of the Jewish faith.

Maybe Joe was attracted to Judaism to impress Nan when they were dating. Maybe he was attracted to Judaism to impress me! Or, knowing Joe and his thirst for knowledge when learning about Judaism, he found that the Jewish religion fulfilled him spiritually and invited him into the community. Joe then decided to convert, and he has become a most valuable participant in the community.

Joe Morgart has served on CJP's Board of Directors, has been an active fundraising campaigner and started a successful outreach and educational services program that drew in many new members for CJP. He has participated in CJP's leadership development program, and has been deeply involved in community service programs for the organization. Beyond his involvement in CJP, Joe is a leader of the Jewish Big Brother & Big Sister Association, part of the American Israel Public Affairs Committee, and is a member of the United Jewish Appeal's Young Leadership Cabinet.

Mr. President, I am proud that a well-regarded organization like CJP recognized Joe Morgart's ability and contributions by honoring him with this award. I know that his entire family is proud as well of his accomplishments and the love and respect that he has earned from all of those who know him.●

ASSISTIVE TECHNOLOGY ACT OF 1998

● Mr. JEFFORDS. Mr. President, I am very pleased that last night we passed S. 2432, the Assistive Technology Act of 1998, the ATA. In the spring of 1988, I made a commitment to individuals with disabilities. I said that I would, with their help, and that of my colleagues, develop and pass legislation that would provide greater access to assistive technology for people with disabilities. Between April and August of that year, we did just that. The Technology-Related Assistance for Individuals with Disabilities, commonly referred to as the Tech Act, became P. L. 100–407 and received its first appropriation. That legislation has had a successful 10 year run. It sunsets on September 30, 1998.

This spring I made another commitment. I said I would, with the help of my friends in the disability community, my partners Senators HARKIN and BOND, develop new technology legislation that would promote greater access to technology for people with disabilities, promote greater interest in and investment by the Federal Government and public and private entities in addressing the unmet technology needs of individuals with disabilities, and create expanded means by which individuals with disabilities could purchase assistive technology. We were joined in our efforts by Senators KERRY, MCCONNELL, COLLINS, KENNEDY, REED, FRIST, DEWINE, BINGAMAN, WELLSTONE, WARNER, DODD, FAIRCLOTH, FORD, MIKULSKI, SARBANES, D'AMATO, REID, COCHRAN, and JOHNSON. This legislation will equip individuals with disabilities through technology, to sustain their functioning, to expand their range of abilities, to be more independent, and to contribute at home, in school, at work, and in the community.

S. 2432 builds on the success of the Tech Act. In recognition of the accomplishments of State Tech Projects, State protection and advocacy systems, and technical assistance provided by the Rehabilitation Engineering and Assistive Technology Society of North America (RESNA) and United Cerebral Palsy Associations, Inc., the bill continues federal support for activities proven to be effective in promoting access to assistive technology. It also sets policies and authorizes federal support for new challenges related to technology and its impact on individuals with disabilities. It encourages states, the Federal Government, public and private entities, individuals with disabilities and their families and advocates, to form new partnerships, to stretch expectations and to build consensus through common goals, to promote and to endorse meaningful accountability by measuring progress on common goals, and generally work together to make the environments and the technology of tomorrow accessible to and usable by individuals with disabilities.

The specific purposes of the bill are to: support states in sustaining and strengthening their capacity to address the assistive technology needs of individuals with disabilities; focus the federal investment in technology that could benefit individuals with disabilities; and support micro-loan programs to provide assistance to individuals who desire to purchase assistive technology devices or services.

S. 2432 reaffirms the federal role of promoting access to assistive technology devices and services for individuals with disabilities. The bill allows states flexibility in responding to the assistive technology needs of their citizens with disabilities, and does not disrupt the accomplishments of states over the last decade through the state assistive technology programs funded under the Tech Act.

Title I of the ATA authorizes funding for multiple grant programs from fiscal years 1999 through 2004: continuity grants, challenge grants, millennium

grants, and grants to protection and advocacy systems, as well as funding for a technical assistance program. The bill streamlines and clarifies expectations, including expectations related to accountability, associated with continuing federal support for state assistive technology programs. The bill targets specific, proven activities, as priorities, referred to as ''mandatory activities''. All State grantees must set measurable goals in connection to their use of ATA funds, and both the goals and the approach to measuring the goals must be based on input from individuals with disabilities in the State.

If a State has received less than 10 years of Federal funding under the Tech Act for its assistive technology program, title I of S. 2432 allows a State, which submits a supplement (a continuity grant) to its current grant for Federal funds, to use ATA funds for mandatory activities related to a public awareness program, policy development and interagency coordination, technical assistance and training, and outreach, especially to elderly and rural populations with disabilities. Such a State also may use ATA funds for optional grant activities: alternative State-financed systems for assistance technology devices and services, technology demonstrations, distribution of information about how to finance assistive technology devices and services, and operation of a technology-related information system, or participation in interstate activities or public-private partnerships pertaining to assistive technology.

If a state has had 10 years of funding for its assistive technology program, the State may submit an application for a noncompetitive challenge grant. Grant funds must be spent on specific activities—interagency coordination, an assistive technology information system, a public awareness program, technical assistance and training, and outreach activities.

In fiscal year 2000 through 2004, if funding for title I exceeds $40 million, States operating under challenge grants may apply for additional ATA funding, provided through competitive millennium grants. These grants are to focus on specific statewide or local level capacity building activities in an area or areas related to access to technology for individuals with disabilities.

Title I of the bill also authorizes funding for protection and advocacy systems in each State to assist individuals with disabilities to access assistive technology devices and services, and funding for a technical assistance program, and specifies administrative procedures with regard to monitoring of entities funded under title I of the bill. The bill contains an authorization for a National Public Internet Site on assistive technology as part of the technical assistance program. This site will have two distinct functions. First, once developed and operating, the site will have the capacity, through interaction with an individual, both to identify a profile of the individual's specific assistive technology needs and to recommend alternatives for addressing those needs. Second, once information is identified and links established, the site will be a location on the Internet through which individuals may access information about assistive technology devices and services and be linked to state Tech Projects and other sites to access additional information.

S. 2432 treats year 1999 as a transition year for current grantees of federal funds for assistive technology. The bill provides the Secretary of Education with discretion to treat grantees who have completed 10 years of Federal funding in that year as if those states were in their tenth year of federal funding. In addition, grantees who have received less than 10 years of funding for assistive technology programs may elect in fiscal year 2000 only to transition from continuity grant status to challenge grant status by submitting a grant application for a challenge grant.

The authorization level for title I of the bill is $36 million for fiscal year 1999, and such sums for fiscal years 2000 through 2004.

Title II of S. 2432 provides for increased coordination of Federal efforts related to assistive technology and universal design, and authorizes funding for multiple grant programs from fiscal years 1999 through 2004. Title II strengthens the mandate of the Interagency Committee on Disability Research (ICDR) to include assistive technology and universal design research, and authorizes funding the joint research projects by ICDR members. Title II also provides for increased cooperation between the National Institute on Disability and Rehabilitation Research (NIDRR), which oversees the State Tech Projects, and the Federal Laboratories Consortium.

Title II of the bill also authorizes increased funding for Small Business Innovative Research grants (an existing program under the Small Business Act) related to assistive technology and funding to commercial or other organizations for research and development related to how to incorporate the principles of universal design into the design of products and buildings so they can be used without alteration by all people. This title also authorizes funding for grants or other mechanisms to address the unique assistive technology needs of urban and rural areas, of children and the elderly, and to improve training of rehabilitation engineers and technicians.

Finally, title II of S. 2432 authorizes funding for the President's Commission on the Employment of People with Disabilities to work with the private sector to promote the development of accessible information technologies.

The authorization of appropriations for title II is $15 million for fiscal year 1999, and such sums for fiscal years 2000 through 2004.

Title II of the bill provides for alternative financing mechanisms for people with disabilities to purchase assistive technology devices and services from fiscal years 1999 through 2004. These funds are to be used to establish specified types of loan programs for individuals with disabilities, and not to be used simply to purchase assistive technology for individuals with disabilities. The authorization of appropriations for title III of S. 2432 is $25 million for fiscal year 1999, and such sums for fiscal years 2000 through 2004.

We would not have been successful in passing S. 2432 without the technical assistance and cooperation from the U.S. Department of Education, the state Tech Projects, particularly, Lynne Cleveland, Director of the Vermont state Tech Project, the National Association of Protection and Advocacy Systems, and the Technology Task Force of the Consortium for Individuals with Disabilities, especially Jennifer Dexter, Jim Gelecka, Glen Sutcliffe, Sally Rhodes, and Ellin Nolan. I would also like to recognize the efforts of Senate staff, Lloyd Horwich with Senator HARKIN, Dreama Towe with Senator BOND, and Pat Morrissey, Heidi Mohlman, and Carolyn Dupree of my staff.

In addition to being supported by the disability community, S. 2432 has been endorsed by the Administration and the Chamber of Commerce and supported by the Administration. Moreover, the National Governors Association, and individual governors have urged the passage of assistive technology legislation this year.

Everyone has worked especially hard to help us meet our ambitious, compressed time table. Along the way, every Senate office now has a better understanding and appreciation of assistive technology—what it means to an individual with a disability who has it and what it means to an individual with a disability who needs it, but can't get it.

Technology has become commonplace and thus, is often taken for granted. Yet, the power of technology is, in many ways, our last frontier. As we push technology to do more for us, S. 2432 offers us the tools to ensure that individuals with disabilities also benefit.

I appreciate the support of my colleagues in passing S. 2432.●

EUGENE L. MCCABE

● Mr. MOYNIHAN. Mr. President, many years ago Eugene L. McCabe came to Washington seeking financial support for his new North General Hospital in Harlem. By then people living in Harlem, like many in our cities, suffered from hospital cutbacks and closings. They were in desperate need of affordable and reliable medical care. The AIDS and crack epidemics overburdened what few local facilities there were. But where others saw despair, Eugene saw hope and opportunity. He founded North General as a community hospital specializing in the treatment

of diabetes, cancer, and hypertension—common afflictions in urban areas. Still, North General did not become overnight what Kenneth Raske, president of the Greater New York Hospital Association, called a wonderful hospital. It took Eugene's dedication, vision, and compassion to see it through. When told his hospital would fail because there was no money to be made, he worked harder. The hospital became his life's passion. He appealed to banks, businesses, and political leaders for support. And he made good on his promise. North General became a thriving hospital that has never lost touch with its community. It remains the only minority-run hospital in New York State. Located at 121st Street and Madison Avenue, North General Hospital stands as a memorial to Eugene McCabe and his dedication to improving the lives of others.

With his passing much will be said of him. Those who worked with him remember a leader—self-assured and inspiring—who, despite popular motivations and trends, compelled himself and others to make affordable and quality health care a reality for many who might otherwise have gone without it. Those who loved him remember his smile, his helpfulness, and his gracious presence. Eugene McCabe's life was a blessing and we are grateful to have been touched by it.

I ask that the obituary from The New York Times be printed in the RECORD.

The obituary follows:

[From the New York Times, Oct. 1, 1998]

EUGENE L. MCCABE, 61, FOUNDER OF HARLEM COMMUNITY HOSPITAL

(By Barbara Stewart)

Eugene L. McCabe, a management consultant who founded and was president of North General Hospital, a thriving, minority-operated community hospital in Harlem, died there yesterday. He was 61.

The cause was breast cancer, his family said.

''He was indefatigable in putting it together,'' said Mario M. Cuomo, who, as Governor, approved many of the grants and loans to build North General. ''His strength was his will and his total commitment.''

North General, a 200-bed hospital on 121st Street and Madison Avenue, is the only minority-operated hospital in the state. Most of its trustees are black. The hospital specializes in treatment for diabetes, cancer and hypertension, which occur widely among low-income blacks. It recently built 300 units of condominium housing for low- and middle-income residents of Harlem.

''It is a wonderful hospital,'' said Kenneth Raske, president of the Greater New York Hospital Association. ''And Gene did it through sheer dogged persistence and sharp business acumen.''

When another specialized hospital moved out of Harlem in the late 1970's, Mr. McCabe, along with Randolph Guggenheimer, a lawyer, developed the idea for North General: a community hospital to serve the impoverished, medically deprived area.

''It became his passion, his life work,'' said Livingston S. Francis, chairman of the board of North General.

Mr. Cuomo, who described the hospital's creation as ''a miracle,'' said it took all of Mr. McCabe's persuasive powers to talk him and others into approving the necessary loans. At the time, many small community hospitals, overwhelmed with the unexpected demands of AIDS patients and crack addicts, were being closed. ''It didn't make financial sense,'' Mr. Cuomo said. ''But he made a case for that hospital. He was always entreating. He was never offensively pushy, but he was insistent.''

As a result of Mr. McCabe's entreaties in Albany, Washington and New York City, the state appropriated $150 million to build the hospital. From the start, it was rooted in the community. At one early point, the union asked the hospital workers to continue working despite a missed pay period, Mrs. Guggenheimer said. With the help of banks, local businesses and politicians, it pulled through several financial crises.

As president of the new hospital, Mr. McCabe drew on the resources of the staff in unexpected ways, Mr. Francis said. Nurses helped choose color schemes, and engineers installed lighting and laid floors—tasks that would ordinarily be done by outside workers. The process was repeated seven years ago, when North General moved into its current facility, a modern brick building on 121st Street and Madison Avenue, with a bright interior decorated with art selected by staff members.

''The hospital,'' Mr. Cuomo said, ''was his.''

Mr. McCabe, who grew up in New Haven, graduated from Southern Connecticut State University.

He is survived by this wife, the former Elsie Crum, who is the president of the Museum for African Art in SoHo; their 1-year-old twins, Eugene and Erin, and a son, Kevin, from a previous marriage.●

GOVERNOR RACICOT ON COMMUNITY SERVICE

● Mr. BURNS. Mr. President, Governor Marc Racicot of my home State of Montana recently wrote an op-ed on community service which appeared in the Washington Times and The Hill newspapers. For the benefit of those who haven't seen it, I ask to have the op-ed inserted into the CONGRESSIONAL RECORD.

[From The Washington, Times, Aug. 31, 1998]

COMMUNITY SERVICE THAT WORKS

(By Marc Racicot)

Governors meet together and routinely stake out areas of broad bipartisan agreement that transcend the partisan struggles that have become synonymous with election-year politics. One issue that enjoys strong support from governors of both parties is national and community service. The support for service is based on a simple conviction that I share with many other governors: that every generation of young people needs to accept responsibility for its country and its community.

As a first-term Republican governor in January, 1993, I asked, and our legislature approved, a proposal to create a Governor's Office of Community Service intended to enhance the ethic of service and elevate the importance of ''community,'' particularly among our young people. Meaningful service, we believed, would nurture productive young citizens committed to the future of our state because they had invested their sweat and labor in that future. Here in Montana, we sought to encourage service as a life-long ''habit of the heart.''

When the National Community Service Act of 1993 was passed, Montana was in an ideal position to move forward with the opportunity offered through AmeriCorps. The Office of Community Service's mission and the mission of AmeriCorps was one and the same: to develop opportunities for young people to provide meaningful, direct and demonstrable service to their communities. It was our hope that AmeriCorps would help us to build unique partnerships with public and private agencies by engaging young people in productive and meaningful service to their communities. These partnerships would serve as clear examples of how we could work together in Montana to improve how we, as fellow citizens, respond to pressing needs.

Now in its fourth year, AmeriCorps offers a creative, effective, and non-bureaucratic means of addressing the unmet education, human, public safety and environmental needs of our state— and our country. Indeed, AmeriCorps has become a model of devolution, where real authority and ownership for a federal initiative is delegated to the states. Through governor-appointed bipartisan state commissions, priorities are established and projects are selected to receive AmeriCorps funding.

The results are impressive. Last year alone, our locally-run AmeriCorps programs generated nearly $1,000 hours of service to Montana communities. Their service directly benefits 50,000 children and families in Montana, and indirectly almost one-third of our state population. Nationally, similar results abound. This year, some 40,000 AmeriCorps members will get things done for more than 1,200 communities across the country.

When AmeriCorps was created, some feared it might replay the worst of the welfare state—an entrenched, expensive, Washington run program. Many feared, even more, that it would undermine traditional volunteers with yet another federal program. I can say from experience that the fears were misplaced. As a governor who tries very hard to be careful with tax dollars, I have witnessed time and again the fruits of this prudent investment in Montana.

Now, after more than five years, we have seen a tremendous rekindling of a sense of public service and civic duty, in many ways, through the programs and opportunities generated through the National Community Service Act. I am convinced national and community service promotes core values—hard work, self-discipline, civic duty, personal responsibility, the cherishing of human life—that we too often sadly find lacking. If the era of big government is finally over, certainly the era of big citizenship must begin.

I have joined twelve of my fellow governors in urging not only continued federal funding of AmeriCorps, but also reauthorization of the Act, increasing the partnership with states and the authority of directing these programs at the state level. We join with our peers from the New England Governors' Conference in urging Congress to support reauthorizing the National Community Service Amendments Act, in order to improve the laws's current language. As their resolution notes, we support the bill's ''devolution provisions that add authority and flexibility to states . . . [to] provide Governor-appointed state commissions more control over program selection.''

Community service is a vital element in the chemistry of our existence as a society, renewing our sense of community and civic initiative. It is the glue that bonds free peoples together. We in Montana have seen how vitally important this is, recently having completed our state Governors' Summit on Youth, and witnessing the real necessity of promoting opportunities for young people to give back to others. Through community service they learn what it's like to belong to

something good and solid and decent. AmeriCorps helps provide that opportunity and truly puts the states in the driver's seat, which translates into meaningful ownership, and impact, at the state and local level.●

ONE GUN A MONTH FORUM

● Mr. LAUTENBERG. Mr. President, on September 2, I convened a forum on gun trafficking. Across America, it is simply too easy for criminals, particularly gangs, to purchase and distribute large numbers of guns. And more guns in the wrong hands means more murder and mayhem on our streets.

Because we must move more aggressively to stop this deadly crime, I introduced S. 466, the Anti-Gun Trafficking Act. The testimony I heard at the forum has made me even more determined to pass this sensible legislation and help stop gun traffickers.

In order to share the insights of the witnesses at the forum with my colleagues and the public, I am submitting the testimony presented for inclusion in the CONGRESSIONAL RECORD. Previously, I submitted the testimony of Mayor Edward Rendell, James and Sarah Brady from the Center to Prevent Handgun Violence and Handgun Control, and John Schuler, Kenisha Green and Quanita Favorite, three young people from the D.C. area.

Today, I would like to submit a statement from Captain R. Lewis Vass, Commander of the Criminal Justice Information Services Division of the Virginia Department of State Police. His testimony bears witness to the success of Virginia's one-gun-in-thirty-day law which was enacted in 1993. Since 1993, the number of crime guns traced back to Virginia from the Northeast dropped by nearly 40 percent. Prior to one-gun-a-month, Virginia had been among the leading suppliers of weapons to the so-called ''Iron Pipeline'' that fed the arms race on the streets of Northeastern cities.

Mr. President, I ask that the testimony of Captain R. Lewis Vass be printed in the RECORD.

The testimony follows:

TESTIMONY OF CAPTAIN R. LEWIS VASS, SEPTEMBER 2, 1998

Senator Lautenberg, I am Captain Lewis Vass, Commander of the Criminal Justice Information Services (CJIS) Division of the Virginia Department of State Police. I have been a sworn police officer with the Virginia State Police for the past 32 years. Since the enactment and implementation of Virginia's instant check firearms purchase approval program in 1989, I have been responsible for the administration and operation of the Firearms Transaction Center. One of the functions of the center is the tracking of multiple handgun sales and issuance of multiple handgun purchase certificates approving or denying the application to purchase more than one handgun within a thirty-day period.

I appear here today to speak with regard to Virginia's one-gun-in thirty-day law and the impact the law has had on gun trafficking in Virginia.

Prior to the enactment of Virginia's one handgun in thirty day law, Virginia was described as one of the major source states for illegal handguns being seized on the east coast. Information provided by the Bureau of Alcohol, Tobacco and Firearms regarding firearms seized from March to August of 1991 ranked Virginia as follows: New York Project Lead—(108 Firearms), Ranked Number One; District of Columbia Project Lead)—(244 Firearms), Ranked Number One; Boston Project Lead)—(14 Firearms) Ranked Number Three; Total Firearms—366 Firearms.

In 1989, the Virginia General Assembly enacted legislation which created Virginia's instant background system to address the flow of firearms going to prohibited persons. This system, even though it prevents prohibited persons from purchasing firearms from federally licensed firearms dealers, does not eliminate the flow of Virginia handguns being seized in other states. The Virginia General Assembly studied this issue and amended the law to reduce the flow of Virginia handguns to other states. The law was revised in 1993, to limit the number of handguns to one that a person could purchased during any thirty day period. The law went into effect on July 1, 1993, to address the growing problem of handguns being purchased from Virginia's firearms dealers and being seized by law enforcement authorities in other states namely New York, New Jersey, Massachusetts and the District of Columbia. Another issue that was addressed by enactment of this legislation was the influx of narcotics into Virginia as payment for the firearms being sold in other states. Even when cash was used to purchase the firearms from the trafficker, the trafficker in turn purchased narcotics for sale on Virginia's streets.

An example of illegal gun trafficking from Virginia to states in the north eastern corridor involved a gun shop located directly across the street from the Virginia State Police headquarters. This was a mom-and-pop gun shop favored by gun runners because of the ease in which firearms could be obtained. During an investigation into illegal gun trafficking, it was found that gun purchasers from New York would come to Virginia and solicit the help of either street people or college students possessing a valid Virginia drivers license to purchase firearms for them for a small fee. These ''straw purchasers'' would go into the gun shop and purchase a box of guns, a box contains ten handguns. The firearms would be turned over to the gun trafficker in the parking lot of the store. Videos captured by ATF agents during the investigation revealed that these types of illegal transactions were conducted numerous times a day almost every day of the week that the store was open.

During February 1992, the owner of the gunshop cut to five the maximum number of firearms transferred per purchase to five at the conclusion of a case in which a trafficking group moved 240 firearms from Virginia to New York, 85 percent or approximately 204 of them from this gun shop.

The investigation concluded with the arrest of the store owners and closing of the firearms outlet.

A Project Lead report released by ATF in 1992 reporting the results of firearms traced to New York from January 1, 1992 through June 16, 1992 revealed that for 501 of 805 firearms traces received the leading source states were as follows: 1. Virginia—108 firearms, 20%; 2. Florida—92 firearms, 18%; 3. Texas—39 firearms, 8%; 4. Connecticut—37 firearms, 7%; 5. Ohio—34 firearms, 7%.

A 1997 trace report released by ATF shows that the percentage of firearms from Virginia seized in New York has dropped to 12.5 percent as compared to 20 percent in 1992. While Virginia remains the leading source state for firearms seized in Washington, D.C., the percentage of firearms recovered in D.C. has dropped from 35.1 percent in 1991 to 26.8 percent in 1997. Additionally, Virginia has dropped from the number two source state in 1990 to number eight in 1997 for guns seized in Boston.

The law was designed to stop the flow of handguns being purchased for illegal purposes and transported out of state, but not to impede the law-abiding citizens from purchasing more than one handgun in thirty days. The statute was designed with provisions for the purchase of multiple handguns for collections by collectors, business use, personal use and estate sales. An individual desiring to purchase more than one handgun in thirty days is required to complete a multiple handgun purchase application. The application is submitted to the State Police and processed by the Firearms Transaction Center (FTC). The FTC conducts an enhanced background check on the applicant. If the applicant is approved, he/she is issued a multiple handgun purchase certificate which permits him to purchase the number and type of handguns requested in the application. The FTC has issued 2,245 multiple handgun purchase certificates from July 1, 1993 to July 30, 1998 while denying 164 applications because the applicant did not meet the multiple purchase requirements or had already exceeded the limit for the thirty-day period.

The one handgun in thirty days was studied by the Virginia Crime Commission in 1995; copy attached. The results of that study concluded that most gun control policies currently being advocated in the United States (e.g., licensing, registration, and one-gun-a-month) could, most fairly, be described as efforts to limit the supply of guns available in the illegal market. In other words, these are policies crafted to keep guns from prescribed individuals. Once enacted; however, it is important to demonstrate that they are effective. This study, which is attached, looks at the impact of Virginia's one-gun-a-month law, provides persuasive evidence that a prohibition on the acquisition of more than one handgun per month by an individual is an effective means of disrupting the illegal interstate transfer of firearms.

As a follow-up to this previous study, the Bureau of Alcohol, Tobacco and Firearms provided this Department with information on firearms seized on the east coast regarding Virginia firearms. The information revealed that of the firearms seized in 1997, 184 originated from Virginia. Of that number, 87 of these firearms were obtained after the law was enacted in July 1993. This demonstrates a significant reduction from 366 firearms for six months in 1991 to 87 firearms in 12 months of 1997.

We believe that Virginia's one handgun in thirty day law has had its intended effect of reducing Virginia's status as a source state for gun trafficking. At the same time, the law does not appear to create an onerous burden for the law-abiding gun purchaser who apply for and are granted multiple handgun purchase certificates. Even though there is not conclusive evidence that the one-gun-in-thirty-days reduced the number of violent criminal offenses occurring with firearms, the number of Murders, Robberies and Aggravated Assaults occurring with the use of a firearm has significantly dropped since 1993 the year the one-gun-in-thirty-days was enacted.●

DOUGLAS FONTAINE

● Mr. COCHRAN. Mr. President, I am very pleased to learn that the Mississippi Hotel and Motel Association

will honor my good friend, Douglas Fontaine, on October 23, 1998, by establishing a scholarship in his name. The scholarship will provide education assistance to future entrepreneurs in the hospitality industry.

Doug literally grew up in the hotel business watching both his parents and grandparents manage the historic ''Allison's Wells Spa'' in Way, MS. After returning from a tour of duty in Germany where he managed a R & R hotel, he took his turn managing Allison's Wells. Doug eventually moved to Pascagoula, MS, where he has owned and operated the La Font Inn for over 35 years.

As the only Mississippian to have been President and Chairman of the Board of the American Hotel and Motel Association, his program, ''Quest for Quality'' has been his lasting legacy for hotels around the United States, Europe and the Caribbean.

Doug has been President of such organizations as the Jackson County Heart Fund, Rotary Club, the Pas-Point Navy League, United Way of Jackson County, the Mississippi Hotel and Motel Association, the Gulf Coast Hotel and Motel Association, the Gulf Coast Economic Development Council, the Jackson County Economic Development Council, and the Jackson County Chamber of Commerce.

Doug was also on the committee that worked to bring Naval Station Pascagoula to Mississippi, and he has chaired the committee to ''Save the Homeport'' for many years.

Currently, Doug serves as a lifetime Director of the American Hotel and Motel Association and as a member of the National Restaurant Association. He also serves on the Board of Director's of the Hancock Bank, a position he has held for over 27 years.

We are very proud of the leadership and example of Doug Fontaine. Our Nation is strong because of people like him. I congratulate him, his wife Lou, and the Mississippi Hotel and Motel Association for making this tribute a lasting legacy that will offer opportunities to younger members of this industry.●

THE REMARKABLE NEW YORK YANKEES

● Mr. MOYNIHAN. Mr. President, I rise today to add my voice to the growing chorus of people proclaiming, ''Thank God for baseball!'' In this otherwise tumultuous year, the national pastime is back. Mark McGwire and Sammy Sosa broke Ruthian *(and Marisian!)* records, Cal Ripken voluntarily ended his heroic streak of 2,632 consecutive games played (a record which may never be broken) and, most importantly, the New York Yankees and the incomparable Joe Torre are back on top. Well done!

While New Yorkers have grown accustomed to the success of the Bronx Bombers, 1998 is truly a departure from anything we've witnessed of late. The numbers astound. Their 114 regular season victories are the most in baseball since the 1906 Chicago Cubs. Bernie Williams took the batting title, and on May 17 David Wells hurled the first perfect game by a Yankee pitcher since Don Larsen's masterpiece in game five of the 1956 World Series. (I was an aide to Governor Harriman at the time.) On Friday night, after a three-hour rain delay, the Yankees swept the prodigiously talented Texas Rangers 3–0 in their first-round American League playoff series.

Sadly, the season is not without its concerns. Darryl Strawberry, the embattled talent who so bravely and admirably turned his life and career around these past few years, was diagnosed last week with colon cancer. The Yankees outfielder/designated hitter underwent surgery Saturday and the prognosis of a full recovery is excellent. Our prayers are with him.

Tonight, in the Bronx, the Yankees will host the Cleveland Indians in the first game of the American League Championship Series, the winner to face the Atlanta Braves or San Diego Padres in the World Series. No doubt Darryl Strawberry will be in the hearts and minds of the entire team and city, as the Yankees continue their most remarkable season. Just two years ago, the Yankees won the World Series, and I was honored to ride in a motorcade down Broadway with Joe DiMaggio, the original Yankee Clipper. In all likelihood another parade is in the offing.●

RECOGNIZING THE ACCOMPLISHMENTS OF INSPECTORS GENERAL

● Mr. THOMPSON. Mr. President, I applaud the Senate's action in passing a joint resolution, S. J. Res. 58, recognizing the accomplishments of Inspectors General during the last 20 years.

Inspectors General came into being in 1978, when with the leadership of the Senate Governmental Affairs Committee, Congress passed the act creating these vital positions. The initial legislation was modified and expanded in 1988, and today there are IGs at nearly 60 Federal departments, agencies, and other entities. IGs are a unique institution. By design, they are independent voices that owe duties to both Congress and their agency heads. Their job, which is not easy, is to identify and report on waste, fraud, and abuse, and other problems in Federal Government and then recommend solutions.

IGs have served the taxpayers of this country well. Every year, they make recommendations totaling billions of dollars on how our government should spend money more wisely. They return hundreds of millions of dollars to the Federal treasury annually through investigative recoveries. And they help protect the integrity of Federal Government operations by successfully prosecuting thousands of criminal cases and suspending or disbarring thousands of individuals and entities who have taken advantage of the government.

Naturally, IGs are not always popular at their agencies. No official likes to hear that a policy proposal is going to cost too much money or that a favored program suffers from waste, fraud, or abuse. But delivering news about problems, while sometimes unpopular or unwelcome by an agency, is vital to responsive and wise government management.

Thus, we did well to pass this resolution recognizing the achievements of the IGs and thanking them for their services. The Governmental Affairs Committee looks forward to working with the IGs in the future, including considering possible improvements to the IG act to ensure that they are afforded the necessary independence and authority.●

COMMEMORATION OF THE BICENTENNIAL OF THE LIBRARY OF CONGRESS

Ms. SNOWE. Mr. President, I ask unanimous consent the Banking Committee be discharged in further consideration of H.R. 3790, and further that the Senate proceed to its immediate consideration.

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

The bill clerk read as follows:

A bill (H.R. 3790) to require the Secretary of the Treasury to mint coins in commemoration of the Bicentennial of the Library of Congress.

There being no objection, the Senate proceeded to consider the bill.

Ms. SNOWE. I ask unanimous consent that the bill be deemed 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. 3790) was deemed read a third time and passed.

CONSUMER REPORTING EMPLOYMENT CLARIFICATION ACT OF 1998

Ms. SNOWE. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of S. 2561 introduced earlier today by Senators NICKLES and BRYAN.

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

The bill clerk read as follows:

A bill (S. 2561) to amend the Fair Credit Reporting Act with respect to furnishing and using consumer reports for employment purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. NICKLES. Mr. President, Senator BRYAN and I have been working for nearly a year to address concerns within the motor carrier industry with

respect to the Fair Credit Reporting Act. I would like to thank Senator BYRAN for his leadership on this important legislation. We have been working to ensure all involved parties are in agreement with the changes to the Fair Credit Reporting Act in this bill.

The Consumer Credit Reporting Reform Act of 1996, which passed as part of the Omnibus Conciliation Appropriations Act of 1997, contained reforms to the Fair Credit Reporting Act which are in conflict with the reality of how the motor carrier industry hires safe, responsible drivers.

We have reached an agreement with consumer groups, including U.S. PIRG, the chairman and ranking member of the Banking Committee, the Federal Trade Commission, and the credit industry which will not reduce consumer protections but will ensure a fair process for the regulated community. I would like to thank everyone for their help throughout this process on this important legislation.

This legislation will more appropriately address the manner in which the trucking industry hires safe, responsible drivers. If an individual applies for employment by mail, telephone, or electronic means, the employer can notify the potential employee orally, in writing, or electronically, that a consumer report may be obtained for employment purposes. The applicant must then consent to the procurement of that report.

This legislation will also allow an employer within the trucking industry, if the potential employee has applied for employment by mail, telephone, or electronically, to take adverse action based on the report and then notify the consumer within three business days that adverse action has been taken.

In addition, this bill also includes a provision that will allow criminal convictions to be reported past 7 years. This information is critical to employers in the areas of child care, education, and household services.

And finally we have included technical amendments to the Fair Credit Reporting Act that, again, the Federal Trade Commission and the regulated community are in agreement with.

It is essential that this commonsense legislation pass the Senate this year and I encourage my colleagues to support this bill. I want to again thank everyone for their support on this issue and I thank my colleagues Senator SARBANES, Senator BRYAN, Senator MACK, and others on the Banking Committee for their leadership on the Fair Credit Reporting Act.

Ms. SNOWE. 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 (S. 2561) was considered read the third time and passed.

(The text of the bill will be printed in a future edition of the RECORD.)

MIGRATORY BIRD HUNTING AND CONSERVATION STAMPS

Ms. SNOWE. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 4248 which is at the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A bill (H.R. 4248) to authorize the use of receipts from the sale of the Migratory Bird Hunting and Conservation Stamp to promote additional stamp purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. CHAFEE. Mr. President, I am pleased to offer my support for the Migratory Bird Hunting and Conservation Stamp Promotion Act of 1998, or the Duck Stamp Act as it is more commonly known.

In 1934 President Roosevelt signed into law the Migratory Bird Hunting Stamp Act (Act). The Act required that all waterfowl hunters 16 years of age and over must annually purchase and carry a Federal Duck Stamp. The revenue generated from duck stamp sales is earmarked for the Migratory Bird Conservation Fund to buy or lease waterfowl sanctuaries. As a result, many of the nation's wildlife refuges have been purchased in whole or part with duck stamp funds.

Although the Duck Stamp program has been extremely successful, the Act does not provide funds to market and advertise duck stamps. This legislation authorizes the Secretary of the Interior to use up to $1 million a year in duck stamp receipts until 2003 for marketing purposes. To ensure that this program is a success the marketing plan has to be approved by the Migratory Bird Conservation Commission prior to implementation.

Duck stamp sales could increase substantially if funds were available to market the stamp, and I urge my colleagues in the Senate to support H.R. 4248.

Ms. SNOWE. Mr. President, I ask unanimous consent that the bill be considered 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. 4248) was considered read the third time and passed.

NATIONAL FISH AND WILDLIFE FOUNDATION ESTABLISHMENT ACT AMENDMENTS OF 1998

Ms. SNOWE. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 434, S. 2095.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A bill (S. 2059) to reauthorize and amend the National Fish and Wildlife Foundation Establishment Act.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Environment and Public Works, with amendments; as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

S. 2095

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 ''National Fish and Wildlife Foundation Establishment Act Amendments of 1998''.

SEC. 2. PURPOSES.

Section 2(b) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3701(b)) is amended by striking paragraph (1) and inserting the following:

''(1) to encourage, accept, and administer private gifts of property for the benefit of, or in connection with, the activities and services of the Department of the Interior or the Department of Commerce, particularly the United States Fish and Wildlife Service and the National Oceanic and Atmospheric Administration, to further the conservation and management of fish, wildlife, and plant resources;''.

SEC. 3. BOARD OF DIRECTORS OF THE FOUNDATION.

(a) ESTABLISHMENT AND MEMBERSHIP.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by striking subsection (a) and inserting the following:

''(a) ESTABLISHMENT AND MEMBERSHIP.—

''(1) IN GENERAL.—The Foundation shall have a governing Board of Directors (referred to in this Act as the 'Board'), which shall consist of 25 Directors appointed in accordance with subsection (b), each of whom shall be a United States citizen.

''(2) REPRESENTATION OF DIVERSE POINTS OF VIEW.—To the maximum extent practicable, the membership of the Board shall represent diverse points of view relating to conservation and management of fish, wildlife, and plants.

''(3) NOT FEDERAL EMPLOYEES.—Appointment as a Director of the Foundation shall not constitute employment by, or the holding of an office of, the United States for the purpose of any Federal law.''.

(b) APPOINTMENT AND TERMS.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by striking subsection (b) and inserting the following:

''(b) APPOINTMENT AND TERMS.—

''(1) AGENCY HEADS.—The Director of the United States Fish and Wildlife Service and the Under Secretary of Commerce for Oceans and Atmosphere shall be Directors of the Foundation.

''(2) APPOINTMENTS BY THE SECRETARY OF THE INTERIOR.—

''(A) IN GENERAL.—Subject to subparagraph (B), after consulting with the Secretary of Commerce and considering the recommendations submitted by the Board, the Secretary of the Interior shall appoint 23 Directors who meet the criteria established by subsection (a), of whom—

''(i) at least 6 shall be knowledgeable or experienced in fish and wildlife conservation;

''(ii) at least 4 shall be educated or experienced in the principles of fish and wildlife management; and

''(iii) at least 4 shall be knowledgeable or experienced in ocean and coastal resource conservation.

''(B) TRANSITION PROVISION.—

''(i) CONTINUATION OF TERMS.—The 15 Directors serving on the Board as of the date of

enactment of this paragraph shall continue to serve until the expiration of their terms.

''(ii) NEW DIRECTORS.—The Secretary of the Interior shall appoint 8 new Directors; to the maximum extent practicable those appointments shall be made not later than 45 calendar days after the date of enactment of this paragraph.

''(3) TERMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), each Director (other than a Director described in paragraph (1)) shall be appointed for a term of 6 years.

''(B) INITIAL APPOINTMENTS TO NEW MEMBER POSITIONS.—Of the Directors appointed by the Secretary of the Interior under paragraph (2)(B)(ii), the Secretary shall appoint—

''(i) 2 Directors for a term of 2 years;

''(ii) 3 Directors for a term of 4 years; and

''(iii) 3 Directors for a term of 6 years.

''(4) VACANCIES.—

''(A) IN GENERAL.—The Secretary of the Interior shall fill a vacancy on the Board; to the maximum extent practicable the vacancy shall be filled not later than 45 calendar days after the occurrence of the vacancy.

''(B) TERM OF APPOINTMENTS TO FILL UNEXPIRED TERMS.—An individual appointed to fill a vacancy that occurs before the expiration of the term of a Director shall be appointed for the remainder of the term.

''(5) REAPPOINTMENT.—An individual (other than an individual described in paragraph (1)) shall not serve more than 2 consecutive terms as a Director, excluding any term of less than 6 years.''.

(c) PROCEDURAL MATTERS.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by adding at the end the following:

''(h) PROCEDURAL MATTERS.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Foundation.''.

(d) TECHNICAL AMENDMENTS.—

(1) Section 4(c)(5) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(c)(5)) is amended by striking ''Directors of the Board'' and inserting ''Directors of the Foundation''.

(2) Section 6 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3705) is amended by striking ''Secretary'' and inserting ''Secretary of the Interior or the Secretary of Commerce''.

(3) Section 6 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3705) is amended by inserting ''or the Department of Commerce'' after ''Department of the Interior''.

SEC. 4. RIGHTS AND OBLIGATIONS OF THE FOUNDATION.

(a) PRINCIPAL OFFICE OF THE FOUNDATION.—Section 4(a)(3) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(a)(3)) is amended by inserting after ''the District of Columbia'' the following: ''or in a county in the State of Maryland or Virginia that borders on the District of Columbia''.

(b) INVESTMENT AND DEPOSIT OF FEDERAL FUNDS.—Section 4(c) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(c)) is amended—

(1) by redesignating paragraphs (3) through (7) as paragraphs ⟦(8)⟧ *(7)* through ⟦(12)⟧ *(11)*, respectively; and

(2) by inserting after paragraph (2) the following:

''(3) to invest any funds provided to the Foundation by the Federal Government in obligations of the United States or in obligations or securities that are guaranteed or insured by the United States;

''(4) to deposit any funds provided to the Foundation by the Federal Government into accounts that are insured by an agency or instrumentality of the United States;

''(5) to make use of any interest or investment income that accrues as a consequence of actions taken under paragraph (3) or (4) to carry out the purposes of the Foundation;

''(6) to use Federal funds to make payments under cooperative agreements entered into with willing private landowners to provide substantial long-term benefits for the restoration or enhancement of fish, wildlife, and plant resources on private land;''.

(c) AGENCY APPROVAL OF ACQUISITIONS OF PROPERTY.—Section 4(e)(1) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)(1)) is amended by striking subparagraph (B) and inserting the following:

''(B) the Foundation notifies the Federal agency that administers the program under which the funds were provided of the proposed acquisition, and the agency does not object in writing to the proposed acquisition within 45 calendar days after the date of the notification.''.

(d) REPEAL.—Section 304 of Public Law 102–440 (16 U.S.C. 3703 note) is repealed.

(e) AGENCY APPROVAL OF CONVEYANCES AND GRANTS.—Section 4(e)(3)(B) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)(3)(B)) is amended by striking clause (ii) and inserting the following:

''(ii) the Foundation notifies the Federal agency that administers the Federal program under which the funds were provided of the proposed conveyance or provision of Federal funds, and the agency does not object in writing to the proposed conveyance or provision of Federal funds within 45 calendar days after the date of the notification.''.

(f) RECONVEYANCE OF REAL PROPERTY.—Section 4(e) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)) is amended by striking paragraph (5) and inserting the following:

''(5) RECONVEYANCE OF REAL PROPERTY.—The Foundation shall convey at not less than fair market value any real property acquired by the Foundation in whole or in part with Federal funds if the Foundation notifies the Federal agency that administers the Federal program under which the funds were provided, and the agency does not disagree within 45 calendar days after the date of the notification, that—

''(A) the property is no longer valuable for the purpose of conservation or management of fish, wildlife, and plants; and

''(B) the purposes of the Foundation would be better served by use of the proceeds of the conveyance for other authorized activities of the Foundation.''.

(g) EXPENDITURES FOR PRINTING SERVICES OR CAPITAL EQUIPMENT.—Section 4 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703) is amended by adding at the end the following:

''(f) EXPENDITURES FOR PRINTING SERVICES OR CAPITAL EQUIPMENT.—The Foundation shall not make any expenditure of Federal funds in connection with any 1 transaction for printing services or capital equipment that is greater than $10,000 unless the expenditure is approved by the Federal agency that administers the Federal program under which the funds were provided.''.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

Section 10 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3709) is amended by striking subsections (a), (b), and (c) and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this Act for each of fiscal years 1999 through 2003—

''(A) $30,000,000 to the Department of the Interior; and

''(B) $5,000,000 to the Department of Commerce.

''(2) REQUIREMENT OF ADVANCE PAYMENT.—The amount made available for a fiscal year under paragraph (1) shall be provided to the Foundation in an advance payment of the entire amount on October 1, or as soon as practicable thereafter, of the fiscal year.

''(b) ADDITIONAL AUTHORIZATION.—In addition to the amounts authorized to be appropriated under subsection (a), the Foundation may accept Federal funds from a Federal agency under any other Federal law for use by the Foundation to further the conservation and management of fish, wildlife, and plant resources in accordance with the requirements of this Act.

''(c) USE OF FEDERAL FUNDS.—

''(1) IN GENERAL.—Subject to paragraphs (2) and (3), Federal funds provided to the Foundation under this section shall be used by the Foundation for matching, in whole or in part, contributions (whether in currency, services, or property) made to the Foundation by private persons and State and local government agencies.

''(2) PROHIBITION ON USE FOR ADMINISTRATIVE EXPENSES.—No Federal funds provided to the Foundation under this section shall be used by the Foundation to pay for administrative expenses of the Foundation, including for salaries, travel and transportation expenses, and other overhead expenses.

''(3) REQUIREMENT OF NON-FEDERAL MATCH.—No Federal funds provided to the Foundation under this section shall be used by the Foundation to carry out a cooperative agreement under section 4(c)(6) unless the funds are matched on at least a 1-for-1 basis by non-Federal contributions to the ⟦Foundation.''.⟧ *Foundation.*

''(4) LIMITATION ON USE OF FUNDS.—No Federal funds appropriated under the authority granted by this Act shall be used to support lobbying or litigation by any recipient of a Foundation grant.''.

AMENDMENT NO. 3749

(Purpose: To provide a complete substitute)

Ms. SNOWE. Mr. President, Senator CHAFEE has a substitute amendment at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Maine [Ms. SNOWE], for Mr. CHAFEE, proposes an amendment numbered 3749.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. CHAFEE. Mr. President, I am pleased to offer my support today for S. 2095, legislation to reauthorize the National Fish and Wildlife Foundation Establishment Act of 1984. This legislation makes important changes in the Foundation's charter, changes that I believe will allow the Foundation to build on its fine record of providing funding for conservation of our nation's fish, wildlife and plant resources.

The National Fish and Wildlife Foundation was established in 1984, to bring together diverse groups to engage in conservation projects across America and, in some cases, around the world. Since its inception, the Foundation has made more than 2,300 grants totaling over $270 million. This is an impressive record of accomplishment. The Foundation has pioneered some notable conservation programs, including implementing the North American Waterfowl Management plan, Partners in

Flight for neotropical birds, Bring Back the Natives Program, the Exxon Save the Tiger Fund, and the establishment of the Conservation Plan for Sterling Forest in New York and New Jersey, to name just a few.

Mr. President, the Foundation has funded these programs by raising private funds to match federal appropriations on at least a 2 to 1 basis. During this time of fiscal constraint this is an impressive record of leveraging federal dollars. Moreover, all of the Foundation's operating costs are raised privately, which means that federal and private dollars given for conservation is spent only on conservation projects.

Mr. President, this legislation is quite simple. It makes three key changes to current law. First, the bill would expand the Foundation's governing Board of Directors from 15 members to 25 members. This will allow a greater number of those with a strong interest in conservation to actively participate in, and contribute to, the Foundation's activities.

The bill's second key feature authorizes the Foundation to work with other agencies within the Department of the Interior and the Department of Commerce, in addition to the Fish and Wildlife Service and the National Oceanic and Atmospheric Administration. Mr. President, it is my view that the Foundation should continue to provide valuable assistance to government agencies within the Departments of the Interior and Commerce that may be faced with conservation issues. Finally, it would reauthorize appropriations to the Department of the Interior and the Department of Commerce through 2003.

Mr. President, I believe that this legislation will produce real conservation benefits, and I strongly urge my colleagues to give the bill their support.

Ms. SNOWE. Mr. President, I ask unanimous consent that the substitute be agreed to, the bill be considered 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 amendment (No. 3749) was agreed to.

The bill (S. 2095), as amended, was considered read a third time and passed, as follows.

S. 2095

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 ''National Fish and Wildlife Foundation Establishment Act Amendments of 1998''.

SEC. 2. PURPOSES.

Section 2(b) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3701(b)) is amended by striking paragraph (1) and inserting the following:

''(1) to encourage, accept, and administer private gifts of property for the benefit of, or in connection with, the activities and services of the Department of the Interior or the Department of Commerce, particularly the United States Fish and Wildlife Service and the National Oceanic and Atmospheric Administration, to further the conservation and management of fish, wildlife, and plant resources;''.

SEC. 3. BOARD OF DIRECTORS OF THE FOUNDATION.

(a) ESTABLISHMENT AND MEMBERSHIP.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by striking subsection (a) and inserting the following:

''(a) ESTABLISHMENT AND MEMBERSHIP.—

''(1) IN GENERAL.—The Foundation shall have a governing Board of Directors (referred to in this Act as the 'Board'), which shall consist of 25 Directors appointed in accordance with subsection (b), each of whom shall be a United States citizen.

''(2) REPRESENTATION OF DIVERSE POINTS OF VIEW.—To the maximum extent practicable, the membership of the Board shall represent diverse points of view relating to conservation and management of fish, wildlife, and plants.

''(3) NOT FEDERAL EMPLOYEES.—Appointment as a Director of the Foundation shall not constitute employment by, or the holding of an office of, the United States for the purpose of any Federal law.''.

(b) APPOINTMENT AND TERMS.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by striking subsection (b) and inserting the following:

''(b) APPOINTMENT AND TERMS.—

''(1) AGENCY HEADS.—The Director of the United States Fish and Wildlife Service and the Under Secretary of Commerce for Oceans and Atmosphere shall be Directors of the Foundation.

''(2) APPOINTMENTS BY THE SECRETARY OF THE INTERIOR.—

''(A) IN GENERAL.—Subject to subparagraph (B), after consulting with the Secretary of Commerce and considering the recommendations submitted by the Board, the Secretary of the Interior shall appoint 23 Directors who meet the criteria established by subsection (a), of whom—

''(i) at least 6 shall be knowledgeable or experienced in fish and wildlife conservation;

''(ii) at least 4 shall be educated or experienced in the principles of fish and wildlife management; and

''(iii) at least 4 shall be knowledgeable or experienced in ocean and coastal resource conservation.

''(B) TRANSITION PROVISION.—

''(i) CONTINUATION OF TERMS.—The 15 Directors serving on the Board as of the date of enactment of this paragraph shall continue to serve until the expiration of their terms.

''(ii) NEW DIRECTORS.—The Secretary of the Interior shall appoint 8 new Directors; to the maximum extent practicable those appointments shall be made not later than 45 calendar days after the date of enactment of this paragraph.

''(3) TERMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), each Director (other than a Director described in paragraph (1)) shall be appointed for a term of 6 years.

''(B) INITIAL APPOINTMENTS TO NEW MEMBER POSITIONS.—Of the Directors appointed by the Secretary of the Interior under paragraph (2)(B)(ii), the Secretary shall appoint—

''(i) 2 Directors for a term of 2 years;

''(ii) 3 Directors for a term of 4 years; and

''(iii) 3 Directors for a term of 6 years.

''(4) VACANCIES.—

''(A) IN GENERAL.—The Secretary of the Interior shall fill a vacancy on the Board; to the maximum extent practicable the vacancy shall be filled not later than 45 calendar days after the occurrence of the vacancy.

''(B) TERM OF APPOINTMENTS TO FILL UNEXPIRED TERMS.—An individual appointed to fill a vacancy that occurs before the expiration of the term of a Director shall be appointed for the remainder of the term.

''(5) REAPPOINTMENT.—An individual (other than an individual described in paragraph (1)) shall not serve more than 2 consecutive terms as a Director, excluding any term of less than 6 years.''.

(c) PROCEDURAL MATTERS.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by adding at the end the following:

''(h) PROCEDURAL MATTERS.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Foundation.''.

(d) TECHNICAL AMENDMENTS.—

(1) Section 4(c)(5) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(c)(5)) is amended by striking ''Directors of the Board'' and inserting ''Directors of the Foundation''.

(2) Section 6 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3705) is amended by striking ''Secretary'' and inserting ''Secretary of the Interior or the Secretary of Commerce''.

(3) Section 6 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3705) is amended by inserting ''or the Department of Commerce'' after ''Department of the Interior''.

SEC. 4. RIGHTS AND OBLIGATIONS OF THE FOUNDATION.

(a) PRINCIPAL OFFICE OF THE FOUNDATION.—Section 4(a)(3) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(a)(3)) is amended by inserting after ''the District of Columbia'' the following: ''or in a county in the State of Maryland or Virginia that borders on the District of Columbia''.

(b) INVESTMENT AND DEPOSIT OF FEDERAL FUNDS.—Section 4(c) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(c)) is amended—

(1) by redesignating paragraphs (3) through (7) as paragraphs (7) through (11), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) to invest any funds provided to the Foundation by the Federal Government in obligations of the United States or in obligations or securities that are guaranteed or insured by the United States;

''(4) to deposit any funds provided to the Foundation by the Federal Government into accounts that are insured by an agency or instrumentality of the United States;

''(5) to make use of any interest or investment income that accrues as a consequence of actions taken under paragraph (3) or (4) to carry out the purposes of the Foundation;

''(6) to use Federal funds to make payments under cooperative agreements entered into with willing private landowners to provide substantial long-term benefits for the restoration or enhancement of fish, wildlife, and plant resources on private land;''.

(c) AGENCY APPROVAL OF ACQUISITIONS OF PROPERTY.—Section 4(e)(1) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)(1)) is amended by striking subparagraph (B) and inserting the following:

''(B) the Foundation notifies the Federal agency that administers the program under which the funds were provided of the proposed acquisition, and the agency does not object in writing to the proposed acquisition within 45 calendar days after the date of the notification.''.

(d) REPEAL.—Section 304 of Public Law 102–440 (16 U.S.C. 3703 note) is repealed.

(e) AGENCY APPROVAL OF CONVEYANCES AND GRANTS.—Section 4(e)(3)(B) of the National Fish and Wildlife Foundation Establishment

Act (16 U.S.C. 3703(e)(3)(B)) is amended by striking clause (ii) and inserting the following:

''(ii) the Foundation notifies the Federal agency that administers the Federal program under which the funds were provided of the proposed conveyance or provision of Federal funds, and the agency does not object in writing to the proposed conveyance or provision of Federal funds within 45 calendar days after the date of the notification.''.

(f) RECONVEYANCE OF REAL PROPERTY.—Section 4(e) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)) is amended by striking paragraph (5) and inserting the following:

''(5) RECONVEYANCE OF REAL PROPERTY.—The Foundation shall convey at not less than fair market value any real property acquired by the Foundation in whole or in part with Federal funds if the Foundation notifies the Federal agency that administers the Federal program under which the funds were provided, and the agency does not disagree within 45 calendar days after the date of the notification, that—

''(A) the property is no longer valuable for the purpose of conservation or management of fish, wildlife, and plants; and

''(B) the purposes of the Foundation would be better served by use of the proceeds of the conveyance for other authorized activities of the Foundation.''.

(g) TERMINATION OF CONDEMNATION LIMITATION.—Section 4 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703) is amended by striking subsection (d).

(h) EXPENDITURES FOR PRINTING SERVICES OR CAPITAL EQUIPMENT.—Section 4 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703) (as amended by subsection (g)) is amended by inserting after subsection (c) the following:

''(d) EXPENDITURES FOR PRINTING SERVICES OR CAPITAL EQUIPMENT.—The Foundation shall not make any expenditure of Federal funds in connection with any 1 transaction for printing services or capital equipment that is greater than $10,000 unless the expenditure is approved by the Federal agency that administers the Federal program under which the funds were provided.''.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

Section 10 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3709) is amended by striking subsections (a), (b), and (c) and inserting the following:

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this Act for each of fiscal years 1999 through 2003—

''(A) $25,000,000 to the Department of the Interior; and

''(B) $5,000,000 to the Department of Commerce.

''(2) REQUIREMENT OF ADVANCE PAYMENT.—The amount made available for a fiscal year under paragraph (1) shall be provided to the Foundation in an advance payment of the entire amount on October 1, or as soon as practicable thereafter, of the fiscal year.

''(3) USE OF APPROPRIATED FUNDS.—Subject to paragraph (4), amounts made available under paragraph (1) shall be provided to the Foundation for use for matching, on a 1-to-1 basis, contributions (whether in currency, services, or property) made to the Foundation by private persons and State and local government agencies.

''(4) PROHIBITION ON USE FOR ADMINISTRATIVE EXPENSES.—No Federal funds made available under paragraph (1) shall be used by the Foundation for administrative expenses of the Foundation, including for salaries, travel and transportation expenses, and other overhead expenses.

''(b) ADDITIONAL AUTHORIZATION.—

''(1) IN GENERAL.—In addition to the amounts authorized to be appropriated under subsection (a), the Foundation may accept Federal funds from a Federal agency under any other Federal law for use by the Foundation to further the conservation and management of fish, wildlife, and plant resources in accordance with the requirements of this Act.

''(2) USE OF FUNDS ACCEPTED FROM FEDERAL AGENCIES.—Federal funds provided to the Foundation under paragraph (1) shall be used by the Foundation for matching, in whole or in part, contributions (whether in currency, services, or property) made to the Foundation by private persons and State and local government agencies.

''(c) PROHIBITION ON USE OF GRANT AMOUNTS FOR LITIGATION AND LOBBYING EXPENSES.—Amounts provided as a grant by the Foundation shall not be used for—

''(1) any expense related to litigation; or

''(2) any activity the purpose of which is to influence legislation pending before Congress.''.

SEC. 6. LIMITATION ON AUTHORITY.

The National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3701 et seq.) is amended by adding at the end the following:

''SEC. 11. LIMITATION ON AUTHORITY.

''Nothing in this Act authorizes the Foundation to perform any function the authority for which is provided to the National Park Foundation by Public Law 90–209 (16 U.S.C. 19e et seq.).''.

UNANIMOUS CONSENT AGREEMENT—H.R. 4194

Ms. SNOWE. Mr. President, I ask unanimous consent that the majority leader, after consultation with the Democratic leader, may proceed to the consideration of the conference report to accompany H.R. 4194, the VA/HUD appropriations bill, and, further, that the conference report be considered as read. I further ask consent that there be 40 minutes for debate on the conference report equally divided and, at the conclusion or yielding back of time, the Senate proceed to vote on adoption of the report.

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

ORDERS FOR WEDNESDAY, OCTOBER 7, 1998

Ms. SNOWE. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 9:30 a.m. on Wednesday, October 7. I further ask the time for the two leaders be reserved.

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

Ms. SNOWE. Mr. President, I further ask consent that there be a period for the transaction of morning business until 10 a.m., with Senators permitted to speak for up to 5 minutes each.

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

PROGRAM

Ms. SNOWE. Mr. President, for the information of all Senators, on Wednesday there will be a period of morning business until 10 a.m. Following morning business, under a previous order the Senate will proceed to two stacked rollcall votes. The first vote will be on the adoption of the motion to proceed to H.R. 10, the financial services reform bill. The second vote will be on the motion to invoke cloture on S. 442, the Internet tax bill. Assuming cloture is invoked, the Senate will remain on the Internet tax bill with amendments being offered and debated throughout Wednesday's session.

In addition to the Internet tax bill, the Senate may also consider any available appropriations conference reports, executive nominations, or any other legislative items cleared for action. The leader would like to remind all Members that there are only a few days left in which to consider remaining appropriations bills and other important legislation. Members are encouraged to plan their schedules accordingly to accommodate a busy week with votes occurring early in the morning and extending late into the evening.

RECESS UNTIL 9:30 A.M. TOMORROW

Ms. SNOWE. If there is no further business to come before the Senate, I ask the Senate stand in recess under the previous order.

There being no objection, the Senate, at 7:14 p.m., recessed until Wednesday, October 7, 1998, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate October 6, 1998:

INTER-AMERICAN FOUNDATION

KAY KELLEY ARNOLD, OF ARKANSAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE INTER-AMERICAN FOUNDATION FOR A TERM EXPIRING OCTOBER 6, 2004, VICE NEIL H. OFFEN, TERM EXPIRED.

DEPARTMENT OF JUSTICE

DONNIE R. MARSHALL, OF TEXAS, TO BE DEPUTY ADMINISTRATOR OF DRUG ENFORCEMENT, VICE STEPHEN H. GREENE.

JOSE ANTONIO PEREZ, OF CALIFORNIA, TO BE UNITED STATES MARSHAL FOR THE SOUTHERN DISTRICT OF CALIFORNIA FOR THE TERM OF FOUR YEARS VICE STEPHEN SIMPSON GREGG.