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Senate

The Senate met at 1 p.m. and was called to order by the President pro tempore [Mr. BYRD].

The PRESIDENT pro tempore. The prayer today will be led by our guest Chaplain, Brigadier General David Hicks, Deputy Chief of Chaplains, U.S. Army.

General Hicks, please.

PRAYER

The guest Chaplain, Brigadier General David Hicks, offered the following prayer:

Lord of Hosts, our Nation continues to heal from so recently being attacked. In such a time as this, give us the moral courage to examine both our strengths and our shortcomings. As we recover, make us justly proud of our democratic processes, our history of liberty, and our striving to forge a nation built upon equality. However, make us also bold to confess that we have often been heedless of Your power in giving us these national blessings. Rather than seeking first Your kingdom, we have often tried to add ''all these things'' unto ourselves through our own strength. Remember not our tendencies to place ourselves before You, O Lord. Rather, as with David, let our prayer for America be that ''I have set the Lord always before me and because he is at my right hand, I shall not fall.''—Psalm 16:8.

We ask that as Your servants, called upon to lead this Nation, You would always give these Senators ''eyes to see and ears to hear'' the way in which You have us to walk as a people. Aid us, O Lord, that we would prosecute this current war with an eye toward establishing a future peace and that through our example other countries would be emboldened to value freedom, to cherish their own people, and to enact Your kingdom through our common lives together. In the power of Your name do I pray. Amen.

PLEDGE OF ALLEGIANCE

The Honorable ROBERT C. BYRD led the Pledge of Allegiance, as follows:

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

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 2 o'clock, with Senators permitted to speak therein for up to 10 minutes each.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The Senator from Nevada is recognized.

SCHEDULE

Mr. REID. Mr. President, you have announced that until 2 o'clock today there will be a period of morning business. At 2 o'clock the Senate will resume consideration of the economic recovery act, H.R. 622. The majority leader has asked me to announce that at approximately 5:15 p.m. the Senate will vote on a judicial nomination. So there will be a vote today at 5:15 p.m.

MASKING THE TRUE SIZE OF THE DEFICIT

Mr. REID. Mr. President, I take just a minute this morning to talk about something that I think is very important. We had a debate not long ago; there was a movement to have a constitutional amendment to balance the budget. I can remember when I raised the first objection to that during the time Senator Mitchell was majority leader, indicating in my amendment that if we were going to have a constitutional amendment to balance the budget, then we should not count Social Security surpluses. We were able to prevail in defeating that mischievous amendment which would have locked into the Constitution this, in my opinion—it is my word—''phoney'' way to balance the budget, using these huge Social Security surpluses for people to say we had a balanced budget when we really did not.

For many, many years the Social Security surpluses were used to mask the deficit. During the last 3 years of the Clinton administration, we decided to no longer do that, that we would have an honest budget process whereby you would not count the Social Security surpluses. We were able to have a balanced budget not using that method of accounting. In fact, we were able to pay down this huge debt that accumulated to some more than $5 trillion. So I have some disappointment that the budget sent to us by President Bush now goes back to using that same method of accounting, using the Social Security surpluses to mask the deficit.

One of the reasons for the deficit is the war. I know that. But it is not the only reason. There are other reasons, and they are economic in nature, for why we have this unbalanced budget.

There will be time spent this week on examining the President's budget just released today. I am very concerned, as I have mentioned, that we are now witnessing a counting of the Social Security trust fund to hide what we are doing here. But it does not really hide it. We all agreed the last few years that the surpluses which we had in the Social Security trust fund would not count against the yearly deficit. It is a surplus that is being run to provide for the retirement of the baby boomers. It

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

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was done on purpose. In 1982 there was agreement, and it was bipartisan in nature. President Reagan, Tip O'Neil, and the leadership of which the Presiding Officer was a part in the Senate got together and decided we needed to do something about Social Security, and one of the things we did by a bipartisan vote was to make sure that during the years we did not need that much money—we would have a surplus, we would have more money coming in than we would spend—we would use that for the baby boomers, and that was the way it should have been.

The money from Social Security trust fund was not to be used for other programs. While it has been used in the past to mask the true size of the deficit, we ended that practice in the years of President Clinton. It is regrettable, Mr. President—and everyone should understand—that the Bush administration is now returning to the practice of hiding the true size of the deficit by counting Social Security as part of the inflated budget. I hope that we can all use caution before heading down the road toward raiding the Social Security trust fund to finance the rest of the government. If we are going to do so, let's do it honestly. Let's make sure we understand Social Security is masking the true deficit that we have every year.

The PRESIDENT pro tempore. The Senator from Ohio, Mr. DEWINE, is recognized.

TRIBUTE TO JOHN AND JUDY RUTHVEN

Mr. DEWINE. Mr. President, I rise today to recognize John and Judy Ruthven, from my home State of Ohio, for their tireless work in restoring the U.S. Grant Homestead—the home of our 18th President, Ulysses S. Grant. This was the home Grant knew as a boy. He lived there from the time he was 1½ years old until he left for West Point.

After years of admiring the home, the Ruthven's purchased it in 1977. When they took possession of the homestead, it was on the National Register. The Ruthvens would need to put in a tremendous amount of work before the homestead would become the National Historic Landmark it is today.

The homestead, originally built in 1823, was already over 150 years old when the Ruthven's took ownership. It had a leaking roof, a collapsing side porch, a missing summer kitchen, a shed that was falling apart, a basement that leaked, chimneys that needed repair, and termites. The task to restore it was challenging, to say the least.

The first thing the Ruthvens did was contact an architect to consult on the restoration. After many meetings, they began the long, arduous process of restoring the homestead.

While challenges were abundant, the Ruthvens were meticulous about every detail and actually found great joy in the more difficult tasks. For example, they meticulously searched for Grant family artifacts and took painstaking measures to ensure that each new structure and piece of furniture matched pictures of the original home. They searched across the State of Ohio looking for old wood and glass for the floorboards and windows. In fact, the wood floors in the new kitchen came from an old 1820's building and the wrinkled glass was from a building being demolished in Lancaster, OH. They even used square-cut, hand-made nails in the process.

After all of the structural work was completed, the Ruthvens and a network of friends scoured the State for furniture from the same time period. Judy was fortunate enough to locate a rocking chair at an auction that had been hand-made by Jesse Grant, Ulysses's father. They also have acquired—on loan from the Ohio Historical Society—a couch and a cradle that had belonged to the Grant family.

In the end, the entire homestead had been scoured and cleaned, new plumbing and waterlines had been installed, old structures had been rebuilt and the homestead was decorated with period furniture. After 5 years of reliving the life of the Grant family, the restoration was finished and the Ulysses S. Grant Homestead was designated a National Historic Landmark. Now, John and Judy Ruthven are in the process of donating the homestead to the State of Ohio, so that all of America can learn the history and enjoy the beauty of this home.

John and Judy Ruthven are generous beyond words. They are a tireless team, giving so much of their own time and money and efforts to restore the Ulysses S. Grant Homestead. I thank them for all of their hard work and for their great gift to the State of Ohio and to our country.

TRIBUTE TO NATHAN CHAPMAN

Mr. DEWINE. Mr. President, I rise today to praise the life of Sergeant 1st Class Nathan Chapman—a brave American who gave his life in Afghanistan to fight against the terrorists who threaten our way of life here at home. Nathan attended high school in my home state of Ohio in Centerville. Nathan Chapman's unmatched work ethic and dedication to people led him down a path of excellence.

Nathan rose rapidly through the army ranks and special units. A member of the Army Rangers and—after only 8 years of service—the elite Green Beret forces, Nathan received 15 military commendations through his tours of duty in Panama, Haiti, and Operation Desert Storm. An accomplished soldier with what his father called ''a quiet confidence,'' Nathan Chapman was a credit to the American citizens he was sworn to protect.

A communications expert, Nathan was known among his colleagues as a highly capable soldier, who always was ready to volunteer for the tough missions. Col. David Fridovich describes Nathan as ''a dynamic, outgoing, physically and mentally hard soldier. . .a stellar example of the Special Forces ethos.'' I add that Nathan is also a stellar example of the American ethos, through his courage, intelligence, honor, and character.

The people of Centerville, Ohio, have nothing but good things to say about Nathan. His old wrestling coach, Rich Miller, said he knew Nathan ''felt good about what he was doing and was a real professional.'' One of Nathan's Centerville friends summed it up best: ''Sgt. Chapman was one of us. . . .''

As an Ohioan and an American, I thank Nathan Chapman for the ultimate sacrifice he has made for our country. I offer my condolences to those left behind to cherish and celebrate Nathan's life—his parents, Will and Lynn; his wife, Renae; their two young children, Amanda and Brandon; and his many, many friends.

Amelia Earhart once said that ''courage is the price that Life exacts for granting peace.'' Nathan Chapman worked for peace through his courage and it cost him his life. But Nathan did not die in vain; he gave his life for the good of our Nation, fighting to ensure that his children's future and the future of all Americans would be free from terror.

REMEMBERING CAPTAIN BRIAN RIZZOLI AND 1ST LT. WILLIAM SATTERLY

Mr. DEWINE. Mr. President, in talking about the important role that our service men and women play in protecting our nation, I would also like to take this opportunity to mention two brave men from Ohio's Wright-Patterson Air Force Base who died this weekend in an aircraft accident. I extend my deepfelt condolences to the families of Captain Brian Rizzoli, who had been living in Kettering, and 1st Lt. William Satterly, who had been living in Huber Heights. Their C–21 aircraft crashed near Ellsworth Air Force Base in South Dakota. Few details have been released yet about the accident. In the meantime, though, I offer my prayers and condolences to the friends and families of these two fine men.

The PRESIDENT pro tempore. The Senator from Massachusetts, Mr. KENNEDY, is recognized for 10 minutes.

Mr. KENNEDY. Mr. President, yesterday, the New England Patriots pulled off a thrilling 20–17 victory over the St. Louis Rams in Super Bowl XXXVI. The victory is the first world championship for the Patriots, and it could not have come at a more poignant time for our country.

Since September 11, the courageous acts of countless Americans have set a new standard for the Nation. Indeed, a new American spirit has been forged. That sprit is characterized by sacrifice, humility, and a refusal to quit in the face of adversity. At a time when our entire country is banding together and

facing down indivualism, the Patriots set a wonderful example, showing us all what is possible when we work together, believe in each other, and sacrifice for the greater good.

That example came from the top, and it came from the start of the season. Choosing to be introduced before the game as a team, not as individuals, the Patriots set the tone for their victory. Coach Bill Belichick stressed teamwork, saying that only by working together could the Patriots overcome their opponent, the best team in the NFL's regular season, the St. Louis Rams.

The coach put his faith in second year quarterback Tom Brady, the youngest quarterback ever to win a Super Bowl, and the eventual MVP of the game. At the same time, Drew Bledsoe, team captain and the consummate team player, cheered him—and the entire team—from the sideline.

But this was not a game won by a star quarterback alone, it was a team effort. No one player rose above the rest—but together, they excelled and defied long odds. The defense, a no-name bunch forced to depend on each other, stifled the high-octane Rams offense. It was this defense, led by Ty Law, Teddy Bruschi, Mike Vrabel, and rookie Richard Seymour, that got the Patriots ahead early in the game.

The second half saw a Rams comback, and a lesser team could have fallen under such dire circumstances. But these Patriots once again banded together, for one final drive. With the game tied, momentum on the side of the Rams, and overtime seemingly inevitable, the Patriots showed their true spirit, using running back Kevin Faulk, receiver Troy Brown, and intelligent play from Brady to drive from inside their own 20 yard line to give kicker Adam Vinatieri a chance to win the game with only 7 seconds left on the clock. As his kick sailed through the uprights, the Patriots completed their unthinkable task: they defeated the Rams, and won their world championship.

All of us in Massachusetts, and indeed all who live in New England, are proud of the Patriots and their extraordinary season. They finished the season with 9 straight victories, a feat that could only be accomplished by a team using all 53 players on its roster. The Patriots had to win two tough playoff games to make the Super Bowl. And even after these improbable victories over the Oakland Raiders and Pittsburgh Steelers, they were big underdogs to the Rams yesterday. Unfazed by these odds, the Patriots won again, defying their critics and naysayers.

Eight years ago Bob Kraft bought the Patriots, and today he will bring the Lombardi trophy home to fans who have been waiting for 42 years. Congratulations.

The Rams also deserve credit, as they had a spectacular season and played a wonderful game. They are certainly an impressive team.

The Patriots' hard work and dedication encapsulates the new spirit in America. I urge the Senate to approve this well-deserved resolution, which I will offer today.

In Boston, April 15 is Patriots' Day—a day when we celebrate the brave men and women who fought for our Nation's independence. But, for generations of New England sports fans—from Bangor to Boston—yesterday will always be our Patriots' Day.

Today, the New England Patriots are the true patriots all over the land. Their perseverance, teamwork, and devotion represent the best of America, and I'm proud to call them not only my home team, but also world champions.

Mr. President, I would like to speak further to the Senate and ask if I could extend my time for an additional 10 minutes.

The PRESIDENT, pro tempore. Hearing no objection, the Senator is recognized for the additional 10 minutes.

THE BUDGET

Mr. KENNEDY. Mr. President, the budget President Bush presented today clearly demonstrates that we cannot meet our national security needs in the wake of September 11, and afford to fully implement the enormous tax cuts which were enacted prior to that fateful day, unless we ignore our vital education, health, and human resources needs.

All of us agree that we must spend what is necessary to defend the Nation against the threat of terrorism. These new demands on our resources, coupled with the recession, necessitate a reevaluation of the entire budget picture—including the expenditure of $1.7 trillion to finance the tax cut. Unfortunately, when it comes to the tax cut, the administration is unwilling to admit that the world has changed. If future tax cuts which disproportionately favor our wealthiest citizens are treated as a sacred cow, many of the programs that help our neediest citizens will be sacrificed. The war requires shared sacrifice, not placing all the burden on those families least able to carry it.

Today, we find ourselves in a dramatically different and far less advantageous position than we did one year ago. In January 2001, CBO projected a $5.6 trillion surplus for fiscal years 2002–2011. One year later, the projected surplus for that period is only $1.6 trillion, nearly all of it attributable to Social Security. According to CBO, an on-budget surplus will not reappear until fiscal year 2010. Four trillion dollars of the surplus is gone.

Whatever the merits of last year's tax bill at the time it was enacted, those circumstances clearly no longer exist. In the aftermath of September 11, we are facing major new demands on our national resources which must take priority. We cannot meet these demands and afford such an enormous tax cut without raiding Social Security and Medicare. Jeopardizing the security of millions of senior citizens to finance the full tax cut is not an acceptable price to pay. We cannot now afford the entire tax cut without ignoring critical national needs. Neglecting our children's education and the health and well-being of our families to finance this tax cut is not an acceptable price to pay. Yet, that is what the administration budget would do. At this critical moment, the Senate must transcend the old boundaries of the debate, and act in the nation's best interest.

Social Security is a major victim of the President's budget. His budget does not merely dip into the Social Security Trust Fund for a couple of years when we are experiencing a recession and fighting a war. It proposes to raid Social Security every year through at least 2010, taking a total of $1.464 trillion out of the trust fund. The magnitude of the administration planned raid on Social Security is truly shocking. It would dramatically weaken Social Security's long-term financial stability. This reckless scheme seriously threatens the well-being of every senior citizen and disabled person who will be depending on the program in the years ahead.

Even with the raid on Social Security, the budget does not meet the nation's critical domestic spending needs. Discretionary domestic spending does not even keep pace with the rate of inflation. It receives a real dollar cut.

The only fiscally responsible course of action now is to postpone some future tax cuts that exclusively benefit the wealthiest taxpayers. These future tax breaks are not scheduled to take effect until 2004 and later. However, if they are allowed to take effect, they will cost hundreds of billions of dollars by the end of the decade. By delaying them, we can save approximately $350 billion. More than one trillion dollars of tax cuts will still take effect as scheduled.

Under the plan I have proposed, no taxpayer would pay a higher tax rate than he or she paid last year. In fact, income tax rates for everyone would be lower in 2002 and in succeeding years than they were in 2001. The child tax credit would be increased as planned and marriage penalty relief would be provided as scheduled.

The $350 billion in cost savings would result solely from a delay of future reductions in the tax rate paid by the wealthiest taxpayers in the highest income brackets and from maintaining the estate tax on estates above $4 million. While a small number of the most wealthy taxpayers may receive less of a tax reduction than they anticipated, they will still be receiving billions of dollars in new tax breaks as a result of last year's bill. Especially in a time of national crisis, it is certainly reasonable to ask them to contribute a fair share to keep our Nation strong.

These future tax cuts for those at the top are not part of the fight against the recession. They are not scheduled

to occur until long after the economy emerges from the downturn. In fact, taking fiscally responsible action now will actually help the economy—by leading to reductions in long-term interest rates that have remained stubbornly high because of the fear that unaffordable tax cuts will lead to growing Federal deficits throughout the decade. Reducing that threat will reduce the cost of long-term borrowing for businesses, and provide a stimulus for new job creation now.

Such a modest reduction in future tax cuts will help us to meet our responsibility to the American people to improve education all along the continuum from birth through college, to extend better health care to more people, and to ensure that workers can find the training that they'll need to fully participate in the modern world economy. The American people have not made future tax cuts their first priority, and Congress should not either.

At the very least, fairness and fiscal responsibility require that future tax cuts be reduced by the cost of the increased defense and homeland security spending these perilous times require. This would allow our domestic priorities to receive the same funding which all of us agreed last year was the essential minimum.

We have only had the administration's budget for a few hours. However, the disturbing neglect of many of our Nation's most pressing domestic needs is evident. I would like to take just a few moments to describe those to the Senate at this time.

First of all, let us take the area of health care. Support for our public hospitals will be reduced by $27 billion.

The public hospitals in this country are some of the most beleaguered health institutions that we have in this Nation. They are the ones that respond to the pressure when unemployment increases and millions of workers lose their health insurance. Where do laid-off workers go when they get sick? Where do their children go when they get sick? They go to the public hospitals. They are the principal institutions that treat the uninsured and the neediest people in our society.

The idea that we will see additional reductions in terms of support for these major institutions, which are primarily in the great urban areas of our country and operating on such a narrow edge in any event because of the extraordinary kinds of burdens they are facing, is a major mistake from a health policy point of view in terms of caring for our fellow citizens.

Reductions in the support for the training of pediatricians in our children's hospitals by some $85 billion is also a major mistake. We want to make sure we are going to have the best trained pediatricians in the world to care for our children. I think the idea that the budget is going to shortchange the training for those individuals who have made a commitment to making a difference, effectively equals a reduction in the quality of care, and is shortsighted. We are talking about caring for the children of this country.

We see further reductions in support for medical education, which will clearly reflect itself in a reduction of quality. We have many challenges in our health care system, but one of the most important successes of our health care system is the training, the professionalism, and the quality of our health professionals, who are the envy of countries all over the world. Our training of health professionals is a magnificent example of the best we can provide.

We have other challenges in the delivery of health care services. For example, the cost of health care and the fact that we don't pay for prescription drugs, which our elderly desperately need. But the training of well-qualified personnel is something in which all of us take a sense of pride. We should not lose it. We are seeing a significant reduction in terms of support.

We are seeing reductions in health care professionals at a time when we still have a very significant imbalance in underserved areas—both in rural areas and urban areas. To see a reduction in support for that kind of program makes absolutely no sense whatsoever.

Cutting funding in terms of the Child Care Development Block Grant program, at a time when the program is only serving about 12 percent or 15 percent of the need in this country, fails children. Considering the importance of that program for working families, and particularly for the working poor, it also fails workers and families.

Seeing resources cut that help States move individuals from welfare to work, and which can also be used for childcare, training programs, and transportation, undermines our effort to help move people from a sense of dependency into independence.

I am disappointed in the area of education funding after we worked very conscientiously with the Administration to restructure the K–12 program. We are reaching only a third of the children who would be affected by the thrust of the Title I provisions of the reform of education programs. We are effectively going to see the same number of children covered. Because of the recession, an increasing number of children will qualify. One billion dollars of that is going to be cumulative. We are only reaching about a third of the children rather than meeting the needs of all the children who could benefit from that program.

There is effectively an increase of $1 billion in terms of IDEA, which is the program to help local communities all across this country offset some of the burden they are facing in providing educational opportunities for special needs children. At this rate, it will take 15 to 17 years before we meet our responsibilities in assisting local communities and States in this area. We are failing our special needs children by failing to give that program the support it should have.

Finally, in the area of teacher quality, there is only level funding. Similarly, for after school programs and bilingual education, there is no increase.

We spent a great deal of time in the last Congress to make sure we were going to use the best of Republican ideas, Administration ideas, and Democratic ideas to try to bring about changes in our educational system, but we all knew it was going to take a combination of reform and resources. As we pointed out during the course of the debate, just having reform without the resources was not going to be consequential. Just having resources without the reforms was not going to be meaningful. We tried to bring those two elements together. I think we did a good job, but now we see in this budget no increase for many of these provisions—many of which are so important in terms of strengthening academic achievement and accomplishment for our young people.

Finally, about 400,000 children drop out of school every single year. We have the Youth Opportunities Act to try to reach out to those young people, to try to get them back into school, and to try to get them employment. One of the major reforms of the Workforce Investment Act, it is an effort to provide educational opportunities and job training to our most impoverished youth. Effectively, that program has been emasculated. The new Administration budget dramatically cuts funding for the program, beginning it's eventual phase-out.

It makes absolutely no sense. We were trying to get reforms in terms of education, and then with the Youth Opportunities Program we were trying to reach out to children who have dropped out and try to bring them back into the system, either to complete their education or to move them into training programs so they can be productive. That program has been undermined.

There are training programs for workers to get the skills necessary to be able to compete and produce—on-the-job training programs which have really been the result of very strong bipartisan efforts to reform the 128 different job training programs and 12 different agencies.

Republicans and Democrats worked together. We streamlined these programs in a very efficient and effective way to try to help workers develop new skills in order for them to be more competitive. We now find out this program is being significantly undermined.

If you are talking about young people, if you are talking about failing to develop an effective prescription drug program for our seniors, if you are talking about missed opportunities in the area of education and in training for young people, that is all reflected in this budget.

The final point is that we are in danger of using up all of our Social Security funds, paid by working men and women, by transferring them into a tax break for the wealthiest individuals in this country. The tax breaks that will go into effect in 2004 have jeopardized our ability to meet important domestic priorities. There is going to be a battle during the course of this year in terms of priorities. I look forward to being a part of that debate.

I yield the floor.

The PRESIDING OFFICER (Mrs. FEINSTEIN). The Senator from Wyoming is recognized.

Mr. THOMAS. Madam President, I will use the 10 minutes available in morning business.

The PRESIDING OFFICER. The Senator is recognized.

THE BUDGET

Mr. THOMAS. Madam President, one of the issues we are faced with, which will be most controversial, I suppose—and certainly very important—is that budget about which the Senator from Massachusetts has been talking. Obviously, there are different views as to how one deals with the budget. It is always that way.

There are those who think there is a never-ending demand for more spending and, therefore, more taxes, and that the Federal Government ought to be involved in all of our activities in our lives. There are others who believe there are essential elements the Federal Government should address itself to; they change at different times, of course.

So it seems to me, as we take a look at this year's budget and this year's spending and this year's taxes, we have to take a look at the situation we are in and seek to meet the goals of our time. And those goals change from time to time.

America faces a unique moment in our history. Our Nation is at war, our homeland is threatened to be attacked, and our economy is in recession. If those are not factors that ought to be taken into account with respect to a budget, I don't know what would be.

The President's budget has just come to Congress today, so we do not know a great deal about the details. We will be holding hearings starting tomorrow, and we will know more about it. But the outline of the budget, it seems to me, meets the requirements of victory in this war in which we are involved, as well as the tests of responsibility for those areas in which the Federal Government, indeed, has a responsibility.

It holds the Government accountable for results that address the priorities of the American people: Winning the war on terrorism, strengthening the protection of our homeland, revitalizing the economy, and creating jobs.

Defense spending is increased by 12 percent. His budget nearly doubles homeland security spending. So it provides for the kind of safety all of us certainly have put at the top of our priorities at this time. The growth for spending in programs outside of defense, then, are held to 2 percent. We have been having something around 6- and 7-percent growth when we have not had the terrorism threat. So growth in those areas is reduced.

I think one of the interesting issues—and a little different than what we have just heard—is that the President's budget provides significant funding increases for health care, prescription drugs, education, the environment, agriculture, and retirement security, and returns to budget surpluses within 2 or 3 years if, indeed, we have the kind of economic return that we are talking about from the way we spend our dollars. The fact is we do not have the reserves that we did have; in relation to tax decreases it is a relatively small amount, about 14 percent. The remainder of the loss in revenues has been for increased spending in the war on terrorism and the recession.

So if you are talking about surpluses, the way you get to deal with surpluses is to increase this economic movement forward, to increase the growth in the economy. That is where the surpluses came from, certainly not by increasing taxes at a time when we are in a recession.

So the priorities, of course, will be winning the war on terrorism—some $38 billion, a 12-percent increase, to increase the capacity of our military, to improve the living conditions of our military, and so on—and strengthening our homeland security, which, of course, whether it be boundary patrol or whether it be airline security or whether it be bioterrorism or whether it be the emergency improvement of intelligence, are things that clearly must be done.

But, of course, if we are really to deal with this business of budgets and this business of surpluses, we have to deal with the economy. That is what we are going to be dealing with later this afternoon, tomorrow, and the next day in terms of an economic stimulus—to provide more push to those signs of an increased economy that we have before us. Hopefully, we can do that. The best way to guarantee surpluses in the future is to strengthen the economy.

Education: This proposal builds on the successful passage of the No Child Left Behind Act, which the President and the Senator from Massachusetts had a great deal to do with and gave leadership. In fiscal year 2002, it dramatically increases to historic levels the funding for special education with $8.5 billion, boosts funding for low-income students $5 billion, funds important reading initiatives so that every child can read by the third grade, and provides $10 million for a new initiative to recruit librarians. So the idea that we are ignoring education simply is not the fact.

Health care: It provides a refundable tax credit to subsidize up to 90 percent of the cost of health insurance for low- and middle-income Americans. It expands the number of community health centers by 1,200 to serve an additional 6.1 million patients. It doubles NIH medical research spending. That is this budget we are talking about. For prescription drugs, it provides $190 billion to strengthen Medicare with Medicare prescriptions over a period of the next 10 years.

The environment: It provides record funding for EPA's operating budget. It fully funds the land and water conservation fund. It eliminates the park maintenance balance by 2006 if we continue to do it that way.

Energy, of course, is one of the real issues. It provides $9.1 billion for incentives.

At any rate, those are items in the budget. The point is that we really need to look at where we are and how we are going to best manage additional spending on our war on terrorism and providing for our safety and freedom and trying to get the economy moving so that we will have more and more revenue without increasing taxes. I cannot think of a worse time to increase taxes by eliminating tax reductions than at a time of recession.

So these are the issues that each of us will have to deal with as time passes. I think we will be able to do this. Certainly, we have done it before. I think it is very important we have a budget agreed to by the Congress so we have some constraints in spending so we have a budget that says to the appropriators: Here is the amount that can be used for agriculture, and here is the amount that can be used for whatever. Otherwise, of course, there is no end to the amount of spending.

There are a million things that we would like done, but we have to give some thought to what is the appropriate role of the Federal Government in terms of participation in these various programs? What is the State's role? What is the local government's role?

We hear—when I am home, at least—that we have too much Federal Government in our lives, but, on the other hand, we ought to have more money for these things. You have to make decisions between items to decide if you like Government closer to the people, if you like the calls made by the bureaucracy from Washington. These are the kinds of things I believe ought to be decided. So budgets are quite more than the amount of money that is going to be spent, even though, of course, that is the discussion.

Budgets are a matter of determining priorities, a matter of taking a look down the road as to where we want our country to be, what kind of programs we think are best for growth, for creating jobs, so people will be able to work in good jobs, and to be able to decide what the role of the Federal Government is vis-a-vis the other levels of government that are so important to us.

These are all part of the budget. Obviously, it is very difficult to put together a budget for a massive operation such as the Federal Government. But I do believe, as we move to what have to be expenditures for the emergency that is before us, we ought to see if we can have some logical control over the remainder of the spending so this deficit, which hopefully will be a short-term deficit, does not get any larger than it has to be. These are the decisions, these are the judgments we will have to make. Different people have different ideas, but, hopefully, we will come out that way.

I think the President has done a super job of putting together a budget. I think he has recognized our country's needs. I think he has also recognized the reality that we just can't keep endlessly spending and continue to grow the size of Government. It seem to me, asking for more accountability throughout the Federal Government is one of the important aspects of our future.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NELSON of Florida. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. NELSON of Florida. Madam President, I request permission to speak on a subject of enormous national importance.

The PRESIDING OFFICER. The Senator is recognized.

Mr. NELSON of Florida. I thank the Chair.

ENRON CORPORATION

Mr. NELSON of Florida. Madam President, I am a member of the Commerce Committee and we were looking forward to the opportunity of questioning the immediate past CEO of the Enron Corporation today. Unfortunately, he did not appear before the committee as had been expected, and I did not have the chance to pose some questions to him.

Specifically, I would have asked about the public institutional investors, like State pension funds, whose retirement funds around this country lost so much money because of their investments in Enron stock. There are more than 20 pension funds—and in the Chair's home State of California there were some 4 or 5 pension funds, not only from cities such as San Francisco, but likewise one of the more major statewide pension funds of California which was the pension fund that was second most in losses as a result of having purchased Enron stock. The specific amount for one California pension fund—and it was just one of about five—was about $145 million.

Far exceeding that was the $335 million that was lost as a result of the Florida public retirement system holding Enron stock and finally selling it for 28 cents a share.

One could wonder, what does this have to do with all of the rumors and rumors of rumors of what was going on? It has to do this: Why would an outside money manager named Alliance Capital Management Company, previously associated with an Enron Corporation board member, purchase almost 3 million shares of Enron stock after October 22, which was the date that the Securities and Exchange Commission announced its investigation?

In addition, the company announced on October 17 a loss of $1.2 billion. As a matter of fact, in a short period of time, just a little over 3 weeks, the stock value of Enron dropped from $32 a share to a month later at $9 a share.

On October 22 when the Securities and Exchange Commission announced that it was going to start its investigation, the stock value started plummeting, and still this money manager continued to buy Enron. Money managers for the Florida pension fund are selected by the State Board of Administration of Florida, which is the board that runs the Florida retirement system. This money manager purchased almost 3 million shares of Enron stock for the Florida Board of Administration—starting at $32 and dropping all the way to $9 per share. Two weeks later when it became apparent that Enron had gone bust, the Florida retirement system sold its shares for 28 cents a share; thus, losing this humongous amount of over $300 million.

What seems to me to be interesting, and the question that I wanted to ask of the immediate past CEO of Enron is: Was there ever any direction, was there any evidence of any direction, was there any information of direction from Enron to public pension funds throughout the country, like the Florida retirement system, to purchase the stock. The stock was falling and I wanted to ask if public pension funds were asked to purchase Enron in order to prop up the value of the shares. I wanted to ask if Enron thought that public pension funds could help stabilize the value of the stock so company loans that were supported by collateral of Enron shares would not be called on for repayment by the company.

What was the motivation that would suddenly cause an institutional investor like a pension fund, known for professionalism, and conservative handling of investments—and when each of the three trustees are sworn under a fiduciary duty to protect the assets of the retirement fund—why would purchases of almost 3 million shares of Enron stock be made within a 3-week period, when the price of the stock is dropping like a rock? I would hope that a public pension fund would purchase mostly solid investments, at very low risk, instead of very risky investments.

Had I been at the Commerce Committee, that is the question I would have asked. Today I have tried to communicate what I would have asked, and I thank the Chair for the privilege of sharing this information with the Senate.

I take this opportunity to comment and illustrate what I wanted to ask the former CEO of Enron by showing a chart, which dramatically illustrates the fact of how the Florida retirement fund purchased shares of Enron stock even while the stock price was dropping like a rock. As mentioned previously, stock prices were $32 on October 17 when Enron announced it had over $1 billion in losses. On October 22, 5 days later, the stock is just below $25 when the Securities and Exchange Commission announces an investigation of Enron.

Lo and behold, at this point, on the day of the announcement of an investigation by the SEC, an outside money manager for the Florida retirement system—which I point out again, is supposed to protect the retirement system's assets for the future and present retirees. Florida's public pension plan is fully funded and guaranteed, not by the shareholders, but by the taxpayers of the State of Florida. We can see from October 22 to November 16 what happened to the value of the stock. In the period of only a little more than 3 weeks, one of Florida's outside money managers, Alliance Capital Management, purchased shares at $22 each, and continued purchasing until the end of November, the money manager purchased shares at $9 each. The chart illustrates that the stock dropped precipitously in that 3-week period in what is supposed to be one of the most conservative of investment portfolios to protect the security of the state and local workers in Florida.

And finally the money manager sold all of the shares for Florida on November 30 at 28 cents a share, with a $335 million loss in the portfolio for Florida state and local workers and retirees. Other public pension funds suffered losses, more than $1 billion overall; however, the biggest loss of $335 million occurred in Florida.

Within this short period of 3 weeks, the purchase of almost 3 million shares after all of this information about the difficulties of the company had been made public, the question is: Why?

If any evidence is ever found that in fact there was some direction for outside money managers like this one for Florida—who, by the way, this outside money manager included a principal executive back last summer who still sits on the Enron board—what was the motivation here? Did they think this was a good stock buy, as they have said? Or was there a motivation that somebody was whispering in their ear, telling them to buy as the stock was getting into trouble? We need further exploration and a through review of Enron's relationships with institutional investors.

It is a dramatic story, that additional shares were purchased as disturbing information starts to come out about the company: 302,000 shares purchased on October 22; 125,000 shares purchased on October 25; 374,000 shares purchased on October 29; 318,000 shares purchased on October 30.

On November 8, Enron admits it has overstated profits by $568 million. On November 13, lo and behold, the Florida pension fund buys another 582,000 shares, just 5 days after Enron admitted publicly that it had overstated its profits by $568 million.

Then, on November 14, the Florida pension fund buys another 479,000 shares. How did this happen? On November 16, the Florida pension fund buys another 210,000 shares. And, sadly, on November 30 the Florida pension fund sells 7.5 million shares at 28 cents a share, thus incurring the $355 million loss.

I know a little bit about this because in my previous life as the elected State Treasurer of Florida, I sat on that pension board. The three-member board of trustees called the State Board of Administration, includes the Governor, the Treasurer, and the Comptroller. The board typically does not involve themselves in the day-to-day activities of the buying and selling. Far from it, in the past, the board—when I was there, we would not touch that with a 10-foot pole. That was left to the professional money managers.

But policy was set by the board. One of the most interesting times on the board that I had was as the swing vote to determine whether or not the Florida retirement system would sell—get rid of—its portfolio of tobacco stocks. Clearly, I knew what I wanted to do because I thought that it made good social policy to get rid of tobacco stocks. But I had a higher duty as a trustee of the State Board of Administration. I had a duty, a fiduciary duty to the retirees and future retirees, to the economic sanctity of the retirement fund. The threshold was very high on what we should and should not do in setting policy. So, too, what the professional, full-time managers should and should not do with regard to the purchase and sale of assets, including stock: a fiduciary duty for only the best, the most safe, and the least risky kind of investments. Why? Because we were trustees for all of the state retirees and future retirees of Florida.

As a former Florida State Treasurer, I want to express my concern openly in the Senate. Clearly when I see activity such as this, where almost 3 million shares are purchased within a 3-week period while the value of the stock is dropping. After the last purchase on November 16, only 2 weeks later the entire portfolio of 7.5 million shares are sold for only 28 cents a share. Why did this happen?

Had the former CEO of Enron appeared in front of the Commerce Committee today I would have asked him that question. I would have asked him if he had no direct knowledge, then who would? Who would have made those choices, and why one of his board members, Mr. Frank Savage, who used to be one of the managers of Alliance Capital Management—why, even though at the time of this purchase in October and November he was not one of the managers—why would such purchases of a risky investment that turned out to be so costly, why would that investment have been made? Had I had the opportunity today in the Commerce Committee, that is what I would have asked. Rhetorically, to the Senate, I ask some of these questions. And as we get into the investigation of this Enron debacle, these questions must be answered.

Thank you for the opportunity to speak to the Senate. I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Madam President, I thank the distinguished Senator from Florida for his comments. The largest retirement pension system in the United States is in the State of California.

Those systems have had very significant losses. I think his comments are very well designed and should be taken as a major indicator of fault and problems. I am sure when the hearings are held that as a member of the Commerce Committee, the Senator will have the good opportunity to point this out very clearly.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

HOPE FOR CHILDREN ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 622, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

Pending:

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

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

Bunning/Inhofe modified amendment No. 2699 (to the language proposed to be stricken by amendment No. 2698), to provide that the exclusion from gross income for foster care payments shall also apply to payments by qualified placement agencies.

Hatch/Bennett amendment No. 2724 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to allow the carryback of certain net operating losses for 7 years.

Domenici amendment No. 2723 (to the language proposed to be stricken by amendment No. 2698), to provide for a payroll tax holiday.

Allard/Hatch/Allen amendment No. 2722 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to permanently extend the research credit and to increase the rates of the alternative incremental credit.

Smith of New Hampshire amendment No. 2732 (to the language proposed to be stricken by amendment No. 2698), to provide a waiver of the early withdrawal penalty for distributions from qualified retirement plans to individuals called to active duty during the national emergency declared by the President on September 14, 2001.

Smith of New Hampshire amendment No. 2733 (to the language proposed to be stricken by amendment No. 2698), to prohibit a State from imposing a discriminatory tax on income earned within such State by nonresidents of such State.

Smith of New Hampshire amendment No. 2734 (to the language proposed to be stricken by amendment No. 2698), to provide that tips received for certain services shall not be subject to income or employment taxes.

Smith of New Hampshire amendment No. 2735 (to the language proposed to be stricken by amendment No. 2698), to allow a deduction for real property taxes whether or not the taxpayer itemizes other deductions.

Sessions amendment No. 2736 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to provide tax incentives for economic recovery and provide for the payment of emergency extended unemployment compensation.

Grassley (for McCain) amendment No. 2700 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services and Foreign Service in determining the exclusion of gain from the sale of a principal residence.

Kyl amendment No. 2758 (to the language proposed to be stricken by amendment No. 2698), to remove the sunset on the repeal of the estate tax.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Madam President, pursuant to the previous order, the Democrats now will offer the next two or three amendments that are in order.

AMENDMENT NO. 2764

Mr. REID. Madam President, on my behalf, that of Senator KYL, Senator NELSON of Florida, Senator HATCH, and Senator ZELL MILLER, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for himself, Mr. KYL, Mr. NELSON of Florida, Mr. HATCH, and Mr. MILLER, proposes an amendment numbered 2764.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to provide a refundable credit for recreational travel, to modify the business expense limits, and for other purposes)

At the end, add the following:

TITLE ___—PERSONAL TRAVEL AND BUSINESS EXPENSES

SEC. ___01. PERSONAL TRAVEL CREDIT.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) is amended by redesignating section 35 as section 36 and inserting after section 34 the following new section:

"SEC. 35. PERSONAL TRAVEL CREDIT.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified personal travel expenses which are paid or incurred by the taxpayer during the 60-day period beginning on the date of enactment of this section.

''(b) LIMITATIONS.—

''(1) MAXIMUM CREDIT.—The credit allowed a taxpayer under subsection (a) for any taxable year shall not exceed $600 ($1,200, in the case of a joint return).

''(2) PER TRIP LIMITATION.—The expenses taken into account under subsection (a), with respect to any trip, shall not exceed $200.

''(c) QUALIFIED PERSONAL TRAVEL EXPENSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified personal travel expenses' means reasonable expenses in connection with a qualifying personal trip for—

''(A) travel by aircraft, rail, watercraft, or commercial motor vehicle, and

''(B) lodging while away from home at any commercial lodging facility.

Such term does not include expenses for meals, entertainment, amusement, or recreation.

''(2) QUALIFYING PERSONAL TRIP.—

''(A) IN GENERAL.—The term 'qualifying personal trip' means travel within the United States—

''(i) the farthest destination of which is at least 100 miles from the taxpayer's residence,

''(ii) involves an overnight stay at a commercial lodging facility and

''(iii) which is taken on or after the date of the enactment of this section.

''(B) ONLY PERSONAL TRAVEL INCLUDED.—Such term shall not include travel if, without regard to this section, any expenses in connection with such travel are deductible in connection with a trade or business or activity for the production of income.

''(3) COMMERCIAL LODGING FACILITY.—The term 'commercial lodging facility' includes any hotel, motel, resort, rooming house, watercraft, or campground.

''(d) SPECIAL RULES.—

''(1) DENIAL OF CREDIT TO DEPENDENTS.—No credit shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(2) EXPENSES MUST BE SUBSTANTIATED.—No credit shall be allowed by subsection (a) unless the taxpayer substantiates by adequate records the amount of the expenses described in subsection (c)(1).

''(e) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any expense for which credit is allowed under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period '', or from section 35 of such Code''.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following new items:

''Sec. 35. Personal travel credit.

''Sec. 36. Overpayments of tax.''.

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

SEC. ___02. TEMPORARY INCREASE IN DEDUCTION FOR BUSINESS MEAL EXPENSES.

(a) IN GENERAL.—Subsection (n) of section 274 of the Internal Revenue Code of 1986 (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following:

''(4) TEMPORARY INCREASE IN LIMITATION.—With respect to any expense for food or beverage paid or incurred on or after the date of enactment of this paragraph, and before the date that is 180 days after such date, paragraph (1) shall be applied by substituting '80 percent' for '50 percent'.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. ___03. TEMPORARY RESTORATION OF DEDUCTION FOR SPOUSES ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.

(a) IN GENERAL.—Section 274(m) of the Internal Revenue Code of 1986 (relating to limitations on travel expenses) is amended by adding at the end the following:

''(4) TEMPORARY REPEAL OF LIMITATION.—With respect to any travel expense paid or incurred on or after the date of enactment of this paragraph, and before the date that is 180 days after such date, paragraph (3) shall not apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

Mr. REID. Madam President, prior to September 11, the travel and tourism industry employed more than 18 million people, with an annual payroll of about $160 billion. The industry was the first, second, or third largest employer—I should say the most, not the largest employer, but the first, second, or third most important——

Mr. NELSON of Florida. Industry.

Mr. REID. Industry in some 30 States. I appreciate the Senator from Florida coming up with that word. It is the No. 1, 2, or 3 driving economic force in those States. It is estimated that travel and tourism generated $93 billion in tax revenue during 2000 for Federal, State, and local governments. When our Governors and other State officials find themselves strapped for cash to pay for such basic services as education, $93 billion, and the figure has in the past been going up every year in tax revenues, it takes on increased significance.

During the past decade, travel and tourism has emerged as the Nation's second largest service export, generating an annual trade surplus of about $14 billion. This, of course, is no surprise to the people of the State of California, the State of Florida, and certainly the State of Nevada. Those Senators who are present now recognize the importance of the travel and tourism business.

In the year 2000, 36 million people came to Las Vegas through the airport. It may be surprising, but McCarran Field is busier than L.A. International Airport. It has more people come and go through it than L.A. International. It is the sixth busiest airport in North America, and last year some 36 million people came to Las Vegas through the airport. This contributed about $32 billion to our local economy, sustaining approximately 200,000 hospitality- and tourism-related jobs.

Since September 11, these impressive numbers have declined significantly. According to the Hotel and Restaurant Employees International Union, 41 percent of the hotel and restaurant employees in Washington, DC, have been laid off. In Las Vegas, the fastest growing metropolitan community in America, 30 percent of hotel and restaurant employees have lost their jobs.

There are similar cuts all over America: Phoenix, Orlando, San Francisco. Around the country, more than 450,000 jobs directly related to tourism have been lost, and the forecast for the industry from this point is not much better.

The Travel Industry of America estimates travel by Americans will decrease by about 8½ percent this winter as compared to the months of December, January, and February a year ago, with a decline of 3½ percent for the entire year 2001 when compared to travel during the year 2000. The Travel Industry of America estimates this will result in nearly $43 billion in lost travel expenditures in 1 year.

Because travel and tourism is so important to Nevada and so many other States, I believe that any economic security package must include incentives and other stimulative proposals to get people traveling again. That is why I have joined with Senator KYL, Senator NELSON of Florida, Senator HATCH, and Senator MILLER to move this legislation.

I personally believe there are other things we could do to help travel and tourism. I am one of the original cosponsors of and I am supporting legislation Senator DORGAN has offered. I am supportive also of legislation Senator BOXER has offered. But to have bipartisan support we have this measure now before the Senate, and I think we should move forward.

There are three key components in this legislation. First of all, a $600 tax credit per individual and a $1,200 tax credit per couple, at a maximum of $200 per trip, for the 60 days after date of enactment of this amendment.

What this would mean is if someone is traveling to Miami for a convention, they would get a $200 tax credit. This would stimulate more travel. After the first trip, they would be eligible for a $200 tax credit; after two trips, $400; after three trips, $600.

This proposal provides a genuine incentive to the leisure traveler to encourage Americans to get back on airplanes, rent a car, to stay a few nights in their favorite hotel, enjoy a few meals at their favorite restaurant. Moreover, by capping each trip to $200, our amendment provides an additional incentive for travelers to make multiple trips. The tax credits would be temporary and provide immediate results.

People need to feel good about traveling. I personally feel safer today flying in an airplane than I ever have. It is somewhat inconvenient at the airports. We were at an airport yesterday and I saw someone take off her shoes. My wife said: That has happened to me.

It does not take long to take one's shoes off, and they do not do it to everybody. It is a random search. I think it is good they are doing that.

In short, I think we are really getting it down better at airports. I think we are moving people through more quickly. I was in one of our National Laboratories on Friday at Sandia, and they have a booth that you can walk in and in 5 seconds they can determine if you have been in contact with any type of explosives for many days in the past. The whole walk-through takes 12 seconds, actually takes 5 seconds to do the check to find out if there are any explosives.

We are going to start putting some of these techniques in place at various places around the country, and someday we will have them everyplace.

We have a machine for sniffing explosives. It is like a little scoop. What they have now looks like a shovel.

We are getting things down very well. People should feel good about traveling. We want this legislation to cause people to feel better about traveling.

The second part of this legislation would be an increase in the deduction for business meals and entertainment expenses. It increases the deduction from 50 to 80 percent for 6 months after the date of enactment of this amendment.

I can use, again, myself as an example. After I practiced law for a couple of years, the people who ran the law firm I worked for said they thought I could develop some business and have an expense account. What that meant to me was I could go out and try to get business for my law firm. I could take people to dinner. I did not have the money to do that except for this expense account. With the expense account, I did that. It generated business for the hotels and the restaurants in Las Vegas. As a result of that, people had to prepare meals for me and my prospective clients or clients we already had who we were trying to keep happy.

People had to serve that food. The restaurant had to buy that food. It generated business for everybody. That is what this legislation is about. I never liked that we reduced the meals tax deduction, but it was done, first from 100 percent, to 80 percent, to 50 percent. We want to raise it to 80 percent for 6 months. We call for a temporary increase in the deduction, as I indicated. It would be temporary, but it would be stimulative.

I believe we got this going—people wanted to make it permanent because of the entertainment industry. The restaurant industry would think it was helpful. Increasing the business meals deduction will have an enormous and positive impact on our Nation's restaurants and the millions of Americans they employ.

As I indicated, third, restoration of the spousal deduction provides 100-percent deduction for spouses on business trips 6 months after the date of enactment. This proposal will encourage more spouses to travel. They will spend additional dollars in restaurants, hotels, rental car agencies, and travel-related expenses.

This proposal encourages spouses to travel. It is not only family friendly, but it also encourages the business traveler to spend additional dollars to help stimulate the economy in Nevada and throughout the country.

This has wide-ranging support. I have a letter I received recently, dated February 1. This is from Jonathan Tisch, chairman of the Travel Business Roundtable. Let me name a few of the participants in this Roundtable: Detroit Metro Convention Visitors Bureau, National Restaurant Association, National Hockey League, Omega Travel, United Airlines, Commonwealth of Puerto Rico, Las Vegas Visitors & Convention Authority, Four Seasons Regent Hotels & Resorts, American Airlines, Greater Fort Lauderdale Chamber of Commerce, Six Continents Hotels, Diners Club International, IBM, Wyndham International, American Express, American Resort Development Association—literally dozens of organizations are part of this Roundtable. They have signed on to what we are trying to do.

I ask unanimous consent this letter and the attached member list be printed in the RECORD.

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

TRAVEL BUSINESS ROUNDTABLE,
February 1, 2002.

Hon. HARRY REID,
U.S. Senate,
Washington, DC.

DEAR SENATOR REID: On behalf of the 70 members of the Travel Business Roundtable, I would like to thank you and Senator Kyl for your leadership in offering an amendment to the economic stimulus bill to provide much-needed stimulus for the travel and tourism industry. We deeply appreciate your efforts over the past several years to call attention to the contributions our diverse industry has brought to the U.S. economy, and we are particularly grateful for your tireless work in recent months to ensure that our concerns are addressed in any economic stimulus package that moves forward in the Congress.

You saw first-hand in your own state the upheaval and economic crisis that hit the hotels, restaurants, casinos, resorts, convention centers, rental car agencies, shopping centers, amusement parks and attractions that make up our industry in the days and weeks following the September 11 terrorist attacks. While there are signs that the U.S. economy as a whole is recovering somewhat, a forecast of the TBR Index of Leading Economic Indicators shows that recovery for our history will be slow over the next two years, and we will still be unable to regain 2000 levels by the end of 2003. Naturally, one of our deepest concerns is the toll this may take on our employees.

While we are still assessing the fourth quarter of 2001, the most recent projections for the U.S. industry show losses of $43 billion for the year in traveler expenditures and the loss of more than 450,000 travel and tourism jobs nationwide. And all the indicators show that there will be further layoffs in the industry this year. A recent Milken Institute study of the impact of the September 11 attacks on the 315 U.S. metropolitan statistical areas (MSAs) shows that areas across the U.S. stand to lose more than 1 million jobs this year in the travel and tourism sector. In the hotel sector alone, PricewaterhouseCoopers is projecting 18,000 layoffs this year—that is on top of the 257,000 hotel workers laid off in the wake of September 11. In addition to those who lost their jobs outright, there are countless other travel and tourism employees who are working reduced hours—and therefore taking home less pay—due to the slowdown in business, and often their willingness to work shorter shifts so that their colleagues will not lost their jobs.

As you are acutely aware, local governments and states are feeling the slowdown in business and leisure travel as well—both because their coffers are emptying from the drastic reduction in tax revenues that tourists provide and because they are struggling to assist displayed workers. A December 2001 report by the U.S. Conference of Mayors showed that requests for emergency food assistance climbed an average of 23 percent, and requests for emergency shelter assistance increased an average of 13 percent in the 27 cities surveyed. They note in their report that declining tourism since September 11 is one of the factors that is driving up these numbers.

Clearly, we must differ with those who say that the urgency for the passage of an economic stimulus bill has passed. Congress' quick enactment of airline assistance and airport security measures have gone a long way toward keeping travelers flying and helping restore traveler confidence. However, keeping the airlines in business alone is not sufficient to stimulate travel spending. We believe that an economic stimuls bill that includes tax incentives for leisure and business travelers and tourism promotion assistance will help provide the final boost that our industry and our workers so badly need.

Again, we thank you, Senator Kyl and your colleagues in the Senate Travel and Tourism Caucus for your diligent efforts on this matter, and we are happy to provide our assistance as the process moves forward.

Sincerely,

JONATHAN TISCH,
Chairman.

Attachment.

MEMBERSHIP

Dieter H. Huckestein, President, Hilton Hotels Corporation.

George L. Hundley, Jr., President & CEO, Northstar Travel Media, LLC.

Noel Irwin-Hentschel, Chairman and CEO, American Tours International, Inc.

Robert E. Juliano, Legislative Representative, Hotel & Restaurant Employee International Union.

Jacki Kelley, Senior Vice President Advertising, USA TODAY.

Brian J. Kennedy, Executive Vice President, The Hertz Corporation.

Thomas A. Kershaw, Owner, The Hampshire House Corporation.

George D. Kirkland, President & CEO, LA. Convention & Visitors Bureau.

Fred Kleisner, Chairman and CEO, Wyndham International.

Werner G. Kunz, Vice President-Marketing and Sales, Lufthansa Systems North America.

Jonathan S. Linen, Vice Chairman, American Express Company.
Joseph A. McInerney, President, American Hotel & Lodging Association.
David Meyer, Editor-In-Chief, Business Travel News.
Scott D. Miller, President, Hyatt Hotels Corporation.
Sandy Miller, Chairman & CEO, Budget Group, Inc.
Marc Morial, Mayor, City of New Orleans.
Steven C. Morris, President and CEO, Seattle's Convention and Visitors Bureau.
Patrick B. Moscaritolo, President and CEO, Greater Boston Convention & Visitors Bureau.
Devon Murphy, President and CEO, Carey International Limousine.
Craig M. Nash, Chairman & CEO, Interval International.
David G. Neeleman, CEO, Jetblue Airways Corporation.
Curtis Nelson, President & CEO, Carlson Hospitality Worldwide.
Cristyne L. Nicholas, President & CEO, NYC & Company.
Howard C. Nusbaum, President, American Resort Development Association.
Michael S. Olson, CAE, President and CEO, American Society of Association Executives.
William J. Overend, Dir., Global Travel Ind. Sales & Marketing, The Coca-Cola Company.
Paul S. Pressler, Chairman, Walt Disney Parks and Resort.
Lalia Rach, Associate Dean, New York University.
Barbara J. Richardson, Executive Vice President, Amtrak.
John T. Riordan, Vice Chairman, International Council of Shopping Centers.
Robert Rosenberg, President and CEO, Newport County, CVB.
Fred Schwartz, President, American Asian Hotel Owners Association.
Lamar Smith, Senior Vice President of Government Affairs, Visa U.S.A. Inc.
Randell A. Smith, Chief Executive Officer, Smith Travel Research.
Barry Sternlicht, Chairman & CEO, Starwood Hotels & Resorts.
Paul Tagliabue, Commissioner, National Football League.
William D. Talbert, III, President & CEO, Greater Miami CVB.
Robert S. Taubman, CEO/President, Taubman Centers, Inc.
Jonathan M. Tisch, Chairman & CEO, Loews Hotels.
Daniel R. Tishman, President & COO, Tishman Construction Co.
Ron Wagner, President, Association of Corporate Travel Executives.
Paul Whetsell, Chairman & CEO, MeriStar Hotels & Resorts, Inc.
Tom Williams, Chairman and Chief Executive Officer, Universal Studios Recreation Group.
Scott Yohe, Senior Vice President of Government Affairs, Delta Air Lines, Inc.
Tim Zagat, Co-Chair and Publisher, Zagat Survey, LLC.
Larry Alexander, President and CEO, Detroit Metro Convention and Visitors Bureau.
Steven C Anderson, President and CEO, National Restaurant Association.
Sean Anderson, Chief Executive Officer, WH Smith USA Travel Research.
Adam M. Aron, Chairman & CEO, Vail Resorts, Inc.
Gary Bettman, Commissioner, National Hockey League.
Gloria Bohan, President, Omega World Travel, Inc.
Christopher Bowers, Senior VP, North America, United Airlines.
Melinda Bush, President & CEO, HRW Holdings, LLC.
Chris J. Cahill, President & COO, Fairmont Hotels & Resorts.
Sila M. Calderon Serra, Governor, Commonwealth of Puerto Rico.
Thomas J. Corcoran, Jr., President and CEO, FelCor Lodging Trust.
Manuel Cortez, President/CEO, Las Vegas Convention & Visitors Authority.
John F. Davis, III, CEO & Chairman of the Board, Pegasus Solutions, Inc.
William Diffenderffer, Vice President, Global Travel and Transportation, BIS, IBM.
Roger J. Dow, SVP, General Sales Manager, Marriott International, Inc.
William H. Friesell, Chairman, Diners Club International.
Michael Gehrisch, President and CEO, LACVB.
Laurence S. Geller, CEO, Strategic Hotel Capital Incorporated.
Vicki Gordon, Senior Vice President, Americas Administration, Six Continents Hotels, Inc.
Nicki E. Grossman, President, Greater Fort Lauderdale CVB.
Michael W. Gunn, Executive Vice President, American Airlines.
Bjorn Hanson, Global Industry Leader—Hospitality and Leisure, Pricewaterhouse-Coopers, LLP.
Wolf H. Hengst, President & COO, Four Seasons Regent Hotels & Resorts.
Stephen P. Holmes, Vice Chairman, Cendant Corporation.

The PRESIDING OFFICER (Mrs. CARNAHAN). The Senator from Florida.

Mr. NELSON of Florida. Madam President, I had the privilege of being a cosponsor of the amendment with the Senator from Nevada. It is instructive to lay out the reasons as to why so long after September 11 that the Senator from Nevada and others, including myself, are offering such an amendment with regard to stimulation of the economy and tourism.

Travel and tourism encompasses 5 percent of the GDP. It generates more than $578 million in revenues. Travel and tourism, as an industry, supports more than 17 million jobs. It provides more than $14 million in trade surplus, and more than 95 percent of the businesses in travel and tourism are small- to medium-sized businesses. That begins to tell the story of why this amendment is important to the economy.

Do we think we are in a recession? Yes. All economic indicators are pointing to the fact that we are in a recession right now. What would this amendment do, and why is the travel and tourism industry suffering a recession right now?

Take, for example, the No. 1 tourist destination in the world which happens to be Orlando, FL. Last week, National Public Radio reported since September 11 unemployment in the Orlando area of central Florida has doubled to a 7-year high and that it is likely to continue rising for some period of time. At the same time that tourism is down, the corollary central Florida convention business faces a 5- to 15-percent drop in convention attendance as companies are cutting back in their travel budgets.

If we want to do something about stimulus, this amendment helps with a tax credit to encourage people take a leisure trips just for the next 2 months after the enactment of the bill. That, to me, is clearly a stimulus-type activity for the economy.

If, for 6 months, the bill says we are going to encourage people to go into the restaurants by being able to deduct business meals as a stimulus, not just at the 50-percent level but at an 80-percent level, then clearly that is stimulus in the short time frame of six months.

With regard to the matter before the Senate, I add to the remarks of the Senator from Nevada my support for this amendment to the stimulus bill. This is of limited duration. Part of this amendment lasts just 60 days. It will give us an economic jolt as we attempt to jump-start the economy and get us out of the recession and back into economic recovery.

Mrs. FEINSTEIN. Madam President, I want to repeat something that I stated over the weekend. It will be my intent to vote against any large stimulus package at this time. I do so because I believe a stimulus package right now is not necessary. I believe, when compounded with the President's budget and other items, it actually works as a significant detriment to us doing what we need to do, which is have a balanced budget.

In his remarks last month before the Senate Budget Committee, Federal Reserve Chairman Alan Greenspan said an interesting thing. I would like to quote him. He said:

> There have been signs recently that some of the forces that have been restraining the economy over the past year are starting to diminish and that activity is beginning to firm.

And it appears the economy is stabilizing without the need for a stimulus.

Among the positive signs the distinguished Mr. Greenspan cited are that businesses are working off their inventories of unsold goods, freeing them to increase production and hire more workers.

According to the latest economic reports, the moving 4-week average of jobless rates continues to dip while the pace of manufacturing activity throughout our country surges. Unemployment appears to have stabilized. The manufacturing index is up. The consumer confidence index is up. Orders for durable goods are up. Most importantly, we notice a slight increase in gross domestic product. Although it may not be much, it signals that the worst may well be over.

I agree with Chairman Greenspan's assessment that ''while 3 months ago, it was clearly a desirable action'' to pass a stimulus measure, we did not, and, ''fortunately, it turned out we didn't need that particular [action].''

If you sort of put this in context, the House has passed a very large stimulus package. The debate is going on in this Chamber on two stimulus packages. They then need to go to conference, and the differences would have to be resolved. It is very clear to me that by

the time the stimulus package goes into effect, it really would have negligible effect.

Although there is still a ways to go before the economy is fully stabilized and is growing again, I believe we are moving in the right direction.

I want to point out that now the President's budget has come to the Hill with very large increases in defense, the end program, if we begin them, is that we must continue them over the next 5-year period, and large increases in homeland security, some of which will be new expenditures and will need continuation in this post 9–11 era. Making large cuts in many domestic programs with dollars being spent on a so-called stimulus, to me, becomes even more questionable.

In fact, many of the measures which have been proposed by the President and which have been under discussion in the Congress over the past few months are not, to my mind, well calibrated to provide a real stimulus impact. They add to the tax package we passed this past June. I voted for it because I felt at the time it was well deserved. The economy was strong, the surplus was up, and it is not unreasonable to expect when both of those are present that the taxpayers should be enabled to keep more of their money. I basically believe that is good public policy.

However, in September we began to see an unprecedented event add to our problems. That unprecedented event, of course, has brought on the need for homeland security and increased defense allocation. Downstream, this means that these two items can well crowd out also vitally needed domestic programs. The transportation budget has been cut dramatically, I understand. Transportation is a stimulus. Transportation puts people to work. The transportation budget provides good jobs. I suspect, if that cut goes through, we will find those jobs will diminish.

There are many elements of the plan the majority leader has proposed which I believe are important—not for their stimulative impact but as an issue of basic fairness and past practice for those of us in this body.

The first is the 13-week extension of unemployment insurance. I would support this as, again, a matter of the practice of this body. I was present in the 1990s when we extended unemployment insurance at least twice that I can remember. That was during the periods of recession.

According to the Department of Labor, every dollar used for unemployment benefit results in a $2.15 increase in the gross domestic product. That is the sum total of goods and services in our country.

Today, over 1 million people are unemployed. In my State, that is over 13 percent of the country's total unemployment. Since September 11, unemployment benefits have run out for 190,000 Californians. Since September 11, over 900,000 Californians have started receiving unemployment benefits, which shows the impact of that dastardly event on September 11.

It is estimated that 300,000 people in California alone would be helped by this 13-week extension. Nationally, extending unemployment coverage will benefit more than 600,000 people, and again continue to revive the economy.

I think we should do it because we have done it before, because it is the right thing to do, and because it is the fair thing to do.

There is one other part of the leader's package that I would support. That is the temporary change in the Federal Medicaid Assistance Program, known as FMAP. That is a formula that provides States with additional funds to make sure that health care is available to those in need. It is a measure supported by virtually all of our country's Governors. It is supported because the recession essentially has pushed more people into Medicaid. In fact, one study has found that just an increase in unemployment from 4.5 to 6.5 percent, which is what transpired last year, adds 800,000 adults, 260,000 disabled, and 2.1 million children to the Medicaid rolls of our 50 States.

I would support the 1-year increase in the Medicaid assistance, or FMAP, by 1.5 percent to every State, and an additional 1.5 percent to States with higher than average unemployment. This is essentially the same proposal that is in the majority leader's stimulus package.

I have submitted an amendment which would do only those two things. I hope, if the time is appropriate, that I will be able to offer that amendment. I think these are two elements of the Daschle package which are worthy of support.

Madam President, I say these words because I have said them in other places, and I think I ought to say them in this Senate Chamber. It would be my hope that we could pass the extension of unemployment insurance and the FMAP Medicaid changes—the FMAP amounts to about $5 billion—and do so as a matter of fairness.

I thank the Chair and yield the floor.

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.

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

The PRESIDING OFFICER (Mrs. LINCOLN). Without objection, it is so ordered.

Mr. GRASSLEY. Madam President, as people who are watching know, we are in debate on the economic stimulus package with Members on both the Republican side, as well as the Democratic side, offering amendments to the underlying bill the Senate majority leader put down about a week ago. We are going to work our way through those amendments.

I go back to what I call square one and remind our colleagues and the people of this country there has already been a bill passed in the House of Representatives, a bill the President said he would sign, a bill I hope we get a chance to vote on before we finish work on the economic stimulus package, a bill I hope will become the law of this land, one that is truly bipartisan and truly is a stimulus. I call that the White House-centrist stimulus plan.

This bill that has passed the House of Representatives, that the President said he would sign, is something for the most part that has been worked out by Members of this body, not the other body, people who are Republican and Democrat, in the middle of the political spectrum of the Senate. Since it is bipartisan, since the President had an opportunity to meet with a bipartisan group and said he would sign it, before the holidays the House of Representatives went ahead and passed the bill. We did not have an opportunity to vote on it before the holidays because of the fact the majority leader sets the agenda for the Senate, and he did not see fit to bring it up. I will explain this plan so people know we do have a bipartisan proposal, not only a bipartisan proposal that would have bipartisan support in the Senate but one that has passed the House of Representatives and that would be signed by the President of the United States.

As we think of the 800,000 people who are unemployed since the September 11 terrorist attacks, there would be some hope for those people in this legislation. I will name just a couple before I go into greater detail. One, a 13-week extension on unemployment benefits, beyond the 26 weeks that States otherwise provide. Second, provision of health insurance benefits for those people who would have had health insurance where they were last employed, even for people who did not have health insurance before they were laid off. They would get some benefit of that program, as well.

If we can get this passed, it will take a lot of anxiety out of the daily lives of those unemployed people. A bipartisan benefit is needed to help dislocated workers. Another has tax provisions and investment provisions that would actually stimulate the economy to create jobs.

The plan's unemployment insurance proposal represents an unprecedented commitment to American workers. It provides up to 13 weeks of additional unemployment benefits to eligible workers. An estimated 3 million unemployed workers would qualify for benefits, averaging $230 a week. These benefits would be 100-percent federally funded, meaning the States and the businesses in the respective States that support the unemployment trust fund would not have to have any tax increase as a result of what we are doing in mandating an additional 13 weeks.

The plan transfers an additional $9 billion from Federal funds to State unemployment trust funds. This transfer

provides the States with the flexibility to pay administrative costs and provide these additional benefits. Obviously, the intended purpose is to avoid raising their unemployment taxes during the current recession. We know it is bad to have a policy of a tax increase during a recession. That tends to make the recession worse.

Also, in regard to the bipartisan White House-centrist plan is the plan's commitment to provide health care for dislocated workers. This is something that has never been done at a time this country has been in recession. This would be quite a departure from past social policies of our Government for a social contract with our people. It goes further and wider than any other proposal and gets more help to more people more quickly than any other proposal. When I say ''any other proposal,'' I mean all of these proposals are precedent-breaking for social policy of our Federal Government in helping unemployed people get partial payment or support for their health insurance.

Several proposals have been put forth before the body. This White House-centrist proposal actually gets help almost immediately to those people who need it by getting a certificate at the time they apply for unemployment that can be used kind of like a voucher to buy health insurance. It commits over $19 billion to this health insurance assistance. This is over six times as much money for the temporary health insurance assistance that was provided under the original stimulus proposals.

The White House-centrist plan takes a three-pronged approach to getting health insurance assistance to the people in need. First, the plan provides a refundable, advanceable tax credit to all displaced workers eligible for unemployment insurance. This goes beyond the present policy, COBRA insurance, that people can pay out of their own pocket once they are laid off, continuing, though, the insurance they had where they last worked for 18 months. We are through this legislation allowing the unemployed who had insurance where they previously worked to continue that health insurance and to have some help for the first time in paying for it, but it will go to those who were not covered by the COBRA policy, as well.

The value of the credit would be 6 percent of the premium. The credit has no cap, so regardless of what the cost was to the employee and the employer where they previously worked, they will be able to continue to pay that full policy. Of course, this is available to individuals for a total of 12 months during their unemployment if that should happen anytime between the years 2002 and 2003. Individuals can stay with their employer COBRA coverage or they can choose policies in the individual market that may better fit their family needs. Obviously, this makes sense. If you want to lock people just into their COBRA policies, it forces people to stay with those policies that could be too expensive to keep when they are unemployed, even considering subsidy.

The White House-centrist bipartisan bill also includes a major new insurance reform to protect people who have had employer-sponsored coverage and go out into the private market for the first time after being laid off. It makes COBRA protections available to people who have had only 12 months of employer-sponsored coverage rather than 18 months as under current law. By doing this, we greatly expand the group of displaced workers who cannot be turned down for coverage or excluded because of preexisting conditions. The new 12-month standard is especially important for people with chronic conditions who have difficulty affording coverage on their own without the Federal law helping these people get coverage that perhaps they otherwise would not get.

The second prong of the White House-centrist bipartisan proposal is $4 billion for the States for enhanced national emergency grants which can be used to help all workers, not just those eligible for tax credits, to pay for health insurance.

Finally, the third prong of the proposal includes $4.3 billion for one-time temporary State health care assistance payments to the States to help bolster their Medicaid Programs. We know the Medicaid Program is an important safety net for low-income children and families and disabled individuals.

I detract a bit for a moment from my remarks, specifically about the White House-centrist bipartisan proposal that I hope we get a vote on, to speak about this $4.3 billion one-time temporary State health care assistance to help the Medicaid Program. We had a debate last week on two amendments that were put forth to supplement Federal Medicaid payments to the States because States in financial trouble are having difficulty keeping their commitments under the Medicaid Program. Even though the amendments offered last week were a little bit more money than what we are talking in the bill that passed the House, and that the President would have signed if the Senate acted on it before Christmas, the fact is that the States would have $4.3 billion in their treasuries right now to take care of some of these needs, except for the fact that we were not able to bring this bill up on the floor of the Senate prior to the Christmas holidays.

This seems to be very important because, at the time before the holidays, the National Governors Association was asking for $5.1 billion of temporary help to the States for their Medicaid Programs. Obviously, $4.3 billion is not $5.1 billion. But the fact is, we could have had this $4.3 billion in the State treasuries right now, rather than having to debate that either in the White House-centrist bipartisan bill or in the amendments that were offered to the underlying bill last week.

For instance, I met with legislators in my State of Iowa during the interim between adjournment on December 21 and our reconvening on January 23. During that period of time, they were bringing this up with me, speaking with me about the problems they were going to have keeping their Medicare commitments and that they really wished they had help from the Federal Government in this regard.

I had an opportunity to remind them that I had a telephone conference call with a lot of Republican and Democrat legislative leaders, along with some administration people of my Governor, Vilsack, as well as Governor Vilsack himself, to discuss this very issue early last December at the time the National Governors Association was lobbying for that $5.1 billion of Medicaid supplement.

I obviously had sympathy for our legislators, knowing that we had an opportunity to pass this bipartisan White House-centrist plan with the $4.3 billion in it that would have been in the treasuries of the States at that particular time. I reminded them that maybe Governors, instead of working with those of us in Congress who were sympathetic to their cause, probably should have spent their time talking to the Senate majority leader about bringing that bill up before Christmas so this $4.3 billion could have already been in the State treasuries.

With that parenthetical on a very small issue of this White House-centrist bipartisan plan—that could have passed the Senate because it had bipartisan support, if we would have been able to bring it up last Christmas—I now move to discuss the individual income-tax reductions in this White House-centrist plan.

This is really the stimulus part of this bill. The other part obviously addressed the need to help dislocated workers, people who are anxious because they are laid off. There are about 800,000 people who would probably not otherwise have been unemployed except for the September 11 terrorist attacks on New York and the Pentagon.

This White House-centrist plan would accelerate the reduction of the 27-percent income-tax rate to 25 percent. Otherwise, this 25-percent rate is not scheduled to go into effect until the year 2007. Remember, the President signed a tax bill on June 7, last year, which was the largest tax reduction passed by the Congress in 20 years. That bill, signed by the President, did reduce some rates immediately. But it also scheduled various rate reductions in the year 2004 and 2006, both for all the rates except for the 10-percent rate and also the 15-percent rate, which were already low and had the benefit of other tax reductions, such as marriage penalty and child credit, and the refundable tax credit as well.

So what we do as an economic stimulus in the White House-centrist plan is speed up from the year 2007 to immediately, the year 2002, that 25-percent

bracket but only that bracket. We do not touch the 35-percent bracket, for instance, which will not materialize until the year 2007.

The reduction of the 27-percent rate is going to benefit singles with taxable incomes as low as $27,000, heads of households with taxable income as low as $36,000, and married couples with taxable incomes as low as $45,000.

Obviously, what we are trying to do by gearing this rate reduction to make it permanent immediately, from 27 percent down to 25, is to make sure that people with incomes as low as $27,000, $36,000, and $45,000 have an opportunity to have less money taken from their paycheck. They would have that money in their pocket. They could spend it or invest it. Whatever they do with it, it would be a stimulus to the economy and probably much more beneficial as a stimulus to the economy than any of the other things we are doing, particularly including speeding up the accelerated depreciation for corporations and even small businesses.

I hope it is very clear from my concentrating on the lowest income that this is applicable to, for the 25-percent bracket, that these are not wealthy individuals. These are middle-class, working Americans. The Treasury Department has estimated that the White House-centrist plan's acceleration of the 27-percent rate reduction will yield $17.9 billion of tax relief in the year 2002 for over 36 million taxpayers, or approximately one-third of all income level taxpayers.

Also, business owners and entrepreneurs account for about 10 million of those benefiting from rate reduction. When you can do things to help small businesses, particularly small businesses that are not incorporated, you are helping the people who create jobs in America. So these small business people will benefit from this rate reduction from 27 percent down to 25 percent as well.

The White House-centrist plan also provides cash supplements to lower income persons who did not participate in last year's tax rebate. The amounts would be the same as the rebate that was signed by the President on June 7 last year: $300 for each individual, $600 for married filing jointly, and $500 for heads of household.

The advantage of the tax rebate in this instance, on the stimulus plan, is philosophically exactly the same as we had in mind last spring when we passed the bill signed by the President with the tax rebates in it. That was to get money out immediately, particularly to lower income people who maybe have a tendency to spend it more than people who get rebates—people who have higher incomes, and stimulate the economy for the benefit of the demand side of the equation because that also creates jobs.

So we are talking about individual rate reductions for middle-income people as a stimulus to the economy, we are talking about tax rebates for lower income people as a stimulus to the economy, and soon I am going to be speaking about bonus depreciation for businesses to encourage investment in businesses, large and small, to have another way of stimulating the economy.

The 30-percent bonus depreciation is one way of doing it. The small business expensing amount from $24,000 to $35,000 is the second way of doing it through business investment. This will further stimulate purchasing by small businesses.

The bipartisan White House-centrist plan also expands the net operating loss carryback period from 3 years to 5 years. This will allow businesses that are experiencing losses to improve their cashflow by reclaiming taxes paid to prior profitable years.

The plan also eliminates components of the alternative minimum tax that most often causes corporation taxes to increase during an economic downturn. Oddly enough, under the alternative minimum tax, when a corporation's income goes down, it can actually be penalized through having additional taxes applied to them through the alternative minimum tax.

I want to make very clear that this bill does not refund any alternative minimum tax credits that were accumulated over prior years. For instance, last fall you heard about the first bill to pass the House of Representatives. That bill has been shoved to the side. It is not the bill I am talking about here—the White House-centrist plan that for a second time passed the House of Representatives before Christmas. But that first proposal in the House of Representatives would have given cash refunds all at once for the alternative minimum tax credits.

You have recently been reading—and have discussed, I presume—about that plan which would have given Enron hundreds of millions of dollars for previous alternative minimum tax credits.

The White House-centrist plan, which passed the House of Representatives, as I said, as differentiated from that first bill that passed the House of Representatives, does not have the refund of those accumulated tax credits. So Enron would not benefit to the great extent you have been reading about in the papers. That is not stimulative. We didn't leave that out because of Enron. Enron was not an issue at the time this White House-centrist plan was written. We did it because refunding those tax credits is not a stimulus to the economy. We want this bill to be a stimulus to the economy as well as to dislocated workers through their time of anxiety and unemployment.

The White House-centrist package is a solid economic stimulus plan. It is a compassionate plan that puts displaced workers first, and it is a bipartisan plan that has votes of enough Republicans and Democrats to pass. Albeit, I confess, if somebody wants to say they don't want anything going through the Senate that doesn't have at least 60 votes to stop a filibuster, this would not have 60 votes. It seems to me that should not have been an issue prior to the holidays when we weren't allowed to bring this bill up, when you consider that the former Secretary of Treasury under the Clinton administration was saying we ought to have a stimulus package. Alan Greenspan, Fed Chairman, was saying we ought to have a stimulus package. The President of the United States and leaders of both political parties in the House of Representatives and in the Senate were saying we ought to have a stimulus package. Albeit, what kind of a stimulus package? There was some disagreement over that. But at the time of adjournment just before the holidays we had a bipartisan vote to get this bill to the President, and we weren't able to bring it up.

That was a time of anxiety. We could have put that anxiety behind for all of these people who are unemployed and we would not be debating this issue right now.

We have lost, I suppose, 5 or 6 weeks since our adjournment prior to Christmas. Here we are debating a stimulus package. I hope we have a chance to reach an agreement and get this completed and hopefully avoid a conference with the House. But if we have to go to conference with the House, we will have a stimulus package.

Quite frankly, there are Members of this body who probably thought before Christmas that we would definitely need a stimulus package who now may have some question about it, considering the fact that unemployment last month was stable and because of the fact that we had a two-tenths percent growth of gross domestic product the last quarter of last year. Economists tell us they think the economy is turning around. I tend to see those as good prospects for the continued growth of the economy.

But the reason I want a stimulus package even in light of all of that is the fact that most recessions after an uptick—in other words, in a recovery, there is growth but then there is a downtick somewhere along the line. Two or three-quarters out, there is a downturn in the economy, not having an official recession, which is a two-quarters downturn. If we can pass a stimulus package even in light of what we hope is an improving economy, it seems to me that we could have an insurance policy against having a downtick in the recovery as we have had in most recoveries in recent decades.

We have an opportunity to do for the unemployed workers two things: One, help them during this time of unemployment with additional unemployment compensation of 13 weeks, and to help with their insurance costs that they might not otherwise be able to keep during their time of unemployment. But most importantly, because workers would rather have a job than have unemployment checks, we have an opportunity through the tax rebate

for low-income people, through the 25-percent bracket for middle-income taxpayers, and through the accelerated depreciation for corporations and the expensing for small businesses, to create jobs. These workers, then, would get their paychecks from their own productivity. That is what the workers of America want.

That is why we should have an opportunity to pass this White House-centrist bipartisan bill that has passed the House of Representatives. It can be brought up in the Senate at any time, and we can get it to the President with the assurance that the President will sign it. That is what the President said he would do.

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

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2766 TO AMENDMENT NO. 2698

(Purpose: To provide enhanced unemployment compensation benefits)

Mr. REID. Madam President, I send an amendment to the desk—this is the Democrats' next in order—on behalf of SENATORS DURBIN, WELLSTONE, DAYTON, LANDRIEU, and LINCOLN.

The PRESIDING OFFICER. The clerk will report.

The senior assistant bill clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. DURBIN, for himself, Mr. WELLSTONE, Mr. DAYTON, Ms. LANDRIEU, and Mrs. LINCOLN, proposes an amendment numbered 2766 to amendment No. 2698.

Mr. REID. 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. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mrs. LINCOLN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mrs. LINCOLN. Madam President, I ask unanimous consent that the pending amendment be laid aside.

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

AMENDMENT NO. 2767 TO AMENDMENT NO. 2698

Mrs. LINCOLN. Madam President, I have an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arkansas [Mrs. LINCOLN], for herself, Mr. GRAHAM, Mr. NELSON of Florida, Mr. MILLER, Mr. CORZINE, Mr. DAYTON, Mr. KERRY, Mrs. MURRAY, Mr. TORRICELLI, Mrs. CLINTON, and Mr. SCHUMER, proposes an amendment numbered 2767 to amendment No. 2698.

Mrs. LINCOLN. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To delay until at least June 30, 2002, any changes in medicaid regulations that modify the medicaid upper payment limit for non-State Government-owned or operated hospitals)

At the appropriate place, insert the following:

SEC. ___. DELAY IN MEDICAID UPL CHANGES FOR NON-STATE GOVERNMENT-OWNED OR OPERATED HOSPITALS.

(a) CONGRESSIONAL FINDINGS.—Congress finds the following:

(1) The Secretary of Health and Human Services, in regulations promulgated on January 12, 2001, provided for an exception to the upper limits on payment under State medicaid plans so to permit payment to city and county public hospitals at a rate up to 150 percent of the medicare payment rate.

(2) The Secretary justified this exception because these hospitals—

(A) provide access to a wide range of needed care not often otherwise available in underserved areas;

(B) deliver a significant proportion of uncompensated care; and

(C) are critically dependent on public financing sources, such as the medicaid program.

(3) There has been no evidence presented to Congress that has changed this justification for such exception.

(b) MORATORIUM ON UPL CHANGES.—The Secretary of Health and Human Services may not implement any change in the upper limits on payment under title XIX of the Social Security Act for services of non-State government-owned or operated hospitals published after October 1, 2001, before the later of—

(1) June 30, 2002; or

(2) 3 months after the submission to Congress of the plan described in subsection (c).

(c) MITIGATION PLAN.—The Secretary of Health and Human Services shall submit to Congress a report that contains a plan for mitigating the loss of funding to non-State government-owned or operated hospitals as a result of any change in the upper limits on payment for such hospitals published after October 1, 2001. Such report shall also include such recommendations for legislative action as the Secretary deems appropriate.

Mrs. LINCOLN. Madam President, I offer this amendment along with Senators GRAHAM, NELSON of Florida, MILLER, CORZINE, DAYTON, KERRY, MURRAY, TORRICELLI, CLINTON, and SCHUMER. Our amendment will place a 6-month moratorium on the final rule issued last month with regard to Medicaid upper payment limits.

On January 18, the Centers for Medicare and Medicaid Services published a rule that would eliminate a critical payment source for America's public safety net hospitals.

One year ago, we adopted a bipartisan legislative and regulatory compromise on this matter. This new rule flys in the face of that very compromise we made last year.

We have already closed the loopholes that some States were using to abuse this aspect of the Medicaid Program. We accomplished this in last year's Medicaid UPL rule by creating three separate aggregate upper limits, one each for private, State, and non-State government-operated facilities.

While ending abuses of the system, the rule also allowed a higher, 150-percent payment limit, for payments to non-State-owned government hospitals. This policy was developed after a lengthy negotiation process to allow States to pay these public hospitals a UPL of 150 percent of what the Medicare Program would pay for the comparable services.

The intent behind this policy was to help compensate the safety net hospitals for the added costs associated with treating the large number of America's most vulnerable, low-income and uninsured patients.

CMS has the tools and the oversight authority to make certain that Medicaid funds are spent appropriately. Current Medicaid UPL policy requires State Medicaid Programs to submit detailed reports on how these funds are to be used. Now CMS says it is curbing the payment ceiling because of the potential abuse of the system, but no one—not CMS, not the General Accounting Office, and not the Office of the Inspector General—has reported any known abuse of the current 150 percent UPL policy. In fact, only a few States, Arkansas and Mississippi among them, are operating under the new rule.

The 150-percent limit has strong support in Congress. We stated as much in last year's Labor-HHS appropriations report, which pointed out that eliminating the higher payment category compromise would be disastrous for all safety net hospitals that participate in the Medicaid Program. Congress also directed the Secretary of Health and Human Services to refrain from issuing that regulation.

CMS is issuing this change in spite of clear opposition from Congress, the National Governors Association, and the hospitals that serve our Nation's most vulnerable citizens. As many of my colleagues, I hold that the Senate should take a hard look at this issue before we go back on the agreement we made last year.

The Senate Committee on Finance should have a hearing on this issue as soon as possible, and we should work together quickly to consider and enact alternative ways in which Congress can assist the public hospitals that serve such a large percentage of low-income and uninsured patients.

In fact, the second part of my amendment asks the Secretary of Health and Human Services to tell Congress what measures we can take to mitigate the lost funding that will ensue from this new rule. Simply put, if we are cutting off the Medicaid UPL program, we must do more to ensure Medicaid Programs that assist these hospitals are

working properly and that their payments are adequate. With this amendment, Congress will formally ask HHS for assistance in this task.

I do not know about other people's States, but I have had a multitude of my smaller hospitals that are now covering even five and six counties because other close-by hospitals have already closed. They are in dire straits, and if we put one more thing on their back, which would be to take away this 150 percent, we are going to put even those hospitals out of business. This is something that is unbelievable in light of the economic development in rural America.

I know Finance Committee Chairman BAUCUS is interested in holding hearings on the Medicaid UPL. In fact, he had scheduled a hearing on this issue on September 13. Unfortunately, the horrible events of September 11 prevented us from having that hearing as we turned to more immediate concerns.

Some may argue this amendment is not germane to an economic stimulus package. I wholeheartedly disagree. The public safety net hospitals in my State and across this country have told me that elimination of the higher payment limitation or payment limit category will be disastrous. The No. 1 cause of bankruptcy in Arkansas is unpaid medical bills. In some parts of my State, such as the rural delta region, the uninsured population among working adults is as high as 28 percent. What better way is there to stimulate the economy than helping people avoid bankruptcy, providing health care in an area where it may not otherwise be provided?

What industry is going to locate in an area that has no health care provider? They do not want that liability. Their employees do not want that lack of quality of life. What better way is there to keep our small towns and rural areas healthy than to ensure that these hospitals stay open? In our rural communities, access to dependable medical care is just as important as a strong public education system. Towns without hospitals fail to attract a workforce for the economic growth necessary to keep their economy vibrant and growing.

Last summer, CMS approved the Arkansas Medicaid UPL Program. The supplemental payments flow directly to the participating hospitals where they are used exclusively for health care and Medicaid purposes. These payments have literally been the difference for some Arkansas hospitals between continued operation or closing their doors. We cannot tell these hospitals we are going back on our agreement at a time when they face increased demands as a result of a slowing economy and a rising unemployment rate and a rising uninsured rate.

Madam President, we depend on our hospitals in times of personal crisis. We depend on our providers. Now they are asking for our help. We must not turn our backs on them.

I urge all colleagues to join me today in voting for this amendment, supporting this amendment; to look to your States and see how desperately you will be affected if this is allowed to happen. I encourage all colleagues to join me in this effort. Health care is probably going to be, if not already, one of the foremost issues we will deal with in this next year. This is only the tip of the iceberg. Our hope is through this amendment we can do some good in beginning to deal with the problems we will be facing in this new year.

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. DASCHLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DASCHLE. Madam President, I come to the Chamber to talk briefly about our current circumstances legislatively and see if we might clarify where we are. It is important for everyone to understand how we reached this point.

Last fall, the Democratic and Republican leadership, in concert with the administration, worked very closely together to come up with a legislative agenda that addressed the needs in the aftermath of the tragedy of September 11. We worked together and passed a supplemental appropriations bill that dealt directly with the needs of our armed services, as well as the needs of New York. We passed it virtually unanimously.

We took up legislation to deal with the use of force authority that the President felt he needed. Working on that, along with appropriate Members in both the House and the Senate, Republican and Democrat, working collectively, we passed the use of force resolution almost immediately—and unanimously.

We then took up the airline subsidy legislation. Again, we had to work through some very difficult questions regarding what kind of assistance, how fast, and what the criteria would be. We passed along with it a victims fund for the victims of New York and the Pentagon. Again, working with that working group and those who were directly involved legislatively, we passed that nearly unanimously. We had suggested in addition, of course, we try to provide benefits for dislocated workers. Our Republican colleagues said: No, let's save that for another time. We are supportive, we just don't want to do it now.

So we backed away.

We then took up the airport security bill. Again, working collectively, it came to the floor, and we passed it nearly unanimously. Again, many of our colleagues raised the concern about the degree to which employees were still at the end of the line.

We helped airlines. We helped airports. We helped the Defense Department. We had done as much as we could to respond, but again our Republican colleagues said: No, let's wait until the end of the line.

We said: OK, we will wait.

We did have a cloture vote, but we pulled the amendment after we failed to get cloture.

We then took up the counterterrorism legislation. Again, we worked collectively. It was beginning to be a model that seemed to work fairly well as we responded to each and every one of the stated needs and the agenda that both parties shared with regard to responding to the disaster.

I recall vividly in early meetings at the White House, in discussions with the joint leadership, that is what we needed to do on economic stimulus: Let's take a model that worked. If it had worked for all of those legislative items, it would work for economic stimulus as well. So let's do it there as well. We could move ahead, we could negotiate, we could come to the floor. If people had amendments, we could do that.

I recall vividly our Republican colleagues saying: No, on this one we have to draw the line; we are not going to negotiate. We are going to use what is called regular order. We are going to send you something from the House, and you can take it up and deal with it here in the Senate.

I felt it coming. I knew why we were going to go to ''regular order.'' The reason is because there was an agenda. That agenda had many pieces with which they knew we would not be in agreement. They did not want to negotiate those out before they could roll out that so-called agenda, and that is exactly what has happened.

The House acted. We had hoped we could get bipartisan consensus here in the Senate before we moved to legislation. Those were blocked. Negotiations broke off. We had no option other than to move forward without the benefit of a bipartisan consensus even here in the Senate.

I find it all the more ironic that some of us are accused of obstructing when it was we who clearly made the outreach effort at every level, at every stage, with every group. Republicans refused to negotiate for 3 weeks last fall. Time was wasting. We had no other choice but to move forward with the hope that at some point our Republican colleagues could join us. We now know that never happened.

In the negotiations after we began moving our legislation forward—and, by the way, we talked to the experts, Alan Greenspan, Bob Rubin, so many experts during that period from September through October. The Budget Committee on a bipartisan basis was doing about the same thing. I found it remarkable, and I remember commenting at the time, based upon the negotiations and the discussions we had, how clear it was that the economists, regardless of party, had specific recommendations on which they were

in agreement. It was clear that the stimulus package ought to be temporary. It was clear that it ought to be cost contained. It was clear that it had to be truly stimulative if it were going to be of any value. Those were the goals. They specified with some frequency that those goals had to be in place.

I found it all the more disconcerting that when we finally saw the Republican proposal, there was very little temporary. It was all permanent. There was very little immediately stimulative. A lot of it was delayed many years. And while we had all agreed that maybe a $60 billion to $70 billion stimulus package made the most sense, theirs was about $180 billion, more than twice what was the agreed-upon amount.

They insisted on eliminating the corporate alternative minimum tax. That was one of those issues they were just determined would be in any economic stimulus package. They insisted on rate acceleration, even though the CBO has reported that both rate acceleration and alternative minimum tax repeal have very little stimulative value. That is not a Democratic Policy Committee review. That is not a partisan analysis. That is the Congressional Budget Office. So overlooking the advice of the economic experts, ignoring the evaluative report of the Congressional Budget Office, our Republican colleagues have insisted on a nonstimulative, permanent tax change that is very costly.

We were at this for several months last year. We laid down a bill. They made a point of order stopping the process from going forward. They could have amended it, but they made a point of order instead and stopped the legislation from going forward. Yet Democrats were accused of obstructing.

In as genuine an effort as I knew how to make, over the period between the first and the second session, I thought: How are we going to break this impasse? We could go back and have another rehash of all the old debate of November and December. We could have brought a bill to the floor that we knew didn't have the 60 votes. Some suggested that we take up the House bill. We knew it didn't have 60 votes. That was not going to break the logjam.

So the idea we came up with was simply to take the components—admittedly, they were not word for word but they were components found in both bills—components dealing with extending unemployment benefits—both parties profess to be supportive of that. After all, in 1992 we extended benefits for up to 59 weeks. In 1982, we extended benefits for up to 49 weeks. And in 1974, we extended benefits for up to 65 weeks. Today, we are talking about extending benefits for an additional 13 weeks. Both parties agreed to that.

Both parties agreed to a bonus depreciation. Both parties believed it was important to have a bonus depreciation. We differed in the years, but that was the second component.

The third component was a recognition about the rebate—that some got it; others didn't. Why not provide a tax rebate to those who got no help the first time, last year? Both parties addressed that as something they could support.

And both parties acknowledged in different ways that States are going to be exposed to huge costs, first, with the bonus depreciation, $5 billion, and, second, costs they will incur in additional Medicaid benefits they are going to have to pay out as a result of people losing their jobs and incomes going down. So there was a recognition, No. 4, that we would provide some assistance to those States.

This is the third week on this bill. One of our Republican colleagues said no bill is better than the bill DASCHLE laid down. Madam President, I don't know where we go. Our colleagues have chosen not to try to amend the pending legislation, this proposal, but the underlying bill. Why? I don't know. And they are rejecting this common ground proposal and have suggested, now, other amendments that have nothing to do with stimulus in the short term—absolutely nothing.

A couple of examples: Some want to make the estate tax repeal permanent. That takes place, not now in 2002, but in 2010. The Bush tax cut passed last year. Some suggest we make that permanent.

That is not a stimulative approach to the economic circumstances we are facing right now. You can argue philosophically whether they are good or bad, but what that tells me is that our Republican colleagues are not interested in an economic stimulus bill right now. I am not sure why. If they were interested, we would come up with stimulative proposals that do not permanently amend the Tax Code.

The economic experts told us: Don't do anything permanent, don't do anything long term, don't do anything that takes place a decade from now; do something that affects the economy now.

They also said: Try to contain the cost. But making the estate tax repeal permanent costs $104 billion over 10 years. It would not take effect until the year 2010. Making the Bush tax cut permanent costs $350 billion over the first 10 years and $4 trillion over the next 10. That wouldn't take effect until 2011.

Here you have the economic experts saying do something stimulative, do something immediate, do something that doesn't exacerbate the long-term fiscal picture. Yet Republican colleagues are doing just the opposite. They are doing something that takes effect in 2011. They are not doing something temporary. They are doing something permanent. They are racking up debt.

On those two issues alone, we are talking about $350 billion in the first 10 years alone and $4 trillion in the second 10 years when the baby boomers retire. That is just permanent tax cuts, and much of this is Social Security and Medicare money that we are talking about.

We only have two choices. The first choice is to pass them. The second choice is to block them. Those are the only two choices.

It appears the Republicans want to block them. You don't need to be on an economic stimulus bill for 3 weeks. They all tell me it is important for us to take up the agriculture bill. I am told it is important to take up the election reform bill. We all heard the passionate speeches about taking up the energy bill. The longer we are on the economic stimulus bill, the longer it will be before we can take up these other very important pieces of legislation.

I know there is plenty of opportunity for the blame game. How easy it is to say, well, they haven't taken up these bills, and it is their fault. We will take our share of the responsibility, but I don't want to hear that in the Senate Chamber. It isn't us holding up this bill for 3 weeks.

I have no other choice but to file cloture today for a vote on Wednesday on this bill. That is the only way I know to bring this to a close. If the cloture motion is agreed to, we will finish the bill this week. Regrettably, it will probably take most of the week. If we fail to get cloture, I will have no other choice but to pull the bill and to move to other legislation. It will then become clear that we will not have a stimulus bill in the short term. I believe it will become clear who it is that doesn't want one.

We have done all we know how to do. In good faith, I have put a bill down. In good faith, I offered it for debate. In good faith, we have entertained amendments on both sides. In good faith, we have had little schedule to accommodate Senators who have other scheduling priorities. We have little time left and much to do. I am hopeful that beginning Wednesday we will know what it is we will be able to do.

CLOTURE MOTION

Madam President, I send the cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate on the Daschle and others substitute amendment No. 2698 for Calendar No. 71, H.R. 622, the adoption credit bill:

Max Baucus, Mark Dayton, Richard J. Durbin, Harry Reid, Tim Johnson, John F. Kerry, Daniel K. Inouye, Patrick J. Leahy, Patty Murray, Byron L. Dorgan, Jack Reed, Deborah Ann Stabenow, Thomas R. Carper, Maria Cantwell, John B. Breaux, Jean Carnahan, Herb Kohl.

Mr. DASCHLE. Madam President, pursuant to past practice, I ask unanimous consent that the live quorum with respect to the cloture vote be waived.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

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

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

Mr. GRASSLEY. Madam President, it is really above my pay grade to respond to what the distinguished Senate majority leader said because there are other Republicans who are likely to do that. I don't do it as a leader, but I want to observe some things which have been said and to respond to them kind of in the sense of how I see it as one Senator, the Senator from Iowa.

I happen to be the ranking Republican on the Senate Finance Committee that has jurisdiction over tax legislation, tax credits, health insurance, unemployment compensation, and most issues that deal with the stimulus package.

My involvement, particularly with Senator BAUCUS as chairman of the committee, and obviously the top Democrat on the committee, has been in trying to arrive at some sort of bipartisan agreement on a stimulus package. We are not given much credit for what we have tried to do, if you compare the environment laid out by the Senate majority leader.

For instance, I don't think it takes into consideration the fact that sometimes during our negotiations Senator BAUCUS was under an unwritten rule laid down by the Senate majority leader that if two-thirds of the Democrat caucus didn't agree with what he was negotiating or what he had agreed to, then it could not be accepted. That probably wasn't meant as a hard and fast rule, but it was surely interpreted as putting Senator BAUCUS in an impossible position to negotiate.

If Senator LOTT, as my leader, told me to not negotiate for anything if you do not have two-thirds of the Republican caucus behind it, effectively that would end negotiations. I wouldn't want to be negotiating under those circumstances. I do not know how you can arrive at agreement.

If both political parties had a rule that you couldn't negotiate anything unless at least two-thirds of each caucus was behind it, that would be like saying you ought to have two-thirds of the Senate to pass any bill. We have some very conservative Members in the Republican Party—one-third of our group would be about 16 or 17 people—who could nullify anything I was negotiating because I am not as conservative as they are. If they had a veto over it, nothing could be done. On the same hand, there are probably 16 to 17 very liberal Members of the Democrat Party. If they have a veto over some of the things we are trying to get and which the center core of the Senate can agree to, nothing is going to be negotiated on that side either. That was the situation we had sometimes during the debate last fall.

Mr. REID. Madam President, could I ask my friend to yield for a brief second?

Mr. GRASSLEY. I yield without giving up the floor.

Mr. REID. Of course.

Madam President, no one questions the fairness of the Senator from Iowa. I was present in the LBJ Room when Senator DASCHLE explained to the Democrat Senators the process that was taking place to try to come up with a consensus on the stimulus package. He said he wanted to make sure when negotiations take place it comes back here and by more than a majority. I may be paraphrasing. The two-thirds was never mentioned. That is something that just kind of developed. I was there, and I think the Presiding Officer was there. But ''two-thirds'' has come up, and it is really not valid.

Maybe Senator DASCHLE could be criticized for saying he needed more than a majority, I say to my friend from Iowa, in that the procedure was a little unique, but Senator DASCHLE—I really can't speak for him, but I was at the meeting—wanted to make sure that everyone understood that this was an unusual process, and he would make sure, when he brought it back, that he would go over it with everybody before it was approved.

Again, I say to my friend from Iowa, there was no two-thirds rule that Senator DASCHLE set. I was at the meeting.

Mr. GRASSLEY. Madam President, whether it is a majority or whether it is two-thirds, if I had to go back to my Republican caucus to find out that I had a certain percentage of the caucus behind me, there would be no point in negotiating.

I do not dispute what the Senator from Nevada just said, because he is an honest person and he would state it as he sees it, but it was widely interpreted and it was printed in the press as ''two-thirds.'' Even some people from the other side of the aisle seemed to indicate that in the press. So that is what my statements are based on.

The point is, a caucus appoints people to negotiate something that can get through the Senate. That means 51 votes. Whatever restrictions were put on—the specific percentage aside—it is an impossible situation in which to negotiate. That was the environment that was present during these negotiations, during this period of time that the Senate majority leader is trying to use as an excuse when nothing could get done and saying that Republicans were holding it up.

Another comment that was made during the debate, within the last couple weeks this bill has been up, is when the Senate majority leader referred to Republicans offering amendments. We had this agreement between the two sides to have an even number of amendments offered: Republicans will offer amendments, Democrats will offer amendments. A Republican would offer an amendment and then a Democrat would offer an amendment. This is so we each have an equal opportunity to get our ideas on the Senate floor for debate. That isn't something used just for this bill. It is done quite often in this body, just so this body functions and functions in a fair way.

There may not be, at this point, as many Democrat amendments filed as Republican amendments, but under the procedure in which we are operating there can surely be an equal number of amendments if the Democrats want to have an equal number of amendments.

I would like to respond to the argument that Republicans are delaying and not cooperating. I would like to put that proposition to the test and look at each side and their movement.

We had a stimulus package, suggested by the President of the United States, in early October, which was before there was a consensus even within this body that the Finance Committee or those of us who lead that committee ought to be working on one.

The President, as a Republican—but he did not do it because he is a Republican; he did it because of the anxiety that had been in the country at that time, and is still there because of the September 11 terrorist attack—needed to do what he could to stimulate the economy as well as helping people who were unemployed and who had health care problems. So the President put a proposal on the table.

I would like to have you look at the President's proposal. President Bush took issues off the table that maybe just Republicans would want more than Democrats. For instance, he took the capital gains reduction off the table. At the same time he was taking issues off the table, he purposely put some on the table that appealed to Democrats, such as the extended 13 weeks of unemployment benefits and rebates for payroll taxpayers.

What I am speaking about occurred in October when he first put his proposition on the table. That was not well received in the Congress, even among Republicans. So the President has moved a long ways to do even more than what he suggested.

But I want to say upfront, the President of the United States was trying to be as bipartisan as he could by suggesting things that he knew Democrats would want.

In early December, he encouraged the centrists—they are a group of Democrats and Republicans who are more in the center of the political spectrum—to push to get a compromise package and indicated that he would work with them. They came up with something.

The President met with them, both before it was finalized and after it was finalized. The President said: If the Senate passes it and if the House passes it, I will sign it.

So I think the President of the United States—albeit he is a Republican—was out in front on this issue, both from the standpoint of the original proposals and from the standpoint of trying to get something that could pass the Senate that he could sign.

We heard from the distinguished majority leader a little earlier about how Republicans objected to help for unemployed workers and having health insurance for unemployed workers coming up on the airline bailout bill. But we were following the consensus of people who were suggesting that if we were going to have a stimulus package, that there should not be anything in it that was industry specific—industry specific meaning helping just unemployed people in the airline industry when you have other unemployed people who would not get help. Consequently, we were following the advice of people such as Chairman Greenspan to be very generic in our approach to helping business or to helping individuals.

On the other hand, I do not like the accusation that somehow helping the airline industry did not help the workers. If those airlines had gone under, instead of there being 30,000 people unemployed, there would have been 330,000 people unemployed. Keeping the airlines flying kept workers on the job and less of them laid off.

We recognize that laid-off workers need help. Obviously, that is why the President came out with a proposal. It was not an industry-specific proposal but was a generic approach to help workers—and not just from the airline industry but from all industries—with the additional 13 weeks of unemployment benefits.

It was also said that Republicans refused to negotiate for 3 weeks. This was that period of time when there were shackles put on Democrat negotiators when we negotiated with them. That was part of it. But also that does not give credit to the hours and hours that Senator BAUCUS and I spent negotiating prior to a bill ever coming up on the floor of the Senate. It does not take into consideration, also, the fact that, at the instigation of the majority leader, the Senate Finance Committee met, and contrary to how we normally do our business in a bipartisan way, there was a push to get a very partisan bill out of the Senate Finance Committee. And it did come out on a party-line vote.

So it seems to me that if we are going to be accusatory, we ought to take into consideration that when there was an opportunity to develop a bill in a committee—the Senate Finance Committee, which almost always does things in a bipartisan way—there was an effort to go strictly partisan and the result was to go strictly partisan.

We have the President of the United States pushing more than anyone else, and the House Republicans passed a bill in early fall. That was a bill not very many people liked. The House accepted that. They scaled the bill back and agreed to go to conference a quasi-conference, not a formal conference such as we used to have.

The House of Representatives, in this informal setting, along with representatives of the White House, made this deal with the Senate centrists, what I call the White House-centrist bipartisan package that would have a majority vote of the Senate, albeit not the 60 votes that are required.

The bottom line is that the President of the United States, in saying he would sign the bill, and the House of Representatives, in passing it, took up the challenge and did what needed to be done. Here we are, once again, in the Senate ignoring something that had a majority bipartisan vote in December before we went home for the holidays. Here we are again. Presumably, it has the same bipartisan votes we had then.

Look with me at the other side of the aisle. I already mentioned the partisan bill in the Finance Committee. I already mentioned the intractable position in conference over non-COBRA eligible, meaning when you are unemployed, you only have to take the insurance from where you were laid off, and if you did not have that insurance, you would not be able to get any other insurance under that proposal.

We allow people to continue the insurance from where they worked with 60-percent credit, but we also allow people who are unemployed who did not have insurance where they last worked to get the same 60-percent credit. But there was an ideological block to that on the part of Democrats who were negotiating. Then we had the refusal of a vote in December on the White House-centrist agreement.

I think the Democratic leadership has resisted movement to the center represented by a bipartisan group of Republicans and Democrats who call themselves the centrists. Even though I am more conservative, I have bought into that plan as one we ought to pass in the Senate. Many amendments have been filed, debated, and voted on, so we have been trying to move this bill along.

I am going to finish where I started last December. Let's have a vote on the White House-centrist agreement. If we pass it, the President will sign it. The unemployed will get their unemployment checks, payroll taxpayers will get rebate checks from the Federal Treasury, middle-income taxpayers will get more money in their paychecks, and the unemployed will get help with health care.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

UNANIMOUS CONSENT AGREEMENT—EXECUTIVE CALENDAR

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to executive session at 5:15 p.m. today to consider Executive Calendar No. 643, the nomination of Callie V. Granade, to be United States District Judge; that there be 15 minutes equally divided between the chairman and ranking member of the Judiciary Committee or their designees, for debate on the nomination; that at 5:30 p.m., the Senate vote on the nomination; that the motion to reconsider be laid upon the table; that any statements related to the nomination be printed in the RECORD; that the President be immediately notified of the Senate's action; and that the Senate return to legislative session.

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

Mr. REID. As in executive session, I ask unanimous consent that it be in order to request the yeas and nays on the nomination at this time.

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

Mr. REID. 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.

HOPE FOR CHILDREN ACT—Continued

Mr. REID. Madam President, I have the greatest respect for my friend from Iowa. He is a person who has always been very deliberate and never hides his positions. I have no doubt if he were the one calling the shots and, as he said—and I am using his words—if it was in his pay grade, I am confident this legislation, the economic recovery bill, would have moved much further along.

I have to say in response to my friend from Iowa that he is really looking at this matter, as he set out on the record, with a pair of glasses that do not magnify properly. They want to do what they want rather than go through the regular process and have legislation that we can amend, the so-called centrist package. The problem in all this—and the majority leader laid this out very well earlier this afternoon—in the Senate, whether we like it or not, it takes 60 votes to pass legislation. If someone opposes what you are trying to do, then you have to have 60 votes to break a filibuster and, in some cases, to overcome a point of order.

The fact is, the items the Senator from Iowa mentioned, about which he feels so strongly, do not have 60 votes. The two leaders know that.

Senator DASCHLE, after literally months of wrangling on this, said: OK, all this out here we do not agree on, but there are four things on which we can agree; why don't we pass something that has those four measures in it?

That is what we have been debating since we came back into session on January 23. It does not matter what we try to do, it is not quite right with the other side. Even though these four matters in Senator DASCHLE's bill are matters everyone is saying publicly they agree on, they will not allow us to move forward on this legislation.

They are even offering their amendments to the underlying measure so that at some time they can raise a point of order again on Senator DASCHLE's measure that is before the Senate.

To show how sincere the majority has been on this issue, they raised a point of order to knock down our economic stimulus package, and because it did not have 60 votes, it worked.

We could have, if we did not want to do an economic recovery package, raised a point of order on their legislation, but we chose not to do that because we wanted to keep this before the Senate. We wanted to do something with the stimulus package. Had we not wanted to, we could have raised a point of order on their legislation, and it would have fallen just like ours.

I understand the majority leader's frustration.

It does not matter what he comes up with, it is not quite good enough. I suggest when the political scientists, the historians, go over what has happened on the economic stimulus package late last year and this year, the record will be clear to the effect that Senator DASCHLE has been unable to move not because of anything he has done or not done but simply because the minority has not wanted to move forward.

In the Senate, if there are 49 people, 45 people, 41 people who do not want to move legislation, legislation cannot be moved. That is the problem we have had.

So I hope when we vote on cloture on Wednesday, my friends on the minority side will join with us to bring debate to a close on this so we can move forward with the legislative package that will stimulate the economy.

It may not satisfy everything that everyone wants. For example, today I offered an amendment, which I think is tremendously important to this country, dealing with stimulating tourism, not in the year 2009 like their death and estate tax proposal but today and tomorrow, something that would stimulate the economies all over America because it would give people an economic incentive to fly. It would give people an economic incentive to buy dinners, to go places, have vacations, activities that would stimulate the economy.

I indicated earlier today almost a half million people have been laid off in the travel and tourism business since September 11. These are people who have no jobs. A lot of these people are people who are on the Welfare-to-Work Program. They were trained because they could no longer be on welfare. I support the Welfare-to-Work Program. They were trained to be a housekeeper, a maid, maybe a cook, an assistant to a cook in a restaurant. Many of these people had never worked before in their life. They had a job, but they lost those jobs and now they have fallen through the cracks. They did not qualify for unemployment insurance, and they are really out on the street.

All we are trying to do is move forward on legislation to stimulate this economy. We have so many more important things to do. We have to finish the farm bill. We have to do something about election reform. We have a bipartisan bill to do that. We also have energy legislation that must go forward in the immediate future. So I hope when the vote is called on cloture on Wednesday that my colleagues on the other side of the aisle will vote in favor of cloture and bring debate to a close on this economic stimulus package so we can move forward with the legislation.

I suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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

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

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

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

AMENDMENT NO. 2728

Mr. THOMAS. Mr. President, I have an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wyoming [Mr. THOMAS] proposes an amendment numbered 2728 to the language proposed to be stricken by amendment No. 2698.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to modify the qualified small issue bond provisions)

At the appropriate place, insert the following:

SEC. ___. MODIFICATIONS TO SMALL ISSUE BOND PROVISIONS.

(a) INCREASE IN AMOUNT OF QUALIFIED SMALL ISSUE BONDS PERMITTED FOR FACILITIES TO BE USED BY RELATED PRINCIPAL USERS.—

(1) IN GENERAL.—Clause (i) of section 144(a)(4)(A) (relating to $10,000,000 limit in certain cases) is amended by striking ''$10,000,000'' and inserting ''$20,000,000''.

(2) COST-OF-LIVING ADJUSTMENT.—Section 144(a)(4) is amended by adding at the end the following:

''(G) COST-OF-LIVING ADJUSTMENT.—In the case of a taxable year beginning in a calendar year after 2002, the $20,000,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(3) CLERICAL AMENDMENT.—The heading of paragraph (4) of section 144(a) is amended by striking ''$10,000,000'' and inserting ''$20,000,000''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to—

(A) obligations issued after the date of the enactment of this Act, and

(B) capital expenditures made after such date with respect to obligations issued on or before such date.

(b) DEFINITION OF MANUFACTURING FACILITY.—

(1) IN GENERAL.—Section 144(a)(12)(C) (relating to definition of manufacturing facility) is amended to read as follows:

''(C) MANUFACTURING FACILITY.—For purposes of this paragraph, the term 'manufacturing facility' means any facility which is used in—

''(i) the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property),

''(ii) the manufacturing, development, or production of specifically developed software products or processes if—

''(I) it takes more than 6 months to develop or produce such products,

''(II) the development or production could not with due diligence be reasonably expected to occur in less than 6 months, and

''(III) the software product or process comprises programs, routines, and attendant documentation developed and maintained for use in computer and telecommunications technology, or

''(iii) the manufacturing, development, or production of specially developed biobased or bioenergy products or processes if—

''(I) it takes more than 6 months to develop or produce,

''(II) the development or production could not with due diligence be reasonably expected to occur in less than 6 months, and

''(III) the biobased or bioenergy product or process comprises products, processes, programs, routines, and attendant documentation developed and maintained for the utilization of biological materials in commercial or industrial products, for the utilization of renewable domestic agricultural or forestry materials in commercial or industrial products, or for the utilization of biomass materials.

''(D) RELATED FACILITIES.—For purposes of subparagraph (C), the term 'manufacturing facility' includes a facility which is directly and functionally related to a manufacturing facility (determined without regard to subparagraph (C)) if—

''(i) such facility, including an office facility and a research and development facility, is located on the same site as the manufacturing facility, and

''(ii) not more than 40 percent of the net proceeds of the issue are used to provide such facility,

but shall not include a facility used solely for research and development activities.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to obligations issued after the date of the enactment of this Act.

Mr. THOMAS. Mr. President, one of the things we are seeking to do, of course, in an economic stimulus package is to cause some jobs to be created. The amendment which I have offered increases the expenditure limitation on small issue bonds for manufacturing facilities. This is an amendment which

would go back and readjust the limits that are in law which allow for issuing of bonds for manufacturing facilities. The amount of the bonds that can be issued in any one particular time were set in 1977 and 1978 so, obviously, things have changed since that time—in fact, many times over—as the equivalent has been changed.

This amendment would make adjustments to industrial revenue bonds, the rules and regulations for manufacturing facilities. The amendment would not increase the amount of bonding capacity available to individual States. In other words, it would not be an increase of expenditures but, rather, would give more flexibility to those who are making grants to make them for a larger amount.

Actually, the industrial revenue bonding capacity available to an individual State is the greater of an amount equal to $75 per State resident or $225 million. The formula is not affected by this amendment. Therefore, the amount of bonding available would not be affected.

The maximum bond capital expenditure limitation on small issue bonds for manufacturing facilities has been $10 million. This amendment moves it to $20 million. It does not change the amount of money available. It simply makes more flexible the amount that could be offered for a particular facility. It provides for an inflation adjustment. This was established in 1978. The purchasing power of $10 million today is much higher, of course. This amendment provides that inflation adjuster we discussed.

We have had some experience with this in our State where people seek to develop new facilities, new manufacturing facilities, which create new jobs. This allows the builder to issue bonds which are then guaranteed, which gives them a much lower rate, and encourages the development of new businesses and new bonds. It is designed primarily for software biotech manufacturing and production. It is something we ought to consider. It is not an expense but, rather, an adjustment to an existing program that makes it more consistent with today's change in the value of dollars.

It addresses the financial problems caused by inflation. It amends the definition of manufacturing facilities to include a new economy, biotech and software. It allows companies to use industrial revenue bonds for research and development facilities which is a critical component.

I think this can be accepted by both sides. It does not affect the cost of this bill. It does make what is available now much more flexible.

I yield the floor.

The PRESIDING OFFICER. The deputy whip.

EXECUTIVE SESSION

NOMINATION OF CALLIE V. GRANADE, OF ALABAMA, TO BE UNITED STATES DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF ALABAMA

Mr. REID. The Senator from Alabama is here to speak on behalf of the judge he worked so hard to nominate. I ask unanimous consent we immediately move to the matter relating to the nomination of Judge Callie V. Granade.

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

The clerk will report.

The legislative clerk read the nomination of Callie V. Granade, of Alabama, to be United States District Judge for the Southern District of Alabama.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. I thank the Senator from Nevada for his courtesy. I will speak about Callie—known as Ginny—Granade, who will be voted on shortly for the U.S. district judgeship for the southern district of Alabama. Ginny Granade is a nominee of the highest order. President Bush has nominated her to be the judge in the southern district of Alabama. She has the temperament, integrity, legal knowledge, and experience that will make her an outstanding jurist on the Federal bench. I know this from firsthand experience.

She served as assistant U.S. attorney when I was U.S. attorney for 12 years. She had been originally appointed assistant U.S. attorney by my predecessor in the late 1970s. She served with great skill and distinction. I was there when she was named one of the first senior litigation counsels in the Department of Justice, a position that recognized her extraordinary skill and integrity in prosecuting throughout the country.

Later, she became the chief of the criminal section of the U.S. Attorney's Office under my tenure, and then she became the acting U.S. attorney, until recently, when the new U.S. attorney was confirmed by the Senate.

Ginny is levelheaded, fair minded, trustworthy, and very smart. She has tremendous capabilities. She graduated from the University of Texas School of Law. After graduation she served as a law clerk to the Honorable John Godbold for the U.S. Court of Appeals for the Fifth Circuit. Judge Godbold was chief judge of the Fifth Circuit. When the Fifth Circuit split, he became chief judge of the Eleventh Circuit. He was one of the great jurists in America. This old Fifth Circuit is the same circuit in which her grandfather served, one of the grand judges of the old Fifth Circuit. He is widely credited as being part of a group of judges on that court who wrestled with and moved the South out of its days of segregation into a new day of race relations. He certainly is a champion of those causes.

As Senator DURBIN recognized in the hearings, his was a contribution to harmony and integration in the South.

Her experience has been particularly valuable for her to serve on the bench. She served for 20 years in the U.S. Attorney's Office where she practiced on a regular basis, in the very same district court for which she has been nominated, as well as her experience in appellate work in the Eleventh Circuit where she always wrote her briefs and argued her cases. The cases she tried have given her extraordinary exposure to understand how a Federal district court works, and more importantly, how a Federal district judge should conduct herself.

Since Ginny joined the U.S. Attorney's Office in 1977 as the first female assistant U.S. attorney in the southern district of Alabama, she has proven her merit as an extraordinary prosecutor and leader. Her abilities in the courtroom have been demonstrated time and again in her prosecution of complex white-collar fraud cases, tax cases, public corruption cases, cases of every kind—cases she not only tried but supervised.

I remember one case very distinctly. It was the longest criminal case to my knowledge ever tried in the district, 11 weeks. She was the lead attorney. It was a very intense case, with prominent attorneys on the defense side representing prominent defendants. It was well and intensely litigated.

At the end of the case, she made, without a doubt in my mind, the finest closing argument I have ever heard. It was down to earth, simple, not emotional, but logical. She took every allegation, every contention of the Government's case and explained patiently and in detail, with that incredibly bright mind of hers, why the allegations in the indictment were true, and obtained a conviction in that case.

To me, that is an unusual skill. It is an unusual ability she possesses. I have never in my many years of practice seen anything better.

The American Bar Association has unanimously rated her well qualified, the highest rating one can receive. I thought that was a great testament to her reputation with the attorneys in the southern district of Alabama. They know her. They know her reputation. They are the ones to whom the Bar Association talks. It was a tremendous affirmation of the excellence of her career and the integrity she displayed year after year after year.

Former Senator Howard Heflin of Alabama, who also was chief justice of the State of Alabama, and a Democrat, is a fan of Ginny Granade and has supported her and stated he knows of no opposition to her appointment. Her litigation skills, as well as a command of the complex issues, has won her respect and admiration and overwhelming support throughout her area of practice.

I am glad we are moving on this nomination. We have a judicial crisis in the

southern district of Alabama where I practiced for many years. I received a letter from our chief district judge, Judge Charles Butler, who underscored the need to get this position filled.

He is the only active judge who is serving now in that district. The district is authorized three judges with a fourth approved by the Judicial Conference of the United States. One of these vacancies—the one being filled today—will be the longest district court emergency vacancy in the country, one that is a crisis because we have so few judges and such a heavy caseload. So I really appreciate the willingness of the Senate to move this nomination forward today.

One of the things I think is most valuable as a judicial characteristic is that a judge should have good judgment at the basic level.

You can tell people who have good judgment. When people have good judgment, people ask them for their opinion. They seek out their judgment. When I was U.S. attorney and I had a tough question and a difficult matter to wrestle with, and I often did, I went to Ginny Granade's office and asked her opinion, as did every other lawyer in the office. In fact, judges were even aware of that. Young lawyers also sought her opinion before they went to court, to ask how they should handle a case or what she thought was the legal answer to this, or is this evidence admissible, or is that evidence going to be excluded. They would get her opinion first.

The story is often told that young assistant U.S. attorneys who appeared before Federal judges in the district, who were cornered about the way the Federal judge thought about the law, would say, ''Well, Ginny told me that is what it was.'' That was generally enough to get at least a respectful hearing by the judge.

I suggest in the filling of this vacancy with Ginny Granade as a Federal judge, we are going to have done a good day's work. The district will have a person of integrity and ability, a person who has never been politically engaged in any way but who always has loved the law, has been a person of absolute integrity, a person who worked exceedingly hard, who I know respects the position of a Federal judge, who will work to master it in every conceivable way, and once that is done will preside with the most wonderful temperament but in charge at all times. She has had the experience to do this.

I am excited for her. I am excited for the attorneys in the Southern District of Alabama who will have the honor to practice before her.

In my view, a highly important characteristic of a judge is he or she is a judge you look forward to appearing before. Some judges, will give a lawyer a headache just thinking of going into their court. Other judges make the practice of law a delight. Her experience and practice make me confident that the lawyers and the litigants in the Southern District of Alabama will enjoy and appreciate their opportunity to be in the courtroom she will control and preside over. She will represent the Federal Government and the laws of the United States in an exemplary manner. I am delighted her nomination will be before this body shortly. I am confident she will receive the same unanimous vote that the ABA gave her, with their highest recommendation.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

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

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

Mr. LEAHY. Mr. President, I begin by thanking the nominees' home State Senators for working with us on this nomination and by commending the majority leader and our assistant majority leader for bringing this matter to successful conclusion today.

Callie Granade is the second nominee being considered from Alabama in the last several weeks and the second confirmed to fill an emergency vacancy. On November 6, the Senate confirmed Judge Karon Bowdre by a vote of 98 to 0 to a longstanding vacancy on the Northern District of Alabama District Court. Today the Senate will take final action to fill a longstanding vacancy on the Southern District of Alabama District Court.

This nomination was received on September 5 and reported favorably to the Senate by the Judiciary Committee just a few days before the Senate adjourned last December. It is being taken up in the first days of our return. These Alabama district court vacancies have persisted for years while Senators were unable to agree on acceptable nominees with the previous administration. Unlike the nomination of Ken Simon, which languished for more than 6 months in 2000 without a hearing, both Karon Bowdre and Callie Granade have been considered promptly. I congratulate the nominee and her family on her confirmation today.

Confirmation of Ms. Granade will be the seventh confirmation filling a vacancy designated as a judicial emergency since I became chairman last summer. Unfortunately, the White House has yet to work with home-State Senators to send nominees for an additional 15 judicial emergency vacancies and 31 federal trial court vacancies.

With today's confirmation, the Senate has confirmed three additional judges since returning late last month. The Senate will have confirmed 31 judges since the change in majority last summer.

Of course, I have yet to chair the Judiciary Committee for a full year; it has been barely 6 months. But the confirmations we have achieved in those 6 months are already comparable to the year-end totals for 1997, 1999 and 2000 and nearly twice as many as were confirmed under a Republican majority in the Senate in 1996.

The 1996 session was the second year of the last Republican chairmanship. In that 1996 session, only 17 judges were confirmed all year and none were confirmed to the Court of Appeals—none. I expect and intend to work hard on additional judicial nominations through this session and to exceed the number of judges confirmed during the 1996 session.

The Judiciary Committee held its first hearing of the session on our second day in session, January 24, for Judge Michael Melloy, a nominee to the 8th Circuit from Iowa, and district court nominees from Arizona, Iowa, Texas, Louisiana and the District of Columbia, a total of six judicial nominations.

I have set another hearing on the nomination of Judge Charles Pickering for the 5th Circuit for this Thursday, February 7, 2002.

I am working to hold another confirmation hearing for judicial nominations, as well, before the end of February, even though it is a short month with a week's recess.

I noted on January 25 in my statement to the Senate that we inherited a frayed process and are working hard to repair the damage of the last several years.

I have already laid out a constructive program of suggestions that would help in that effort and help return the confirmation process to one that is a cooperative, bipartisan effort. I have included suggestions for the White House, that it work with Democrats as well as Republicans, that it encourage rather than forestall the use of bipartisan selection commissions, and that it consider carefully the views of home-State Senators.

This past summer, by the time I became chairman of the Judiciary Committee, Federal court vacancies already topped 100 and were rising to 111. Since July, we have worked hard and the Senate has been diligent in considering and confirming 31 judges, thereby beginning the process of lowering the vacancies on our federal courts. Since I became chairman, 26 additional vacancies have arisen. Still, we have been able to outpace this high level of attrition and lower the vacancies to under 100.

During the last 6½ years when a Republican majority controlled the process, the vacancies rose from 65 to over 100, an increase of almost 60 percent.

By contrast, we are now working to keep these numbers moving in the right directions. Our majority leader, with the help of the assistant majority leader, is clearing the calendar of judicial nominations and the Senate has proceeded to vote on every one of them. This is one of the reforms that

signals a return to normalcy for the Senate, which had gotten away from such practices over the past 6 years. Since the change in majority, judicial nominees have not been held on the calendar for months and months or held over without action or returned to the President without action.

I have observed that to make real progress will take the cooperation of the White House. The most progress can be made most quickly if the White House would begin working with home-State Senators to identify fair-minded, nonideological, consensus nominees to fill these court vacancies. One of the reasons that the committee was able to work as quickly as it has and the Senate has been able to confirm 31 judges in the last few months is because those nominations were strongly supported as consensus nominees.

I have heard of too many situations in too many States involving too many reasonable and moderate home-State Senators in which the White House has demonstrated no willingness to work with home-state Senators to fill judicial vacancies cooperatively. As we move forward, I urge the White House to show greater inclusiveness and flexibility and to help make this a truly bipartisan enterprise. Logjams exist in a number of settings.

To make real progress, repair the damage that has been done over previous years, and build bridges toward a more cooperative process, there is much that the White House could do to work more cooperatively with all home-State Senators, including Democratic Senators.

Of course, more than two-thirds of the Federal court vacancies continue to be on the district courts. The administration has been slow to make nominations to the vacancies on the Federal trial courts. In the last 5 months of last year, the Senate confirmed a higher percentage of the President's trial court nominees, 22 out of 36, than a Republican majority had confirmed in the first session of either of the last two Congresses with a Democratic President.

Last year the President did not make nominations to almost 80 percent of the current trial court vacancies. As we began this session, 55 out of 69 vacancies were without a nominee. In late January, the White House finally sent nominations for another 24 of those trial court vacancies.

After the committee receives the indication that the nominees have the support of their home-State Senators and after the committee has received ABA peer reviews, these recent nominations will then be eligible to be included in committee hearings. Because the White House shifted the time at which the ABA does its evaluation of nominees to the post-nomination period, these 24 nominees are unlikely to have completed files ready for evaluation until after the Easter recess. Even then, over two and one-half dozen of the Federal trial court vacancies, 31, may still be without eligible nominees.

We have accomplished more, and at a faster pace, than in years past. We have worked harder and faster than previously on judicial nominations, despite the unprecedented difficulties being faced by the Nation and the Senate.

I am encouraged that this confirmation today was not delayed by extended, unexplained, anonymous holds on the Senate Executive Calendar, the type of hold that characterized so much of the previous 6½ years. Majority Leader DASCHLE has moved swiftly on judicial nominees reported to the calendar.

I thank all Senators who have helped in our efforts and assisted in the hard work to review and consider the dozens of judicial nominations we have reported and confirmed. I thank, in particular, the Senators who serve on the Judiciary Committee. I thank them not only for their kind words, but for their helpful action since this summer.

As our action today demonstrates, again, we are moving ahead to fill judicial vacancies with nominees who have strong bipartisan support.

Mr. President, I ask unanimous consent to print in the RECORD an editorial from the Washington Post.

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

[From the Washington Post, Jan. 27, 2002]

MR. LEAHY AND JUDGES

Sen. Patrick Leahy, Democratic chairman of the Senate Judiciary Committee, gave a speech on the Senate floor Friday that, on the surface, seemed like another round of partisan warfare over judges. But embedded within the rhetoric was a significant step toward bringing some comity back to the judicial nominations process. Mr. Leahy promised ''steadiness in the hearing process'' and ''regular hearings'' on judges at a pace faster than the Senate has managed in recent years. He promised also that these hearings would not be weighted too heavily toward relatively uncontroversial district judges but would give appeals court judges a fair shake too—including specifically a number of court of appeals nominees whom liberals oppose.

One can quibble about the names the senator left off his list; he did not, for example, promise a hearing for D.C. Circuit nominee John Roberts. But the overall message was positive. If Mr. Leahy sticks to the plans he laid out, this could be a fair and productive year for judicial nominations.

Mr. Leahy also asked that President Bush do more to accommodate the concerns of Senate Democrats in making nominations. It is a message that Mr. Bush should take to heart. In two courts of appeals in particular, the 6th and 4th circuits, Republicans blocked President Clinton's nominees for years, keeping seats open that Mr. Bush is now keen to fill. Democratic senators from Michigan and North Carolina want a say in who gets nominated and are blocking Mr. Bush's nominees. Mr. Bush has the right to name whomever he wants, but the Democratic grievance is legitimate, and the process would benefit greatly if these logjams could be broken in a fashion acceptable to both parties. It's hard to imagine that nowhere in these two states are there potential judicial candidates whose records and qualifications stand above politics.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Callie V. Granade, of Alabama, to be United States District Judge for the Southern District of Alabama? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from New Jersey (Mr. CORZINE), the Senator from Iowa (Mr. HARKINS), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KERRY), the Senator from Georgia (Mr. MILLER), the Senator from New York (Mr. SCHUMER), the Senator from New Jersey (Mr. TORRICELLI), and the Senator from Minnestoa (Mr. WELLSTONE) are necessarily absent.

Mr. CRAIG. I announce that the Senator from Missouri (Mr. BOND), the Senator from Kansas (Mr. BROWNBACK), the Senator from Mississippi (Mr. COCHRAN), the Senator from Wyoming (Mr. ENZI), the Senator from Tennessee (Mr. FRIST), the Senator from Texas (Mr. GRAMM), the Senator from Utah (Mr. HATCH), the Senator from Texas (Mrs. HUTCHISON), the Senator from Mississippi (Mr. LOTT), the Senator from Arizona (Mr. MCCAIN), the Senator from Kentucky (Mr. MCCONNELL), the Senator from Oklahoma (Mr. NICKLES), the Senator from Pennsylvania (Mr. SANTORUM), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Alaska (Mr. STEVENS), the Senator from Tennessee (Mr. THOMPSON), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

I further announce that if present and voting the Senator from Pennsylvania (Mr. SPECTER), would vote ''yea.''

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

The result was announced—yeas 75, nays 0, as follows:

[Rollcall Vote No. 11 Ex.]

YEAS—75

Akaka	Dayton	Leahy
Allard	DeWine	Levin
Allen	Dodd	Lieberman
Baucus	Domenici	Lincoln
Bayh	Dorgan	Lugar
Bennett	Durbin	Mikulski
Biden	Edwards	Murkowski
Bingaman	Ensign	Murray
Boxer	Feingold	Nelson (FL)
Breaux	Feinstein	Nelson (NE)
Bunning	Fitzgerald	Reed
Burns	Graham	Reid
Byrd	Grassley	Roberts
Campbell	Gregg	Rockefeller
Cantwell	Hagel	Sarbanes
Carnahan	Helms	Sessions
Carper	Hollings	Shelby
Chafee	Hutchinson	Smith (NH)
Cleland	Inhofe	Smith (OR)
Clinton	Jeffords	Snowe
Collins	Johnson	Stabenow
Conrad	Kennedy	Thomas
Craig	Kohl	Thurmond
Crapo	Kyl	Voinovich
Daschle	Landrieu	Wyden

NOT VOTING—25

Bond	Harkin	McConnell
Brownback	Hatch	Miller
Cochran	Hutchison	Nickles
Corzine	Inouye	Santorum
Enzi	Kerry	Schumer
Frist	Lott	
Gramm	McCain	

Specter	Thompson	Warner
Stevens	Torricelli	Wellstone

The nomination was confirmed.

● Mr. WELLSTONE. Mr. President, I ask that the RECORD show that I was necessarily absent for this evening's vote on the nomination of Callie Granade to be U.S. district judge for the Southern District of Alabama. I was attending the visitation for Minnesota State Representative Darlene Luther, who passed away last week. Had I been present, I would have voted in favor of the nomination.●

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, what is the current order of business?

The PRESIDING OFFICER. Under the previous order, the President will be notified of the Senate's action.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

HOPE FOR CHILDREN ACT—Continued

The PRESIDING OFFICER. The Senator from Idaho.

AMENDMENT NO. 2770

Mr. CRAIG. Mr. President, I have an amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will report.

The senior assistant bill clerk read as follows:

The Senator from Idaho [Mr. CRAIG], for himself, Mr. TORRICELLI, Mr. GRASSLEY, Mr. SANTORUM, Mr. FRIST, Mr. ENSIGN, and Mr. HUTCHINSON, proposes an amendment numbered 2770 to the language proposed to be stricken by amendment No. 2698.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to expand the availability of Archer medical savings accounts)

At the appropriate place, insert the following:

SEC. ___. EXPANSION OF AVAILABILITY OF ARCHER MEDICAL SAVINGS ACCOUNTS.

(a) REPEAL OF LIMITATIONS ON NUMBER OF MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subsections (i) and (j) of section 220 of the Internal Revenue Code of 1986 are hereby repealed.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 220(c) of such Code is amended by striking subparagraph (D).

(B) Section 138 of such Code is amended by striking subsection (f).

(b) AVAILABILITY NOT LIMITED TO ACCOUNTS FOR EMPLOYEES OF SMALL EMPLOYERS AND SELF-EMPLOYED INDIVIDUALS.—

(1) IN GENERAL.—Subparagraph (A) of section 220(c)(1) of such Code (relating to eligible individual) is amended to read as follows:

''(A) IN GENERAL.—The term 'eligible individual' means, with respect to any month, any individual if—

''(i) such individual is covered under a high deductible health plan as of the 1st day of such month, and

''(ii) such individual is not, while covered under a high deductible health plan, covered under any health plan—

''(I) which is not a high deductible health plan, and

''(II) which provides coverage for any benefit which is covered under the high deductible health plan.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 220(c)(1) of such Code is amended by striking subparagraph (C).

(B) Section 220(c) of such Code is amended by striking paragraph (4) (defining small employer) and by redesignating paragraph (5) as paragraph (4).

(C) Section 220(b) of such Code is amended by striking paragraph (4) (relating to deduction limited by compensation) and by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively.

(c) INCREASE IN AMOUNT OF DEDUCTION ALLOWED FOR CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Paragraph (2) of section 220(b) of such Code is amended to read as follows:

''(2) MONTHLY LIMITATION.—The monthly limitation for any month is the amount equal to 1/12 of the annual deductible (as of the first day of such month) of the individual's coverage under the high deductible health plan.''.

(2) CONFORMING AMENDMENT.—Clause (ii) of section 220(d)(1)(A) of such Code is amended by striking ''75 percent of''.

(d) BOTH EMPLOYERS AND EMPLOYEES MAY CONTRIBUTE TO MEDICAL SAVINGS ACCOUNTS.—Paragraph (4) of section 220(b) of such Code (as redesignated by subsection (b)(2)(C)) is amended to read as follows:

''(4) COORDINATION WITH EXCLUSION FOR EMPLOYER CONTRIBUTIONS.—The limitation which would (but for this paragraph) apply under this subsection to the taxpayer for any taxable year shall be reduced (but not below zero) by the amount which would (but for section 106(b)) be includible in the taxpayer's gross income for such taxable year.''.

(e) REDUCTION OF PERMITTED DEDUCTIBLES UNDER HIGH DEDUCTIBLE HEALTH PLANS.—

(1) IN GENERAL.—Subparagraph (A) of section 220(c)(2) of such Code (defining high deductible health plan) is amended—

(A) by striking ''$1,500'' in clause (i) and inserting ''$1,000''; and

(B) by striking ''$3,000'' in clause (ii) and inserting ''$2,000''.

(2) CONFORMING AMENDMENT.—Subsection (g) of section 220 of such Code is amended to read as follows:

''(g) COST-OF-LIVING ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1998, each dollar amount in subsection (c)(2) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable year begins by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) SPECIAL RULES.—In the case of the $1,000 amount in subsection (c)(2)(A)(i) and the $2,000 amount in subsection (c)(2)(A)(ii), paragraph (1)(B) shall be applied by substituting 'calendar year 2000' for 'calendar year 1997'.

''(3) ROUNDING.—If any increase under paragraph (1) or (2) is not a multiple of $50, such increase shall be rounded to the nearest multiple of $50.''.

(f) PROVIDING INCENTIVES FOR PREFERRED PROVIDER ORGANIZATIONS TO OFFER MEDICAL SAVINGS ACCOUNTS.—Clause (ii) of section 220(c)(2)(B) of such Code is amended by striking ''preventive care if'' and all that follows and inserting ''preventive care.''

(g) MEDICAL SAVINGS ACCOUNTS MAY BE OFFERED UNDER CAFETERIA PLANS.—Subsection (f) of section 125 of such Code is amended by striking ''106(b),''.

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

(i) EMERGENCY DESIGNATION.—Congress designates as emergency requirements pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 the following amounts:

(1) An amount equal to the amount by which revenues are reduced by this section below the recommended levels of Federal revenues for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011, provided in the conference report accompanying H. Con. Res. 83, the concurrent resolution on the budget for fiscal year 2002.

(2) Amounts equal to the amounts of new budget authority and outlays provided in this Act in excess of the allocations under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Finance of the Senate for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011.

Mr. CRAIG. Mr. President, I come this evening to add to the underlying legislation that we are now calling a stimulus package, or at least an effort on the part of Congress and this Senate to produce a Senate version of stimulus that we might get to the House and into conference, an amount that I think is a clear and important part of that stimulus package.

As President Bush has said, Americans know economic security can vanish in an instant without health security. Today nearly 40 million Americans lack health insurance, a crisis that can only worsen today's climate of job loss and double-digit health premium increases.

In 1997, Congress launched a test program to see if medical savings accounts could provide families with health security. That program has succeeded. Despite unnecessary restrictions, over one-third of the participants were previously uninsured. A medical savings account effort to extend coverage to the uninsured at a fraction of the cost of government health care programs has worked in this economy. Rather than letting this promising reform program expire this year, my colleague from New Jersey and I have introduced an amendment to make medical savings accounts permanent and widely available. That is the thrust of this amendment.

I have some great accounts of our country's citizens who have used this advantage, many of them hard-working men and women, middle or lower middle class Americans. Let me cite an example. These are the women. Kay Heine, Kristina Anderson Wright, and Rebecca Turner had this to say for the Wisconsin State Journal:

All three of us are working, middle-class mothers. Two of us are single moms. We all have medical savings accounts that provide health insurance for our families. Our message to people in Washington in plain, unmistakable English, is that MSAs work for working families.

So I hope as we consider the stimulus package, my colleagues would consider

this amendment, make it a part of the stimulus package to not allow this very important program to expire and for these citizens to lose it, and, more importantly, that we should be adding citizens by giving them the opportunity to have medical savings accounts as a part of their insurance portfolio.

I yield the floor.

I suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2764, AS MODIFIED

Mr. REID. Mr. President, I ask that amendment No. 2764 that I offered earlier today be the pending matter.

Mr. President, I send a modification to the desk.

The PRESIDING OFFICER. The Senator has that right. The amendment is so modified.

The amendment, as modified, is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to provide a nonrefundable credit for recreational travel, to modify the business expense limits, and for other purposes)

At the end, add the following:

TITLE ___—PERSONAL TRAVEL AND BUSINESS EXPENSES

SEC. ___01. PERSONAL TRAVEL CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25B the following new section:

''SEC. 25C. PERSONAL TRAVEL CREDIT.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified personal travel expenses which are paid or incurred by the taxpayer during the 60-day period beginning on the date of the enactment of this section.

''(b) LIMITATIONS.—

''(1) MAXIMUM CREDIT.—The credit allowed a taxpayer under subsection (a) for any taxable year shall not exceed $600 ($1,200, in the case of a joint return).

''(2) PER TRIP LIMITATION.—The expenses taken into account under subsection (a), with respect to any trip, shall not exceed $200.

''(c) QUALIFIED PERSONAL TRAVEL EXPENSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified personal travel expenses' means reasonable expenses in connection with a qualifying personal trip for—

''(A) travel by aircraft, rail, watercraft, or commercial motor vehicle, and

''(B) lodging while away from home at any commercial lodging facility.

Such term does not include expenses for meals, entertainment, amusement, or recreation.

''(2) QUALIFYING PERSONAL TRIP.—

''(A) IN GENERAL.—The term 'qualifying personal trip' means travel within the United States (including the Commonwealth of Puerto Rico and the possessions of the United States)—

''(i) the farthest destination of which is at least 100 miles from the taxpayer's residence,

''(ii) involves an overnight stay at a commercial lodging facility and

''(iii) which is taken on or after the date of the enactment of this section.

''(B) ONLY PERSONAL TRAVEL INCLUDED.—Such term shall not include travel if, without regard to this section, any expenses in connection with such travel are deductible in connection with a trade or business or activity for the production of income.

''(3) COMMERCIAL LODGING FACILITY.—The term 'commercial lodging facility' includes any hotel, motel, resort, rooming house, watercraft, or campground.

''(d) SPECIAL RULES.—

''(1) DENIAL OF CREDIT TO DEPENDENTS.—No credit shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(2) EXPENSES MUST BE SUBSTANTIATED.—No credit shall be allowed by subsection (a) unless the taxpayer substantiates by adequate records the amount of the expenses described in subsection (c)(1).

''(e) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any expense for which credit is allowed under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 24(b)(3)(B) of the Internal Revenue Code of 1986 is amended by striking ''23 and 25B'' and inserting ''23, 25B, and 25C''.

(2) Section 25(e)(1)(C) of such Code is amended by inserting ''25C,'' after ''25B,''.

(3) Section 25B of such Code is amended by striking ''section 23'' and inserting ''sections 23 and 25C''.

(4) Section 26(a)(1) of such Code is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(5) Section 1400C(d) of such Code is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(6) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting before the item relating to section 26 the following new item:

''Sec. 25C. Personal travel credit.''.

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

SEC. ___02. TEMPORARY INCREASE IN DEDUCTION FOR BUSINESS MEAL EXPENSES.

(a) IN GENERAL.—Subsection (n) of section 274 of the Internal Revenue Code of 1986 (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following:

''(4) TEMPORARY INCREASE IN LIMITATION.—With respect to any expense for food or beverage paid or incurred on or after the date of enactment of this paragraph, and before the date that is 180 days after such date, paragraph (1) shall be applied by substituting '80 percent' for '50 percent'.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. ___03. TEMPORARY RESTORATION OF DEDUCTION FOR SPOUSES ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.

(a) IN GENERAL.—Section 274(m) of the Internal Revenue Code of 1986 (relating to limitations on travel expenses) is amended by adding at the end the following:

''(4) TEMPORARY REPEAL OF LIMITATION.—With respect to any travel expense paid or incurred on or after the date of enactment of this paragraph, and before the date that is 180 days after such date, paragraph (3) shall not apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, is it necessary for me to ask unanimous consent to set the pending amendment aside?

The PRESIDING OFFICER. For the purposes of calling up a new amendment, it is necessary to set the pending amendment aside.

Mr. GRASSLEY. I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENT NO. 2773

(Purpose: To amend the Internal Revenue Code of 1986 to provide a nonrefundable credit for recreational travel, to modify the business expense limits, and for other purposes)

Mr. GRASSLEY. 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 Iowa [Mr. GRASSLEY], for himself, Ms. SNOWE, and Mr. LOTT, proposes an amendment numbered 2773 to the language proposed to be stricken by amendment No. 2698.

Mr. GRASSLEY. Mr. 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.'')

CLOTURE MOTION

Mr. GRASSLEY. I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the pending Grassley amendment:

Charles E. Grassley, Bob Smith, Craig Thomas, Pat Roberts, Jeff Sessions, Ben Nighthorse Campbell, George Allen, Larry E. Craig, Jim Bunning, Robert Bennett, Jon Kyl, John Ensign, Michael D. Crapo, Frank Murkowski, Olympia J. Snowe, and Don Nickles.

Mr. GRASSLEY. Mr. President, is the amendment filed and the cloture motion filed?

The PRESIDING OFFICER. Yes, the amendment and the cloture motion have been received.

Mr. GRASSLEY. For the sake of my colleagues, the amendment that I sent to the desk is the White House-centrist bipartisan bill that was pending in the Senate—not pending but was filed after it passed the House of Representatives

before the holidays with one slight modification that represents the Bond amendment on expensing, which was adopted. Otherwise, the amendment is the same as what has passed the House of Representatives and the President said he would sign.

I hope we have an opportunity to get 60 votes for cloture on the amendment and that we are able to get that amendment adopted, get the bill to the President for signature, and consequently, then, immediately—not 3 or 4 months down the road when we have a conference committee trying to reach some agreement—get help to stimulate the economy through accelerated depreciation for business, through middle-income-tax reduction, making it permanent the 27-percent bracket down to 25-percent bracket, and tax rebates for low-income people to stimulate the economy on the demand side, consumer spending. All three are meant to create jobs and will create jobs.

Also, this amendment is for the displaced workers; those mostly affected because of what happened on September 11 will get an increase of unemployment compensation of 13 weeks and a 60-percent tax credit for health insurance, and we do it in a way that people can have the option, if they do not want COBRA, to have other insurance, and also to help those who did not have any COBRA insurance where last employed.

It is a well-rounded stimulus package that will get the job done. The fact that it passed the House of Representatives and will be signed by the President is reason enough for this body to adopt it, particularly because in this body nothing gets done that is not bipartisan. This has bipartisan support.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

MORNING BUSINESS

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

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

ALLIANCE FOR YOUTH PROGRAM

Mr. ROCKEFELLER. Mr. President, last Friday the children in my State of West Virginia had reason to celebrate. I am delighted to announce that the Communities in Schools Program and America's Promise have joined to form a new partnership aimed at giving our children resources that help them to stay in school and be successful in life. This exciting new program, launched on January 31, 2002, is called the Alliance for Youth.

Bill Milliken, Communities in Schools CEO and West Virginia Governor Bob Wise joined together last week to signal the start of a major initiative to help students. The Alliance for Youth combines the missions of education and community service with the goal of making each more accessible to students in West Virginia. Through the Alliance, children can connect with concerned adults and have a safe place where they can develop useful life skills, have a wholesome start in life, and have the opportunity to become involved in their communities. As a former VISTA worker, I personally know how public service can change and improve someone's life. Providing more opportunities for public service will help both the communities served and the students involved. By helping to shape the lives of our children, the Alliance for Youth Program is making the most important investment in our future.

Years ago, the National Commission on Children which I chaired, challenged society in general to create a moral climate for our children. The Alliance for Youth Program responds to this challenge. We all understand that the chances for children's success are tied to quality education, strong child development, and strong support from family and caring adults. It is my hope that the Alliance for Youth will continue the worthy and important work of providing children with extra support for a successful start in life. I applaud this new partnership, and I look forward to seeing the results of its valuable work.

LOCAL LAW ENFORCEMENT ACT OF 2001

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

I would like to describe a terrible crime that occurred August 30, 1997 in Chicago, IL. A woman and two gay men were attacked by several men who were shouting anti-gay epithets. The assailants, Matthew W. Polley, 21, Jason C. Polley, 22, and Kenneth A. Schultz, 20 were each charged with a felony hate crime in connection with the incident.

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

CONGRATULATIONS TO SOUTH DAKOTA'S SUPER BOWL XXXVI PARTICIPANTS

Mr. JOHNSON. Mr. President, today I congratulate Adam Vinatieri of the New England Patriots. Adam, a native of Rapid City and a South Dakota State University graduate, was instrumental in the Patriot victory in Super Bowl XXXVI. With :07 left in the fourth quarter and the score tied at 17, Adam kicked the game winning 48-yard field goal.

Adam has had a long and very successful football career. During his NFL tenure, Adam has been to two Super Bowls and numerous playoff games. Prior to Adam's professional career, he played for the Jackrabbits from 1991–1994 and was all-North Central Conference punter and kicker from 1992–1994. Also, during Adam's early athletic years at Central High School in Rapid City, I was pleased to have nominated him for a service academy appointment.

Although Adam will be remembered for his Super Bowl winning kick, his two field goals during the playoff game against the Oakland Raiders may have been even more impressive. During a snowstorm, he kicked a 45-yard field goal to send the game to overtime, and then kicked the game winning field goal in overtime to win the Divisional Playoff game. Without his leadership and resolve, the New England Patriots would not have been in a position to play in the Super Bowl, let alone win it. Adam reflects the best of South Dakota, and I know I speak for the entire State when I say congratulations on the great victory. We are all very proud of you.

Also, I would like to congratulate several other particpants from Super Bowl XXXVI who have South Dakota ties, including Adam Timmerman, a guard for the St. Louis Rams and a SDSU graduate; Matt Chatham, a University of South Dakota standout and backup linebacker for the Patriots; Brad Seely, a Baltic native and Special Teams coach for the New England Patriots; and Mike Martz who was born in Sioux Falls and is the head coach of the Rams.

It is very satisfying to know that even though South Dakota has no professional or Division I sports, we were very well represented in the biggest sporting event in America. Congratulations to all who played and participated in one of the best Super Bowls ever played.

BLACK HISTORY MONTH

Mr. SMITH of Oregon. Mr. President, I rise today to honor February as Black History Month. Each February since 1926, our Nation has paused to recognize the contributions of black Americans to the history of our Nation. This is no accident, February is a significant month in black American history. Abolitionist Frederick Douglass, President Abraham Lincoln, and

scholar and civil rights leader W.E.B. DuBois were born in the month of February. The 15th Amendment to the Constitution was ratified 132 years ago this month, giving black Americans the right to vote. The National Association for the Advancement of Colored People was founded in February in New York City. Last Friday, February 1, was the forty-second anniversary of the Greensboro Four's historic sit-in. And on February 25, 1870, this body welcomed its first black Senator, Hiram R. Revels of Mississippi.

I want to take time during this important month to celebrate some of the contributions made by black Americans in my home State of Oregon. Since Marcus Lopez, who sailed with Captain Robert Gray in 1788, become the first person of African descent to set foot in Oregon, a great many black Americans have helped shape the history of my State. Throughout this month, I will come to the floor to highlight some of their stories.

One important story in the history of the Pacific Northwest belongs to a black pioneer named George W. Bush. George Washington Bush, a veteran of the War of 1812, headed west on the Oregon Trail in 1844 hoping to leave the racism of Missouri behind him. A wealthy farmer, Bush purchased six wagons, packed up his friends and family, including his Irish wife, and settled in The Dalles. Upon arrival, Bush discovered that the racism he was trying to escape was, tragically, alive and well in the Oregon Territory.

While slavery was illegal in Oregon, my State shamefully tried to drive out blacks through the enactment of exclusion laws, including a disgraceful ''lash law.'' The lash law required that a black person be whipped twice a year ''until [they] shall quit the territory.'' As a result of this law, Bush was forced to move across the Columbia River to live under the more hospitable rule of the Hudson's Bay Company. Bush thrived as a farmer and rancher in the Puget Sound area, and his success attracted a large number of settlers to the Northwest. Because his prosperity helped spur the tremendous growth of settlements north of the Columbia, Bush, one of the first black Oregonians, is now credited by some historians for bringing the land north of the Columbia River, present-day Washington State, into the United States.

Bush might never have completed his journey to Oregon had it not been for one of the first Oregon Trail guides, a black man named Moses Harris. Harris spent years trapping in the Northwest, and was one of the explorers who christened Independence Rock in what is now the State of Wyoming. Harris was renowned for his knowledge of the region, and, on more than one occasion, saved lost or stranded wagon parties from certain death along the treacherous route to Oregon. He guided thousands to the Pacific Northwest, including the famous Whitman party, and did so until his death of cholera in 1849. Without Moses Harris, and people like him, Oregon, as we know it, would not exist today.

Moses Harris and George Bush are only two early examples of the black men and women who changed the course of history in Oregon and in the United States. During the remainder of Black History Month, I will return to the floor to celebrate more Oregonians like Harris and Bush, whose contributions, while great, have not received the attention they deserve.

ADDITIONAL STATEMENTS

MAJOR STEWART H. HOLMES

● Mr. COCHRAN. Mr. President, I am pleased to congratulate Major Stewart H. Holmes upon the completion of his career of service in the United States Marine Corps. Throughout his 22 years military career, Major Holmes served with distinction and dedication.

He joined the Marine Corps when he was 17 years of age and rose from private to major, serving in a wide variety of assignments along the way. He served as the Marine Corps Appropriations liaison to both the U.S. Senate and U.S. House of Representatives, and he has been a legislative fellow in my office. He has carried out his responsibilities with great ability and dedication.

His parents, Wilhelmina and Jacob Holmes, and his fellow Marines can be proud of his distinguished service. Major Holmes, and his wife Deborah, have made many sacrifices during his Marine career, and we appreciate their contribution of conscientious service to our country.

I am also pleased that Major Holmes will continue his work in my office as a Legislative Assistant with responsibilities for defense and military programs and issues. I look forward to having the continued benefit of his dependable counsel and assistance.●

TRIBUTE TO VICTOR SWENSON

● Mr. JEFFORDS. Mr. President, for more than twenty-eight years it has been my pleasure to know and work with Victor Swenson in many efforts to promote the humanities at the State and national levels. On February 1, 2002, Victor retired as the Executive Director of the Vermont Council on the Humanities, a leadership role he has effectively filled since the Council's inception in 1974. Today, I rise to express my gratitude for his dedication and service to all Vermonters.

Every State has a humanities council, but few are as innovative, creative, and self-sufficient as the Vermont council on the Humanities. Early on, under Victor's stewardship, the Vermont Council determined that the first step in broadening Vermonters' participation in humanities programming was ensuring that all Vermonters were able to read. This undertaking, creating a state in which every individual reads, participates in public affairs, and continues to learn throughout life, involves an enormous commitment. It is a self-imposed and ambitious challenge that the Council has taken on completely. The Council has distinguished itself as a national leader in promoting reading.

Victor's work with the Council has been so successful and has enjoyed such a long tenure that it would be impossible to discuss one without a complete mention of the other. Throughout this long association, Victor has held an unfading belief that the humanities can and must be used to improve life in meaningful ways. Victor believes rightly that all Vermonters benefit from any investment in the humanities, and the Council has been his vehicle for advancement. In January 1974, Victor set up office in Hyde Park, VT, with a budget of $140,000. His first two grants were to the Crossroads Humanities Council in Rutland, VT, and to the Vermont Historical Society. As with those first two grants, the Council has used its position to challenge the people of Vermont to enrich their lives locally through the humanities. The Council has worked for the preservation of historic papers and documents, the creation of reading programs, initiatives to improve teachers' abilities in teaching the humanities and many, many other meaningful projects.

The importance of Victor's influence in Vermont for more than a quarter of a century cannot be overemphasized. I congratulate Victor on his retirement and I sincerely wish him the best of luck in whatever he may do next.●

THE TRIUMPH OF THE NEW ENGLAND PATRIOTS

● Mr. KERRY. Mr. President, today I salute the New England Patriots for their amazing win in Super Bowl XXXVI. We are so proud of our Patriots for bringing home this championship and for the manner in which they achieved it: through determination, class and teamwork. Some followers of the Pats through their startling season have deemed New England a team of destiny. I agree with that characterization if one defines team of destiny as a collection of individuals who worked together as an efficient, loyal combination in the face of adversity and doubt.

From Fort Kent, ME, to Waterbury, CT, from Williamstown to Wellfleet, New England sports fans have hungered for a sports title since 1986. Few would have guessed that it would be the Patriots who would end this drought by bringing home their first championship. Although blessed with four decades of star players such as Gino Cappelletti, Jim Nance and Babe Parilli in the 1960s; Sam (Bam) Cunningham, Russ Francis, and Jim Plunkett in the 1970s; John Hannah, Mike Haynes, and Stanley Morgan in

the 1980s; and Irving Fryar, Curtis Martin, and Chris Slade in the 1990s, the Patriots had never won the big game.

Thanks to the dedicated ownership of longtime season ticket holder and local philanthropist Bob Kraft and his family, however, the Patriots became a better, stronger franchise both off and on the field. Faced with an untenable stadium situation, Kraft, using his own money, eventually built a wonder in CMGI Field, which will open this fall as the new home of the new world champions. Forced to replace the legendary coach Bill Parcells, Kraft eventually hired Bill Belichick, a low-key mastermind who has justly earned a reputation for devising pro football's most devious defensive schemes.

Still, in spite of Coach Belichick and his team of heady assistants coordinated by Romeo Crennel and Charlie Weis, few expected the Patriots, 5–11 last season, to even contend for pro football's ultimate prize. Indeed, the Pats stumbled to an 0–2 start, lost franchise quarterback Bledsoe, and appeared, behind unheralded Tom Brady, a sixth round draft choice who had begun 2001 as a third-string quarterback who had thrown but three passes as a rookie, about to fall to 1–4 against San Diego. But Brady led a remarkable comeback to overcome San Diego and its Massachusetts quarterback Doug Flutie of Natick and Boston College.

This turnaround heralded a season in which the Patriots would overcome obstacles in step-by-step fashion. After falling to the St. Louis Rams 24–17 in Foxboro, the Pats refused to lose again, reeling off six regular season and three playoff wins in shockingly methodical succession. Rather than serving as a distraction, a healthy Bledsoe served as a rallying point for Belichick to demonstrate his decisiveness, Brady to show his skills, and Bledsoe to reveal his class.

Haunted by the phantom roughing-the-passer call against Sugar Bear Hamilton in a 1976 playoff and the paralyzing of Darryl Stingley in a 1978 exhibition, the Patriots overcame their old AFL foe the Oakland Raiders at Foxboro Stadium's final contest. Truly a win for the ages and the region, the overtime thriller took place in several inches of snow and ended in the Pats' favor thanks to the clutch receiving of East Boston's Jermaine Wiggins and the boot of Adam Vinatieri, pro football's best pressure kicker whose playoff beard had begun to resemble that of former Boston Bruins great Raymond Bourque. As the clock neared midnight on that snowy Saturday, the Patriots celebrated their 16–13 sudden-death comeback with long snapper Lonie Paxton making snow angels in the end zone.

In spite of these heroics, critics downplayed the Pats' chances against the number-one-ranked defense of the Pittsburgh Steelers in Heinz Field, their fine new facility. The all-around special play of the overlooked but record-setting receiver and returner Troy Brown put the Patriots on the scoreboard first, but then disaster seemed to strike in the form of an ankle injury to Brady. Fortunately, Bledsoe, although inactive for more than four months, came off the bench to spark the Patriots to an upset that returned them to the Super Bowl in New Orleans for the third time.

Backed by Bledsoe and Brady, the strongest QB combination that the NFL had seen since the Rams rotated Norm Van Brocklin and Bob Waterfield in the late 1940s and early 1950s, the Patriots nevertheless found themselves an overwhelming underdog to lose by double digits to the record-setting St. Louis Rams and their offensive machine. But Tedy Bruschi, Ty Law, and Lawyer Milloy led a hard-hitting defense. Brady, David Patten, and Antowain Smith controlled the ball on offense, and the Patriots led their fine and worthy opponent for most of the game. When the Rams tied the score with 90 seconds to go, other teams might have lost their composure and the game. But not this club.

The Patriots played with poise, relying on the youthful Brady to sling the short passes that put the Pats in position for another heart stopping kick by Vinatieri. For the first time in Super Bowl history, a game ended with a winning offensive play, a field goal. While worth just three points, this kick meant so much more, a Super Bowl win for the players, coaches, owners, and fans of the Patriots, and a reminder of the timeless value of believing in yourselves and your teammates.

Mr. President, I commend the champion Patriots and the runner-up Rams for their achievements.●

REPORT RELATIVE TO EXTENDING THE AGREEMENT OF JUNE 24, 1985 TO JULY 1, 2004, CONCERNING FISHERIES OFF THE COASTS OF THE UNITED STATES—MESSAGE FROM THE PRESIDENT—PM 66

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation.

To the Congress of the United States:

In accordance with the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 *et seq.*), I transmit herewith an Agreement between the United States of America and the Government of the People's Republic of China extending the Agreement of June 24, 1985, Concerning Fisheries Off the Coasts of the United States, with annex, as extended (the ''1985 Agreement''). The present Agreement, which was effected by an exchange of notes in Beijing on April 6, and July 17, 2001, extends the 1985 Agreement to July 1, 2004.

In light of the importance of our fisheries relationship with the People's Republic of China, I urge that the Congress give favorable consideration to this Agreement.

GEORGE W. BUSH.

THE WHITE HOUSE, *February 4, 2002.*

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO IRAQ—MESSAGE FROM THE PRESIDENT—PM 67

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking. Housing, and Urban Affairs.

To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I am providing a 6-month periodic report prepared by my Administration on the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990.

GEORGE W. BUSH.

THE WHITE HOUSE, *February 4, 2002.*

REPORT OF THE BUDGET MESSAGE FOR FISCAL YEAR 2003—MESSAGE FROM THE PRESIDENT—PM 68

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; referred jointly, pursuant to the order of January 30, 1975 as modified by the order of April 11, 1986, to the Committees on Appropriations; and the Budget.

To the Congress of the United States:

Americans will never forget the murderous events of September 11, 2001. They are for us what Pearl Harbor was to an earlier generation of Americans: a terrible wrong and a call to action.

With courage, unity, and purpose, we met the challenges of 2001. The budget for 2003 recognizes the new realities confronting our nation, and funds the war against terrorism and the defense of our homeland.

The budget for 2003 is much more than a tabulation of numbers. It is a plan to fight a war we did not seek—but a war we are determined to win.

In this war, our first priority must be the security of our homeland. My budget provides the resources to combat terrorism at home, to protect our people, and preserve our constitutional freedoms. Our new Office of Homeland Security will coordinate the efforts of the federal government, the 50 states, the territories, the District of Columbia, and hundreds of local governments: all to produce a comprehensive and far-reaching plan for securing America against terrorist attack.

Next, America's military—which has fought so boldly and decisively in Afghanistan—must be strengthened still

further, so it can act still more effectively to find, pursue, and destroy our enemies. The 2003 Budget requests the biggest increase in defense spending in 20 years, to pay the cost of war and the price of transforming our Cold War military into a new 21st Century fighting force.

We have priorities at home as well—restoring health to our economy above all. Our economy had begun to weaken over a year before September 11th, but the terrorist attack dealt it another severe blow. This budget advances a bipartisan economic recovery plan that provides much more than greater unemployment benefits: it is a plan to speed the return of strong economic growth, to generate jobs, and to give unemployed Americans the dignity and security of a paycheck instead of an unemployment check.

The plan also calls for maintaining low tax rates, freer trade, restraint in government spending, regulatory and tort reform, promoting a sound energy policy, and funding key priorities in education, health, and compassionate social programs.

It is a bold plan—and it is matched by a bold agenda for government reform. From the beginning of my Administration, I have called for better management of the federal government. Now, with all the new demands on our resources, better management is needed more sorely than ever. Just as the No Child Left Behind Act of 2001 asks each local school to measure the education of our children, we must measure performance and demand results in federal government programs.

Where government programs are succeeding, their efforts should be reinforced—and the 2003 Budget provides resources to do that. And when objective measures reveal that government programs are not succeeding, those programs should be reinvented, redirected, or retired.

By curtailing unsuccessful programs and moderating the growth of spending in the rest of government, we can well afford to fight terrorism, take action to restore economic growth, and offer substantial increases in spending for improved performance at low-income schools, key environmental programs, health care, science and technology research, and many other areas.

We live in extraordinary times—but America is an extraordinary country. Americans have risen to every challenge they have faced in the past. Americans are rising again to the challenges of today. And once again, we will prevail.

GEORGE W. BUSH.
February 4, 2002.

MESSAGE FROM THE HOUSE

ENROLLED BILLS SIGNED

Under the authority of the order of the Senate of January 3, 2001, the Secretary of the Senate, on February 1, 2002, during the recess of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bills:

H.R. 400. An act to authorize the Secretary of the Interior to establish the Ronald Reagan Boyhood Home National Historic Site, and for other purposes.

H.R. 1913. An act to require the valuation of nontribal interest ownership of subsurface rights within the boundaries of the Acoma Indian Reservation, and for other purposes.

H.R. 1937. An act to authorize the Secretary of the Interior to engage in certain feasibility studies of water resource projects in the State of Washington.

Under the authority of the order of the Senate of January 3, 2001, the enrolled bills were signed by the President pro tempore (Mr. BYRD) on February 1, 2002.

MEASURE REFERRED

The Committee on Armed Services was discharged from further consideration of the following measure, which was referred to the Committee on Environment and Public Works:

H.R. 2595. An act to direct the Secretary of the Army to convey a parcel of land to Chatham County, Georgia.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on January 30, 2002, she had presented to the President of the United States the following enrolled bill:

S. 1762. An act to amend the Higher Education Act of 1965 to establish fixed interest rates for student and parent borrowers, to extend current law with respect to special allowances for lenders, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

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

EC–5248. A communication from the Deputy Secretary of Defense, transmitting, a report on the approval of a retirement; to the Committee on Armed Services.

EC–5249. A communication from the Director of the Congressional Budget Office, transmitting, pursuant to law, a report relative to the growth of real gross national product during the fourth calendar quarter of 2001; to the Committee on the Budget.

EC–5250. A communication from the Director of the Policy Directives and Instructions Branch, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, the report of a rule entitled ''New Classification for Victims of Sever Forms of Trafficking in Persons; Eligibility for ''T'' Nonimmigrant Status'' (RIN1115–AG19) received on January 31, 2002; to the Committee on the Judiciary.

EC–5251. A communication from the Chairman of the Federal Election Commission, transmitting, pursuant to law, the report of a rule entitled ''Interpretation of Allocation of Candidate Travel Expenses'' received on February 1, 2002; to the Committee on Rules and Administration.

EC–5252. A communication from the Director of Financial Management, General Accounting Office, transmitting, pursuant to law, the Annual Report of the Comptrollers' General Retirement System for Fiscal Year 2001; to the Committee on Governmental Affairs.

EC–5253. A communication from the Secretary, Division of Market Regulation, Securities and Exchange Commission, transmitting, pursuant to law, the report of a rule entitled ''Amendments to Rule 31–1 under the Securities Exchange Act of 1934'' (RIN3235–AI38) received on January 31, 2002; to the Committee on Banking, Housing, and Urban Affairs.

EC–5254. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Bifenazate; Pesticide Tolerance'' (FRL6818–3) received on January 30, 2002; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5255. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Zeta-Cypermethrin and its Inactive R-isomers; Pesticide Tolerance'' (FRL6818–8) received on January 30, 2002; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5256. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Acquisition Regulation: Empower Procurement Officials and Miscellaneous Technical Amendments'' (FRL7128–7) received on January 30, 2002; to the Committee on Environment and Public Works.

EC–5257. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; Alabama Update to Materials Incorporated by Reference'' (FRL7131–5) received on January 30, 2002; to the Committee on Environment and Public Works.

EC–5258. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Implementation Plans; Ohio'' (FRL7114–1) received on January 30, 2002; to the Committee on Environment and Public Works.

EC–5259. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of State Implementation Plans; State of Alaska; Fairbanks'' (FRL7133–1) received on January 30, 2002; to the Committee on Environment and Public Works.

EC–5260. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval of Section 112(1) Authority for Hazardous Air Pollutants; State of Maryland; Department of the Environment'' (FRL7135–9) received on January 30, 2002; to the Committee on Environment and Public Works.

EC–5261. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Clean Air Act Full Approval of Operating Permit Program; District of Columbia; Correction'' (FRL7136–3) received on January 30, 2002; to the Committee on Environment and Public Works.

EC–5262. A communication from the Principal Deputy Associate Administrator of the

Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Clean Air Act Approval and Promulgation of State Implementation Plan; Wyoming; Revisions to Air Pollution Regulations'' (FRL7130–3) received on February 1, 2002; to the Committee on Environment and Public Works.

EC–5263. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Clean Air Act Final Full Approval of Operating Permit Program; State of New York'' (FRL7137–7) received on January 31, 2002; to the Committee on Environment and Public Works.

EC–5264. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Revisions to the California State Implementation Plan, Imperial County Air Pollution Control District'' (7134–1) received on January 31, 2002; to the Committee on Environment and Public Works.

EC–5265. A communication from the President of the United States, transmitting, pursuant to law, Presidential Determination Number 99–28, relative to Air Force operations near Groom Lake, Nevada; to the Committee on Environment and Public Works.

EC–5266. A communication from the Acting Director of the Office of Surface Mining, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''Kentucky Regulatory Program'' (KY–220–FOR) received on January 31, 2002; to the Committee on Energy and Natural Resources.

EC–5267. A communication from the Acting Director of the Office of Surface Mining, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''Alabama Regulatory Program'' (AL–071–FOR) received on January 31, 2002; to the Committee on Energy and Natural Resources.

EC–5268. A communication from the Acting Director of the Office of Surface Mining, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''Individual Civil Penalties—Change of Address for Appeals'' (RIN1029–AC02) received on January 31, 2002; to the Committee on Energy and Natural Resources.

EC–5269. A communication from the Chairman of the Federal Energy Regulatory Commission, transmitting, pursuant to law, a report entitled ''Report on the Economic Impacts on Western Utilities and Ratepayers of Price Caps on Spot Market Sales''; to the Committee on Energy and Natural Resources.

EC–5270. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Rolls Royce plc. RB 211 Trent 800 Series Turbofan Engines'' ((RIN2120–AA64)(2002–0044)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5271. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: McDonnell Douglas Model DC 8 Series Airplanes'' ((RIN2120–AA64)(2002–0045)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5272. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures; Miscellaneous Amendments (6); Amdt. No. 2087'' ((RIN2120–AA65)(2002–0001)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5273. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Criminal History Records Checks; FAA 2001–10999; 1–25/1–31—Reopening of the final rule Comment Period'' ((RIN2120–AH53)(2002–0001)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5274. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Airbus Model A300 B2 Series Airplanes and Model A300 B4–2C, B4–103, and B4–203 Series Airplanes'' ((RIN2120–AA64)(2002–0047)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5275. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Pilatus Aircraft Ltd. Models PC 12 and PC 12/45 Airplanes'' ((RIN2120–AA64) (2002–0048)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5276. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: McDonnell Douglas Model DC 9–10, 20, 30, and 40 Series Airplanes and C 9 Airplanes'' ((RIN2120–AA64) (2002–0049)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5277. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: SAAB Model SF340A and 340B Series Airplanes'' ((RIN2120–AA64) (2002–0050)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5278. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Turbomeca S A Arrius 1 A Turboshaft Engines'' ((RIN2120–AA64) (2002–0051)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5279. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Bombardier Model CL–600–2B19 Series Airplanes'' ((RIN2120–AA64) (2002–0052)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5280. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Airbus Model A319, A320, and A321 Series Airplanes'' ((RIN2120–AA64) (2002–0053)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5281. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Establishment of Class E Airspace; Peninsula Regional Medical Center Heliport, Fruitland, MD'' ((RIN2120–AA66) (2002–0002)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5282. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Class E Airspace; Dayton, TN'' ((RIN2120–AA66) (2002–0003)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5283. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Establishment of a Class E Enroute Domestic Airspace Area, Iron Mountain, CA; Direct Final Rule, Request for Comments'' ((RIN2120–AA66) (2002–0004)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5284. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Class E Airspace; Dayton, TN; Correction'' ((RIN2120–AA66) (2002–0005)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5285. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Revision of Legal Description of Multiple Federal Airways in the Vicinity of Salt Lake City, UT'' ((RIN2120–AA66) (2002–0006)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5286. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Establishment of a Class E Enroute Domestic Airspace Areas, Bristol Mountains, CA'' ((RIN2120–AA66) (2002–0007)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5287. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Amendment to Class E Airspace: Ankeny, IA; Direct Final Rule; Confirmation of Effective Date'' ((RIN2120–AA66) (2002–0008)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5288. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures; Miscellaneous Amendments (120); Amdt. No. 2084'' ((RIN2120–AA65) (2002–0002)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5289. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures; Miscellaneous Amendments (30); Amdt. No. 2085'' ((RIN2120–AA65) (2002–0003)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5290. A communication from the Program Analyst of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures; Miscellaneous Amendments (29); Amdt. 2086'' ((RIN2120–AA65)

(2002–0004)) received on January 31, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5291. A communication from the President of the United States, transmitting, pursuant to law, a report entitled ''Annual Report to the Congress on Foreign Economic Collection and Industrial Espionage''; to the Committee on Intelligence.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LIEBERMAN, from the Committee on Governmental Affairs:

Special Report entitled ''Phony Identification And Credentials Via The Internet'' (Rept. No. 107–133).

By Mr. BAUCUS, from the Committee on Finance, with an amendment in the nature of a substitute:

S. 1209: A bill to amend the Trade Act of 1974 to consolidate and improve the trade adjustment assistance programs, to provide community-based economic development assistance for trade-affected communities, and for other purposes. (Rept. No. 107–134).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. BUNNING:

S. 1908. A bill to exclude the receipts and disbursements of the Abandoned Mine Reclamation Fund from the budget of the United States Government, and for other purposes; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order August 4, 1977, with instructions that if one Committee reports, the other Committee have thirty days to report or be discharged.

By Mr. BOND:

S. 1909. A bill to amend title 10, United States Code, to require the establishment of a unified combatant command for homeland security of the United States, and for other purposes; to the Committee on Armed Services.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. KENNEDY (for himself, Mr. KERRY, and Mr. REED):

S. Res. 202. A resolution congratulating the New England Patriots for winning Super Bowl XXXVI; considered and agreed to.

By Mr. DASCHLE:

S. Res. 203. A resolution making temporary majority appointments to the Select Committee on Ethics; considered and agreed to.

ADDITIONAL COSPONSORS

S. 170

At the request of Mr. REID, the name of the Senator from Kentucky (Mr. MCCONNELL) was added as a cosponsor of S. 170, a bill to amend title 10, United States Code, to permit retired members of the Armed Forces who have a service-connected disability to receive both military retired pay by reason of their years of military service and disability compensation from the Department of Veterans Affairs for their disability.

S. 640

At the request of Mr. THOMPSON, the name of the Senator from Wyoming (Mr. THOMAS) was added as a cosponsor of S. 640, a bill to amend the Internal Revenue Code of 1986 to include wireless telecommunications equipment in the definition of qualified technological equipment for purposes of determining the depreciation treatment of such equipment.

S. 694

At the request of Mr. LEAHY, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 694, a bill to amend the Internal Revenue Code of 1986 to provide that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

S. 795

At the request of Mr. THOMPSON, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 795, a bill to amend the Internal Revenue Code of 1986 to permit the consolidation of life insurance companies with other companies.

S. 808

At the request of Mr. BAUCUS, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 808, a bill to amend the Internal Revenue Code of 1986 to repeal the occupational taxes relating to distilled spirits, wine, and beer.

S. 1022

At the request of Mr. WARNER, the names of the Senator from Georgia (Mr. CLELAND) and the Senator from Louisiana (Ms. LANDRIEU) were added as cosponsors of S. 1022, a bill to amend the Internal Revenue Code of 1986 to allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

S. 1058

At the request of Mr. HUTCHINSON, the names of the Senator from Missouri (Mrs. CARNAHAN) and the Senator from Illinois (Mr. DURBIN) were added as cosponsors of S. 1058, a bill to amend the Internal Revenue Code of 1986 to provide tax relief for farmers and the producers of biodiesel, and for other purposes.

S. 1140

At the request of Mr. HATCH, the name of the Senator from Kansas (Mr. BROWNBACK) was added as a cosponsor of S. 1140, a bill to amend chapter 1 of title 9, United States Code, to provide for greater fairness in the arbitration process relating to motor vehicle franchise contracts.

S. 1209

At the request of Mr. BINGAMAN, the names of the Senator from Maryland (Mr. SARBANES), the Senator from Hawaii (Mr. INOUYE), and the Senator from Louisiana (Ms. LANDRIEU) were added as cosponsors of S. 1209, a bill to amend the Trade Act of 1974 to consolidate and improve the trade adjustment assistance programs, to provide community-based economic development assistance for trade-affected communities, and for other purposes.

S. 1274

At the request of Mr. KENNEDY, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1274, a bill to amend the Public Health Service Act to provide programs for the prevention, treatment, and rehabilitation of stroke.

S. 1482

At the request of Mr. HARKIN, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1482, a bill to consolidate and revise the authority of the Secretary of Agriculture relating to protection of animal health.

S. 1644

At the request of Mr. CAMPBELL, the names of the Senator from Louisiana (Ms. LANDRIEU), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from New Hampshire (Mr. SMITH) were added as cosponsors of S. 1644, a bill to further the protection and recognition of veterans' memorials, and for other purposes.

S. 1707

At the request of Mr. JEFFORDS, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 1707, a bill to amend title XVIII of the Social Security Act to specify the update for payments under the medicare physician fee schedule for 2002 and to direct the Medicare Payment Advisory Commission to conduct a study on replacing the use of the sustainable growth rate as a factor in determining such update in subsequent years.

S. 1792

At the request of Mr. BAYH, the name of the Senator from Missouri (Mrs. CARNAHAN) was added as a cosponsor of S. 1792, a bill to further facilitate service for the United States, and for other purposes.

S. 1828

At the request of Mr. LEAHY, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1828, a bill to amend subchapter III of chapter 83 and chapter 84 of title 5, United States Code, to include Federal prosecutors within the definition of a law enforcement officer, and for other purposes.

S. 1838

At the request of Mrs. BOXER, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1838, a bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to ensure that individual account plans protect workers by limiting the amount of employer stock

each worker may hold and encouraging diversification of investment of plan assets, and for other purposes.

S. 1839

At the request of Mr. ALLARD, the name of the Senator from Kentucky (Mr. BUNNING) was added as a cosponsor of S. 1839, a bill to amend the Bank Holding Company Act of 1956, and the Revised Statures of the United States to prohibit financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or real estate management activities, and for other purposes.

S. 1873

At the request of Ms. SNOWE, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 1873, a bill to amend the Internal Revenue Code of 1986 to allow credits for the installation of energy efficiency home improvements, and for other purposes.

S. 1881

At the request of Mr. DODD, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 1881, a bill to require the Federal Trade Commission to establish a list of consumers who request not to receive telephone sales calls.

S. RES. 109

At the request of Mr. REID, the names of the Senator from Indiana (Mr. BAYH), the Senator from Louisiana (Ms. LANDRIEU) and the Senator from North Carolina (Mr. HELMS) were added as cosponsors of S. Res. 109, a resolution designating the second Sunday in the month of December as ''National Children's Memorial Day'' and the last Friday in the month of April as ''Children's Memorial Flag Day.''

S. RES. 182

At the request of Mrs. FEINSTEIN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. Res. 182 , a resolution expressing the sense of the Senate that the United States should allocate significantly more resources to combat global poverty.

S. CON. RES. 84

At the request of Mr. SCHUMER, the names of the Senator from New Jersey (Mr. CORZINE), the Senator from Vermont (Mr. JEFFORDS), and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. Con. Res. 84, a concurrent resolution providing for a joint session of Congress to be held in New York City, New York.

AMENDMENT NO. 2700

At the request of Mr. SARBANES, his name was added as a cosponsor of amendment No. 2700 proposed to H.R. 622, a bill to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

AMENDMENT NO. 2722

At the request of Mr. ALLARD, the names of the Senator from Idaho (Mr. CRAIG) and the Senator from New Hampshire (Mr. SMITH) were added as cosponsors of amendment No. 2722 proposed to H.R. 622, a bill to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

AMENDMENT NO. 2738

At the request of Mrs. HUTCHISON, the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of amendment No. 2738 intended to be proposed to H.R. 622, a bill to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BUNNING:

S. 1908. A bill to exclude the receipts and disbursements of the Abandoned Mine Reclamation Fund from the budget of the United States Government, and for other purposes; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one committee reports, the other committee have thirty days to report or be discharged.

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

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

S. 1908

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

SECTION 1. ABANDONED MINE RECLAMATION FUND.

(a) EXCLUSION FROM BUDGET.—Notwithstanding any other provision of law, the receipts and disbursements of the Abandoned Mine Reclamation Fund shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

(1) the budget of the United States Government as submitted by the President;

(2) the congressional budget; or

(3) the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) AVAILABILITY OF FUNDS.—Section 401(d) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231(d)) is amended to read as follows:

''(d) All amounts in the fund at the end of any fiscal year shall be immediately available for obligation or expenditure, without further appropriation, for the purposes of this title at the commencement of the next fiscal year.''.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 202—CONGRATULATING THE NEW ENGLAND PATRIOTS FOR WINNING SUPER BOWL XXXVI

Mr. KENNEDY. (for himself, Mr. KERRY, and Mr. REED) submitted the following resolution; which was considered and agreed to:

S. RES. 202

Whereas, yesterday, the New England Patriots pulled off a thrilling 20–17 victory over the St. Louis Rams in Super Bowl XXXVI;

Whereas, the victory is the first world championship for the Patriots, and it could not have come at a more poignant time for our country;

Whereas, at a time when our entire country is banding together, the Patriots set a wonderful example of self-sacrifice and unity, showing us all what is possible when we work together, believe in each other, and collaborate for the greater good;

Whereas, coach Bill Belichick stressed teamwork, saying that only by working together could the Patriots overcome their opponent, the best team in the NFL's regular season, the St. Louis Rams;

Whereas, the team was led by Tom Brady, Ty Law, Tedy Bruschi, Mike Vrabel, and Troy Brown, but played together to forge a victory for the whole team;

Whereas, the Patriots showed their true spirit, using running back Kevin Faulk, receiver Troy Brown, and intelligent play from Brady to drive from inside their own 20 yard line to give kicker Adam Vinatieri the chance to win the game with only 7 seconds left on the clock.

Whereas, the Patriots won the game as the clock expired;

Whereas, all of us in Massachusetts, and indeed all who live in New England, are proud of the Patriots and their extraordinary season;

Whereas, eight years ago Bob Kraft bought the Patriots, and today he brings the Lombardi trophy home to fans who have been waiting for 42 years;

Whereas, in Massachusetts, April 15th is Patriot's Day—a day when we celebrate the brave men and women who fought for our nation's independence—but, for generations of New England sports fans, yesterday will always be our Patriot's Day; now therefore, be it

Resolved, That the Senate commends the World Champion New England Patriots for their extraordinary victory in Super Bowl XXXVI.

SEMATE RESOLUTION 203—MAKING TEMPORARY MAJORITY APPOINTMENTS TO THE SELECT COMMITTEE ON ETHICS

Mr. DASCHLE submitted the following resolution; which was considered and agreed to:

S. RES. 203

Resolved, That for matters before the Select Committee on Ethics involving the investigation of Senator TORRICELLI, and the Senator from Nevada (Mr. REID) and the Senator from Hawaii (Mr. AKAKA) be replaced by the Senator from Hawaii (Mr. INOUYE) and the Senator from Rhode Island (Mr. REED) with the Senator from Hawaii (Mr. INOUYE) acting as Chairman in matters regarding such investigation.

That for all other matters before the Select Committee on Ethics the committee membership shall be unchanged.

AMENDMENTS SUBMITTED AND PROPOSED

SA 2762. Mr. ENZI (for himself, Mr. COCHRAN, and Mr. CRAIG) submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table.

SA 2763. Mr. ENZI (for himself, Mr. COCHRAN, and Mr. CRAIG) submitted an amendment intended to be proposed by him to the

bill H.R. 622, supra; which was ordered to lie on the table.

SA 2764. Mr. REID (for himself, Mr. KYL, Mr. NELSON, of Florida, Mr. HATCH, and Mr. MILLER) proposed an amendment to amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) supra.

SA 2765. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2766. Mr. REID (for Mr. DURBIN (for himself, Mr. WELLSTONE, Mr. DAYTON, Ms. LANDRIEU, and Mrs. LINCOLN)) proposed an amendment to amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) supra.

SA 2767. Mrs. LINCOLN (for herself, Mr. GRAHAM, Mr. NELSON, of Florida, Mr. MILLER, Mr. CORZINE, Mr. DAYTON, Mr. KERRY, Mrs. MURRAY, Mr. TORRICELLI, Mrs. CLINTON, and Mr. SCHUMER) proposed an amendment to amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) supra.

SA 2768. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2769. Mr. ENZI submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2770. Mr. CRAIG (for himself, Mr. TORRICELLI, Mr. GRASSLEY, Mr. SANTORUM, Mr. FRIST, Mr. ENSIGN, and Mr. HUTCHINSON) proposed an amendment to the bill H.R. 622, supra.

SA 2771. Mr. DORGAN (for himself, Mr. SMITH, of Oregon, and Mr. REID) submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2772. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2773. Mr. GRASSLEY (for himself, Ms. SNOWE, and Mr. LOTT) proposed an amendment to the bill H.R. 622, supra.

SA 2774. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2775. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2776. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2777. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2778. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2762. Mr. ENZI (for himself, Mr. COCHRAN, and Mr. CRAIG) submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert:

SECTION 1. REPEAL OF OCCUPATIONAL TAXES RELATING TO DISTILLED SPIRITS, WINE, AND BEER.

(a) REPEAL OF OCCUPATIONAL TAXES.—

(1) IN GENERAL.—The following provisions of part II of subchapter A of chapter 51 of the Internal Revenue Code of 1986 (relating to occupational taxes) are hereby repealed:

(A) Subpart A (relating to proprietors of distilled spirits plants, bonded wine cellars, etc.)

(B) Subpart B (relating to brewer).

(C) Subpart D (relating to wholesale dealers) (other than sections 5114 and 5116).

(D) Subpart E (relating to retail dealers) (other than section 5124).

(E) Subpart G (relating to general provisions) (other than sections 5142, 5143, 5145, and 5146).

(2) NONBEVERAGE DOMESTIC DRAWBACK.—Section 5131 of such Code is amended by striking '', on payment of a special tax per annum,''.

(3) INDUSTRIAL USE OF DISTILLED SPIRITS.—Section 5276 of such Code is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1)(A) The heading for part II of subchapter A of chapter 51 of such Code and the table of subparts for such part are amended to read as follows:

''PART II—MISCELLANEOUS PROVISIONS

''Subpart A. Manufacturers of stills.
''Subpart B. Nonbeverage domestic drawback claimants.
''Subpart C. Recordkeeping by dealers.
''Subpart D. Other provisions.''

(B) The table of parts for such subchapter A is amended by striking the item relating to part II and inserting the following new item:

''Part II. Miscellaneous provisions.''

(2) Subpart C of part II of such subchapter (relating to manufacturers of stills) is redesignated as subpart A.

(3)(A) Subpart F of such part II (relating to nonbeverage domestic drawback claimants) is redesignated as subpart B and sections 5131 through 5134 are redesignated as sections 5111 through 5114, respectively.

(B) The table of sections for such subpart B, as so redesignated, is amended—

(i) by redesignating the items relating to sections 5131 through 5134 as relating to sections 5111 through 5114, respectively, and

(ii) by striking ''and rate of tax'' in the item relating to section 5111, as so redesignated.

(C) Section 5111 of such Code, as redesignated by subparagraph (A), is amended—

(i) by striking ''and rate of tax'' in the section heading.

(ii) by striking the subsection heading for subsection (a), and

(iii) by striking subsection (b).

(4) Part II of subchapter A of chapter 51 of such Code is amended by adding after subpart B, as redesignated by paragraph (3), the following new subpart:

''Subpart C—Recordkeeping by Dealers

''Sec. 5121. Recordkeeping by wholesale dealers.
''Sec. 5122. Recordkeeping by retail dealers.
''Sec. 5123. Preservation and inspection of records, and entry of premises for inspection.''

(5)(A) Section 5114 of such Code (relating to records) is moved to subpart C of such part II and inserted after the table of sections for such subpart.

(B) Section 5114 of such Code is amended—

(i) by striking the section heading and inserting the following new heading:

''SEC. 5121. RECORDKEEPING BY WHOLESALE DEALERS.'',

and

(ii) by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) WHOLESALE DEALERS.—For purposes of this part—

''(1) WHOLESALE DEALER IN LIQUORS.—The term ''wholesale dealer in liquors'' means any dealer (other than a wholesale dealer in beer) who sells, or offers for sale, distilled spirits, wines, or beer, to another dealer.

''(2) WHOLESALE DEALER IN BEER.—The term ''wholesale dealer in beer'' means any dealer who sells, or offers for sale, beer, but not distilled spirits or wines, to another dealer.

''(3) DEALER.—The term ''dealer'' means any person who sells, or offers for sale, any distilled spirits, wines, or beer.

''(4) PRESUMPTION IN CASE OF SALE OF 20 WINE GALLONS OR MORE.—The sale, or offer for sale, of distilled spirits, wines, or beer, in quantities of 20 wine gallons or more to the same person at the same time, shall be presumptive evidence that the person making such sale, or offer for sale, is engaged in or carrying on the business of a wholesale dealer in liquors or wholesale dealer in beer, as the case may be. Such presumption may be overcome by evidence satisfactorily showing that such sale, or offer for sale, was made to a person other than a dealer.''

(C) Paragraph (3) of section 5121(d) of such Code, as so redesignated, is amended by striking ''section 5146'' and inserting ''section 5123''.

(6)(A) Section 5124 of such Code (relating to records) is moved to subpart C of part II of subchapter A of chapter 51 of such Code and inserted after section 5121.

(B) Section 5124 of such Code is amended—

(i) by striking the section heading and inserting the following new heading:

''SEC. 5122. RECORDKEEPING BY RETAIL DEALERS.'',

(ii) by striking ''section 5146'' in subsection (c) and inserting ''section 5123'', and

(iii) by redesignating subsection (c) as subsection (d) and inserting after subsection (b) the following new subsection:

''(c) RETAIL DEALERS.—For purposes of this section—

''(1) RETAIL DEALER IN LIQUORS.—The term ''retail dealer in liquors'' means any dealer (other than a retail dealer in beer) who sells, or offers for sale, distilled spirits, wines, or beer, to any person other than a dealer.

''(2) RETAIL DEALER IN BEER.—The term ''retail dealer in beer'' means any dealer who sells, or offers for sale, beer, but not distilled spirits or wines, to any person other than a dealer.

''(3) DEALER.—The term ''dealer'' has the meaning given such term by section 5121(c)(3).''

(7) Section 5146 of such Code is moved to subpart C of part II of subchapter A of chapter 51 of such Code, inserted after section 5122, and redesignated as section 5123.

(8) Part II of subchapter A of chapter 51 of such Code is amended by inserting after subpart C the following new subpart:

''Subpart D—Other Provisions

''Sec. 5131. Packaging distilled spirits for industrial uses.
''Sec. 5132. Prohibited purchases by dealers.''

(9) Section 5116 of such Code is moved to subpart D of part II of subchapter A of chapter 51 of such Code, inserted after the table of sections, redesignated as section 5131, and amended by inserting ''(as defined in section 5121(c))'' after ''dealer'' in subsection (a).

(10) Subpart D of part II of subchapter A of chapter 51 of such Code is amended by adding at the end thereof the following new section:

''SEC. 5132. PROHIBITED PURCHASES BY DEALERS.

''(a) IN GENERAL.—Except as provided in regulations prescribed by the Secretary, it shall be unlawful for a dealer to purchase distilled spirits from any person other than a wholesale dealer in liquors who is required to keep the records prescribed by section 5121.

''(b) PENALTY AND FORFEITURE.—

''For penalty and forfeiture provisions applicable to violations of subsection (a), see sections 5687 and 7302.''

(11) Subsection (b) of section 5002 of such Code is amended—

(A) by striking ''section 5112(a)'' and inserting ''section 5121(c)(3)'',

(B) by striking ''section 5112'' and inserting ''section 5121(c).''

(C) by striking ''section 5122'' and inserting ''section 5122(c).''

(12) Subparagraph (A) of section 5010(c)(2) of such Code is amended by striking ''section 5134'' and inserting ''section 5114''.

(13) Subsection (d) of section 5052 of such Code is amended to read as follows:

''(d) BREWER.—For purposes of this chapter, the term ''brewer'' means any person who brews beer or produces beer for sale. Such term shall not include any person who produces only beer exempt from tax under section 5053(e).''

(14) The text of section 5182 of such Code is amended to read as follows:

''For provisions requiring recordkeeping by wholesale liquor dealers, see section 5112, and be retail liquor dealers, see section 5122.''

(15) Subsection (b) of section 5402 of such Code is amended by striking ''section 5092'' and inserting ''section 5052(d)''.

(16) Section 5671 of such Code is amended by striking ''or 5091''.

(17)(A) Part V of subchapter J of chapter 51 of such Code is hereby repealed.

(B) The table of parts for such subchapter J is amended by striking the item relating to part V.

(18)(A) Sections 5142, 5143, and 5145 of such Code are moved to subchapter D of chapter 52 of such Code, inserted after section 5731, redesignated as sections 5732, 5733, and 5734, respectively, and amended by striking ''this part'' each place it appears and inserting ''this subchapter''.

(B) Section 5732 of such Code, as redesignated by subparagraph (A), is amended by striking ''(except the tax imposed by section 5131)'' each place it appears.

(C) Subsection (c) of section 5733 of such Code, as redesignated by subparagraph (A), is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(D) The table of sections for subchapter D of chapter 52 of such Code is amended by adding at the end thereof the following:

''Sec. 5732. Payment of tax.
''Sec. 5733. Provisions relating to liability for occupational taxes.
''Sec. 5734. Application of State laws.''

(E) Section 5731 of such Code is amended by striking subsection (c) and by redesignating subsection (d) as subsection (c).

(19) Subsection (c) of section 6071 of such Code is amended by striking ''section 5142'' and inserting ''section 5732''.

(20) Paragraph (1) of section 7652(g) of such Code is amended—

(A) by striking ''subpart F'' and inserting ''subpart B'', and

(B) by striking ''section 5131(a)'' and inserting ''section 5111(a)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, but shall not apply to taxes imposed for periods before such date.

SA 2763. Mr. ENZI (for himself, Mr. COCHRAN and Mr. CRAIG) submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert:

SECTION 1. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 of the Internal Revenue Code of 1986 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c).

''(B) SPECIAL RULES RELATING TO CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND CHARITABLE GIFT ANNUITIES.—

''(i) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution from an individual retirement account—

''(I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

''(II) to a pooled income fund (as defined in section 642(c)(5)), or

''(III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)).

The preceding sentence shall apply only if no person holds an income interest in the amounts in the trust fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

''(ii) DETERMINATION OF INCLUSION OF AMOUNTS DISTRIBUTED.—In determining the amount includible in the gross income of any person by reason of a payment or distribution from a trust referred to in clause (i)(I) or a charitable gift annuity (as so defined), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income—

''(I) shall be treated as income described in section 664(b)(1), and

''(II) shall not be treated as an investment in the contract.

''(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable distribution to such fund.

''(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term ''qualified charitable distribution'' means any distribution from an individual retirement account—

''(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 59½, and

''(ii) which is made directly from the account to—

''(I) an organization described in section 170(c), or

''(II) a trust, fund, or annuity referred to in subparagraph (B).

''(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction under section 170 to the taxpayer for the taxable year shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which would be includible in the gross income of the taxpayer for such year but for this paragraph.''.

''(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SA 2764. Mr. REID (for himself, Mr. KYL, Mr. NELSON of Florida, Mr. HATCH, and Mr. MILLER) proposed an amendment to amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; as follows:

At the end, add the following:

TITLE ___—PERSONAL TRAVEL AND BUSINESS EXPENSES

SEC. ___01. PERSONAL TRAVEL CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25B the following new section:

''SEC. 25C. PERSONAL TRAVEL CREDIT.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the qualified personal travel expenses which are paid or incurred by the taxpayer during the 60-day period beginning on the date of the enactment of this section.

''(b) LIMITATIONS.—

''(1) MAXIMUM CREDIT.—The credit allowed a taxpayer under subsection (a) for any taxable year shall not exceed $600 ($1,200, in the case of a joint return).

''(2) PER TRIP LIMITATION.—The expenses taken into account under subsection (a), with respect to any trip, shall not exceed $200.

''(c) QUALIFIED PERSONAL TRAVEL EXPENSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified personal travel expenses' means reasonable expenses in connection with a qualifying personal trip for—

''(A) travel by aircraft, rail, watercraft, or commercial motor vehicle, and

''(B) lodging while away from home at any commercial lodging facility.

Such term does not include expenses for meals, entertainment, amusement, or recreation.

''(2) QUALIFYING PERSONAL TRIP.—

''(A) IN GENERAL.—The term 'qualifying personal trip' means travel within the United States (including the Commonwealth of Puerto Rico and the possessions of the United States)—

''(i) the farthest destination of which is at least 100 miles from the taxpayer's residence,

''(ii) involves an overnight stay at a commercial lodging facility and

''(iii) which is taken on or after the date of the enactment of this section.

''(B) ONLY PERSONAL TRAVEL INCLUDED.—Such term shall not include travel if, without regard to this section, any expenses in connection with such travel are deductible in connection with a trade or business or activity for the production of income.

''(3) COMMERCIAL LODGING FACILITY.—The term 'commercial lodging facility' includes any hotel, motel, resort, rooming house, watercraft, or campground.

''(d) SPECIAL RULES.—

''(1) DENIAL OF CREDIT TO DEPENDENTS.—No credit shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(2) EXPENSES MUST BE SUBSTANTIATED.—No credit shall be allowed by subsection (a) unless the taxpayer substantiates by adequate records the amount of the expenses described in subsection (c)(1).

''(e) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any expense for which credit is allowed under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 24(b)(3)(B) of the Internal Revenue Code of 1986 is amended by striking ''23 and 25B'' and inserting ''23, 25B, and 25C''.

(2) Section 25(e)(1)(C) of such Code is amended by inserting ''25C,'' after ''25B,''.

(3) Section 25B of such Code is amended by striking ''section 23'' and inserting ''sections 23 and 25C''.

(4) Section 26(a)(1) of such Code is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(5) Section 1400C(d) of such Code is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(6) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting before the item relating to section 26 the following new item:

''Sec. 25C. Personal travel credit.''.

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

SEC. ___02. TEMPORARY INCREASE IN DEDUCTION FOR BUSINESS MEAL EXPENSES.

(a) IN GENERAL.—Subsection (n) of section 274 of the Internal Revenue Code of 1986 (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following:

''(4) TEMPORARY INCREASE IN LIMITATION.—With respect to any expense for food or beverage paid or incurred on or after the date of enactment of this paragraph, and before the date that is 180 days after such date, paragraph (1) shall be applied by substituting '80 percent' for '50 percent'.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. ___03. TEMPORARY RESTORATION OF DEDUCTION FOR SPOUSES ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.

(a) IN GENERAL.—Section 274(m) of the Internal Revenue Code of 1986 (relating to limitations on travel expenses) is amended by adding at the end the following:

''(4) TEMPORARY REPEAL OF LIMITATION.—With respect to any travel expense paid or incurred on or after the date of enactment of this paragraph, and before the date that is 180 days after such date, paragraph (3) shall not apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SA 2765. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end add the following:

SEC. ___. TEMPORARY REDUCTION IN CAPITAL GAINS RATE.

(a) REDUCTION IN MAXIMUM RATE.—Section 1(h)(1)(C) (relating to maximum capital gains rate) is amended by inserting ''(15 percent in the case of 2002 and 2003)'' after ''20 percent''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 55(b)(3) is amended by striking ''20 percent)'' and inserting ''the percentage in effect under section 1(h)(1)(C))''.

(2) Paragraph (1) of section 1445(e) by striking ''20 percent)'' and inserting ''the percentage in effect under section 1(h)(1)(C))''.

(3)(A) The second sentence of section 7518(g)(6)(A) is amended by striking ''20 percent'' and inserting ''the percentage in effect under section 1(h)(1)(C)''.

(B) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936 is amended by striking ''20 percent'' and inserting ''the percentage in effect under section 1(h)(1)(C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or exchanges made after December 31, 2001.

SA 2766. Mr. REID (for Mr. DURBIN (for himself, Mr. WELLSTONE, Mr. DAYTON, Ms. LANDRIEU, and Mrs. LINCOLN)) proposed an amendment to amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; as follows:

Strike title IV and insert the following:

TITLE IV—TEMPORARY ENHANCED UNEMPLOYMENT BENEFITS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Temporary Unemployment Compensation Act of 2002''.

SEC. 402. FEDERAL-STATE AGREEMENTS.

(a) IN GENERAL.—Any State which desires to do so may enter into and participate in an agreement under this title with the Secretary of Labor (in this title referred to as the ''Secretary''). Any State which is a party to an agreement under this title may, upon providing 31 days' written notice to the Secretary, terminate such agreement.

(b) PROVISIONS OF AGREEMENT.—

(1) IN GENERAL.—Any agreement under subsection (a) shall provide that the State agency of the State will make—

(A) payments of temporary enhanced unemployment compensation to individuals; and

(B) payments of temporary supplemental unemployment compensation to individuals who—

(i) have—

(I) exhausted all rights to regular compensation under the State law (or, as the case may be, all rights to temporary enhanced unemployment compensation); or

(II) received 26 weeks of regular compensation under the State law (or, as the case may be, 26 weeks of temporary enhanced unemployment compensation);

(ii) do not have any rights to regular compensation under the State law of any other State (or to temporary enhanced unemployment compensation); and

(iii) are not receiving compensation under the unemployment compensation law of any other country.

(2) SPECIAL RULES REGARDING TEMPORARY ENHANCED UNEMPLOYMENT COMPENSATION.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), eligibility for, and the amount of, temporary enhanced unemployment compensation shall be determined in the same manner as eligibility for, and the amount of, regular compensation is determined under the State law.

(B) ELIGIBILITY FOR TEUC.—In the case of an individual who is not eligible for regular compensation under the State law because—

(i) of the use of a definition of base period that does not count wages earned in the most recently completed calendar quarter, then eligibility for temporary enhanced unemployment compensation under subparagraph (A) shall be determined by applying a base period ending at the close of the calendar quarter most recently completed before the date of the individual's application for benefits, except that this clause shall not apply unless wage data for that quarter has been reported to the State or supplied to the State agency on behalf of the individual; or

(ii) such individual does not meet requirements relating to availability for work, active search for work, or refusal to accept work, because such individual is seeking, or is available for, only part-time (and not full-time) work, then eligibility for temporary enhanced unemployment compensation under subparagraph (A) shall be determined without regard to the fact that such individual is seeking, or is available for, only part-time (and not full-time) work, except that this clause shall not apply unless—

(I) the individual's employment on which eligibility for the temporary enhanced unemployment compensation is based was part-time employment; or

(II) the individual can show good cause for seeking, or being available for, only part-time (and not full-time) work.

(C) INCREASED BENEFITS.—

(i) INDIVIDUALS ELIGIBLE FOR REGULAR COMPENSATION.—In the case of an individual who is eligible for regular compensation (including dependents' allowances) under the State law without regard to this paragraph, the amount of temporary enhanced unemployment compensation payable to such individual for any week shall be an amount equal to the greater of—

(I) 15 percent of the amount of such regular compensation payable to such individual for the week; or

(II) $25.

(ii) INDIVIDUALS NOT ELIGIBLE FOR REGULAR COMPENSATION BUT ELIGIBLE FOR TEUC BY REASON OF SUBPARAGRAPH (B).—In the case of an individual who is eligible for temporary enhanced unemployment compensation under this paragraph by reason of either clause (i) or (ii) of subparagraph (B), the amount of temporary enhanced unemployment compensation payable to such individual for any week shall be equal to the amount of compensation payable to such individual (as determined under subparagraph (A)) for the week, plus an amount equal to the greater of—

(I) 15 percent of the amount so determined; or

(II) $25.

(iii) ROUNDING.—For purposes of determining the amount under clause (i)(I) or (ii)(I), such amount shall be rounded to the dollar amount specified under the State law.

(c) NONREDUCTION RULE.—Under an agreement entered into under this title, subsection (b)(2)(C) shall not apply (or shall cease to apply) with respect to a State upon a determination by the Secretary that the method governing the computation of regular compensation under the State law of that State has been modified in a way such that the average weekly amount of regular compensation which will be payable during the period of the agreement (determined disregarding any temporary enhanced unemployment compensation) will be less than the average weekly amount of regular compensation which would otherwise have been payable during such period under the State law, as in effect on September 11, 2001.

(d) COORDINATION RULES.—

(1) REGULAR COMPENSATION PAYABLE UNDER A FEDERAL LAW.—Rules similar to the rules under subsection (b)(2) shall apply in determining the amount of benefits payable under any Federal law to the extent that those benefits are determined by reference to regular compensation payable under the State law of the State involved.

(2) TEMPORARY SUPPLEMENTAL UNEMPLOYMENT COMPENSATION TO SERVE AS SECOND-TIER BENEFITS.—Notwithstanding any other provision of law, neither regular compensation,

temporary enhanced unemployment compensation, extended compensation, nor additional compensation under any Federal or State law shall be payable to any individual for any week for which temporary supplemental unemployment compensation is payable to such individual.

(3) TREATMENT OF OTHER UNEMPLOYMENT COMPENSATION.—After the date on which a State enters into an agreement under this title, any regular compensation (or, as the case may be, temporary enhanced unemployment compensation) in excess of 26 weeks, any extended compensation, and any additional compensation under any Federal or State law shall be payable to an individual in accordance with the State law after such individual has exhausted any rights to temporary supplemental unemployment compensation under the agreement.

(e) EXHAUSTION OF BENEFITS.—For purposes of subsection (b)(1)(B)(i)(I), an individual shall be considered to have exhausted such individual's rights to regular compensation (or, as the case may be, rights to temporary enhanced unemployment compensation) under a State law (or agreement under this title) when—

(1) no payments of regular compensation (or, as the case may be, rights to temporary enhanced unemployment compensation) can be made under such law (or such agreement) because the individual has received all such compensation available to the individual based on employment or wages during the individual's base period; or

(2) the individual's rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(f) WEEKLY BENEFIT AMOUNT, TERMS AND CONDITIONS, ETC. RELATING TO TEMPORARY SUPPLEMENTAL UNEMPLOYMENT COMPENSATION.—For purposes of any agreement under this title—

(1) the amount of temporary supplemental unemployment compensation which shall be payable to an individual for any week of total unemployment shall be equal to—

(A) the amount of regular compensation (including dependents' allowances) payable to such individual under the State law for a week for total unemployment during such individual's benefit year; plus

(B) the amount of any temporary enhanced unemployment compensation payable to such individual for a week for total unemployment during such individual's benefit year;

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall apply to claims for temporary supplemental unemployment compensation and the payment thereof, except where inconsistent with the provisions of this title or with the regulations or operating instructions of the Secretary promulgated to carry out this title; and

(3) the maximum amount of temporary supplemental unemployment compensation payable to any individual for whom a temporary supplemental unemployment compensation account is established under section 403 shall not exceed the amount established in such account for such individual.

SEC. 403. TEMPORARY SUPPLEMENTAL UNEMPLOYMENT COMPENSATION ACCOUNT.

(a) IN GENERAL.—Any agreement under this title shall provide that the State will establish, for each eligible individual who files an application for temporary supplemental unemployment compensation, a temporary supplemental unemployment compensation account.

(b) AMOUNT IN ACCOUNT.—

(1) IN GENERAL.—The amount established in an account under subsection (a) shall be equal to the greater of—

(A) 50 percent of—

(i) the total amount of regular compensation (including dependents' allowances) payable to the individual during the individual's benefit year under such law; plus

(ii) the amount of any temporary enhanced unemployment compensation payable to the individual during the individual's benefit year under the agreement; or

(B) 13 times the individual's weekly benefit amount.

(2) WEEKLY BENEFIT AMOUNT.—For purposes of paragraph (1)(B), an individual's weekly benefit amount for any week is an amount equal to—

(A) the amount of regular compensation (including dependents' allowances) under the State law payable to the individual for such week for total unemployment; plus

(B) the amount of any temporary enhanced unemployment compensation under the agreement payable to the individual for such week for total unemployment.

SEC. 404. PAYMENTS TO STATES HAVING AGREEMENTS UNDER THIS TITLE.

(a) GENERAL RULE.—There shall be paid to each State which has entered into an agreement under this title an amount equal to—

(1) 100 percent of any temporary enhanced unemployment compensation made payable to individuals by such State;

(2) 100 percent of any regular compensation which would have been temporary enhanced unemployment compensation under this title but for the fact that its State law contains provisions comparable to the provisions in clauses (i) and (ii) of section 402(b)(2)(B); and

(3) 100 percent of the temporary supplemental unemployment compensation paid to individuals by the State pursuant to such agreement.

(b) DETERMINATION OF AMOUNT.—Sums under subsection (a) payable to any State by reason of such State having an agreement under this title shall be payable, either in advance or by way of reimbursement (as determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that the Secretary's estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

(c) ADMINISTRATIVE EXPENSES, ETC.—There is hereby appropriated, without fiscal year limitation, out of the employment security administration account of the Unemployment Trust Fund (as established by section 901(a) of the Social Security Act (42 U.S.C. 1101(a))) $500,000,000 to reimburse States for the costs of the administration of agreements under this title (including any improvements in technology in connection therewith) and to provide reemployment services to unemployment compensation claimants in States having agreements under this title. Each State's share of the amount appropriated by the preceding sentence shall be determined by the Secretary according to the factors described in section 302(a) of the Social Security Act (42 U.S.C. 501(a)) and certified by the Secretary to the Secretary of the Treasury.

SEC. 405. FINANCING PROVISIONS.

(a) IN GENERAL.—Funds in the extended unemployment compensation account (as established by section 905(a) of the Social Security Act (42 U.S.C. 1105(a))), and the Federal unemployment account (as established by section 904(g) of such Act (42 U.S.C. 1104(g))), of the Unemployment Trust Fund (as established by section 904(a) of such Act (42 U.S.C. 1104(a))) shall be used, in accordance with subsection (b), for the making of payments (described in section 404(a)) to States having agreements entered into under this title.

(b) CERTIFICATION.—The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums described in section 404(a) which are payable to such State under this title. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification by transfers from the extended unemployment compensation account, as so established (or, to the extent that there are insufficient funds in that account, from the Federal unemployment account, as so established) to the account of such State in the Unemployment Trust Fund (as so established).

SEC. 406. FRAUD AND OVERPAYMENTS.

(a) IN GENERAL.—If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received any temporary enhanced unemployment compensation or temporary supplemental unemployment compensation under this title to which such individual was not entitled, such individual—

(1) shall be ineligible for any further benefits under this title in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(2) shall be subject to prosecution under section 1001 of title 18, United States Code.

(b) REPAYMENT.—In the case of individuals who have received any temporary enhanced unemployment compensation or temporary supplemental unemployment compensation under this title to which such individuals were not entitled, the State shall require such individuals to repay those benefits to the State agency, except that the State agency may waive such repayment if it determines that—

(1) the payment of such benefits was without fault on the part of any such individual; and

(2) such repayment would be contrary to equity and good conscience.

(c) RECOVERY BY STATE AGENCY.—

(1) IN GENERAL.—The State agency may recover the amount to be repaid, or any part thereof, by deductions from any regular compensation, temporary enhanced unemployment compensation, or temporary supplemental unemployment compensation payable to such individual under this title or from any unemployment compensation payable to such individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the 3-year period after the date such individuals received the payment of the temporary enhanced unemployment compensation or the temporary supplemental unemployment compensation to which such individuals were not entitled, except that no single deduction may exceed 50 percent of the weekly benefit amount from which such deduction is made.

(2) OPPORTUNITY FOR HEARING.—No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(d) REVIEW.—Any determination by a State agency under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

SEC. 407. DEFINITIONS.

In this title the terms ''compensation'', ''regular compensation'', ''extended compensation'', ''additional compensation'', ''benefit year'', ''base period'', ''State'', ''State agency'', ''State law'', and ''week'' have the respective meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970.

SEC. 408. APPLICABILITY.

(a) IN GENERAL.—An agreement entered into under this title shall apply to weeks of unemployment—

(1) beginning after the date on which such agreement is entered into; and

(2) ending before January 6, 2003.

(b) SPECIFIC RULES.—

(1) IN GENERAL.—Under such an agreement, the following rules shall apply:

(A) ALTERNATIVE BASE PERIODS.—The payment of temporary enhanced unemployment compensation by reason of section 402(b)(2)(B)(i) (relating to alternative base periods) shall not apply except in the case of initial claims filed on or after the first day of the week that includes September 11, 2001.

(B) PART-TIME EMPLOYMENT AND INCREASED BENEFITS.—The payment of temporary enhanced unemployment compensation by reason of subparagraphs (B)(ii) and (C) of section 402(b)(2) (relating to part-time employment and increased benefits, respectively) shall apply to weeks of unemployment described in subsection (a), regardless of the date on which an individual's initial claim for benefits is filed.

(C) ELIGIBILITY FOR TEMPORARY SUPPLEMENTAL UNEMPLOYMENT COMPENSATION.—The payment of temporary supplemental unemployment compensation pursuant to section 402(b)(1)(B) shall not apply except in the case of individuals who first meet either the condition described in subclause (I) or (II) of clause (i) of such section on or after the first day of the week that includes September 11, 2001.

(2) REAPPLICATION PROCESS.—

(A) ALTERNATIVE BASE PERIODS.—In the case of an individual who filed an initial claim for regular compensation on or after the first day of the week that includes September 11, 2001, and before the date that the State entered into an agreement under subsection (a)(1) that was denied as a result of the application of the base period that applied under the State law prior to the date on which the State entered into the agreement, such individual—

(i) may file a claim for temporary enhanced unemployment compensation based on section 402(b)(2)(B)(i) (relating to alternative base periods) on or after the date on which the State enters into such agreement and before the date on which such agreement terminates; and

(ii) if eligible, shall be entitled to such compensation only for weeks of unemployment described in subsection (a) beginning on or after the date on which the individual files such claim.

(B) PART-TIME EMPLOYMENT.—In the case of an individual who before the date that the State entered into an agreement under subsection (a)(1) was denied regular compensation under the State law's provisions relating to availability for work, active search for work, or refusal to accept work, solely by virtue of the fact that such individual is seeking, or available for, only part-time (and not full-time) work, such individual—

(i) may file a claim for temporary enhanced unemployment compensation based on section 402(b)(2)(B)(ii) (relating to part-time employment) on or after the date on which the State enters into the agreement under subsection (a)(1) and before the date on which such agreement terminates; and

(ii) if eligible, shall be entitled to such compensation only for weeks of unemployment described in subsection (a) beginning on or after the date on which the individual files such claim.

(3) NO RETROACTIVE PAYMENTS FOR WEEKS PRIOR TO AGREEMENT.—No amounts shall be payable to an individual under an agreement entered into under this title for any week of unemployment prior to the week beginning after the date on which such agreement is entered into.

SEC. 409. RULE OF CONSTRUCTION REGARDING CHANGES TO STATE LAW.

Nothing in this title shall be construed as requiring a State to modify the laws of such State in order to enter into an agreement under this title or to comply with the provisions of the agreement described in section 102(b).

SA 2767. Mrs. LINCOLN (for herself, Mr. GRAHAM, Mr. NELSON of Florida, Mr. MILLER, Mr. CORZINE, Mr. DAYTON, Mr. KERRY, Mrs. MURRAY, Mr. TORRICELLI, Mrs. CLINTON, and Mr. SCHUMER) proposed an amendment to amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. ___. DELAY IN MEDICAID UPL CHANGES FOR NON-STATE GOVERNMENT-OWNED OR OPERATED HOSPITALS.

(a) CONGRESSIONAL FINDINGS.—Congress finds the following:

(1) The Secretary of Health and Human Services, in regulations promulgated on January 12, 2001, provided for an exception to the upper limits on payment under State medicaid plans so to permit payment to city and county public hospitals at a rate up to 150 percent of the medicare payment rate.

(2) The Secretary justified this exception because these hospitals—

(A) provide access to a wide range of needed care not often otherwise available in underserved areas;

(B) deliver a significant proportion of uncompensated care; and

(C) are critically dependent on public financing sources, such as the medicaid program.

(3) There has been no evidence presented to Congress that has changed this justification for such exception.

(b) MORATORIUM ON UPL CHANGES.—The Secretary of Health and Human Services may not implement any change in the upper limits on payment under title XIX of the Social Security Act for services of non-State government-owned or operated hospitals published after October 1, 2001, before the later of—

(1) June 30, 2002; or

(2) 3 months after the submission to Congress of the plan described in subsection (c).

(c) MITIGATION PLAN.—The Secretary of Health and Human Services shall submit to Congress a report that contains a plan for mitigating the loss of funding to non-State government-owned or operated hospitals as a result of any change in the upper limits on payment for such hospitals published after October 1, 2001. Such report shall also include such recommendations for legislative action as the Secretary deems appropriate.

SA 2768. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end of the bill, insert the following:

SEC. ___. EXTENSION OF GENERALIZED SYSTEM OF PREFERENCES.

(a) EXTENSION OF DUTY-FREE TREATMENT UNDER SYSTEM.—Section 505 of the Trade Act of 1974 (19 U.S.C. 2465(a)) is amended by striking ''September 30, 2001'' and inserting ''December 31, 2002''.

(b) RETROACTIVE APPLICATION FOR CERTAIN LIQUIDATIONS AND RELIQUIDATIONS.—

(1) IN GENERAL.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, and subject to paragraph (2), the entry—

(A) of any article to which duty-free treatment under title V of the Trade Act of 1974 would have applied if the entry had been made on September 30, 2001,

(B) that was made after September 30, 2001, and before the date of the enactment of this Act, and

(C) to which duty-free treatment under title V of that Act did not apply,

shall be liquidated or reliquidated as free of duty, and the Secretary of the Treasury shall refund any duty paid with respect to such entry. As used in this subsection, the term ''entry'' includes a withdrawal from warehouse for consumption.

(2) REQUESTS.—Liquidation or reliquidation may be made under paragraph (1) with respect to an entry only if a request therefor is filed with the Customs Service, within 180 days after the date of the enactment of this Act, that contains sufficient information to enable the Customs Service—

(A) to locate the entry; or

(B) to reconstruct the entry if it cannot be located.

SA 2769. Mr. ENZI submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE —EMERGENCY AGRICULTURE ASSISTANCE

SEC. 01 LIVESTOCK ASSISTANCE PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture (referred to in this title as the ''Secretary'') shall use $500,000,000 of the funds of the Commodity Credit Corporation to make and administer payments for livestock losses to producers for 2001 losses in a county that has received an emergency designation by the President or the Secretary after January 1, 2001, of which $12,000,000 shall be made available for the American Indian livestock program under section 806 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Public Law 105–277; 114 Stat. 1549A–51).

(b) ADMINISTRATION.—The Secretary shall make assistance available under this section

in the same manner as provided under section 806 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Public Law 105–277; 114 Stat. 1549A–51).

SEC. 02 COMMODITY CREDIT CORPORATION.

The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this title.

SEC. 03 REGULATIONS.

(a) IN GENERAL.—The Secretary may promulgate such regulations as are necessary to implement this title.

(b) PROCEDURE.—The promulgation of the regulations and administration of this title shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this section, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

SEC. 04 EMERGENCY DESIGNATION.

Congress designates as emergency requirements pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 the following amounts:

(a) An amount equal to the amount by which revenues are reduced by this title below the recommended levels of Federal revenues for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011, provided in the conference report accompanying H. Con. Res. 83, the concurrent resolution on the budget for fiscal year 2002.

(b) Amounts equal to the amounts of new budget authority and outlays provided in this title in excess of the allocations under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Finance of the Senate for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011.

SA 2770. Mr. CRAIG (for himself, Mr. TORRICELLI, Mr. GRASSLEY, Mr. SANTORUM, Mr. FRIST, Mr. ENSIGN, and Mr. HUTCHINSON) proposed an amendment to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes, as follows:

At the appropriate place, insert the following:

SEC. ___. EXPANSION OF AVAILABILITY OF ARCHER MEDICAL SAVINGS ACCOUNTS.

(a) REPEAL OF LIMITATIONS ON NUMBER OF MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subsections (i) and (j) of section 220 of the Internal Revenue Code of 1986 are hereby repealed.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 220(c) of such Code is amended by striking subparagraph (D).

(B) Section 138 of such Code is amended by striking subsection (f).

(b) AVAILABILITY NOT LIMITED TO ACCOUNTS FOR EMPLOYEES OF SMALL EMPLOYERS AND SELF-EMPLOYED INDIVIDUALS.—

(1) IN GENERAL.—Subparagraph (A) of section 220(c)(1) of such Code (relating to eligible individual) is amended to read as follows:

''(A) IN GENERAL.—The term 'eligible individual' means, with respect to any month, any individual if—

''(i) such individual is covered under a high deductible health plan as of the 1st day of such month, and

''(ii) such individual is not, while covered under a high deductible health plan, covered under any health plan—

''(I) which is not a high deductible health plan, and

''(II) which provides coverage for any benefit which is covered under the high deductible health plan.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 220(c)(1) of such Code is amended by striking subparagraph (C).

(B) Section 220(c) of such Code is amended by striking paragraph (4) (defining small employer) and by redesignating paragraph (5) as paragraph (4).

(C) Section 220(b) of such Code is amended by striking paragraph (4) (relating to deduction limited by compensation) and by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively.

(c) INCREASE IN AMOUNT OF DEDUCTION ALLOWED FOR CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Paragraph (2) of section 220(b) of such Code is amended to read as follows:

''(2) MONTHLY LIMITATION.—The monthly limitation for any month is the amount equal to 1/12 of the annual deductible (as of the first day of such month) of the individual's coverage under the high deductible health plan.''.

(2) CONFORMING AMENDMENT.—Clause (ii) of section 220(d)(1)(A) of such Code is amended by striking ''75 percent of''.

(d) BOTH EMPLOYERS AND EMPLOYEES MAY CONTRIBUTE TO MEDICAL SAVINGS ACCOUNTS.—Paragraph (4) of section 220(b) of such Code (as redesignated by subsection (b)(2)(C)) is amended to read as follows:

''(4) COORDINATION WITH EXCLUSION FOR EMPLOYER CONTRIBUTIONS.—The limitation which would (but for this paragraph) apply under this subsection to the taxpayer for any taxable year shall be reduced (but not below zero) by the amount which would (but for section 106(b)) be includible in the taxpayer's gross income for such taxable year.''.

(e) REDUCTION OF PERMITTED DEDUCTIBLES UNDER HIGH DEDUCTIBLE HEALTH PLANS.—

(1) IN GENERAL.—Subparagraph (A) of section 220(c)(2) of such Code (defining high deductible health plan) is amended—

(A) by striking ''$1,500'' in clause (i) and inserting ''$1,000''; and

(B) by striking ''$3,000'' in clause (ii) and inserting ''$2,000''.

(2) CONFORMING AMENDMENT.—Subsection (g) of section 220 of such Code is amended to read as follows:

''(g) COST-OF-LIVING ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1998, each dollar amount in subsection (c)(2) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable year begins by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) SPECIAL RULES.—In the case of the $1,000 amount in subsection (c)(2)(A)(i) and the $2,000 amount in subsection (c)(2)(A)(ii), paragraph (1)(B) shall be applied by substituting 'calendar year 2000' for 'calendar year 1997'.

''(3) ROUNDING.—If any increase under paragraph (1) or (2) is not a multiple of $50, such increase shall be rounded to the nearest multiple of $50.''.

(f) PROVIDING INCENTIVES FOR PREFERRED PROVIDER ORGANIZATIONS TO OFFER MEDICAL SAVINGS ACCOUNTS.—Clause (ii) of section 220(c)(2)(B) of such Code is amended by striking ''preventive care if'' and all that follows and inserting ''preventive care.''

(g) MEDICAL SAVINGS ACCOUNTS MAY BE OFFERED UNDER CAFETERIA PLANS.—Subsection (f) of section 125 of such Code is amended by striking ''106(b),''.

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

(i) EMERGENCY DESIGNATION.—Congress designates as emergency requirements pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 the following amounts:

(1) An amount equal to the amount by which revenues are reduced by this section below the recommended levels of Federal revenues for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011, provided in the conference report accompanying H. Con. Res. 83, the concurrent resolution on the budget for fiscal year 2002.

(2) Amounts equal to the amounts of new budget authority and outlays provided in this Act in excess of the allocations under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Finance of the Senate for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011.

SA 2771. Mr. DORGAN (for himself, Mr. SMITH of Oregon, and Mr. REID) submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. . 5-YEAR EXTENSION OF CREDIT FOR PRODUCING ELECTRICITY FROM WIND.

Section 45(c)(3)(A) of the Internal Revenue Code of 1986 (relating to wind facility) is amended by striking ''January 1, 2002'' and inserting ''January 1, 2007''.

SA 2772. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. CARRYBACK OF CERTAIN NET OPERATING LOSSES ALLOWED FOR 5 YEARS.

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

''(H) In the case of a taxpayer which has a net operating loss for any taxable year ending in 2000, 2001, or 2002, subparagraph (A)(i) shall be applied by substituting '5' for '2' and subparagraph (F) shall not apply.''.

(b) ELECTION TO DISREGARD 5-YEAR CARRYBACK.—Section 172 of the Internal Revenue Code of 1986 (relating to net operating loss deduction) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) ELECTION TO DISREGARD 5-YEAR CARRYBACK FOR CERTAIN NET OPERATING LOSSES.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H). Such election shall be made in such manner as may be prescribed by the

Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''.

(c) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT ON CERTAIN NOL CARRYBACKS.—Subparagraph (A) of section 56(d)(1) of the Internal Revenue Code of 1986 (relating to general rule defining alternative tax net operating loss deduction) is amended to read as follows:

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

''(i) the lesser of—

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

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

''(ii) the lesser of—

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

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

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years ending after 1999.

SA 2773. Mr. GRASSLEY (for himself, Ms. SNOWE, and Mr. LOTT) proposed an amendment to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; as follows:

At the end, add the following:

TITLE I—INDIVIDUAL PROVISIONS

SEC. 101. SUPPLEMENTAL STIMULUS PAYMENTS.

(a) IN GENERAL.—Section 6428 (relating to acceleration of 10 percent income tax rate bracket benefit for 2001) is amended by adding at the end the following new subsection:

''(f) SUPPLEMENTAL STIMULUS PAYMENTS.—

''(1) IN GENERAL.—Each individual who was an eligible individual for such individual's first taxable year beginning in 2000 and who, before October 16, 2001, filed a return of tax imposed by subtitle A for such taxable year shall be treated as having made a payment against the tax imposed by chapter 1 for such first taxable year in an amount equal to the supplemental refund amount for such taxable year.

''(2) SUPPLEMENTAL REFUND AMOUNT.—For purposes of this subsection, the supplemental refund amount is an amount equal to the excess (if any) of—

''(A)(i) $600 in the case of taxpayers to whom section 1(a) applies,

''(ii) $500 in the case of taxpayers to whom section 1(b) applies, and

''(iii) $300 in the case of taxpayers to whom subsections (c) or (d) of section 1 applies, over

''(B) the taxpayer's advance refund amount under subsection (e).

''(3) TIMING OF PAYMENTS.—In the case of any overpayment attributable to this subsection, the Secretary shall, subject to the provisions of this title, refund or credit such overpayment as rapidly as possible.

''(4) NO INTEREST.—No interest shall be allowed on any overpayment attributable to this subsection.''

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 6428(d)(1) is amended by striking ''subsection (e)'' and inserting ''subsections (e) and (f)''.

(2) Subparagraph (B) of section 6428(d)(1) is amended by striking ''subsection (e)'' and inserting ''subsection (e) or (f)''.

(3) Paragraph (3) of section 6428(e) is amended by inserting before the period ''(or, if earlier, the date of the enactment of the Economic Security and Worker Assistance Act of 2002)''.

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

SEC. 102. ACCELERATION OF 25 PERCENT INDIVIDUAL INCOME TAX RATE.

(a) IN GENERAL.—The table contained in paragraph (2) of section 1(i) (relating to reductions in rates after June 30, 2001) is amended—

(1) by striking ''27.0%'' and inserting ''25.0%'', and

(2) by striking ''26.0%'' and inserting ''25.0%''.

(b) REDUCTION NOT TO INCREASE MINIMUM TAX.—

(1) Subparagraph (A) of section 55(d)(1) is amended by striking ''($49,000 in the case of taxable years beginning in 2001, 2002, 2003, and 2004)'' and inserting ''($49,000 in the case of taxable years beginning in 2001, $52,200 in the case of taxable years beginning in 2002 or 2003, and $50,700 in the case of taxable years beginning in 2004)''.

(2) Subparagraph (B) of section 55(d)(1) is amended by striking ''($35,750 in the case of taxable years beginning in 2001, 2002, 2003, and 2004)'' and inserting ''($35,750 in the case of taxable years beginning in 2001, $37,350 in the case of taxable years beginning in 2002 or 2003, and $36,600 in the case of taxable years beginning in 2004)''.

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

(d) SECTION 15 NOT TO APPLY.—No amendment made by this section shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986 .

TITLE II—BUSINESS PROVISIONS

SEC. 201. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

''(k) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.—

''(1) ADDITIONAL ALLOWANCE.—In the case of any qualified property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 30 percent of the adjusted basis of the qualified property, and

''(B) the adjusted basis of the qualified property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) QUALIFIED PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified property' means property—

''(i)(I) to which this section applies which has a recovery period of 20 years or less or which is water utility property, or

''(II) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection,

''(ii) the original use of which commences with the taxpayer after September 10, 2001,

''(iii) which is—

''(I) acquired by the taxpayer after September 10, 2001, and before September 11, 2004, but only if no written binding contract for the acquisition was in effect before September 11, 2001, or

''(II) acquired by the taxpayer pursuant to a written binding contract which was entered into after September 10, 2001, and before September 11, 2004, and

''(iv) which is placed in service by the taxpayer before January 1, 2005, or, in the case of property described in subparagraph (B), before January 1, 2006.

''(B) CERTAIN PROPERTY HAVING LONGER PRODUCTION PERIODS TREATED AS QUALIFIED PROPERTY.—

''(i) IN GENERAL.—The term 'qualified property' includes property—

''(I) which meets the requirements of clauses (i), (ii), and (iii) of subparagraph (A),

''(II) which has a recovery period of at least 10 years or is transportation property, and

''(III) which is subject to section 263A by reason of clause (ii) or (iii) of subsection (f)(1)(B) thereof.

''(ii) ONLY PRE-SEPTEMBER 11, 2004, BASIS ELIGIBLE FOR ADDITIONAL ALLOWANCE.—In the case of property which is qualified property solely by reason of clause (i), paragraph (1) shall apply only to the extent of the adjusted basis thereof attributable to manufacture, construction, or production before September 11, 2004.

''(iii) TRANSPORTATION PROPERTY.—For purposes of this subparagraph, the term 'transportation property' means tangible personal property used in the trade or business of transporting persons or property.

''(C) EXCEPTIONS.—

''(i) ALTERNATIVE DEPRECIATION PROPERTY.—The term 'qualified property' shall not include any property to which the alternative depreciation system under subsection (g) applies, determined—

''(I) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

''(II) after application of section 280F(b) (relating to listed property with limited business use).

''(ii) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(iii) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—The term 'qualified property' shall not include any qualified leasehold improvement property (as defined in section 168(e)(6)).

''(D) SPECIAL RULES.—

''(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of clause (iii) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after September 10, 2001, and before September 11, 2004.

''(ii) SALE-LEASEBACKS.—For purposes of subparagraph (A)(ii), if property—

''(I) is originally placed in service after September 10, 2001, by a person, and

''(II) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

''(E) COORDINATION WITH SECTION 280F.—For purposes of section 280F—

''(i) AUTOMOBILES.—In the case of a passenger automobile (as defined in section 280F(d)(5)) which is qualified property, the

Secretary shall increase the limitation under section 280F(a)(1)(A)(i) by $4,600.

''(ii) LISTED PROPERTY.—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).''

(b) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 56(a)(1)(A) (relating to depreciation adjustment for alternative minimum tax) is amended by adding at the end the following new clause:

''(iii) ADDITIONAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.—The deduction under section 168(k) shall be allowed.''

(2) CONFORMING AMENDMENT.—Clause (i) of section 56(a)(1)(A) is amended by striking ''clause (ii)'' both places it appears and inserting ''clauses (ii) and (iii)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 10, 2001, in taxable years ending after such date.

SEC. 202. [RESERVED]

SEC. 203. ALTERNATIVE MINIMUM TAX REFORM.

(a) REPEAL OF PREFERENCE FOR DEPRECIATION.—

(1) Paragraph (1) of section 56(a) is amended by adding at the end the following new subparagraph:

''(E) TERMINATION.—This paragraph shall not apply to property placed in service in taxable years beginning after December 31, 2001.''

(2) Paragraph (5) of section 56(a) is amended by adding at the end: ''This paragraph shall not apply to property placed in service in taxable years beginning after December 31, 2001.''

(b) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDITS.—

(1) Subsection (a) of section 59 is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) Subclause (II) of section 53(d)(1)(B)(i) is amended by striking ''and if section 59(a)(2) did not apply''.

(c) REPEAL OF 90 PERCENT LIMITATION ON NET OPERATING LOSS DEDUCTION.—Subparagraph (A) of section 56(d)(1), as amended by section 204, is amended to read as follows:

''(A) the amount of such deduction shall not exceed alternative minimum taxable income determined without regard to such deduction, and''.

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

SEC. 204. CARRYBACK OF CERTAIN NET OPERATING LOSSES ALLOWED FOR 5 YEARS.

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

''(H) In the case of a taxpayer which has a net operating loss for any taxable year ending during 2001 or 2002, subparagraph (A)(i) shall be applied by substituting '5' for '2' and subparagraph (F) shall not apply.''

(b) ELECTION TO DISREGARD 5-YEAR CARRYBACK.—Section 172 (relating to net operating loss deduction) is amended by redesignating subsection (j) as subsection (k) and by inserting after subjection (i) the following new subsection:

''(j) ELECTION TO DISREGARD 5-YEAR CARRYBACK FOR CERTAIN NET OPERATING LOSSES.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''

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

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

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

''(i) the lesser of—

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

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

''(ii) the lesser of—

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

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

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning before January 1, 2002.

(d) EFFECTIVE DATE.—Except as provided in subsection (c), the amendments made by this section shall apply to net operating losses for taxable years ending after December 31, 2000.

SEC. 205. RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.

(a) 15-YEAR RECOVERY PERIOD.—Subparagraph (E) of section 168(e)(3) (relating to 15-year property) 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) any qualified leasehold improvement property.''

(b) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—Subsection (e) of section 168 is amended by adding at the end the following new paragraph:

''(6) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified leasehold improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

''(I) by the lessee (or any sublessee) of such portion, or

''(II) by the lessor of such portion,

''(ii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

''(iii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefiting a common area, and

''(iv) the internal structural framework of the building.

''(C) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) COMMITMENT TO LEASE TREATED AS LEASE.—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively.

''(ii) RELATED PERSONS.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term 'related persons' means—

''(I) members of an affiliated group (as defined in section 1504), and

''(II) persons having a relationship described in subsection (b) of section 267; except that, for purposes of this clause, the phrase '80 percent or more' shall be substituted for the phrase 'more than 50 percent' each place it appears in such subsection.

''(D) IMPROVEMENTS MADE BY LESSOR.—

''(i) IN GENERAL.—In the case of an improvement made by the person who was the lessor of such improvement when such improvement was placed in service, such improvement shall be qualified leasehold improvement property (if at all) only so long as such improvement is held by such person.

''(ii) EXCEPTION FOR CHANGES IN FORM OF BUSINESS.—Property shall not cease to be qualified leasehold improvement property under clause (i) by reason of—

''(I) death,

''(II) a transaction to which section 381(a) applies, or

''(III) a mere change in the form of conducting the trade or business so long as the property is retained in such trade or business as qualified leasehold improvement property and the taxpayer retains a substantial interest in such trade or business.

''(iii) TREATMENT OF FAILURES TO MAINTAIN SUBSTANTIAL INTEREST IN TRADE OR BUSINESS.—In the case of property to which clause (ii)(III) would apply but for the failure of the taxpayer to retain a substantial interest in a trade or business, the remaining adjusted basis of such property shall be depreciated under this section over 39 years.''

(c) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Paragraph (3) of section 168(b) is amended by adding at the end the following new subparagraph:

''(G) Qualified leasehold improvement property described in subsection (e)(6).''

(d) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by adding at the end the following new item:

''(E)(iv) ..... 15''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified leasehold improvement property placed in service after September 10, 2001.

TITLE III—EXTENSIONS OF CERTAIN EXPIRING PROVISIONS

Subtitle A—Extensions

SEC. 301. ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS AGAINST REGULAR AND MINIMUM TAX LIABILITY.

(a) IN GENERAL.—Paragraph (2) of section 26(a) is amended—

(1) by striking ''RULE FOR 2000 AND 2001.—'' and inserting ''RULE FOR 2000, 2001, 2002, AND 2003.—'', and

(2) by striking ''during 2000 or 2001,'' and inserting ''during 2000, 2001, 2002, or 2003,''.

(b) CONFORMING AMENDMENTS.—

(1) Section 904(h) is amended by striking ''during 2000 or 2001'' and inserting ''during 2000, 2001, 2002, or 2003''.

(2) The amendments made by sections 201(b), 202(f), and 618(b) of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to taxable years beginning during 2002 and 2003.

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

SEC. 302. CREDIT FOR QUALIFIED ELECTRIC VEHICLES.

(a) IN GENERAL.—Section 30 is amended—

(1) in subsection (b)(2)—

(A) by striking ''December 31, 2001,'' and inserting ''December 31, 2003,'', and

(B) in subparagraphs (A), (B), and (C), by striking ''2002'', ''2003'', and ''2004'', respectively, and inserting ''2004'', ''2005'', and ''2006'', respectively, and

(2) in subsection (e), by striking ''December 31, 2004'' and inserting ''December 31, 2006''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 280F(a)(1) is amended by adding at the end the following new clause

''(iii) APPLICATION OF SUBPARAGRAPH.—This subparagraph shall apply to property placed in service after August 5, 1997, and before January 1, 2007.''

(2) Subsection (b) of section 971 of the Taxpayer Relief Act of 1997 is amended by striking ''and before January 1, 2005''.

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

SEC. 303. CREDIT FOR ELECTRICITY PRODUCED FROM RENEWABLE RESOURCES.

(a) IN GENERAL.—Subparagraphs (A), (B), and (C) of section 45(c)(3) are each amended by striking ''2002'' and inserting ''2004''.

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

SEC. 304. WORK OPPORTUNITY CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 51(c)(4) is amended by striking ''2001'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2001.

SEC. 305. WELFARE-TO-WORK CREDIT.

(a) IN GENERAL.—Subsection (f) of section 51A is amended by striking ''2001'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2001.

SEC. 306. DEDUCTION FOR CLEAN-FUEL VEHICLES AND CERTAIN REFUELING PROPERTY.

(a) IN GENERAL.—Section 179A is amended—

(1) in subsection (b)(1)(B)—

(A) by striking ''December 31, 2001,'' and inserting ''December 31, 2003,'', and

(B) in clauses (i), (ii), and (iii), by striking ''2002'', ''2003'', and ''2004'', respectively, and inserting ''2004'', ''2005'', and ''2006'', respectively, and

(2) in subsection (f), by striking ''December 31, 2004'' and inserting ''December 31, 2006''.

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

SEC. 307. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) is amended by striking ''2002'' and inserting ''2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 308. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) is amended by striking ''2000, and 2001'' and inserting ''2000, 2001, 2002, and 2003''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 309. COVER OVER OF TAX ON DISTILLED SPIRITS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''January 1, 2002'' and inserting ''January 1, 2004''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 310. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) IN GENERAL.—Subsection (f) of section 9812, as amended by the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002, is amended to read as follows:

''(f) APPLICATION OF SECTION.—This section shall not apply to benefits for services furnished—

''(1) on or after September 30, 2001, and before January 1, 2002, and

''(2) after December 31, 2003.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to plan years beginning after December 31, 2000.

SEC. 311. TEMPORARY SPECIAL RULES FOR TAXATION OF LIFE INSURANCE COMPANIES.

(a) REDUCTION IN MUTUAL LIFE INSURANCE COMPANY DEDUCTIONS NOT TO APPLY IN CERTAIN YEARS.—Section 809 (relating to reduction in certain deductions of material life insurance companies) is amended by adding at the end the following:

''(j) DIFFERENTIAL EARNINGS RATE TREATED AS ZERO FOR CERTAIN YEARS.—Notwithstanding subsection (c) or (f), the differential earnings rate shall be treated as zero for purposes of computing both the differential earnings amount and the recomputed differential earnings amount for a mutual life insurance company's taxable years beginning in 2001, 2002, or 2003.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 312. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) (defining cut-off year) are each amended by striking ''2002'' each place it appears and inserting ''2003''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended by striking ''1998, 1999, or 2001'' each place it appears and inserting ''1998, 1999, 2001, or 2002''.

(2) Subparagraph (A) of section 220(j)(4) is amended by striking ''and 2001'' and inserting ''2001, and 2002''.

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

SEC. 313. INCENTIVES FOR INDIAN EMPLOYMENT AND PROPERTY ON INDIAN RESERVATIONS.

(a) EMPLOYMENT.—Subsection (f) of section 45A is amended by striking ''December 31, 2003'' and inserting ''December 31, 2004''.

(b) PROPERTY.—Paragraph (8) of section 168(j) is amended by striking ''December 31, 2003'' and inserting ''December 31, 2004''.

SEC. 314. SUBPART F EXEMPTION FOR ACTIVE FINANCING.

(a) IN GENERAL.—

(1) Section 953(e)(10) is amended—

(A) by striking ''January 1, 2002'' and inserting ''January 1, 2007'', and

(B) by striking ''December 31, 2001'' and inserting ''December 31, 2006''.

(2) Section 954(h)(9) is amended by striking ''January 1, 2002'' and inserting ''January 1, 2007''.

(b) LIFE INSURANCE AND ANNUITY CONTRACTS.—

(1) IN GENERAL.—Subparagraph (B) of section 954(i)(4) is amended to read as follows:

''(B) LIFE INSURANCE AND ANNUITY CONTRACTS.—

''(i) IN GENERAL.—Except as provided in clause (ii), the amount of the reserve of a qualifying insurance company or qualifying insurance company branch for any life insurance or annuity contract shall be equal to the greater of—

''(I) the net surrender value of such contract (as defined in section 807(e)(1)(A)), or

''(II) the reserve determined under paragraph (5).

''(ii) RULING REQUEST, ETC.—The amount of the reserve under clause (i) shall be the foreign statement reserve for the contract (less any catastrophe, deficiency, equalization, or similar reserves), if, pursuant to a ruling request submitted by the taxpayer or as provided in published guidance, the Secretary determines that the factors taken into account in determining the foreign statement reserve provide an appropriate means of measuring income.''

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

SEC. 315. REPEAL OF REQUIREMENT FOR APPROVED DIESEL OR KEROSENE TERMINALS.

(a) IN GENERAL.—Subsection (e) of section 4101 is hereby repealed.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2002.

Subtitle B—Temporary Assistance for Needy Families

SEC. 321. REAUTHORIZATION OF TANF SUPPLEMENTAL GRANTS FOR POPULATION INCREASES FOR FISCAL YEAR 2002.

Section 403(a)(3) of the Social Security Act (42 U.S.C. 603(a)(3)) is amended by adding at the end the following:

''(H) REAUTHORIZATION OF GRANTS FOR FISCAL YEAR 2002.—Notwithstanding any other provision of this paragraph—

''(i) any State that was a qualifying State under this paragraph for fiscal year 2001 or any prior fiscal year shall be entitled to receive from the Secretary for fiscal year 2002 a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year in which the State was a qualifying State;

''(ii) subparagraph (G) shall be applied as if '2002' were substituted for '2001'; and

''(iii) out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 2002 such sums as are necessary for grants under this subparagraph.''.

SEC. 322. 1-YEAR EXTENSION OF CONTINGENCY FUND UNDER THE TANF PROGRAM.

Section 403(b) of the Social Security Act (42 U.S.C. 603(b)) is amended—

(1) in paragraph (2), by striking ''and 2001'' and inserting ''2001, and 2002''; and

(2) in paragraph (3)(C)(ii), by striking ''2001'' and inserting ''2002''.

TITLE IV—TAX BENEFITS FOR AREA OF NEW YORK CITY DAMAGED IN TERRORIST ATTACKS ON SEPTEMBER 11, 2001

SEC. 401. TAX BENEFITS FOR AREA OF NEW YORK CITY DAMAGED IN TERRORIST ATTACKS ON SEPTEMBER 11, 2001.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

''Subchapter Y—New York Liberty Zone Benefits

''SEC. 1400L. TAX BENEFITS FOR NEW YORK LIBERTY ZONE.

''(a) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001.—

''(1) ADDITIONAL ALLOWANCE.—In the case of any qualified New York Liberty Zone property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in

which such property is placed in service shall include an allowance equal to 30 percent of the adjusted basis of such property, and

''(B) the adjusted basis of the qualified New York Liberty Zone property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) QUALIFIED NEW YORK LIBERTY ZONE PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified New York Liberty Zone property' means property—

''(i)(I) to which section 168 applies (other than railroad grading and tunnel bores), or

''(II) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection,

''(ii) substantially all of the use of which is in the New York Liberty Zone and is in the active conduct of a trade or business by the taxpayer in such Zone,

''(iii) the original use of which in the New York Liberty Zone commences with the taxpayer after September 10, 2001,

''(iv) which is acquired by the taxpayer by purchase (as defined in section 179(d)) after September 10, 2001, but only if no written binding contract for the acquisition was in effect before September 11, 2001, and

''(v) which is placed in service by the taxpayer on or before the termination date.

The term 'termination date' means December 31, 2006 (December 31, 2009, in the case of nonresidential real property and residential rental property).

''(B) EXCEPTIONS.—

''(i) ALTERNATIVE DEPRECIATION PROPERTY.—The term 'qualified New York Liberty Zone property' shall not include any property to which the alternative depreciation system under section 168(g) applies, determined—

''(I) without regard to paragraph (7) of section 168(g) (relating to election to have system apply), and

''(II) after application of section 280F(b) (relating to listed property with limited business use).

''(ii) 30 PERCENT ADDITIONAL ALLOWANCE PROPERTY.—Such term shall not include property to which section 168(k) applies.

''(iii) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—Such term shall not include any qualified leasehold improvement property (as defined in section 168(e)(6)).

''(iv) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(C) SPECIAL RULES.—

''(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of clause (iv) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after September 10, 2001, and before the termination date.

''(ii) SALE-LEASEBACKS.—For purposes of subparagraph (A)(iii), if property—

''(I) is originally placed in service after September 10, 2001, by a person, and

''(II) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

''(D) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—The deduction allowed by this subsection shall be allowed in determining alternative minimum taxable income under section 55.

''(b) 5-YEAR RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.—

''(1) IN GENERAL.—For purposes of section 168, the term '5-year property' includes any qualified New York Liberty Zone leasehold improvement property.

''(2) QUALIFIED NEW YORK LIBERTY ZONE LEASEHOLD IMPROVEMENT PROPERTY.—For purposes of this section, the term 'qualified New York Liberty Zone leasehold improvement property' means qualified leasehold improvement property (as defined in section 168(e)(6)) if—

''(A) such building is located in the New York Liberty Zone,

''(B) such improvement is placed in service after September 10, 2001, and before January 1, 2007, and

''(C) no written binding contract for such improvement was in effect before September 11, 2001.

''(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—The applicable depreciation method under section 168 shall be the straight line method in the case of qualified New York Liberty Zone leasehold improvement property.

''(4) 9-YEAR RECOVERY PERIOD UNDER ALTERNATIVE SYSTEM.—For purposes of section 168(g), the class life of qualified New York Liberty Zone leasehold improvement property shall be 9 years.

''(c) INCREASE IN EXPENSING UNDER SECTION 179.—

''(1) IN GENERAL.—For purposes of section 179—

''(A) the limitation under section 179(b)(1) shall be increased by the lesser of—

''(i) $35,000, or

''(ii) the cost of section 179 property which is qualified New York Liberty Zone property placed in service during the taxable year, and

''(B) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified New York Liberty Zone property shall be 50 percent of the cost thereof.

''(2) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified New York Liberty Zone property which ceases to be used in the New York Liberty Zone.

''(d) TAX-EXEMPT BOND FINANCING.—

''(1) IN GENERAL.—For purposes of this title, any qualified New York Liberty Bond shall be treated as an exempt facility bond.

''(2) QUALIFIED NEW YORK LIBERTY BOND.—For purposes of this subsection, the term 'qualified New York Liberty Bond' means any bond issued as part of an issue if—

''(A) 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of such issue are to be used for qualified project costs,

''(B) such bond is issued by the State of New York or any political subdivision thereof,

''(C) the Governor of New York designates such bond for purposes of this section, and

''(D) such bond is issued during calendar year 2002, 2003, or 2004.

''(3) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(A) AGGREGATE AMOUNT DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under this subsection shall not exceed $15,000,000,000.

''(B) SPECIFIC LIMITS.—For purposes of subparagraph (A), the aggregate face amount of bonds issued which are to be used for—

''(i) costs for property located outside the New York Liberty Zone, shall not exceed $7,000,000,000,

''(ii) costs for residential rental property, shall not exceed $3,000,000,000, and

''(iii) costs for property used for retail sales of tangible property, shall not exceed $1,500,000,000.

''(C) MOVABLE FIXTURES AND EQUIPMENT.—No bonds shall be issued which are to be used for movable fixtures and equipment.

''(4) QUALIFIED PROJECT COSTS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified project costs' means the cost of acquisition, construction, reconstruction, and renovation of—

''(i) nonresidential real property and residential rental property (including fixed tenant improvements associated with such property) located in the New York Liberty Zone, and

''(ii) public utility property located in the New York Liberty Zone.

''(B) COSTS FOR CERTAIN PROPERTY OUTSIDE ZONE INCLUDED.—Such term includes the cost of acquisition, construction, reconstruction, and renovation of nonresidential real property (including fixed tenant improvements associated with such property) located outside the New York Liberty Zone but within the City of New York, New York, if such property is part of a project which consists of at least 100,000 square feet of usable office or other commercial space located in a single building or multiple adjacent buildings.

''(5) SPECIAL RULES.—In applying this title to any qualified New York Liberty Bond, the following modifications shall apply:

''(A) Section 146 (relating to volume cap) shall not apply.

''(B) Section 147(c) (relating to limitation on use for land acquisition) shall be determined by reference to the aggregate authorized face amount of all qualified New York Liberty Bonds rather than the net proceeds of each issue.

''(C) Section 147(d) (relating to acquisition of existing property not permitted) shall be applied by substituting '50 percent' for '15 percent' each place it appears.

''(D) Section 148(f)(4)(C) (relating to exception from rebate for certain proceeds to be used to finance construction expenditures) shall apply to available construction proceeds of bonds issued under this section.

''(E) Financing provided by such a bond shall not be taken into account under section 168(g)(5)(A) with respect to property substantially all of the use of which is in the New York Liberty Zone and is in the active conduct of a trade or business by the taxpayer in such Zone.

''(F) Repayments of principal on financing provided by the issue—

''(i) may not be used to provide financing, and

''(ii) must be used not later than the close of the 1st semiannual period beginning after the date of the repayment to redeem bonds which are part of such issue.

The requirement of clause (ii) shall be treated as met with respect to amounts received within 10 years after the date of issuance of the issue (or, in the case of refunding bond, the date of issuance of the original bond) if such amounts are used by the close of such 10 years to redeem bonds which are part of such issue.

''(G) Section 57(a)(5) shall not apply.

''(6) SEPARATE ISSUE TREATMENT OF PORTIONS OF AN ISSUE.—This subsection shall not apply to the portion of an issue which (if issued as a separate issue) would be treated as a qualified bond or as a bond that is not a private activity bond, if the issuer elects to so treat such portion.

''(e) EXTENSION OF REPLACEMENT PERIOD FOR NONRECOGNITION OF GAIN.—Notwithstanding subsections (g) and (h) of section 1033, clause (i) of section 1033(a)(2)(B) shall be

applied by substituting '5 years' for '2 years' with respect to property which is compulsorily or involuntarily converted as a result of the terrorist attacks on September 11, 2001, in the New York Liberty Zone but only if substantially all of the use of the replacement property is in the City of New York, New York.

''(f) NEW YORK LIBERTY ZONE.—For purposes of this section, the term 'New York Liberty Zone' means the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan in the City of New York, New York.''

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''Subchapter Y. New York Liberty Zone Benefits.''

TITLE V [RESERVED]

TITLE VI—MISCELLANEOUS AND TECHNICAL PROVISIONS

Subtitle A—General Miscellaneous Provisions

SEC. 601. ALLOWANCE OF ELECTRONIC 1099'S.

Any person required to furnish a statement under any section of subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 for any taxable year ending after the date of the enactment of this Act, may electronically furnish such statement (without regard to any first class mailing requirement) to any recipient who has consented to the electronic provision of the statement in a manner similar to the one permitted under regulations issued under section 6051 of such Code or in such other manner as provided by the Secretary.

SEC. 602. EXCLUDED CANCELLATION OF INDEBTEDNESS INCOME OF S CORPORATION NOT TO RESULT IN ADJUSTMENT TO BASIS OF STOCK OF SHAREHOLDERS.

(a) IN GENERAL.—Subparagraph (A) of section 108(d)(7) (relating to certain provisions to be applied at corporate level) is amended by inserting before the period '', including by not taking into account under section 1366(a) any amount excluded under subsection (a) of this section''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to discharges of indebtedness after October 11, 2001, in taxable years ending after such date.

(2) EXCEPTION.—The amendment made by this section shall not apply to any discharge of indebtedness before March 1, 2002, pursuant to a plan of reorganization filed with a bankruptcy court on or before October 11, 2001.

SEC. 603. LIMITATION ON USE OF NONACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) IN GENERAL.—Paragraph (5) of section 448(d) is amended to read as follows:

''(5) SPECIAL RULE FOR CERTAIN SERVICES.—

''(A) IN GENERAL.—In the case of any person using an accrual method of accounting with respect to amounts to be received for the performance of services by such person, such person shall not be required to accrue any portion of such amounts which (on the basis of such person's experience) will not be collected if—

''(i) such services are in fields referred to in paragraph (2)(A), or

''(ii) such person meets the gross receipts test of subsection (c) for all prior taxable years.

''(B) EXCEPTION.—This paragraph shall not apply to any amount if interest is required to be paid on such amount or there is any penalty for failure to timely pay such amount.

''(C) REGULATIONS.—The Secretary shall prescribe regulations to permit taxpayers to determine amounts referred to in subparagraph (A) using computations or formulas which, based on experience, accurately reflect the amount of income that will not be collected by such person. A taxpayer may adopt, or request consent of the Secretary to change to, a computation or formula that clearly reflects the taxpayer's experience. A request under the preceding sentence shall be approved if such computation or formula clearly reflects the taxpayer's experience.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period of 4 years (or if less, the number of taxable years that the taxpayer used the method permitted under section 448(d)(5) of such Code as in effect before the date of the enactment of this Act) beginning with such first taxable year.

SEC. 604. EXCLUSION FOR FOSTER CARE PAYMENTS TO APPLY TO PAYMENTS BY QUALIFIED PLACEMENT AGENCIES.

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

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

''(A) which is paid by—

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

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

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

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

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

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

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

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

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

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

SEC. 605. INTEREST RATE RANGE FOR ADDITIONAL FUNDING REQUIREMENTS.

(a) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) SPECIAL RULE.—Clause (i) of section 412(l)(7)(C) (relating to interest rate) is amended by adding at the end the following new subclause:

''(III) SPECIAL RULE FOR 2002 AND 2003.—For a plan year beginning in 2002 or 2003, notwithstanding subclause (I), in the case that the rate of interest used under subsection (b)(5) exceeds the highest rate permitted under subclause (I), the rate of interest used to determine current liability under this subsection may exceed the rate of interest otherwise permitted under subclause (I); except that such rate of interest shall not exceed 120 percent of the weighted average referred to in subsection (b)(5)(B)(ii).''

(2) QUARTERLY CONTRIBUTIONS.—Subsection (m) of section 412 is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULES FOR 2002 AND 2004.—In any case in which the interest rate used to determine current liability is determined under subsection (l)(7)(C)(i)(III)—

''(A) 2002.—For purposes of applying paragraphs (1) and (4)(B)(ii) for plan years beginning in 2002, the current liability for the preceding plan year shall be redetermined using 120 percent as the specified percentage determined under subsection (l)(7)(C)(i)(II).

''(B) 2004.—For purposes of applying paragraphs (1) and (4)(B)(ii) for plan years beginning in 2004, the current liability for the preceding plan year shall be redetermined using 105 percent as the specified percentage determined under subsection (l)(7)(C)(i)(II).''

(b) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) SPECIAL RULE.—Clause (i) of section 302(d)(7)(C) of such Act (29 U.S.C. 1082(d)(7)(C)) is amended by adding at the end the following new subclause:

''(III) SPECIAL RULE FOR 2002 AND 2003.—For a plan year beginning in 2002 or 2003, notwithstanding subclause (I), in the case that the rate of interest used under subsection (b)(5) exceeds the highest rate permitted under subclause (I), the rate of interest used to determine current liability under this subsection may exceed the rate of interest otherwise permitted under subclause (I); except that such rate of interest shall not exceed 120 percent of the weighted average referred to in subsection (b)(5)(B)(ii).''

(2) QUARTERLY CONTRIBUTIONS.—Subsection (e) of section 302 of such Act (29 U.S.C. 1082) is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULES FOR 2002 AND 2004.—In any case in which the interest rate used to determine current liability is determined under subsection (d)(7)(C)(i)(III)—

''(A) 2002.—For purposes of applying paragraphs (1) and (4)(B)(ii) for plan years beginning in 2002, the current liability for the preceding plan year shall be redetermined using 120 percent as the specified percentage determined under subsection (d)(7)(C)(i)(II).

''(B) 2004.—For purposes of applying paragraphs (1) and (4)(B)(ii) for plan years beginning in 2004, the current liability for the preceding plan year shall be redetermined using 105 percent as the specified percentage determined under subsection (d)(7)(C)(i)(II).''

(c) PBGC.—Clause (iii) of section 4006(a)(3)(E) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new subclause:

''(IV) In the case of plan years beginning after December 31, 2001, and before January 1, 2004, subclause (II) shall be applied by substituting '100 percent' for '85 percent'. Subclause (III) shall be applied for such years without regard to the preceding sentence. Any reference to this clause by any other sections or subsections shall be treated as a reference to this clause without regard to this subclause.''

SEC. 606. ADJUSTED GROSS INCOME DETERMINED BY TAKING INTO ACCOUNT CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Section 62(a)(2) (relating to certain trade and business deductions of employees) is amended by adding at the end the following:

''(D) CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.—In the case of taxable years beginning during 2002 or 2003, the deductions allowed by section 162 which consist of expenses, not in excess of $250, paid or incurred by an eligible educator in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom.''.

(b) ELIGIBLE EDUCATOR.—Section 62 is amended by adding at the end the following:

''(d) DEFINITION; SPECIAL RULES.—

''(1) ELIGIBLE EDUCATOR.—

''(A) IN GENERAL.—For purposes of subsection (a)(2)(D), the term 'eligible educator' means, with respect to any taxable year, an individual who is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

''(B) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.

''(2) COORDINATION WITH EXCLUSIONS.—A deduction shall be allowed under subsection (a)(2)(D) for expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135, 529(c)(1), or 530(d)(2) for the taxable year.''.

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

Subtitle B—Technical Corrections

SEC. 611. AMENDMENTS RELATED TO ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.

(a) AMENDMENTS RELATED TO SECTION 101 OF THE ACT.—

(1) IN GENERAL.—Subsection (b) of section 6428 is amended to read as follows:

''(b) CREDIT TREATED AS NONREFUNDABLE PERSONAL CREDIT.—For purposes of this title, the credit allowed under this section shall be treated as a credit allowable under subpart A of part IV of subchapter A of chapter 1.''.

(2) CONFORMING AMENDMENTS.—

(A) Subsection (d) of section 6428 is amended to read as follows:

''(d) COORDINATION WITH ADVANCE REFUNDS OF CREDIT.—

''(1) IN GENERAL.—The amount of credit which would (but for this paragraph) be allowable under this section shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer under subsection (e). Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

''(2) JOINT RETURNS.—In the case of a refund or credit made or allowed under subsection (e) with respect to a joint return, half of such refund or credit shall be treated as having been made or allowed to each individual filing such return.''.

(B) Paragraph (2) of section 6428(e) is amended to read as follows:

''(2) ADVANCE REFUND AMOUNT.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such first taxable year if—

''(A) this section (other than subsections (b) and (d) and this subsection) had applied to such taxable year, and

''(B) the credit for such taxable year were not allowed to exceed the excess (if any) of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(ii) the sum of the credits allowable under part IV of subchapter A of chapter 1 (other than the credits allowable under subpart C thereof, relating to refundable credits).''

(b) AMENDMENT RELATED TO SECTION 201 OF THE ACT.—Subparagraph (B) of section 24(d)(1) is amended by striking ''amount of credit allowed by this section'' and inserting ''aggregate amount of credits allowed by this subpart''.

(c) AMENDMENTS RELATED TO SECTION 202 OF THE ACT.—

(1) CORRECTIONS TO CREDIT FOR ADOPTION EXPENSES.—

(A) Paragraph (1) of section 23(a) is amended to read as follows:

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter the amount of the qualified adoption expenses paid or incurred by the taxpayer.''

(B) Subsection (a) of section 23 is amended by adding at the end the following new paragraph:

''(3) $10,000 CREDIT FOR ADOPTION OF CHILD WITH SPECIAL NEEDS REGARDLESS OF EXPENSES.—In the case of an adoption of a child with special needs which becomes final during a taxable year, the taxpayer shall be treated as having paid during such year qualified adoption expenses with respect to such adoption in an amount equal to the excess (if any) of $10,000 over the aggregate qualified adoption expenses actually paid or incurred by the taxpayer with respect to such adoption during such taxable year and all prior taxable years.''

(C) Paragraph (2) of section 23(a) is amended by striking the last sentence.

(D) Paragraph (1) of section 23(b) is amended by striking ''subsection (a)(1)(A)'' and inserting ''subsection (a)''.

(E) Subsection (i) of section 23 is amended by striking ''the dollar limitation in subsection (b)(1)'' and inserting ''the dollar amounts in subsections (a)(3) and (b)(1)''.

(F) Expenses paid or incurred during any taxable year beginning before January 1, 2002, may be taken into account in determining the credit under section 23 of the Internal Revenue Code of 1986 only to the extent the aggregate of such expenses does not exceed the applicable limitation under section 23(b)(1) of such Code as in effect on the day before the date of the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001.

(2) CORRECTIONS TO EXCLUSION FOR EMPLOYER-PROVIDED ADOPTION ASSISTANCE.—

(A) Subsection (a) of section 137 is amended to read as follows:

''(a) EXCLUSION.—

''(1) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for qualified adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program.

''(2) $10,000 EXCLUSION FOR ADOPTION OF CHILD WITH SPECIAL NEEDS REGARDLESS OF EXPENSES.—In the case of an adoption of a child with special needs which becomes final during a taxable year, the qualified adoption expenses with respect to such adoption for such year shall be increased by an amount equal to the excess (if any) of $10,000 over the actual aggregate qualified adoption expenses with respect to such adoption during such taxable year and all prior taxable years.''

(B) Paragraph (2) of section 137(b) is amended by striking ''subsection (a)(1)'' and inserting ''subsection (a)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2002; except that the amendments made by paragraphs (1)(C), (1)(D), and (2)(B) shall apply to taxable years beginning after December 31, 2001.

(d) AMENDMENTS RELATED TO SECTION 205 OF THE ACT.—

(1) Section 45F(d)(4)(B) is amended by striking ''subpart A, B, or D of this part'' and inserting ''this chapter or for purposes of section 55''.

(2) Section 38(b)(15) is amended by striking ''45F'' and inserting ''45F(a)''.

(e) AMENDMENTS RELATED TO SECTION 301 OF THE ACT.—

(1) Section 63(c)(2) is amended—

(A) in subparagraph (A), by striking ''subparagraph (C)'' and inserting ''subparagraph (D)'',

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

(C) by redesignating subparagraph (C) as subparagraph (D), and

(D) by inserting after subparagraph (B) the following new subparagraph:

''(C) one-half of the amount allowable under subparagraph (A) in the case of a married individual filing a separate return, or''.

(2) Section 63(c)(7) is amended by adding at the end the following:

''If any amount determined under the preceding table is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''.

(f) AMENDMENT RELATED TO SECTION 401 OF THE ACT.—Section 530(d)(4)(B)(iv) is amended by striking ''because the taxpayer elected under paragraph (2)(C) to waive the application of paragraph (2)'' and inserting ''by application of paragraph (2)(C)(i)(II)''.

(g) AMENDMENT RELATED TO SECTION 511 OF THE ACT.—Section 2511(c) is amended by striking ''taxable gift under section 2503,'' and inserting ''transfer of property by gift,''.

(h) AMENDMENT RELATED TO SECTION 532 OF THE ACT.—Section 2016 is amended by striking ''any State, any possession of the United States, or the District of Columbia,''.

(i) AMENDMENTS RELATING TO SECTION 602 OF THE ACT.—

(1) Subparagraph (A) of section 408(q)(3) is amended to read as follows:

''(A) QUALIFIED EMPLOYER PLAN.—The term 'qualified employer plan' has the meaning given such term by section 72(p)(4)(A)(i); except that such term shall also include an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A).''.

(2) Section 4(c) of Employee Retirement Income Security Act of 1974 is amended—

(A) by inserting ''and part 5 (relating to administration and enforcement)'' before the period at the end, and

(B) by adding at the end the following new sentence: ''Such provisions shall apply to such accounts and annuities in a manner similar to their application to a simplified employee pension under section 408(k) of the Internal Revenue Code of 1986.''.

(j) AMENDMENTS RELATING TO SECTION 611 OF THE ACT.—

(1) Section 408(k) is amended—

(A) in paragraph (2)(C) by striking ''$300'' and inserting ''$450'', and

(B) in paragraph (8) by striking ''$300'' both places it appears and inserting ''$450''.

(2) Section 409(o)(1)(C)(ii) is amended—

(A) by striking ''$500,000'' both places it appears and inserting ''$800,000'', and

(B) by striking ''$100,000'' and inserting ''$160,000''.

(3) Section 611(i) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is

amended by adding at the end the following new paragraph:

''(3) SPECIAL RULE.—In the case of plan that, on June 7, 2001, incorporated by reference the limitation of section 415(b)(1)(A) of the Internal Revenue Code of 1986, section 411(d)(6) of such Code and section 204(g)(1) of the Employee Retirement Income Security Act of 1974 do not apply to a plan amendment that—

''(A) is adopted on or before June 30, 2002,

''(B) reduces benefits to the level that would have applied without regard to the amendments made by subsection (a) of this section, and

''(C) is effective no earlier than the years described in paragraph (2).''.

(k) AMENDMENTS RELATING TO SECTION 613 OF THE ACT.—

(1) Section 416(c)(1)(C)(iii) is amended by striking ''EXCEPTION FOR FROZEN PLAN'' and inserting ''EXCEPTION FOR PLAN UNDER WHICH NO KEY EMPLOYEE (OR FORMER KEY EMPLOYEE) BENEFITS FOR PLAN YEAR''.

(2) Section 416(g)(3)(B) is amended by striking ''separation from service'' and inserting ''severance from employment''.

(l) AMENDMENTS RELATING TO SECTIONS 614 and 616 OF THE ACT.—

(1) Section 404(a)(12) is amended by striking ''(9),'' and inserting ''(9) and subsection (h)(1)(C),''.

(2) Section 404(n) is amended by striking ''subsection (a),'' and inserting ''subsection (a) or paragraph (1)(C) of subsection (h)''.

(3) Section 402(h)(2)(A) is amended by striking ''15 percent'' and inserting ''25 percent''.

(4) Section 404(a)(7)(C) is amended to read as follows:

''(C) PARAGRAPH NOT TO APPLY IN CERTAIN CASES.—

''(i) BENEFICIARY TEST.—This paragraph shall not have the effect of reducing the amount otherwise deductible under paragraphs (1), (2), and (3), if no employee is a beneficiary under more than 1 trust or under a trust and an annuity plan.

''(ii) ELECTIVE DEFERRALS.—If, in connection with 1 or more defined contribution plans and 1 or more defined benefit plans, no amounts (other than elective deferrals (as defined in section 402(g)(3))) are contributed to any of the defined contribution plans for the taxable year, then subparagraph (A) shall not apply with respect to any of such defined contribution plans and defined benefit plans.''.

(m) AMENDMENT RELATING TO SECTION 618 OF THE ACT.—Section 25B(d)(2)(A) is amended to read as follows:

''(A) IN GENERAL.—The qualified retirement savings contributions determined under paragraph (1) shall be reduced (but not below zero) by the aggregate distributions received by the individual during the testing period from any entity of a type to which contributions under paragraph (1) may be made. The preceding sentence shall not apply to the portion of any distribution which is not includible in gross income by reason of a trustee-to-trustee transfer or a rollover distribution.''.

(n) AMENDMENTS RELATING TO SECTION 619 OF THE ACT.—

(1) Section 45E(e)(1) is amended by striking ''(n)'' and inserting ''(m)''.

(2) Section 619(d) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking ''established'' and inserting ''first effective''.

(o) AMENDMENTS RELATING TO SECTION 631 OF THE ACT.—

(1) Section 402(g)(1) is amended by adding at the end the following:

''(C) CATCH-UP CONTRIBUTIONS.—In addition to subparagraph (A), in the case of an eligible participant (as defined in section 414(v)), gross income shall not include elective deferrals in excess of the applicable dollar amount under subparagraph (B) to the extent that the amount of such elective deferrals does not exceed the applicable dollar amount under section 414(v)(2)(B)(i) for the taxable year (without regard to the treatment of the elective deferrals by an applicable employer plan under section 414(v)).''.

(2) Section 401(a)(30) is amended by striking ''402(g)(1)'' and inserting ''402(g)(1)(A)''.

(3) Section 414(v)(2) is amended by adding at the end the following:

''(D) AGGREGATION OF PLANS.—For purposes of this paragraph, plans described in clauses (i), (ii), and (iv) of paragraph (6)(A) that are maintained by the same employer (as determined under subsection (b), (c), (m) or (o)) shall be treated as a single plan, and plans described in clause (iii) of paragraph (6)(A) that are maintained by the same employer shall be treated as a single plan.''.

(4) Section 414(v)(3)(A)(i) is amended by striking ''section 402(g), 402(h), 403(b), 404(a), 404(h), 408(k), 408(p), 415, or 457'' and inserting ''section 401(a)(30), 402(h), 403(b), 408, 415(c), and 457(b)(2) (determined without regard to section 457(b)(3))''.

(5) Section 414(v)(3)(B) is amended by striking ''section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416'' and inserting ''section 401(a)(4), 401(k)(3), 401(k)(11), 403(b)(12), 408(k), 410(b), or 416''.

(6) Section 414(v)(4)(B) is amended by inserting before the period at the end the following: '', except that a plan described in clause (i) of section 410(b)(6)(C) shall not be treated as a plan of the employer until the expiration of the transition period with respect to such plan (as determined under clause (ii) of such section)''.

(7) Section 414(v)(5) is amended—

(A) by striking '', with respect to any plan year,'' in the matter preceding subparagraph (A),

(B) by amending subparagraph (A) to read as follows:

''(A) who would attain age 50 by the end of the taxable year,'', and

(C) in subparagraph (B) by striking ''plan year'' and inserting ''plan (or other applicable) year''.

(8) Section 414(v)(6)(C) is amended to read as follows:

''(C) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to a participant for any year for which a higher limitation applies to the participant under section 457(b)(3).''.

(9) Section 457(e) is amended by adding at the end the following new paragraph:

''(18) COORDINATION WITH CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OLDER.— In the case of an individual who is an eligible participant (as defined by section 414(v)) and who is a participant in an eligible deferred compensation plan of an employer described in paragraph (1)(A), subsections (b)(3) and (c) shall be applied by substituting for the amount otherwise determined under the applicable subsection the greater of—

''(A) the sum of—

''(i) the plan ceiling established for purposes of subsection (b)(2) (without regard to subsection (b)(3)), plus

''(ii) the applicable dollar amount for the taxable year determined under section 414(v)(2)(B)(i), or

''(B) the amount determined under the applicable subsection (without regard to this paragraph).''.

(p) AMENDMENTS RELATING TO SECTION 632 OF THE ACT.—

(1) Section 403(b)(1) is amended in the matter following subparagraph (E) by striking ''then amounts contributed'' and all that follows and inserting the following:

''then contributions and other additions by such employer for such annuity contract shall be excluded from the gross income of the employee for the taxable year to the extent that the aggregate of such contributions and additions (when expressed as an annual addition (within the meaning of section 415(c)(2))) does not exceed the applicable limit under section 415. The amount actually distributed to any distributee under such contract shall be taxable to the distributee (in the year in which so distributed) under section 72 (relating to annuities). For purposes of applying the rules of this subsection to contributions and other additions by an employer for a taxable year, amounts transferred to a contract described in this paragraph by reason of a rollover contribution described in paragraph (8) of this subsection or section 408(d)(3)(A)(ii) shall not be considered contributed by such employer.''.

(2) Section 403(b) is amended by striking paragraph (6).

(3) Section 403(b)(3) is amended—

(A) in the first sentence by inserting the following before the period at the end: '', and which precedes the taxable year by no more than five years'', and

(B) in the second sentence by striking ''or any amount received by a former employee after the fifth taxable year following the taxable year in which such employee was terminated''.

(4) Section 415(c)(7) is amended to read as follows:

''(7) SPECIAL RULES RELATING TO CHURCH PLANS.—

''(A) ALTERNATIVE CONTRIBUTION LIMITATION.—

''(i) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

''(ii) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

''(B) NUMBER OF YEARS OF SERVICE FOR DULY ORDAINED, COMMISSIONED, OR LICENSED MINISTERS OR LAY EMPLOYEES.—For purposes of this paragraph—

''(i) all years of service by—

''(I) a duly ordained, commissioned, or licensed minister of a church, or

''(II) a lay person,

as an employee of a church, a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), shall be considered as years of service for 1 employer, and

''(ii) all amounts contributed for annuity contracts by each such church (or convention or association of churches) or such organization during such years for such minister or lay person shall be considered to have been contributed by 1 employer.

''(C) FOREIGN MISSIONARIES.—In the case of any individual described in subparagraph (D) performing services outside the United States, contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such employee, when expressed as an annual addition to such employee's account, shall not be treated as exceeding the limitation of paragraph (1) if such annual addition is not in excess of the greater of $3,000

or the employee's includible compensation determined under section 403(b)(3).

''(D) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2).

''(E) CHURCH, CONVENTION OR ASSOCIATION OF CHURCHES.—For purposes of this paragraph, the terms 'church' and 'convention or association of churches' have the same meaning as when used in section 414(e).''.

(5) Section 457(e)(5) is amended to read as follows:

''(5) INCLUDIBLE COMPENSATION.—The term 'includible compensation' has the meaning given to the term 'participant's compensation' by section 415(c)(3).''.

(6) Section 402(g)(7)(B) is amended by striking ''2001.'' and inserting ''2001).''.

(q) AMENDMENTS RELATING TO SECTION 643 OF THE ACT.—

(1) Section 401(a)(31)(C)(i) is amended by inserting ''is a qualified trust which is part of a plan which is a defined contribution plan and'' before ''agrees''.

(2) Section 402(c)(2) is amended by adding at the end the following flush sentence:

''In the case of a transfer described in subparagraph (A) or (B), the amount transferred shall be treated as consisting first of the portion of such distribution that is includible in gross income (determined without regard to paragraph (1)).''.

(r) AMENDMENTS RELATING TO SECTION 648 OF THE ACT.—

(1) Section 417(e) is amended—

(A) in paragraph (1) by striking ''exceed the dollar limit under section 411(a)(11)(A)'' and inserting ''exceed the amount that can be distributed without the participant's consent under section 411(a)(11)'', and

(B) in paragraph (2)(A) by striking ''exceeds the dollar limit under section 411(a)(11)(A)'' and inserting ''exceeds the amount that can be distributed without the participant's consent under section 411(a)(11)''.

(2) Section 205(g) of the Employee Retirement Income Security Act of 1974 is amended—

(A) in paragraph (1) by striking ''exceed the dollar limit under section 203(e)(1)'' and inserting ''exceed the amount that can be distributed without the participant's consent under section 203(e)'', and

(B) in paragraph (2)(A) by striking ''exceeds the dollar limit under section 203(e)(1)'' and inserting ''exceeds the amount that can be distributed without the participant's consent under section 203(e)''.

(s) AMENDMENT RELATING TO SECTION 652 OF THE ACT.—Section 404(a)(1)(D)(iv) is amended by striking ''PLANS MAINTAINED BY PROFESSIONAL SERVICE EMPLOYERS'' and inserting ''SPECIAL RULE FOR TERMINATING PLANS''.

(t) AMENDMENTS RELATING TO SECTION 657 OF THE ACT.—Section 404(c)(3) of the Employee Retirement Income Security Act of 1974 is amended—

(1) by striking ''the earlier of'' in subparagraph (A) the second place it appears, and

(2) by striking ''if the transfer'' and inserting ''a transfer that''.

(u) AMENDMENTS RELATING TO SECTION 659 OF THE ACT.—

(1) Section 4980F is amended—

(A) in subsection (e)(1) by striking ''written notice'' and inserting ''the notice described in paragraph (2)'',

(B) by amending subsection (f)(2)(A) to read as follows:

''(A) any defined benefit plan described in section 401(a) which includes a trust exempt from tax under section 501(a), or'', and

(C) in subsection (f)(3) by striking ''significantly'' both places it appears.

(2) Section 204(h)(9) of the Employee Retirement Income Security Act of 1974 is amended by striking ''significantly'' both places it appears.

(3) Section 659(c)(3)(B) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking ''(or'' and inserting ''(and''.

(v) AMENDMENTS RELATING TO SECTION 661 OF THE ACT.—

(1) Section 412(c)(9)(B) is amended—

(A) in clause (ii) by striking ''125 percent'' and inserting ''100 percent'', and

(B) by adding at the end the following new clause:

''(iv) LIMITATION.—A change in funding method to use a prior year valuation, as provided in clause (ii), may not be made unless as of the valuation date within the prior plan year, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).''.

(2) Section 302(c)(9)(B) of the Employee Retirement Income Security Act of 1974 is amended—

(A) in clause (ii) by striking ''125 percent'' and inserting ''100 percent'', and

(B) by adding at the end the following new clause:

''(iv) A change in funding method to use a prior year valuation, as provided in clause (ii), may not be made unless as of the valuation date within the prior plan year, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).''.

(w) AMENDMENTS RELATING TO SECTION 662 OF THE ACT.—

(1) Section 404(k) is amended—

(A) in paragraph (1) by striking ''during the taxable year'',

(B) in paragraph (2)(B) by striking ''(A)(iii)'' and inserting ''(A)(iv)'',

(C) in paragraph (4)(B) by striking ''(iii)'' and inserting ''(iv)'', and

(D) by redesignating subparagraph (B) of paragraph (4) (as amended by subparagraph (C)) as subparagraph (C) of paragraph (4) and by inserting after subparagraph (A) the following new subparagraph:

''(B) REINVESTMENT DIVIDENDS.—For purposes of subparagraph (A), an applicable dividend reinvested pursuant to clause (iii)(II) of paragraph (2)(A) shall be treated as paid in the taxable year of the corporation in which such dividend is reinvested in qualifying employer securities or in which the election under clause (iii) of paragraph (2)(A) is made, whichever is later.''.

(2) Section 404(k) is amended by adding at the end the following new paragraph:

''(7) FULL VESTING.—In accordance with section 411, an applicable dividend described in clause (iii)(II) of paragraph (2)(A) shall be subject to the requirements of section 411(a)(1).''.

(x) EFFECTIVE DATE.—Except as provided in subsection (c), the amendments made by this section shall take effect as if included in the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 to which they relate.

SEC. 612. AMENDMENTS RELATED TO COMMUNITY RENEWAL TAX RELIEF ACT OF 2000.

(a) AMENDMENT RELATED TO SECTION 101 OF THE ACT.—Section 469(i)(3)(E) is amended by striking clauses (ii), (iii), and (iv) and inserting the following:

''(ii) second to the portion of such loss to which subparagraph (C) applies,

''(iii) third to the portion of the passive activity credit to which subparagraph (B) or (D) does not apply,

''(iv) fourth to the portion of such credit to which subparagraph (B) applies, and''.

(b) AMENDMENT RELATED TO SECTION 306 OF THE ACT.—Section 151(c)(6)(C) is amended—

(1) by striking ''FOR EARNED INCOME CREDIT.—For purposes of section 32, an'' and inserting ''FOR PRINCIPAL PLACE OF ABODE REQUIREMENTS.—An'', and

(2) by striking ''requirement of section 32(c)(3)(A)(ii)'' and inserting ''principal place of abode requirements of section 2(a)(1)(B), section 2(b)(1)(A), and section 32(c)(3)(A)(ii)''.

(c) AMENDMENT RELATED TO SECTION 309 OF THE ACT.—Subparagraph (A) of section 358(h)(1) is amended to read as follows:

''(A) which is assumed by another person as part of the exchange, and''.

(d) AMENDMENTS RELATED TO SECTION 401 OF THE ACT.—

(1)(A) Section 1234A is amended by inserting ''or'' after the comma at the end of paragraph (1), by striking ''or'' at the end of paragraph (2), and by striking paragraph (3).

(B)(i) Section 1234B is amended in subsection (a)(1) and in subsection (b) by striking ''sale or exchange'' the first place it appears in each subsection and inserting ''sale, exchange, or termination''.

(ii) Section 1234B is amended by adding at the end the following new subsection:

''(f) CROSS REFERENCE.—

''For special rules relating to dealer securities futures contracts, see section 1256.''

(2) Section 1091(e) is amended—

(A) in the heading, by striking ''SECURITIES.—'' and inserting ''SECURITIES AND SECURITIES FUTURES CONTRACTS TO SELL.—'',

(B) by inserting after ''closing of a short sale of'' the following: ''(or a securities futures contract to sell)'',

(C) in paragraph (2), by inserting after ''short sale of'' the following: ''(or securities futures contracts to sell)'', and

(D) by adding at the end the following:

''For purposes of this subsection, the term 'securities futures contract' has the meaning provided by section 1234B(c).''.

(3) Section 1233(e)(2) 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:

''(E) entering into a securities futures contract (as so defined) to sell shall be treated as entering into a short sale, and the sale, exchange, or termination of a securities futures contract to sell shall be treated as the closing of a short sale.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Community Renewal Tax Relief Act of 2000 to which they relate.

SEC. 613. AMENDMENTS RELATED TO THE TAX RELIEF EXTENSION ACT OF 1999.

(a) AMENDMENTS RELATED TO SECTION 545 OF THE ACT.—Section 857(b)(7) is amended—

(1) in clause (i) of subparagraph (B), by striking ''the amount of which'' and inserting ''to the extent the amount of the rents'', and

(2) in subparagraph (C), by striking ''if the amount'' and inserting ''to the extent the amount''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 545 of the Tax Relief Extension Act of 1999.

SEC. 614. AMENDMENTS RELATED TO THE TAXPAYER RELIEF ACT OF 1997.

(a) AMENDMENTS RELATED TO SECTION 311 OF THE ACT.—Section 311(e) of the Taxpayer Relief Act of 1997 (Public Law 105–34; 111 Stat. 836) is amended—

(1) in paragraph (2)(A), by striking ''recognized'' and inserting ''included in gross income'', and

(2) by adding at the end the following new paragraph:

''(5) DISPOSITION OF INTEREST IN PASSIVE ACTIVITY.—Section 469(g)(1)(A) of the Internal Revenue Code of 1986 shall not apply by reason of an election made under paragraph (1).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 311 of the Taxpayer Relief Act of 1997.

SEC. 615. AMENDMENT RELATED TO THE BALANCED BUDGET ACT OF 1997.

(a) AMENDMENT RELATED TO SECTION 4006 OF THE ACT.—Section 26(b)(2) is amended by striking ''and'' at the end of subparagraph (P), by striking the period and inserting '', and'' at the end of subparagraph (Q), and by adding at the end the following new subparagraph:

''(R) section 138(c)(2) (relating to penalty for distributions from Medicare+Choice MSA not used for qualified medical expenses if minimum balance not maintained).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 4006 of the Balanced Budget Act of 1997.

SEC. 616. OTHER TECHNICAL CORRECTIONS.

(a) COORDINATION OF ADVANCED PAYMENTS OF EARNED INCOME CREDIT.—

(1) Section 32(g)(2) is amended by striking ''subpart'' and inserting ''part''.

(2) The amendment made by this subsection shall take effect as if included in section 474 of the Tax Reform Act of 1984.

(b) DISCLOSURE BY SOCIAL SECURITY ADMINISTRATION TO FEDERAL CHILD SUPPORT AGENCIES.—

(1) Section 6103(l)(8) is amended—

(A) in the heading, by striking ''STATE AND LOCAL'' and inserting ''FEDERAL, STATE, AND LOCAL'', and

(B) in subparagraph (A), by inserting ''Federal or'' before ''State or local''.

(2) The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(c) TREATMENT OF SETTLEMENTS UNDER PARTNERSHIP AUDIT RULES.—

(1) The following provisions are each amended by inserting ''or the Attorney General (or his delegate)'' after ''Secretary'' each place it appears:

(A) Paragraphs (1) and (2) of section 6224(c).

(B) Section 6229(f)(2).

(C) Section 6231(b)(1)(C).

(D) Section 6234(g)(4)(A).

(2) The amendments made by this subsection shall apply with respect to settlement agreements entered into after the date of the enactment of this Act.

(d) AMENDMENT RELATED TO PROCEDURE AND ADMINISTRATION.—

(1) Section 6331(k)(3) (relating to no levy while certain offers pending or installment agreement pending or in effect) is amended to read as follows:

''(3) CERTAIN RULES TO APPLY.—Rules similar to the rules of—

''(A) paragraphs (3) and (4) of subsection (i), and

''(B) except in the case of paragraph (2)(C), paragraph (5) of subsection (i),

shall apply for purposes of this subsection.''.

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

(e) MODIFIED ENDOWMENT CONTRACTS.—Paragraph (2) of section 318(a) of the Community Renewal Tax Relief Act of 2000 (114 Stat. 2763A–645) is repealed, and clause (ii) of section 7702A(c)(3)(A) shall read and be applied as if the amendment made by such paragraph had not been enacted.

SEC. 617. CLERICAL AMENDMENTS.

(1) The subsection (g) of section 25B that relates to termination is redesignated as subsection (h).

(2) Section 51A(c)(1) is amended by striking ''51(d)(10)'' and inserting ''51(d)(11)''.

(3) Section 172(b)(1)(F)(i) is amended—

(A) by striking ''3 years'' and inserting ''3 taxable years'', and

(B) by striking ''2 years'' and inserting ''2 taxable years''.

(4) Section 351(h)(1) is amended by inserting a comma after ''liability''.

(5) Section 741 is amended by striking ''which have appreciated substantially in value''.

(6) Section 857(b)(7)(B)(i) is amended by striking ''subsection 856(d)'' and inserting ''section 856(d)''.

(7) Section 1394(c)(2) is amended by striking ''subparagraph (A)'' and inserting ''paragraph (1)''.

(8)(A) Section 6227(d) is amended by striking ''subsection (b)'' and inserting ''subsection (c)''.

(B) Section 6228 is amended—

(i) in subsection (a)(1), by striking ''subsection (b) of section 6227'' and inserting ''subsection (c) of section 6227'',

(ii) in subsection (a)(3)(A), by striking ''subsection (b) of'', and

(iii) in subsections (b)(1) and (b)(2)(A), by striking ''subsection (c) of section 6227'' and inserting ''subsection (d) of section 6227''.

(C) Section 6231(b)(2)(B)(i) is amended by striking ''section 6227(c)'' and inserting ''section 6227(d)''.

(9) Section 1221(b)(1)(B)(i) is amended by striking ''1256(b))'' and inserting ''1256(b)))''.

(10) Section 618(b)(2) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16; 115 Stat. 108) is amended—

(A) in subparagraph (A) by striking ''203(d)'' and inserting ''202(f)'', and

(B) in subparagraphs (C), (D), and (E) by striking ''203'' and inserting ''202(f)''.

(11)(A) Section 525 of the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106–170; 113 Stat. 1928) is amended by striking ''7200'' and inserting ''7201''.

(B) Section 532(c)(2) of such Act (113 Stat. 1930) is amended—

(i) in subparagraph (D), by striking ''341(d)(3)'' and inserting ''341(d)'', and

(ii) in subparagraph (Q), by striking ''954(c)(1)(B)(iii) and inserting ''954(c)(1)(B)''.

SEC. 618. ADDITIONAL CORRECTIONS.

(a) AMENDMENTS RELATED TO SECTION 202 OF THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.—

(1) Subsection (h) of section 23 is amended—

(A) by striking ''subsection (a)(1)(B)'' and inserting ''subsection (a)(3)'', and

(B) by adding at the end the following new flush sentence:

''If any amount as increased under the preceding sentence is not a multiple of $10, such amount shall be rounded to the nearest multiple of $10.''

(2) Subsection (f) of section 137 is amended by adding at the end the following new flush sentence:

''If any amount as increased under the preceding sentence is not a multiple of $10, such amount shall be rounded to the nearest multiple of $10.''

(b) AMENDMENTS RELATED TO SECTION 204 OF THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.—Section 21(d)(2) is amended—

(1) in subparagraph (A) by striking ''$200'' and inserting ''$250'', and

(2) in subparagraph (B) by striking ''$400'' and inserting ''$500''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 to which they relate.

TITLE VII—UNEMPLOYMENT ASSISTANCE

SEC. 701. SHORT TITLE.

This title may be cited as the ''Temporary Extended Unemployment Compensation Act of 2002''.

SEC. 702. FEDERAL-STATE AGREEMENTS.

(a) IN GENERAL.—Any State which desires to do so may enter into and participate in an agreement under this title with the Secretary of Labor (in this title referred to as the ''Secretary''). Any State which is a party to an agreement under this title may, upon providing 30 days written notice to the Secretary, terminate such agreement.

(b) PROVISIONS OF AGREEMENT.—Any agreement under subsection (a) shall provide that the State agency of the State will make payments of temporary extended unemployment compensation to individuals who—

(1) have exhausted all rights to regular compensation under the State law or under Federal law with respect to a benefit year (excluding any benefit year that ended before March 15, 2001);

(2) have no rights to regular compensation or extended compensation with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law;

(3) are not receiving compensation with respect to such week under the unemployment compensation law of Canada; and

(4) filed an initial claim for regular compensation on or after March 15, 2001.

(c) EXHAUSTION OF BENEFITS.—For purposes of subsection (b)(1), an individual shall be deemed to have exhausted such individual's rights to regular compensation under a State law when—

(1) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to such individual based on employment or wages during such individual's base period; or

(2) such individual's rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(d) WEEKLY BENEFIT AMOUNT, ETC.—For purposes of any agreement under this title—

(1) the amount of temporary extended unemployment compensation which shall be payable to any individual for any week of total unemployment shall be equal to the amount of the regular compensation (including dependents' allowances) payable to such individual during such individual's benefit year under the State law for a week of total unemployment;

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall apply to claims for temporary extended unemployment compensation and the payment thereof, except—

(A) that an individual shall not be eligible for temporary extended unemployment compensation under this title unless, in the base period with respect to which the individual exhausted all rights to regular compensation under the State law, the individual had 20 weeks of full-time insured employment or the equivalent in insured wages, as determined under the provisions of the State law implementing section 202(a)(5) of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note); and

(B) where otherwise inconsistent with the provisions of this title or with the regulations or operating instructions of the Secretary promulgated to carry out this title; and

(3) the maximum amount of temporary extended unemployment compensation payable to any individual for whom a temporary extended unemployment compensation account is established under section 703 shall not exceed the amount established in such account for such individual.

(e) ELECTION BY STATES.—Notwithstanding any other provision of Federal law (and if

State law permits), the Governor of a State that is in an extended benefit period may provide for the payment of temporary extended unemployment compensation in lieu of extended compensation to individuals who otherwise meet the requirements of this section. Such an election shall not require a State to trigger off an extended benefit period.

SEC. 703. TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACCOUNT.

(a) IN GENERAL.—Any agreement under this title shall provide that the State will establish, for each eligible individual who files an application for temporary extended unemployment compensation, a temporary extended unemployment compensation account with respect to such individual's benefit year.

(b) AMOUNT IN ACCOUNT.—

(1) IN GENERAL.—The amount established in an account under subsection (a) shall be equal to the lesser of—

(A) 50 percent of the total amount of regular compensation (including dependents' allowances) payable to the individual during the individual's benefit year under such law, or

(B) 13 times the individual's average weekly benefit amount for the benefit year.

(2) REDUCTION FOR EXTENDED BENEFITS.—The amount in an account under paragraph (1) shall be reduced (but not below zero) by the aggregate amount of extended compensation (if any) received by such individual relating to the same benefit year under the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

(3) WEEKLY BENEFIT AMOUNT.—For purposes of this subsection, an individual's weekly benefit amount for any week is the amount of regular compensation (including dependents' allowances) under the State law payable to such individual for such week for total unemployment.

SEC. 704. PAYMENTS TO STATES HAVING AGREEMENTS FOR THE PAYMENT OF TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION.

(a) GENERAL RULE.—There shall be paid to each State that has entered into an agreement under this title an amount equal to 100 percent of the temporary extended unemployment compensation paid to individuals by the State pursuant to such agreement.

(b) TREATMENT OF REIMBURSABLE COMPENSATION.—No payment shall be made to any State under this section in respect of any compensation to the extent the State is entitled to reimbursement in respect of such compensation under the provisions of any Federal law other than this title or chapter 85 of title 5, United States Code. A State shall not be entitled to any reimbursement under such chapter 85 in respect of any compensation to the extent the State is entitled to reimbursement under this title in respect of such compensation.

(c) DETERMINATION OF AMOUNT.—Sums payable to any State by reason of such State having an agreement under this title shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that the Secretary's estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

SEC. 705. FINANCING PROVISIONS.

(a) IN GENERAL.—Funds in the extended unemployment compensation account (as established by section 905(a) of the Social Security Act (42 U.S.C. 1105(a)) of the Unemployment Trust Fund (as established by section 904(a) of such Act (42 U.S.C. 1104(a)) shall be used for the making of payments to States having agreements entered into under this title.

(b) CERTIFICATION.—The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this title. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the extended unemployment compensation account (as so established) to the account of such State in the Unemployment Trust Fund (as so established).

(c) ASSISTANCE TO STATES.—There are appropriated out of the employment security administration account (as established by section 901(a) of the Social Security Act (42 U.S.C. 1101(a)) of the Unemployment Trust Fund, without fiscal year limitation, such funds as may be necessary for purposes of assisting States (as provided in title III of the Social Security Act (42 U.S.C. 501 et seq.)) in meeting the costs of administration of agreements under this title.

(d) APPROPRIATIONS FOR CERTAIN PAYMENTS.—There are appropriated from the general fund of the Treasury, without fiscal year limitation, to the extended unemployment compensation account (as so established) of the Unemployment Trust Fund (as so established) such sums as the Secretary estimates to be necessary to make the payments under this section in respect of—

(1) compensation payable under chapter 85 of title 5, United States Code; and

(2) compensation payable on the basis of services to which section 3309(a)(1) of the Internal Revenue Code of 1986 applies.

Amounts appropriated pursuant to the preceding sentence shall not be required to be repaid.

SEC. 706. FRAUD AND OVERPAYMENTS.

(a) IN GENERAL.—If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of temporary extended unemployment compensation under this title to which he was not entitled, such individual—

(1) shall be ineligible for further temporary extended unemployment compensation under this title in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(2) shall be subject to prosecution under section 1001 of title 18, United States Code.

(b) REPAYMENT.—In the case of individuals who have received amounts of temporary extended unemployment compensation under this title to which they were not entitled, the State shall require such individuals to repay the amounts of such temporary extended unemployment compensation to the State agency, except that the State agency may waive such repayment if it determines that—

(1) the payment of such temporary extended unemployment compensation was without fault on the part of any such individual; and

(2) such repayment would be contrary to equity and good conscience.

(c) RECOVERY BY STATE AGENCY.—

(1) IN GENERAL.—The State agency may recover the amount to be repaid, or any part thereof, by deductions from any temporary extended unemployment compensation payable to such individual under this title or from any unemployment compensation payable to such individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the 3-year period after the date such individuals received the payment of the temporary extended unemployment compensation to which they were not entitled, except that no single deduction may exceed 50 percent of the weekly benefit amount from which such deduction is made.

(2) OPPORTUNITY FOR HEARING.—No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(d) REVIEW.—Any determination by a State agency under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

SEC. 707. DEFINITIONS.

In this title, the terms ''compensation'', ''regular compensation'', ''extended compensation'', ''additional compensation'', ''benefit year'', ''base period'', ''State'', ''State agency'', ''State law'', and ''week'' have the respective meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

SEC. 708. APPLICABILITY.

An agreement entered into under this title shall apply to weeks of unemployment—

(1) beginning after the date on which such agreement is entered into; and

(2) ending before January 1, 2003.

SEC. 709. SPECIAL REED ACT TRANSFER IN FISCAL YEAR 2002.

(a) REPEAL OF CERTAIN PROVISIONS ADDED BY THE BALANCED BUDGET ACT OF 1997.—

(1) IN GENERAL.—The following provisions of section 903 of the Social Security Act (42 U.S.C. 1103) are repealed:

(A) Paragraph (3) of subsection (a).

(B) The last sentence of subsection (c)(2).

(2) SAVINGS PROVISION.—Any amounts transferred before the date of enactment of this Act under the provision repealed by paragraph (1)(A) shall remain subject to section 903 of the Social Security Act, as last in effect before such date of enactment.

(b) SPECIAL TRANSFER IN FISCAL YEAR 2002.—Section 903 of the Social Security Act is amended by adding at the end the following:

''Special Transfer in Fiscal Year 2002

''(d)(1) The Secretary of the Treasury shall transfer (as of the date determined under paragraph (5)) from the Federal unemployment account to the account of each State in the Unemployment Trust Fund the amount determined with respect to such State under paragraph (2).

''(2) The amount to be transferred under this subsection to a State account shall (as determined by the Secretary of Labor and certified by such Secretary to the Secretary of the Treasury) be equal to—

''(A) the amount which would have been required to have been transferred under this section to such account at the beginning of fiscal year 2002 if—

''(i) section 709(a)(1) of the Temporary Extended Unemployment Compensation Act of

2002 had been enacted before the close of fiscal year 2001, and

''(ii) section 5402 of Public Law 105–33 (relating to increase in Federal unemployment account ceiling) had not been enacted,

minus

''(B) the amount which was in fact transferred under this section to such account at the beginning of fiscal year 2002.

''(3)(A) Except as provided in paragraph (4), amounts transferred to a State account pursuant to this subsection may be used only in the payment of cash benefits—

''(i) to individuals with respect to their unemployment, and

''(ii) which are allowable under subparagraph (B) or (C).

''(B)(i) At the option of the State, cash benefits under this paragraph may include amounts which shall be payable as—

''(I) regular compensation, or

''(II) additional compensation, upon the exhaustion of any temporary extended unemployment compensation (if such State has entered into an agreement under the Temporary Extended Unemployment Compensation Act of 2002), for individuals eligible for regular compensation under the unemployment compensation law of such State.

''(ii) Any additional compensation under clause (i) may not be taken into account for purposes of any determination relating to the amount of any extended compensation for which an individual might be eligible.

''(C)(i) At the option of the State, cash benefits under this paragraph may include amounts which shall be payable to 1 or more categories of individuals not otherwise eligible for regular compensation under the unemployment compensation law of such State, including those described in clause (iii).

''(ii) The benefits paid under this subparagraph to any individual may not, for any period of unemployment, exceed the maximum amount of regular compensation authorized under the unemployment compensation law of such State for that same period, plus any additional compensation (described in subparagraph (B)(i)) which could have been paid with respect to that amount.

''(iii) The categories of individuals described in this clause include the following:

''(I) Individuals who are seeking, or available for, only part-time (and not full-time) work.

''(II) Individuals who would be eligible for regular compensation under the unemployment compensation law of such State under an alternative base period.

''(D) Amounts transferred to a State account under this subsection may be used in the payment of cash benefits to individuals only for weeks of unemployment beginning after the date of enactment of this subsection.

''(4) Amounts transferred to a State account under this subsection may be used for the administration of its unemployment compensation law and public employment offices (including in connection with benefits described in paragraph (3) and any recipients thereof), subject to the same conditions as set forth in subsection (c)(2) (excluding subparagraph (B) thereof, and deeming the reference to 'subsections (a) and (b)' in subparagraph (D) thereof to include this subsection).

''(5) Transfers under this subsection shall be made by December 31, 2001, unless this paragraph is not enacted until after that date, in which case such transfers shall be made within 10 days after the date of enactment of this paragraph.''

(c) LIMITATIONS ON TRANSFERS.—Section 903(b) of the Social Security Act shall apply to transfers under section 903(d) of such Act (as amended by this section). For purposes of the preceding sentence, such section 903(b) shall be deemed to be amended as follows:

(1) By substituting ''the transfer date described in subsection (d)(5)'' for ''October 1 of any fiscal year''.

(2) By substituting ''remain in the Federal unemployment account'' for ''be transferred to the Federal unemployment account as of the beginning of such October 1''.

(3) By substituting ''fiscal year 2002 (after the transfer date described in subsection (d)(5))'' for ''the fiscal year beginning on such October 1''.

(4) By substituting ''under subsection (d)'' for ''as of October 1 of such fiscal year''.

(5) By substituting ''(as of the close of fiscal year 2002)'' for ''(as of the close of such fiscal year)''.

(d) TECHNICAL AMENDMENTS.—(1) Sections 3304(a)(4)(B) and 3306(f)(2) of the Internal Revenue Code of 1986 are amended by inserting ''or 903(d)(4)'' before ''of the Social Security Act''.

(2) Section 303(a)(5) of the Social Security Act is amended in the second proviso by inserting ''or 903(d)(4)'' after ''903(c)(2)''.

(e) REGULATIONS.—The Secretary of Labor may prescribe any operating instructions or regulations necessary to carry out this section and the amendments made by this section.

TITLE VIII—DISPLACED WORKER HEALTH INSURANCE CREDIT

SEC. 801. DISPLACED WORKER HEALTH INSURANCE CREDIT.

(a) IN GENERAL.—Subchapter B of chapter 65 is amended by inserting after section 6428 the following new section:

''SEC. 6429. DISPLACED WORKER HEALTH INSURANCE CREDIT.

''(a) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by subtitle A an amount equal to 60 percent of the amount paid during the taxable year for coverage for the taxpayer, the taxpayer's spouse, and dependents of the taxpayer under qualified health insurance during eligible coverage months.

''(b) ONLY 12 ELIGIBLE COVERAGE MONTHS.—The number of eligible coverage months taken into account under subsection (a) for all taxable years shall not exceed 12.

''(c) ELIGIBLE COVERAGE MONTH.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible coverage month' means any month during 2002 or 2003 if, as of the first day of such month—

''(A) the taxpayer is unemployed,

''(B) the taxpayer is covered by qualified health insurance,

''(C) the premium for coverage under such insurance for such month is paid by the taxpayer, and

''(D) the taxpayer does not have other specified coverage.

''(2) SPECIAL RULES.—

''(A) TREATMENT OF FIRST MONTH OF EMPLOYMENT.—The taxpayer shall be treated as meeting the requirement of paragraph (1)(A) for the first month beginning on or after the date that the taxpayer ceases to be unemployed by reason of beginning work for an employer.

''(B) INITIAL CLAIM MUST BE AFTER MARCH 15, 2001.—The taxpayer shall not be treated as meeting the requirement of paragraph (1)(A) with respect to any unemployment if the initial claim for regular compensation for such unemployment is filed on or before March 15, 2001.

''(C) JOINT RETURNS.—In the case of a joint return, the requirements of paragraph (1) shall be treated as met if at least 1 spouse satisfies such requirements.

''(3) OTHER SPECIFIED COVERAGE.—For purposes of this subsection, an individual has other specified coverage for any month if, as of the first day of such month—

''(A) SUBSIDIZED COVERAGE.—

''(i) IN GENERAL.—Such individual is covered under any qualified health insurance under which at least 50 percent of the cost of coverage (determined under section 4980B) is paid or incurred by an employer (or former employer) of the taxpayer or the taxpayer's spouse.

''(ii) TREATMENT OF CAFETERIA PLANS AND FLEXIBLE SPENDING ACCOUNTS.—For purposes of clause (i), the cost of benefits—

''(I) which are chosen under a cafeteria plan (as defined in section 125(d)), or provided under a flexible spending or similar arrangement, of such an employer, and

''(II) which are not includible in gross income under section 106,

shall be treated as borne by such employer.

''(B) COVERAGE UNDER MEDICARE, MEDICAID, OR SCHIP.—Such individual—

''(i) is entitled to benefits under part A of title XVIII of the Social Security Act or is enrolled under part B of such title, or

''(ii) is enrolled in the program under title XIX or XXI of such Act.

''(C) CERTAIN OTHER COVERAGE.—Such individual—

''(i) is enrolled in a health benefits plan under chapter 89 of title 5, United States Code, or

''(ii) is entitled to receive benefits under chapter 55 of title 10, United States Code.

''(4) DETERMINATION OF UNEMPLOYMENT.—For purposes of paragraph (1), an individual shall be treated as unemployed during any period—

''(A) for which such individual is receiving unemployment compensation (as defined in section 85(b)), or

''(B) for which such individual is certified by a State agency (or by any other entity designated by the Secretary) as otherwise being entitled to receive unemployment compensation (as so defined) but for—

''(i) the termination of the period during which such compensation was payable, or

''(ii) an exhaustion of such individual's rights to such compensation.

''(d) QUALIFIED HEALTH INSURANCE.—For purposes of this section, the term 'qualified health insurance' means insurance which constitutes medical care; except that such term shall not include any insurance if substantially all of its coverage is of excepted benefits described in section 9832(c).

''(e) COORDINATION WITH ADVANCE PAYMENTS OF CREDIT.—

''(1) RECAPTURE OF EXCESS ADVANCE PAYMENTS.—If any payment is made by the Secretary under section 7527 during any calendar year to a provider of qualified health insurance for an individual, then the tax imposed by this chapter for the individual's last taxable year beginning in such calendar year shall be increased by the aggregate amount of such payments.

''(2) RECONCILIATION OF PAYMENTS ADVANCED AND CREDIT ALLOWED.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit (other than the credit allowed by subsection (a)) allowable under part IV of subchapter A of chapter 1.

''(f) SPECIAL RULES.—

''(1) COORDINATION WITH OTHER DEDUCTIONS.—Amounts taken into account under subsection (a) shall not be taken into account in determining any deduction allowed under section 162(l) or 213.

''(2) MSA DISTRIBUTIONS.—Amounts distributed from an Archer MSA (as defined in section 220(d)) shall not be taken into account under subsection (a).

''(3) DENIAL OF CREDIT TO DEPENDENTS.—No credit shall be allowed under this section to

credit shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(4) CREDIT TREATED AS REFUNDABLE CREDIT.—For purposes of this title, the credit allowed under this section shall be treated as a credit allowable under subpart C of part IV of subchapter A of chapter 1.

''(5) REGULATIONS.—The Secretary may prescribe such regulations and other guidance as may be necessary or appropriate to carry out this section and section 7527.''.

(b) INCREASED ACCESS TO HEALTH INSURANCE FOR INDIVIDUALS ELIGIBLE FOR TAX CREDIT.—Notwithstanding any other provision of law, in applying section 2741 of the Public Health Service Act (42 U.S.C. 300gg–41)) and any alternative State mechanism under section 2744 of such Act (42 U.S.C. 300gg–44)), in determining who is an eligible individual (as defined in section 2741(b) of such Act) in the case of an individual who may be covered by insurance for which credit is allowable under section 6429 of the Internal Revenue Code of 1986 for an eligible coverage month, if the individual seeks to obtain health insurance coverage under such section during an eligible coverage month under such section—

(1) paragraph (1) of such section 2741(b) shall be applied as if any reference to 18 months is deemed a reference to 12 months, and

(2) paragraphs (4) and (5) of such section 2741(b) shall not apply.

(c) INFORMATION REPORTING.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by inserting after section 6050S the following new section:

''SEC. 6050T. RETURNS RELATING TO DISPLACED WORKER HEALTH INSURANCE CREDIT.

''(a) REQUIREMENT OF REPORTING.—Every person—

''(1) who, in connection with a trade or business conducted by such person, receives payments during any calendar year from any individual for coverage of such individual or any other individual under qualified health insurance (as defined in section 6429(d)), and

''(2) who claims a reimbursement for an advance credit amount,

shall, at such time as the Secretary may prescribe, make the return described in subsection (b) with respect to each individual from whom such payments were received or for whom such a reimbursement is claimed.

''(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

''(1) is in such form as the Secretary may prescribe, and

''(2) contains—

''(A) the name, address, and TIN of each individual referred to in subsection (a),

''(B) the aggregate of the advance credit amounts provided to such individual and for which reimbursement is claimed,

''(C) the number of months for which such advance credit amounts are so provided, and

''(D) such other information as the Secretary may prescribe.

''(c) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

''(1) the name and address of the person required to make such return and the phone number of the information contact for such person, and

''(2) the information required to be shown on the return with respect to such individual.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) is required to be made.

''(d) ADVANCE CREDIT AMOUNT.—For purposes of this section, the term 'advance credit amount' means an amount for which the person can claim a reimbursement pursuant to a program established by the Secretary under section 7527.''

(2) ASSESSABLE PENALTIES.—

(A) Subparagraph (B) of section 6724(d)(1) (relating to definitions) is amended by redesignating clauses (xi) through (xvii) as clauses (xii) through (xviii), respectively, and by inserting after clause (x) the following new clause:

''(xi) section 6050T (relating to returns relating to displaced worker health insurance credit),''.

(B) Paragraph (2) of section 6724(d) is amended by striking ''or'' at the end of subparagraph (Z), by striking the period at the end of subparagraph (AA) and inserting '', or'', and by adding after subparagraph (AA) the following new subparagraph:

''(BB) section 6050T (relating to returns relating to displaced worker health insurance credit).''.

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050S the following new item:

''Sec. 6050T. Returns relating to displaced worker health insurance credit.''

(d) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period '', or from section 6429 of such Code''.

(2) The table of sections for subchapter B of chapter 65 is amended by adding at the end the following new item:

''Sec. 6429. Displaced worker health insurance credit.''

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

SEC. 802. ADVANCE PAYMENT OF DISPLACED WORKER HEALTH INSURANCE CREDIT.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

''SEC. 7527. ADVANCE PAYMENT OF DISPLACED WORKER HEALTH INSURANCE CREDIT.

''(a) GENERAL RULE.—The Secretary shall establish a program for making payments on behalf of eligible individuals to providers of health insurance for such individuals.

''(b) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term 'eligible individual' means any individual for whom a qualified health insurance credit eligibility certificate is in effect.

''(c) QUALIFIED HEALTH INSURANCE CREDIT ELIGIBILITY CERTIFICATE.—For purposes of this section, a qualified health insurance credit eligibility certificate is a statement certified by a State agency (or by any other entity designated by the Secretary) which—

''(1) certifies that the individual was unemployed (within the meaning of section 6429) as of the first day of any month, and

''(2) provides such other information as the Secretary may require for purposes of this section.''

(c) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by adding at the end the following new item:

''Sec. 7527. Advance payment of displaced worker health insurance credit.''

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

TITLE IX—EMPLOYMENT AND TRAINING ASSISTANCE AND TEMPORARY HEALTH CARE COVERAGE ASSISTANCE

SEC. 901. EMPLOYMENT AND TRAINING ASSISTANCE AND TEMPORARY HEALTH CARE COVERAGE ASSISTANCE.

(a) IN GENERAL.—Section 173(a) of the Workforce Investment Act of 1998 (29 U.S.C. 2918(a)) is amended—

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

(2) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(4) to the Governor of any State or outlying area who applies for assistance under subsection (f) to provide employment and training assistance and temporary health care coverage assistance to workers affected by major economic dislocations, such as plant closures, mass layoffs, or multiple layoffs, including those dislocations caused by the terrorist attacks of September 11, 2001.''.

(b) REQUIREMENTS.—Section 173 of the Workforce Investment Act of 1998 (29 U.S.C. 2918) is amended by adding at the end the following:

''(f) ADDITIONAL RELIEF FOR MAJOR ECONOMIC DISLOCATIONS.—

''(1) GRANT RECIPIENT ELIGIBILITY.—

''(A) IN GENERAL.—To be eligible to receive a grant under subsection (a)(4), a Governor shall submit an application, for assistance described in subparagraph (B), to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

''(B) TYPES OF ASSISTANCE.—

''(i) IN GENERAL.—Assistance described in this subparagraph is—

''(I) employment and training assistance, including employment and training activities described in section 134; and

''(II) temporary health care coverage assistance described in paragraph (4).

''(ii) MINIMUM ALLOCATION TO TEMPORARY HEALTH CARE COVERAGE ASSISTANCE.—Not less than 30 percent of the cost of assistance requested in any application submitted under this subsection shall consist of the cost for temporary health care coverage assistance described in paragraph (4).

''(iii) ENCOURAGEMENT OF CERTAIN TYPES OF HEALTH CARE COVERAGE.—In publishing requirements for applications under this subsection, the Secretary shall encourage the use of private health coverage alternatives.

''(C) MINIMUM AWARD REQUIREMENT FOR ELIGIBLE STATES AND OUTLYING AREAS.—

''(i) REQUIREMENTS.—In any case in which the requirements of this section are met in connection with one or more applications of the Governor of any State or outlying area for assistance described in subparagraph (B), the Governor—

''(I) shall be awarded at least 1 grant under subsection (a)(4) pursuant to such applications, and

''(II) except as provided in clause (ii), shall be awarded not less than $5,000,000 in total grants awarded under (a)(4).

''(ii) EXCEPTION TO MINIMUM GRANT REQUIREMENTS.—The Secretary may award to a Governor a total amount less than the minimum total amount specified in clause (i)(II), as appropriate, if the Governor—

''(I) requests less than such minimum total amount, or

''(II) fails to demonstrate to the Secretary that there are a sufficient number of eligible recipients to justify the awarding of grants in such minimum total amount.

''(2) STATE ADMINISTRATION.—The Governor may designate one or more local workforce investment boards or other entities with the capability to respond to the circumstances relating to the particular closure, layoff, or other dislocation to administer the grant under subsection (a)(4).

''(3) PARTICIPANT ELIGIBILITY.—An individual shall be eligible to receive assistance described in paragraph (1)(B) under a grant awarded under subsection (a)(4) if such individual is a dislocated worker and the Governor has certified that a major economic dislocation, such as a plant closure, mass layoff, or multiple layoff, including a dislocation caused by the terrorist attacks of September 11, 2001, contributed importantly to the dislocation.

''(4) TEMPORARY HEALTH CARE COVERAGE ASSISTANCE.—

''(A) IN GENERAL.—Temporary health care coverage assistance described in this paragraph consists of health care coverage premium assistance provided to qualified individuals under this paragraph with respect to premiums for coverage for themselves, for their spouses, for their dependents, or for any combination thereof, other than premiums for excluded health insurance coverage.

''(B) QUALIFIED INDIVIDUALS.—For purposes of this paragraph—

''(i) IN GENERAL.—Subject to clause (ii), a qualified individual is an individual who—

''(I) is a dislocated worker referred to in paragraph (3) with respect to whom the Governor has made the certification regarding the dislocation as required under such paragraph, and

''(II) is receiving or has received employment and training assistance as described in paragraph (1)(B)(i)(I).

''(ii) LIMITATION.—An individual shall not be treated as a qualified individual if—

''(I) such individual is eligible for coverage under the program under title XIX of the Social Security Act applicable in the State or outlying area, or

''(II) such individual is eligible for coverage under the program under title XXI of such Act applicable in the State or outlying area,

unless such eligibility is effective solely in connection with eligibility for health care coverage premium assistance under a program established by the Governor in connection with temporary health care coverage assistance received under this subsection.

''(iii) CONSTRUCTION.—

''(I) PERMITTING COVERAGE THROUGH ENROLLMENT IN MEDICAID OR SCHIP.—Nothing in this subsection shall be construed as preventing a State from using funds made available by reason of subsection (a)(4) to provide health care coverage through enrollment in the program under title XIX (relating to medicaid) or in the program under title XXI (relating to SCHIP) of the Social Security Act, but only in the case of individuals who are not otherwise eligible for coverage under either such program.

''(II) NOT AFFECTING ELIGIBILITY FOR ASSISTANCE.—An individual shall not be treated for purposes of this subsection as being eligible for coverage under either such program (and thereby not eligible for assistance under this subsection) merely on the basis that the State provides assistance under this subsection through coverage under either such program.

''(C) LIMITATION ON ENTITLEMENT.—Nothing in this subsection shall be construed as establishing any entitlement of qualified individuals to premium assistance under this subsection.

''(D) CONCURRENCE AND CONSULTATION.—In connection with any temporary health care coverage assistance provided pursuant to this paragraph—

''(i) if the Secretary determines that health care coverage premium assistance provided through title XIX or XXI of the Social Security Act is a substantial component of the assistance provided, the Secretary shall act in concurrence with the Secretary of Health and Human Services, and

''(ii) in any other case, the Secretary shall consult with the Secretary of Health and Human Services to the extent that such assistance affects programs administered by or under the Secretary of Health and Human Services.

''(E) USE OF FUNDS.—Temporary health care coverage assistance provided pursuant to this subsection shall supplement and may not supplant any other State or local funds used to provide health care coverage and may not be included in determining the amount of non-Federal contributions required under any program.

''(F) DEFINITIONS.—For purposes of this paragraph—

''(i) EXCLUDED HEALTH CARE COVERAGE.—The term 'excluded health care coverage' means coverage under—

''(I) title XVIII of the Social Security Act,

''(II) chapter 55 of title 10, United States Code,

''(III) chapter 17 of title 38, United States Code,

''(IV) chapter 89 of title 5, United States Code (other than coverage which is comparable to continuation coverage under section 4980B of the Internal Revenue Code of 1986), or

''(V) the Indian Health Care Improvement Act.

Such term also includes coverage under a qualified long-term care insurance contract and excepted benefits described in section 733(c) of the Employee Retirement Income Security Act of 1974.

''(ii) PREMIUM.—The term 'premium' means, in connection with health care coverage, the premium which would (but for this section) be charged for the cost of coverage.

''(5) APPROPRIATIONS.—

''(A) IN GENERAL.—There is hereby appropriated, from any amounts in the Treasury not otherwise appropriated, $4,000,000,000 for the period consisting of fiscal years 2002, 2003, and 2004 for the award of grants under subsection (a)(4) in accordance with this section.

''(B) AVAILABILITY.—Amounts appropriated pursuant to subparagraph (A) for each fiscal year—

''(i) are in addition to amounts made available under section 132(a)(2)(A) or any other provision of law to carry out this section; and

''(ii) notwithstanding section 189(g)(1), shall remain available for obligation by the Secretary from the date of the enactment of this subsection through each succeeding fiscal year, except that, notwithstanding section 189(g)(2), no funds are hereby available for expenditure after June 30, 2004.''.

TITLE X—TEMPORARY STATE HEALTH CARE ASSISTANCE

SEC. 1001. TEMPORARY STATE HEALTH CARE ASSISTANCE.

(a) IN GENERAL.—Title XXI of the Social Security Act is amended by adding at the end the following new section:

''SEC. 2111. TEMPORARY STATE HEALTH CARE ASSISTANCE.

''(a) IN GENERAL.—For the purpose of providing allotments to States under this section, there are hereby appropriated, out of any funds in the Treasury not otherwise appropriated, $4,599,667,448. Such funds shall be available for expenditure by the State through the end of 2002. This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment to States of amounts provided under this section.

''(b) ALLOTMENT.—Funds appropriated under subsection (a) shall be allotted by the Secretary among the States in accordance with the following table:

''State	Allotment (in dollars)
Alabama	50,746,770
Alaska	31,934,026
Arizona	68,594,677
Arkansas	38,203,601
California	482,591,746
Colorado	37,469,775
Connecticut	60,039,005
Delaware	10,355,807
District of Columbia	18,321,834
Florida	164,619,369
Georgia	118,754,564
Hawaii	12,827,163
Idaho	13,031,700
Illinois	175,505,956
Indiana	66,067,368
Iowa	31,521,201
Kansas	27,288,967
Kentucky	82,759,133
Louisiana	83,907,301
Maine	22,650,838
Maryland	60,347,066
Massachusetts	121,971,140
Michigan	156,479,213
Minnesota	113,966,453
Mississippi	55,335,225
Missouri	74,675,436
Montana	10,224,652
Nebraska	31,582,786
Nevada	14,695,973
New Hampshire	15,482,962
New Jersey	115,880,093
New Mexico	39,204,714
New York	573,999,663
North Carolina	189,333,723
North Dakota	8,915,675
Ohio	166,006,936
Oklahoma	48,914,626
Oregon	71,160,353
Pennsylvania	227,183,255
Rhode Island	45,001,680
South Carolina	94,789,740
South Dakota	19,951,788
Tennessee	102,845,128
Texas	289,526,532
Utah	30,860,915
Vermont	10,291,090
Virginia	67,232,217
Washington	110,377,264
West Virginia	31,120,804
Wisconsin	93,089,086
Wyoming	12,030,459

''(c) USE OF FUNDS.—

''(1) IN GENERAL.—Funds appropriated under this section may be used by a State only to provide health care items and services (other than types of items and services for which Federal financial participation is prohibited under this title or title XIX).

''(2) LIMITATION.—Funds so appropriated may not be used to match other Federal expenditures or in any other manner that results in the expenditure of Federal funds in excess of the amounts provided under this section.

''(d) PAYMENT TO STATES.—Funds made available under this section shall be paid to the States in a form and manner and time specified by the Secretary, based upon the submission of such information as the Secretary may require. There is no requirement for the expenditure of any State funds in order to qualify for receipt of funds under this section. The previous sections of this title shall not apply with respect to funds provided under this section.

''(e) DEFINITION.—For purposes of this section, the term 'State' means the 50 States and the District of Columbia.''.

(b) REPEAL.—Effective as of January 1, 2003, section 2111 of the Social Security Act, as inserted by subsection (a), is repealed.

TITLE XI—SOCIAL SECURITY HELD HARMLESS; BUDGETARY TREATMENT OF ACT

SEC. 1101. NO IMPACT ON SOCIAL SECURITY TRUST FUNDS.

(a) IN GENERAL.—Nothing in this Act (or an amendment made by this Act) shall be construed to alter or amend title II of the Social Security Act (or any regulation promulgated under that Act).

(b) TRANSFERS.—

(1) ESTIMATE OF SECRETARY.—The Secretary of the Treasury shall annually estimate the impact that the enactment of this Act has on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401).

(2) TRANSFER OF FUNDS.—If, under paragraph (1), the Secretary of the Treasury estimates that the enactment of this Act has a negative impact on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401), the Secretary shall transfer, not less frequently than quarterly, from the general revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of such trust funds are not reduced as a result of the enactment of this Act.

SEC. 1102. EMERGENCY DESIGNATION.

Congress designates as emergency requirements pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 the following amounts:

(1) An amount equal to the amount by which revenues are reduced by this Act below the recommended levels of Federal revenues for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011, provided in the conference report accompanying H. Con. Res. 83, the concurrent resolution on the budget for fiscal year 2002.

(2) Amounts equal to the amounts of new budget authority and outlays provided in this Act in excess of the allocations under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Finance of the Senate for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011.

SA 2774. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. . REPEAL OF SUNSET ON MODIFICATIONS TO COVERDELL EDUCATION SAVINGS ACCOUNTS AND QUALIFIED TUITION PROGRAMS.

Section 901(a) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking ''this Act'' and inserting ''this Act (other than sections 401 and 402)''.

SA 2775. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) of the Internal Revenue Code of 1986 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 and the taxpayer's spouse and dependents.''.

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) of the Internal Revenue Code of 1986 is amended to read as follows: ''Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer.''.

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

SA 2776. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. CREDIT FOR FIRST-TIME HOMEBUYERS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting before section 26 the following new section:

''SEC. 25C. PURCHASE OF A NEW PRINCIPAL RESIDENCE BY FIRST-TIME HOMEBUYER.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual who is a first-time homebuyer of a new principal residence in the United States during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the purchase price of the residence.

''(b) LIMITATIONS.—

''(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) shall not exceed $6,500.

''(2) LIMITATION TO ONE RESIDENCE.—The credit under this section shall be allowed with respect to only one residence of the taxpayer.

''(3) MARRIED INDIVIDUALS FILING JOINTLY.—In the case of a husband and wife who file a joint return, the credit under this section is allowable only if both the husband and wife are first-time homebuyers, and the amount specified under paragraph (1) shall apply to the joint return.

''(4) MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of a married individual filing a separate return, the credit under this section is allowable only if the individual is a first-time homebuyer, and subsection (a) shall be applied by substituting '$3,250' for '$6,500'.

''(5) OTHER TAXPAYERS.—If 2 or more individuals who are not married purchase a new principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed $6,500.

''(c) DEFINITIONS.—For purposes of this section—

''(1) FIRST-TIME HOMEBUYER.—

''(A) IN GENERAL.—The term 'first-time homebuyer' means any individual is such individual (and if married, such individual's spouse) had no present ownership interest in a principal residence in the United States during the 3-year period ending on the date of the purchase of the principal residence to which this section applies.

''(B) ONE-TIME ONLY.—If an individual is treated as a first-time homebuyer with respect to any principal residence, such individual may not be treated as a first-time homebuyer with respect to any other principal residence.

''(2) NEW PRINCIPAL RESIDENCE.—The term 'new principal residence' means a principal residence the original use of which begins with the first-time homebuyer.

''(3) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 121.

''(4) PURCHASE AND PURCHASE PRICE.—The terms 'purchase' and 'purchase price' have the meanings provided by section 1400C(e).

''(d) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section and sections 23, 24, 25, 25B, and 1400C) and section 27, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(e) REPORTING.—If the Secretary requires information reporting under section 6045 by a person described in subsection (e)(2) thereof to verify the eligibility of taxpayers for the credit allowable by this section, the exception provided by section 6045(e)(5) shall not apply.

''(f) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under subsection (a) if the credit under section 1400C is allowed.

''(g) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section with respect to the purchase of any residence, the basis of such residence shall be reduced by the amount of the credit so allowed.

''(h) PROPERTY TO WHICH SECTION APPLIES.—The provisions of this section apply to a new principal residence if the taxpayer enters into, on or after January 1, 2002, and before January 1, 2003, a binding contract to purchase the residence, and purchases and occupies the residence before July 1, 2003.''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 1016 of the Internal Revenue Code of 1986 (relating to general rule for adjustments to basis) is amended by striking ''and'' at the end of paragraph (27), by striking the period at the end of paragraph (28) and inserting '', and'', and by adding at the end the following new paragraph:

''(29) in the case of a residence with respect to which a credit was allowed under section 25C, to the extent provided in section 25C(g).''.

(2) Section 23(b)(4)(B) of such Code is amended by inserting ''and section 25C'' after ''this section''.

(3) Section 24(b)(3)(B) of such Code is amended by striking ''23 and 25B'' and inserting ''23, 25B, and 25C''.

(4) Section 25(e)(1)(C) of such Code is amended by inserting ''25C,'' after ''25B,''.

(5) Section 25B of such Code is amended by striking ''section 23'' and inserting ''sections 23 and 25C''.

(6) Section 1400C(d) of such Code is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(7) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting before the item relating to section 26 the following new item:

''Sec. 25C. Purchase of a new principal residence by first-time homebuyer.''.

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

SA 2777. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. TEMPORARY REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

(a) RESTORATION OF PRIOR LAW FORMULA.—Subsection (a) of section 86 of the Internal Revenue Code of 1986 is amended to read as follows:

''(a) IN GENERAL.—Gross income for the taxable year of any taxpayer described in subsection (b) (notwithstanding section 207 of the Social Security Act) includes social security benefits in an amount equal to the lesser of—

''(1) one-half of the social security benefits received during the taxable year, or

''(2) one-half of the excess described in subsection (b)(1).''

(b) REPEAL OF ADJUSTED BASE AMOUNT.—Subsection (c) of section 86 of such Code is amended to read as follows:

''(c) BASE AMOUNT.—For purposes of this section, the term 'base amount' means—

''(1) except as otherwise provided in this subsection, $25,000,

''(2) $32,000 in the case of a joint return, and

''(3) zero in the case of a taxpayer who—

''(A) is married as of the close of the taxable year (within the meaning of section 7703) but does not file a joint return for such year, and

''(B) does not live apart from his spouse at all times during the taxable year.''

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 871(a)(3) of such Code is amended by striking ''85 percent'' and inserting ''50 percent''.

(2)(A) Subparagraph (A) of section 121(e)(1) of the Social Security Amendments of 1983 (Public Law 98–21) is amended—

(i) by striking ''(A) There'' and inserting ''There'';

(ii) by striking ''(i)'' immediately following ''amounts equivalent to''; and

(iii) by striking '', less (ii)'' and all that follows and inserting a period.

(B) Paragraph (1) of section 121(e) of such Act is amended by striking subparagraph (B).

(C) Paragraph (3) of section 121(e) of such Act is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(D) Paragraph (2) of section 121(e) of such Act is amended in the first sentence by striking ''paragraph (1)(A)'' and inserting ''paragraph (1)''.

(d) MAINTENANCE OF TRANSFERS TO HOSPITAL INSURANCE TRUST FUND.—There are hereby appropriated to the Hospital Insurance Trust Fund established under section 1817 of the Social Security Act amounts equal to the reduction in revenues to the Treasury by reason of the enactment of this section. Amounts appropriated by the preceding sentence shall be transferred from the general fund at such times and in such manner as to replicate to the extent possible the transfers which would have occurred to such Trust Fund had this section not been enacted.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2001, and before January 1, 2004.

(2) SUBSECTION (c)(1).—The amendment made by subsection (c)(1) shall apply to benefits paid after December 31, 2001, and before January 1, 2004.

(3) SUBSECTION (c)(2).—The amendments made by subsection (c)(2) shall apply to tax liabilities for taxable years beginning after December 31, 2001, and before January 1, 2004.

SA 2778. Mr. HUTCHINSON submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

(a) RESTORATION OF PRIOR LAW FORMULA.—Subsection (a) of section 86 of the Internal Revenue Code of 1986 is amended to read as follows:

''(a) IN GENERAL.—Gross income for the taxable year of any taxpayer described in subsection (b) (notwithstanding section 207 of the Social Security Act) includes social security benefits in an amount equal to the lesser of—

''(1) one-half of the social security benefits received during the taxable year, or

''(2) one-half of the excess described in subsection (b)(1).''

(b) REPEAL OF ADJUSTED BASE AMOUNT.—Subsection (c) of section 86 of such Code is amended to read as follows:

''(c) BASE AMOUNT.—For purposes of this section, the term 'base amount' means—

''(1) except as otherwise provided in this subsection, $25,000,

''(2) $32,000 in the case of a joint return, and

''(3) zero in the case of a taxpayer who—

''(A) is married as of the close of the taxable year (within the meaning of section 7703) but does not file a joint return for such year, and

''(B) does not live apart from his spouse at all times during the taxable year.''

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 871(a)(3) of such Code is amended by striking ''85 percent'' and inserting ''50 percent''.

(2)(A) Subparagraph (A) of section 121(e)(1) of the Social Security Amendments of 1983 (Public Law 98–21) is amended—

(i) by striking ''(A) There'' and inserting ''There'';

(ii) by striking ''(i)'' immediately following ''amounts equivalent to''; and

(iii) by striking '', less (ii)'' and all that follows and inserting a period.

(B) Paragraph (1) of section 121(e) of such Act is amended by striking subparagraph (B).

(C) Paragraph (3) of section 121(e) of such Act is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(D) Paragraph (2) of section 121(e) of such Act is amended in the first sentence by striking ''paragraph (1)(A)'' and inserting ''paragraph (1)''.

(d) MAINTENANCE OF TRANSFERS TO HOSPITAL INSURANCE TRUST FUND.—There are hereby appropriated to the Hospital Insurance Trust Fund established under section 1817 of the Social Security Act amounts equal to the reduction in revenues to the Treasury by reason of the enactment of this section. Amounts appropriated by the preceding sentence shall be transferred from the general fund at such times and in such manner as to replicate to the extent possible the transfers which would have occurred to such Trust Fund had this section not been enacted.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(2) SUBSECTION (c)(1).—The amendment made by subsection (c)(1) shall apply to benefits paid after December 31, 2001.

(3) SUBSECTION (c)(2).—The amendments made by subsection (c)(2) shall apply to tax liabilities for taxable years beginning after December 31, 2001.

NOTICES OF HEARINGS/MEETINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce for the information of the Senate and the public that a Full Committee hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place on Wednesday, February 6, at 9:30 a.m. in a location to be announced.

The hearing will examine the effects of Subtitle B of S. 1766, Amendments to the Public Utility Holding Company Act, on energy markets and energy consumers.

Those wishing to submit written statements on this subject should address them to the Committee on Energy and Natural Resources, Attn: Leon Lowery, U.S. Senate, Washington, DC 20510.

For further information, please call Leon Lowery at 202/224–2209 or Jonathan Black at 202/224–6722.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce for my colleagues and the public that a hearing has been scheduled before the Committee on Energy and Natural Resources.

The purpose of this hearing is to receive testimony on the FY 2003 budget requests for the Department of the Interior, the U.S. Forest Service, and the Department of Energy.

The hearing will take place on Tuesday, February 12, 2002 at 9:30 a.m. in Room SD–366 of the Dirksen Senate Office Building, First and C Streets, NE., Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the printed hearing record should send their comments to the Committee on Energy and Natural Resources, United States Senate, Washington, DC 20510, Attention: Sam Fowler.

For further information, please contact Sam Fowler 202/224–7571 or Amanda Goldman 202/224–4103 of the Committee Staff.

COMMITTEE ON INDIAN AFFAIRS

Mr. INOUYE. Mr. President, I would like to announce that the Committee on Indian Affairs will meet on Thursday, February 7, 2002, at 10 a.m. in

room 485 Russell Senate Building to conduct an oversight hearing on Legislative Proposals relating to the statute of limitations on claims against the United States related to the management of Indian tribal trust fund accounts.

Those wishing additional information may contact the Indian Affairs Committee at (202) 224–2251.

PRIVILEGES OF THE FLOOR

Mr. GRASSLEY. Madam President, I ask unanimous consent that Dariusz Marzec, Stephen Seale, and Jeffrey Griswold, interns from the Senate Finance Committee, be granted the privilege of the floor during debate on the economic stimulus bill.

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

Mr. GRASSLEY. Madam President, I ask unanimous consent that Elmer Ransom, a fellow on the Finance Committee staff, be accorded floor privileges for the remainder of Senate consideration of H.R. 622.

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

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. REID. I ask unanimous consent the Senate proceed to executive session to consider Calendar No. 634; that the nomination be confirmed, the motion to reconsider be laid on the table, the President be immediately notified of the Senate's action, that any statements be printed in the RECORD, and the Senate return to legislative session.

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

The nomination was considered and confirmed as follows:

DEPARTMENT OF STATE

Francis Joseph Ricciardone, Jr., of New Hampshire, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Phillippines and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Palau.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will return to legislative session.

UNANIMOUS CONSENT AGREEMENT—EXECUTIVE CALENDAR

Mr. REID. Mr. President, I ask unanimous consent the Senate proceed to executive session at 10 a.m. tomorrow to consider Executive Calendar No. 646, the nomination of Philip Martinez to be United States District Judge; that there be 15 minutes equally divided between the chairman and ranking member of the Judiciary Committee for debate on the nomination; that at 10:30 a.m. tomorrow the Senate vote on the nomination, the motion to reconsider be laid on the table, any statements be printed in the RECORD, the President be immediately notified of the Senate's action, and thereafter the Senate return to legislative session.

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

Mr. REID. Mr. President, as in executive session, I ask unanimous consent it be in order to request the yeas and nays on the nomination at this time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. REID. Mr. President, 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.

CONGRATULATING THE NEW ENGLAND PATRIOTS FOR WINNING SUPER BOWL XXXVI

Mr. REID. Mr. President, I ask unanimous consent the Senate proceed to S. Res. 202 submitted earlier today by Senators KENNEDY, KERRY, and REED.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 202) congratulating the New England Patriots for winning Super Bowl XXXVI.

There being no objection, the Senate proceeded to consider the resolution.

Mr. REID. Mr. President, I ask unanimous consent that the resolution and preamble be agreed to en bloc, the motion to reconsider be laid on the table, and that any statements relating thereto be printed in the RECORD, with no intervening action or debate.

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

The resolution (S. Res. 202) was agreed to.

The preamble was agreed to.

(The resolution, with its preamble, is printed in today's RECORD under ''Submitted Resolutions.'')

TEMPORARY MAJORITY APPOINTMENTS TO THE SELECT COMMITTEE ON ETHICS

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to S. Res. 203 submitted earlier today by Senator DASCHLE; that the resolution be agreed to, and the motion to reconsider be laid on the table with no intervening action.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 203) making temporary majority appointments to the Select Committee on Ethics.

There being no objection, the Senate proceeded to consider the resolution.

The resolution (S. Res. 203) was agreed to.

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

DISCHARGE AND REFERRAL OF H.R. 2595

Mr. REID. Mr. President, I ask unanimous consent that the Armed Services Committee be discharged from further consideration of H.R. 2595, and that the bill be referred to the Committee on Environment and Public Works.

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

ORDERS FOR TUESDAY, FEBRUARY 5, 2002

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 10 a.m., Tuesday, February 5; that following the prayer and pledge the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and that there be a period of morning business until 10:15 a.m., with Senators permitted to speak for up to 5 minutes each; further, that the Senate recess from 12:30 p.m. until 2:15 p.m. for the weekly party conferences.

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

PROGRAM

Mr. REID. Mr. President, the next rollcall vote will occur at 10:30 tomorrow morning regarding the nomination of Philip Martinez to be U.S. District Judge for the Western District of Texas.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. REID. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:30 p.m., adjourned until Tuesday, February 5, 2002, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 4, 2002:

DEPARTMENT OF STATE

FRANCIS JOSEPH RICCIARDONE, JR., OF NEW HAMPSHIRE, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF THE PHILIPPINES AND TO SERVE CONCURRENTLY AND WITHOUT ADDITIONAL COMPENSATION AS AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF PALAU.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

THE JUDICIARY

CALLIE V. GRANADE, OF ALABAMA, TO BE UNITED STATES DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF ALABAMA.