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Senate

The Senate met at 10:30 a.m., and was called to order by the Honorable PATTY MURRAY, a Senator from the State of Washington.

PRAYER

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

Gracious God, the source of healing in times of grief, we pray for the loved ones and friends of those who died in the crash of American Airlines flight 587. The more we have learned about the 260 people who lost their lives, the more profoundly we have felt the anguish caused by this tragedy. We ask You to comfort their families both here and in the Dominican Republic. Also, we pray for the citizens of Queens, NY, who lost their family members and their homes in this plane crash. Many of the people in this community were heroic firefighters and police who worked so tirelessly to save the lives of others in the World Trade Center terrorist disaster. We live in a violent time of terrorist attacks, human and mechanical failures. Quiet our agitated hearts so we can turn to the work before this Senate today. Strengthen the Senators in their resolve to press on, and all of us in the Senate family with focused attention on the duties of this day. Lift our spirits with the assurance that physical death is not an ending and with the confidence that even now You are comforting those who are enduring the ache and pain of momentous grief. In the name of Him who is the resurrection and the life. Amen.

PLEDGE OF ALLEGIANCE

The Honorable PATTY MURRAY led the Pledge of Allegiance, as follows:

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

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, November 13, 2001.

To the Senate:

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

ROBERT C. BYRD,
President pro tempore.

Mrs. MURRAY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

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

SCHEDULE

Mr. REID. Madam President, as we move to the business at hand, we will begin consideration of S.J. Res. 28, regarding budget points of order. There is a 2-hour time agreement.

The Senate will recess from 12:30 to 2:15 p.m. for the weekly party conferences. At 2:15, the Senate is expected to begin consideration of the stimulus bill. At 4:45 today, the Senate will conduct 15 minutes of debate on the nomination of Edith Brown Clement to be United States Circuit Judge for the Fifth Circuit. At 5 p.m., the Senate will conduct two rollcall votes, first on the Clement nomination and second on passage of S.J. Res. 28.

Madam President, all Senators know we are going to do our very best to recess as early this week as possible for

Thanksgiving. We have a tremendous amount of work to do. It will take cooperation on both sides. We hope Senators will recognize there are many important items we have to address today, beginning with debate on the stimulus package. This will go over until tomorrow. We have important conferences. Commerce-State-Justice has been completed. The Agriculture conference has been completed. As soon as the House takes action, we will.

If there were ever a time for people to set aside partisan differences, it would be during this week. We hope that will be the case. The majority leader indicated we will work as long as people want to offer amendments, into the evening if necessary, and move forward as quickly as possible.

RESERVATION OF LEADER TIME

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

SUSPENSION OF CERTAIN PROVISIONS OF BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S.J. Res. 28, which the clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 28) suspending certain provisions of law pursuant to section 258(a)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985.

The ACTING PRESIDENT pro tempore. Under the previous order, the statutory time limit has been reduced to 2 hours to be equally divided and controlled between the chairman and the ranking member of the Budget Committee or their designees.

The Senator from North Dakota.

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



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Mr. CONRAD. Madam President, last Thursday, the Budget Committee reported this joint resolution which would suspend several budget enforcement mechanisms. We reported unfavorably in the Budget Committee by a unanimous vote of 22-to-0. I am certain people wonder why we have a resolution that the budget committee rejected unanimously; how that can happen.

It happens because it is required by law to bring this matter to the floor, even though the Budget Committee has unanimously rejected its elements. The reason for that is, whenever economic growth is below 1 percent for two consecutive quarters, the balanced budget amendment requires that the Congressional Budget Office should issue a low-growth report. They did that on October 31.

The Senate is now required to consider this joint resolution which would suspend five budget enforcement mechanisms. Those mechanisms have elements as follows: points of order against tax cuts or spending that violate the budget resolution; the discretionary spending cap point of order; the point of order enforcing 302(a) and 302(b) spending allocations; the point of order against amendments to reconciliation bills, unless the amendments are deficit-neutral; and sequestration of discretionary and mandatory spending. All of those things would be tossed out and would not apply if we accepted this resolution.

Senator DOMENICI, the ranking member of the Senate Budget Committee, and I, and our Budget Committee colleagues, on a bipartisan basis, are united in opposing the resolution and urge all Senators to vote to defeat it. As I indicated, the Senate is required to take up this resolution. It is required by the Budget Act. However, it would be a mistake to adopt it because that would take away all protections to maintain fiscal discipline.

The economic rationale for suspending budget enforcement procedures during periods of low economic growth is that such procedures might make it more difficult to enact stimulative measures quickly. We have already seen that Congress has responded quickly to enact \$40 billion in supplemental emergency spending. It is important to weigh the real risk that long-term budget discipline will be undermined against the question of putting in place this resolution.

I believe in current circumstances that the risk is too great and it does not make sense to suspend these elements of budget discipline to provide for the easier passage of tax cuts or additional spending. Again, we have seen Congress act quickly to put in place stimulative spending. We have seen Congress act quickly this session to put in place tax cuts.

When the chairmen and ranking members of the House and Senate Budget Committees issued their principles for economic stimulus a month

ago, we recognized that we were facing extraordinary circumstances and that Congress and the President would provide the resources necessary to respond to the events of September 11. I am certain our budget enforcement procedures will not prevent that from happening.

I think every Member of this Chamber understands that our top priority is to defend this Nation. In addition, we must work to rebuild that which has been destroyed and we must be prepared to counterattack those who, in such a vicious way, have engaged in a sneak attack on our country.

We also recognize that an economic stimulus package should not undermine long-term fiscal discipline, which is essential to sustained economic growth. I believe preserving our budget enforcement tools will be very important in helping us to adhere to this critical overall principle.

Policies that adhere to the principles laid down by the joint House and Senate Budget Committee leadership are not likely to be held up by our budget enforcement procedures. In contrast, proposals that violate the principles, especially those that worsen the long-term budget outlook by imposing substantial outyear budget costs, should be subject to normal budget procedures.

The suspension resolution would have us decide now, in one fell swoop, whether to suspend budget enforcement for the next 2 years. I think it is very important that everybody understand what would happen if we went against the recommendation of the Budget Committee and threw out these budget procedures. There would be no protections, no special protections for fiscal discipline for the next 2 years. I think such a blanket waiver would be most unwise. We will be much better off if we continue to look at each bill and amendment individually and retain the ability to invoke budget enforcement procedures against those that threaten our long-term fiscal discipline. This is a fundamental way we protect the integrity of the trust funds of Social Security and Medicare for the long term.

I might add that passing this joint resolution would be unprecedented. We have only gone through this once before, in 1991, the last time the economy was in recession. At that time, the Congressional Budget Office issued three successive low-growth reports leading to the introduction of three resolutions to suspend budget enforcement procedures. Each time, the Budget Committee reported out unfavorably and the resolution was defeated overwhelmingly on the Senate floor in bipartisan votes.

The Senate made the right decision then, and we should make the same decision now. We have the will to enact a stimulus proposal. In fact, one will be on the floor this afternoon. We have the ability to do that under normal budget procedures, and it is critically

important to maintain our long-term fiscal discipline.

If there is one thing every economist has told us who has come before the Finance Committee, of which I am a member, and the Budget Committee, of which I am a member, it is that we need to couple short-term stimulus with long-term fiscal discipline. It is that combination of policies that is most likely to allow us to emerge from this economic slowdown.

I refer back to what happened in 1991 because I think it is important for our colleagues to know this. In that year, on three occasions these resolutions came before the Budget Committee and then came to the floor. These resolutions were the same as the one we consider today. They would have suspended all of the budget enforcement procedures.

Here is what happened in the Budget Committee. On January 24, 1991, they reported unfavorably, in a vote of 21-to-0 on that resolution. Then the full Senate voted on January 31, and they defeated it 97-to-2.

I think the record with respect to what occurred is very clear. The same thing happened on May 7, when the resolution was taken up again. A second low-growth report was issued by the Congressional Budget Office, and on May 7 the Senate considered it and defeated it 21-to-0, reporting it unfavorably on a unanimous vote.

The Senate took it up on May 9, again under special procedures, and rejected it 92-to-5. Again, on September 12, another low-growth resolution came before the Senate Budget Committee and it was rejected on a vote of 19-to-2. That one came to the floor of the Senate and was rejected 88-to-8.

I think it is clear that the Senate has determined these procedures ought not to be abandoned, even at a time of sharp economic slowdown, certainly not in the circumstances we face today. So we are here to vote on this joint resolution because the Balanced Budget Act requires us to do so. But Senator DOMENICI and I are united in our strong opposition to the joint resolution. We are joined in that position by every member of the Senate Budget Committee. On a unanimous vote we reported this resolution unfavorably and urge our colleagues to reject it.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I will be brief. I have a few remarks.

First, S.J. Res. 28 is an automatic resolution. It is required to be introduced by the majority leader and considered by the Budget Committee and the Senate under expedited procedures. That is why we are here today. The resolution is automatic when the Congressional Budget Office notifies the Congress of an economic slowdown, as described in the Budget Act. On October 31 the Department of Commerce of the United States advanced the preliminary report on real economic growth.

It showed the economy in the third quarter shrank at the annual rate of .4 percent, the largest fall since October of 1991. The report, which will likely be revised downward even more come the January report, triggered the Congressional Budget Office notification of low growth and subsequently triggered the introduction of the resolution before us today.

The provision in the Balanced Budget and Emergency Deficit Control Act of 1985, sometimes referred to as the Gramm-Rudman-Hollings Act, that necessitated the reporting of this resolution was simply that we did not want to initiate major spending cuts in a time of recession.

I might add, the same section of the law that suspends spending cuts in a time of recession also covers events of war.

S.J. Res. 28 was reported unfavorably from the Budget Committee, as indicated by the chairman of the Budget Committee in his remarks just a few moments ago preceding these. The committee is required to report the resolution without amendment, to be discharged without comment. I concurred with the chairman that the committee should express its disfavor with the resolution to send a signal to the full Senate to disapprove it. I understand a vote on this resolution is scheduled for 5 o'clock today. I ask the Senate to join the chairman of the Budget Committee and me in disapproving the resolution.

If this resolution were somehow to make it to the President for his signature—which he would not sign—it would effectively eliminate all fiscal discipline, all the enforcement tools we have in Congress all the way through September 2003. I do not think we need to take such drastic action. I think we understand the situation and we can act accordingly on our own, in a normal manner, to take action that is required by the facts as we find them, quarter by quarter. I do not think we need to take the drastic action that is contemplated by the resolution.

Having taken this position on a bipartisan basis, however, does not mean we should not act to address the economic slowdown and the war on terrorism, and I believe the distinguished chairman has indicated so to the Senate. We must take action on the war on terrorism, and obviously with appropriate legislation we must act against the economic slowdown with some kind of a stimulus package that, indeed, could clear this Senate and that would be acceptable to the President of the United States.

We indeed must move in that regard. I understand the Senate's calendar contemplates that we move in that direction. Whether we can reach an accord or not is still another subject.

In my view, the United States is in a recession, a recession that started even before the September 11 attacks of terrorism on the United States.

Industrial production figures through September were down for the twelfth

consecutive month. This is the longest decline in industrial production since World War II. Some of us have been talking about that for quite some time. Economists in the United States have been back and forth, but clearly nobody has been giving high marks to the economy. Whether they want to call it a recession or not, clearly it is not in the best of shape.

We must take action as soon as we can get ourselves together. Some must lead in this institution so that we can do something anti-recessionary that is significant in the short term and in the long run take the right kind of steps.

The unemployment rate has risen from 4 percent at the end of last year to 5.4 today, and it is rising. In October alone, we lost over 415,000 jobs, the biggest percentage increase in joblessness in more than 15 years. The Federal Reserve Board has cut short-term interest rates and the discount rates to the lowest level since 1961 and 1955, respectively. Yet even with these low interest rates, most private companies are having a tough time getting credit—a very interesting phenomenon.

Commercial and industrial loans are down compared to last year. I believe it is going to take some time for our country and the world economy to work on its current problems. Restoring lost confidence will play a key role in the recovery. But working off the excess capacities that built up during the boom period of the 1990s will also be important. We must also maintain the tools of fiscal discipline to convey to the American public and the market that we are keeping an eye not only on the current challenges we face but also on those longer term challenges.

We must maintain the provisions of the Budget Act that provide us with future discipline, and we must deal with both tax and spending legislation today while waiving the Budget Act on a case-by-case basis. I believe that is what we are recommending when we recommend the vote that the Senate should take this afternoon.

Later today we will be considering a bill called the Economic Recovery and Assistance for American Workers Act of 2001 which was reported from the Senate Finance Committee last week. The bill was reported on a partisan basis with no Republican support. It will be subject to a Budget Act 60-vote point of order. But any Republican alternative will also be subject to this same supermajority vote.

These 60-vote points of order would go away if this resolution were to become law. But in an interesting way, with the Budget Act points of order in place and with an almost evenly divided Senate, we are forced to work on a bipartisan basis in order to achieve the 60 votes necessary to enact proposals for spending increases or tax cuts. We all know the only way we are going to produce real stimulus legislation that addresses the economic slowdown is to work together as Republicans and Democrats. I hope we will do that.

We started off right after that ominous day working together, arm in arm, hand in hand. In fact, the people of America looked at us and said: That is fantastic; we haven't seen much like that in a long time.

Now we need to get our argumentative and partisan nature out of the way in the next few days and get on to something that we must do for America and for our people. We need a stimulus package. We need it badly. We need to show the public we can do it together with our President as we did immediately after the acts of terrorism when we did things that we didn't even believe we could do as we look back on them. Some of them were rather hurried. Some might not have been the right medicine. But I think overall the confidence that came from it justified it. It served us well. It will pay significant homage to the Senate in a bipartisan way, as we acted in the public interest exactly at the right time. Let's do it one more time.

We are not going to approve the bill that came out of Finance. We both understand that. If the Republicans have a Republican proposal that doesn't seem as if it will pass, maybe out of those actions will come something better—maybe something that will really work, and I hope it will. I hope I can be part of that. I am not on the committee that is doing the work. Good luck to them. I hope they can get it done. In the meantime, we ought to start thinking together about what might take place with the proposals coming out of the committee in the event the sequence that the chairman and I discussed this morning is going to happen.

If that happens, we certainly cannot leave the floor and be angry at each other, saying: Too bad. We are mad at them and they are mad at us, and it doesn't matter what happens to America.

That can't be the case. We can't do that. I am very hopeful we will not and that within the next 2 days out of this partisan approach will come something much better—something bipartisan that will do the job.

I thank the chairman for making his remarks brief so I could make mine. I state to the Senators that I am not going to be here for the entire time. I will leave for a while and be available very shortly. The chairman is aware of that. He understands that if anyone wants to be heard on our side, they should come down and seek recognition. I am here now saying to any Republican who wants time within our time limits that they are allocated the time by me unless there is objection. If there is none, that is what we will do on our side.

Madam President, thank you very much. I thank the chairman.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

Mr. CONRAD. Madam President, I thank the Senator from New Mexico,

the ranking member of the Budget Committee and the former chairman of the Budget Committee for his remarks, and for his strong support in rejecting the resolution that would abandon fiscal discipline. I think this is another example of our working together in a way that is absolutely great for the country.

After the series of events on September 11, the House and Senate budget committees and Senator DOMENICI and I joined with our House colleagues. We met together to give an update to our colleagues on the fiscal condition of the country. We met with the head of the Office of Management and Budget. We were able to give a report to our colleagues on where we stand at the moment.

We also agreed on a set of principles to apply to a stimulus package. We were able to do that on a bipartisan basis, and I might say without a raised voice and without an angry word between us. We weren't in perfect agreement; certainly not. We compromised. But we did in the end come together around a set of principles that we thought were important.

One of the reasons we thought it was important to come together was that we believed our Nation needed a stimulus package. I think the evidence overwhelmingly proves that is the case.

This chart shows what has happened to economic growth from 1999 to the most recent quarter. What has triggered our being here today are these last two quarters where you can see that we are below 1-percent growth. We are at .3 percent in the quarter previous to the most recent one. During the most recent one, we saw a negative growth in the Nation's economy. That triggered the resolution that has brought us here today. The Budget Act requires that when you have two quarters of low growth, you then must consider in the Budget Committee and on the floor these provisions to suspend all of the budget points of order—those things that we use to maintain fiscal discipline.

All of the indices are telling us that the economy has hit a difficult period. We can see what happened to civilian unemployment. We can see back in 2000 that we were down at less than 4 percent—a remarkable period. In fact, we are at the lowest level of unemployment in this Nation in 30 years.

But look at what has happened since. Look at what has happened since the events of September 11. Unemployment has risen dramatically, and is still rising. The distinguished occupant of the chair knows this well. She represents the State of Washington. One of the major employers there is Boeing. Boeing has announced the layoffs of tens of thousands of their employees. That is through no fault of theirs. It is not through any inability to compete, but it is because hundreds of contracts for airliners have been canceled by the airline industry. Their loads have been re-

duced 30 to 50 percent. That is the economic reality for one critical industry in this country; and it is very serious business.

It is not just the airline industry. It is industry after industry that is engaged in massive layoffs. I recently met with financial leaders in New York. They told me they are in the process of getting ready to lay off 20 percent of their employees. These are major financial institutions in this country and in the world, and they are getting ready to lay off massive numbers of their employees because of the economic slowdown. Those numbers are not yet seen in this increase in unemployment that is already in evidence.

It does not end there because we also see consumer confidence has plunged. This chart shows consumer confidence—going back again to 1999, and coming forward to the most recent data—has gone to the lowest level since February of 1994. So clearly, we are being victimized by a very serious economic slowdown.

We know the economy was weakening before September 11, and that the attack on this country on that date further weakened our economy. And now we see a very serious circumstance develop.

It is critically important that we respond with an economic stimulus package. It is also critical, we believe, that we couple that with long-term fiscal discipline. One part of maintaining long-term fiscal discipline is to maintain the structures in the law that help us to keep in place fiscal discipline. And those are the very things that would be thrown out if this resolution before us is adopted. But we have no alternative but to consider it. Even though the Budget Committee rejected it on a unanimous vote—a totally bipartisan vote—we still understand that if we do not reject it here, it would go into place if the House took similar action and it got to the President and he signed it. I do not believe any of those things will happen. It is not going to pass here. It would not pass in the House. The President would not sign it because it would be a serious policy error.

I know some will say: Gee, why were these procedures put in law? Why is it a requirement that the Budget Committee take it up? Why is it a requirement that it come to the floor under expedited procedures for a vote? The reasons for that are very simple. The concern was, if we got into a serious economic downturn, that there might be a failure to act, that we should not have any hurdles in the way of Congress acting.

That may not be such a bad thought under certain circumstances. We might find ourselves someday in a situation in which we are being blocked from taking action that the majority of us thought was absolutely necessary for the economy to recover. That is not the case now.

We have seen already a stimulus package pass in the House of Representatives. Although some of us would strongly disagree with that stimulus package, we know we are going to be considering a stimulus package on the floor of the Senate this afternoon. We also know we have already taken bipartisan action to provide \$40 billion of assistance to New York and additional funding for defense and intelligence and the funds and resources necessary to combat terrorism. So Congress has taken rapid action, and has demonstrated the ability to act. Beyond that, we also recognize that Congress has acted in terms of support for the airline industry which has been so devastated by the events of September 11 and the aftermath.

We know that Congress can act, that Congress is going to take the additional steps necessary to give lift to the economy, but we also know it needs to be in the framework of long-term fiscal discipline. Some of us believe—I certainly do—one of the worst things we could do is to take action on long-term changes in our funding and in our tax structure to respond to an immediate downturn, that that could hurt this country very substantially going forward.

We do not want to deepen the hole we already see developing. We can see very clearly that this country faces a serious fiscal challenge going forward. We have already projected that we will be using literally hundreds of billions of dollars of Social Security and Medicare trust fund money to pay for the other functions of Government. That is a mistake. That is not a route we should go down, but that is where we are headed. And to abandon these fiscal disciplines, in the face of an already serious long-term fiscal problem, would be a very serious mistake.

So, Mr. President, and colleagues, I hope very much that when we vote at 5 o'clock this evening, that this body will follow the leadership of the Budget Committee in rejecting the resolution that would eliminate all of these budget enforcement mechanisms.

Later on this afternoon we are going to consider the Senate version of a stimulus package. As I indicated, on a bipartisan basis, those of us who have the most responsibility for the budget aspects of what we do here—the leaders of the House Budget Committee and the Senate Budget Committee—agreed, on a bipartisan basis, that we should have a stimulus package and we should give lift to the economy in the short term when it is needed, but we should also couple that with long-term fiscal discipline so we do not go deeper into the trust funds of Social Security and Medicare, so we do not put upward pressure on interest rates that could undo all of the good that is attempted to be accomplished by a fiscal stimulus package.

With that, I, again, call on my colleagues to join us in defeating this resolution that is required to be brought

before us by the Budget Act, that has already been rejected by an overwhelming bipartisan, unanimous vote in the Senate Budget Committee.

We will have the opportunity to consider that at 5 o'clock this evening. We hope our colleagues in the Senate will join us in a commitment to long-term fiscal discipline.

(Mr. EDWARDS assumed the chair.)

Mr. DURBIN. Will the Senator yield for a question?

Mr. CONRAD. I am happy to yield.

Mr. DURBIN. I thank the Senator. I do not know what the time constraints are for this debate, but I wish to briefly make a point or two. As a former member of the Budget Committee and someone who has followed Senator CONRAD as the new Chair of the Budget Committee, I think you have won a deserved reputation for the kind of fiscal discipline which has really helped this country so much in the last 10 years.

We were able to finally break away from the old deficits in the national debt, which was growing at an unprecedented rate. We saw, over the last 8 or 9 years, an amazing convergence of fiscal discipline, creating annual surpluses and a booming economy, two things which I think the American people would applaud, in terms of economic policy, as the most important things we could achieve.

I think the Senator from North Dakota has been outspoken, as have many of my colleagues, in opposition to some of the tax cuts that have been proposed. Although they are appealing to those who might receive them, you have to take a look and see what they achieve for our economy and what they cost us in the long run.

If I understand the Senator from North Dakota in what he is saying today, it is that, as we try to move toward something that truly moves the economy forward, we should not do it at the expense of the Social Security trust fund, the Medicare trust fund, or long-term deficits. We do not want to see ourselves back into that deficit situation.

I will tell the Senator my concern, and then I will ask him for his response. The House stimulus plan, which gives over \$25 billion to the biggest corporations in America—one corporation, IBM, receiving \$1.4 billion in tax breaks—money that is clearly being given to this corporation, not to build a plant or hire more people but simply as a reward for whatever—and then with the Senate Republican plan, which tries to provide additional tax cuts to the highest wage earners in America—both of these plans will fail to stimulate the economy but will drag us down in terms of future potential deficits.

I would like the Senator, if he could, to contrast what he thinks is the most important effort we can make now to stimulate the economy without driving ourselves back down into deficit.

Mr. CONRAD. Well, I thank the Senator for his question. As I indicated

earlier, on a bipartisan basis the House budgeteers and Senate budgeteers agreed to a set of principles to apply to any stimulus package. We did that, and we did it without an angry word exchanged. I applied those principles to what the House package for economic stimulus was. What we found was that it failed every one of the tests we had agreed to apply.

We said the proposal should sunset within 1 year so that we didn't dig the fiscal hole deeper in the outyears. The House bill, unfortunately, fails that principle because 71 percent of its total costs are permanent tax cuts—permanent tax cuts, not temporary measures—designed to lift the economy now, but permanent tax cuts.

Second, we said a substantial portion of the fiscal stimulus should be out within 6 months. If you are going to give stimulus to the economy, you need to do it quickly. In our history, we have found that every time we have tried to use a fiscal stimulus to give a lift to the economy, we have been too late. That is the history. So we said let's not be too late this time, let's get the money out in the next 6 months when we know we face a problem. Unfortunately, looking at the House package, 40 percent of the 10-year cost occurs after the first year. So, unfortunately, it flunks that test.

Third, we said the size should be about \$60 billion. The House bill costs \$160 billion over 10 years. And targeting—we said the stimulus should go to those most likely to spend the dollars and those most vulnerable in an economic downturn. If you look at the House bill, 35 percent of the tax cuts go to the wealthiest 1 percent; 35 percent goes to the wealthiest 1 percent. Now the problem with that is the wealthiest 1 percent are the least likely to spend the money. That is the whole idea of stimulus—to give lift to the economy. Only 19 percent goes to the bottom 60 percent of taxpayers under the House package. They are giving crumbs to those at the lower end of the economic ladder, who are the very ones most likely to spend it.

Every economist who has come before us has said: Look, get money into the hands of people and companies that will spend it. Don't do what the House did. Part of their package, as the Senator from Illinois referenced, would write a \$2 billion check to a major automobile company in America and \$1.5 billion to another large industrial company in this country—not to hire people or to invest, but to just write them a check.

Amazingly enough, so much of their package has nothing to do with the current economic downturn. It has to do with writing checks to wealthy companies and wealthy individuals, and every economist we have talked to has said that can't be taken as a serious stimulus package.

Mr. DURBIN. Mr. President, I ask the Senator this question: When you put it in terms of what they actually do,

when you say the Republican approach in the House and Senate favors large corporations and the wealthiest Americans, while the Democratic approach tries to provide a benefit to working families, to those who have been recently unemployed, and to smaller businesses to deal with depreciation, clearly what emerges from this is a question of justice and fairness. Why in the world would you reward a profitable corporation with over a billion dollars in tax cuts when they don't even promise to create a job? Why would you send a massive amount of tax rebate to somebody making a million dollars a year when, clearly, they are not sacrificing, and then ignore those who are struggling?

That justice and fairness argument is one that we have heard on the floor. I have made it myself. I think most people would react positively to it. We are talking about stimulating the economy, and a question that has to be asked and answered is: Regardless of to whom you give the money, will you get the desired result? If you gave the money to the wealthiest corporations, whether it was fair or not, and America's economy went flying forward, you would say it worked; conversely, if you gave it to those who were recently unemployed, whether it was fair or not, and the economy moved forward, you would say it worked.

Let me ask about the economic effectiveness of the approach of the Republicans versus the approach of the Democrats when it comes to stimulating the economy.

Mr. CONRAD. I don't think there can really be any question about which approach is going to be more effective from an economic standpoint. What virtually every economist who has come before the Finance Committee and the Budget Committee has told us is the following: No. 1, you need to get the money out there into the hands of people and companies quickly so that it gets spent. That is what will stimulate the economy. So to the extent you are getting money into the hands of people who are the most likely to spend it and companies that are the most likely to spend it, you are getting the job done, you are stimulating the economy.

So with respect to individuals, it doesn't make much sense to give the lion's share of the tax cut to the wealthiest because they are the least likely to spend it. Therefore, they are the least likely to stimulate the economy. With respect to companies, it doesn't make much sense to write billion-dollar checks to companies that are already profitable because, again, they are the least likely to spend the money that will stimulate the economy.

Unfortunately, that is what the House Republican package does, as I have indicated, overwhelmingly. Beyond that, they also suffer from the second part of the equation. The first part of the equation is to stimulate the

economy in the short term, give it a boost, a lift. The test is getting money into the hands of individuals and companies quickly who will spend the money. That is the economic test.

On the longer term question, every economist, including Chairman Greenspan and former Secretary Rubin, has told us: But you have to couple that with long-term fiscal discipline. You have to demonstrate to the markets that you are not going to just go out and spend money and undermine the tax base and make our long-term fiscal condition worse, because that will put upward pressure on interest rates and you will undo all of the good you are trying to accomplish with a short-term fiscal stimulus. If you abandon fiscal discipline for the long term, that has the effect of raising interest rates; that has the effect of smothering the economy.

So we have to be smart about this, and we have to adopt two principles: One, yes, stimulate the economy in the short term, but, two, couple it with long-term fiscal discipline so we don't put upward pressure on interest rates and don't undo what we are trying to accomplish.

Mr. DURBIN. Mr. President, I ask the Senator to yield on this question as well: We have focused our discussion this morning on the question of tax policy and the impact of tax cuts on the people or companies that receive them. I want to ask the chairman of the Budget Committee to reflect for a moment on the difference between tax cuts and spending programs at this moment in our economy.

One of my colleagues noted that last night on the television they had the scroll that went across the screen and it said the difference between the economic stimulus package is that the Republicans are for tax cuts and the Democrats are for spending. That certainly doesn't express the contents or the direction of our own stimulus package, which includes tax cuts for working families as well as spending.

Could the Senator reflect on the effectiveness of spending contrasted to tax cuts when it comes to stimulating the economy? What value is there to providing a tax break of \$1.4 billion for a major corporation, as opposed to saying we are going to take \$1.4 billion and invest it in America? As a contrast, President Bush has proposed that to deal with bioterrorism we should give to State and local public health agencies nationwide \$300 million.

That is supposed to respond to our concerns about bioterrorism. I think that is woefully inadequate.

Interestingly enough, the House Republican stimulus package gives \$1.4 billion, almost five times as much, to one corporation, with no promise they will do anything in return.

So will the Senator from North Dakota comment on the use of spending for such things as school modernization, improving law enforcement at airports, protecting our infrastructure,

and investing in public health to deal with bioterrorism as an economic stimulus?

Mr. CONRAD. I am happy to. We had a hearing on this before the Senate Budget Committee. We had very distinguished economists from both sides come and give their testimony. It is very clear, both tax cuts and spending can be stimulative.

The first test is: Do they get out in time to be stimulative? That test applies to spending and to tax cuts. The first test is: Do they get out in time to give lift to the economy when it is weak, No. 1?

No. 2, the question is: Do they go to companies and individuals who will spend the money or invest the money? Because if people save the money, that is not stimulative to the economy in the near term. So that is critically important.

This is not a question of tax cuts versus spending. Our proposal on the Democratic side has a combination of tax cuts and spending, but they are designed to meet both principles, No. 1, that it gets out quickly and, No. 2, that it goes to companies and individuals who will actually spend or invest the money to stimulate the economy.

With respect to tax cuts on the Democratic side, the package of tax cuts we have endorsed include the following: bonus depreciation. Now, why are we doing that? Why are we giving a bonus if one buys capital goods now? If a company makes an investment now to buy equipment, why do we give them a bonus on the depreciation? The reason is, all of the economists who came before us said behavior has to be changed. People who are not buying now have to buy. One way to do that is to give bonus depreciation. Actually, that provision is common in the two approaches, the Republican approach and the Democratic approach.

No. 2, we provide for what we call net operating loss carrybacks so a company that has been hard hit by the events of September 11 and has losses now but had income in previous years can take back the losses now and get a refund against earnings in previous years. That is a provision that is common between the two sides.

The third provision we have is to increase expensing for small businesses. Small businesses that now expense can write off \$25,000 worth of purchases a year. We increase that to \$35,000. Again, that is a provision common to us both.

The fourth tax cut that is in our plan is to provide rebates to those who were left out of the last round. People who pay payroll taxes but not income taxes, they were left out. They did not get anything last time. They are, by the way, the very people most likely to spend the money to actually stimulate the economy.

So those are provisions that are in our bill, that are in the Republican bill as well, with some differences, because both of us recognize those are stimulative.

In addition, we have some spending provisions on homeland security issues. What we are talking about with respect to homeland security is strengthening security at airports, strengthening security at harbors, improving local law enforcement. Those are things the economists have told us may give a double hit. That is, not only will the spending be stimulative but if people are given a greater sense of security and, in fact, improve their security, that will also help the economy, because one thing we are suffering from now is a lack of confidence, a reduction in consumer confidence.

Frankly, people do not feel safe. That is inhibiting air travel. That is inhibiting economic activity. So to the extent we have spending, that stimulates the economy because it is moving into businesses and buying goods and services from them but it also gives people a greater sense of security that may be the most stimulative part of the package according to economists who came before the Senate Budget Committee.

Mr. DURBIN. I might say to the Senator from North Dakota in asking another question, it seems the point he made is critical, and that was reflected in a piece that appeared in the Washington Post over the weekend by Joseph Stiglitz, in which he talked about the impact of anxiety on the economy. At one point he said, "Anxiety impedes investment." Certainly we know that anxiety breeds pessimism. So what we are trying to do in the economic stimulus package, from the Democratic side, as has been described by the Senator from North Dakota, is to provide tax cuts and tax rebates to the people who can use them, who will spend them for the things they need to survive, as opposed to the Republican approach in the House, which is to give tax cuts to corporations with no strings attached, over a billion dollars that might not result in a single new job, perhaps more dividends for the shareholders but no guarantee of a single new job.

So the tax cuts we are for are focused on the people who will spend them effectively to get the economy moving, and then the spending part of our proposal is focusing on homeland security, issues that genuinely concern people, whether we are talking about bioterrorism and making certain we have a response to it or improving and enhancing law enforcement so wherever we might go there will be an adequate response.

Yesterday I was in New York City when the plane crashed. At that point, they closed everything. They closed down the airports. Many of us changed our plans and rushed over to Penn Station to get the Amtrak train back to Washington. Trains were so crowded many of us had to stand the whole way. It was an indication people were concerned, and they responded to that anxiety by changing their habits. Instead of taking the airplane, they came to Amtrak. That sort of thing is happening across America in ways large and small.

Is it the belief of the Senator from North Dakota that in putting investments in this homeland security we are not only stimulating the economy by putting people to work to do the things to improve aviation security but we are also trying to build confidence back in this economy which has been shaken not only by bad economic news but by the news since September 11?

Mr. CONRAD. Precisely. I do not know what could be more clear. There are some on the other side who will stand up and decry spending. I did not hear them decrying spending to increase our military preparedness. I think we are all joined as one, understanding we have to strengthen our military to respond to what is happening. But it is not our uniformed military that is on the front lines of response to this crisis. It is also our firefighters and our policemen and all local law enforcement, and those elements of this fight against terrorism need to be buttressed.

Does anybody doubt we need to add money to fight bioterrorism? Does anybody really believe we are prepared to do all of the things necessary to cope with bioterrorism? I do not believe there is a single Member who can possibly believe we do not need to spend more money to protect ourselves against anthrax and smallpox and all the other things that could be used as weapons against this Nation.

Now, that happens to give a double hit. Not only is that spending stimulative to the economy because it buys goods and services; it also provides people greater protection, and we need to do that. We need to strengthen national defense. We need to strengthen law enforcement. We need to strengthen our ability to wage war against those who would engage in terrorist attacks against us.

Yes, that is spending but it is spending for a purpose, and it is an important purpose.

Mr. REID. Will the Senator from North Dakota, the manager of this bill, yield for one question? I will be brief. The Senator has about 15 minutes.

Mr. CONRAD. I am happy to yield to the Senator from Nevada.

Mr. REID. I have heard the Senator from North Dakota and the Senator from Illinois speaking about security and how people feel. I think something that would not cost any money but would be good for the economy is do something about airline security, which has been floating around now for more than a month. We had the terrible incident September 11, with over 6,000 people killed. We had this terrible accident.

This bill is being held up because they don't want people to have the same protection as the firemen and police who lost their lives in New York protecting innocent people.

Do you think it would create economic security if we had airline security?

Mr. CONRAD. Again, I don't know what could be more clear. What some

are endorsing is a continuation of the policy that failed catastrophically on September 11. Some would say that system is good enough; stay with the status quo and have some of these same private contractors, who have failed abysmally, continue.

We saw an incident with one of the companies in Chicago where a guy got on board with seven knives and a stun gun. That system is not working. I don't know what could be more clear. We need tighter airport security. That costs money, but it is an expenditure that we need to make. Yes, it will stimulate the economy. More than that, it will provide greater security to the American people.

As chairman of the Budget Committee, I have had many people come to me with things that need to be done to strengthen local law enforcement, strengthen our national defense, strengthen protection of our borders through the Border Patrol. Those need to be done. We need to do a better job of policing those who come into our country with visas. Right now people come and say they will go to school and nobody checks to see if they showed up at school.

One terrorist who engaged in the attack on September 11 was scheduled to go to a school and never showed up. We have no system for tracking to find out if somebody doesn't show up, why they didn't show up. That costs money. That also will strengthen the security of this country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. I think we are all unhappy with airport security. Despite all of its failings, the private security company and the private airline did catch the guy; and then Government employees came, law enforcement officials, and let him go. We had to go back, find him, and arrest him.

Eight people were fired on the spot as a result of the mistake. If they had been civil servants, they could never have been fired.

The debate is whether we are basically going to add a political rider on airport security. The political rider is to force the President to use Government employees alone. It seems to me that is a political agenda, and it is not a safety agenda. We ought to give the President flexibility. Where Government employees work, use them. Set Federal standards and enforce them. Where private contractors work, and work better, use them.

We have heard all the talk about the Republicans in the House who have this strange idea that if we provide lower taxes, it will induce people to work, save, and invest. All this talk about it being distinctly inferior to the Democrat Senate bill which provides subsidies to watermelon production, bison meat, distilling rum in Puerto Rico and the Virgin Islands, new subsidies for tobacco, and tax cuts for people who don't pay taxes. I guess beauty

is in the eye of the beholder. It is up to the American people to decide what makes good economic sense and what doesn't make good economic sense.

We will have an opportunity later today or tomorrow to debate this issue. I do not believe the American people are going to buy this grab bag of spending as a stimulus package. It is always interesting to me, having watched this whole process now going on 24 years, that every time something new happens, everybody in politics goes back and takes all the old, tired, rejected ideas they ever had and dresses them in new clothing. The new opportunity now is stimulus. All the old ideas that never passed the laugh test in the past now have come forward as part of the stimulus package.

I hope we will get serious. I hope we will write a bipartisan bill. I certainly intend to support that.

I didn't come over to talk about those things today. I came to talk about the resolution before the Senate. Under the old Gramm-Rudman law, one of the compromises in getting it adopted was a triggering mechanism where, if you had low economic growth or a projection of low economic growth, there was an opportunity for Congress to opt out of binding restraints on deficit spending. I am pleased we are deciding through the recommendation of the Budget Committee not to opt out of those binding constraints. I congratulate the chairman and the ranking member for their support to vote no on the resolution. I will certainly vote no on it.

However, this is largely symbolic. We are in one of the great spending sprees in American history. Since September 11, we have had a dramatic swing from a commitment to balance the budget and reduce debt and save Social Security to "anything goes" in the way of spending.

Obviously, we were all affected by September 11. I don't think there is any opposition anywhere to doing what we need to do to hunt down and kill these terrorists and to try to help people who were hurt by the terrorists and whose lives have been diminished, wrecked, or lost as a result. However, nobody can claim all of the add-on spending has anything to do with terrorism. What we are going to have to decide pretty quickly is if we have completely given up our commitment to balancing the Federal budget and paying down debt. The only way we can show that is not through some resolution which, again, I applaud. I certainly would be unhappy if we were supporting the waiving of these old budget restrictions which represent the only protection we have against deficit spending, but I would have to say we are now in a situation where appropriators in both parties—it is almost as if we have three political parties: Republicans, Democrats, and appropriators—are saying even though the President believes he can complete the year with the \$40 billion we have given him to

deal with September 11, we are going to force him to take all this money.

The President has said after the first of the year, if it becomes clear he needs more money, he will come back and ask for it and—what I think is even better—tell us what he wants it for. There seems now to be a mad rush to force-feed the President into spending money.

I hope, first of all, we will reject the resolution today, disapprove it, and when we vote on all this new spending, we will remember the gesture we made today, and when a point of order is raised against this new spending, as it will be, we will sustain that point of order.

Finally, simply drifting back and not getting into debate with the very able chairman of the Budget Committee, it is clear the stimulus package that passed the Finance Committee can't pass on the floor of the Senate. I don't believe it has 51 votes, but it certainly does not have 60. I simply urge the majority leader and the minority leader to sit down together and see if we can work out a compromise. We are heading toward Thanksgiving and Christmas. We need to do a stimulus package if one can be put together that helps the economy. In all honesty, I do not believe the stimulus package that passed the Finance Committee would help the economy. My guess is it would probably be harmful. So if that were the only choice, I would simply vote no. But I don't think it is the only choice. I think we can put together a compromise. If we can do that, I suggest we get on with it.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, let me thank the Senator from Texas for his support of the position on the low-growth suspension of the budget points of order. He is a respected member of the Senate Budget Committee, and he joined us in our recommendation to our colleagues that we disapprove the resolution that would abandon the provisions that help us maintain fiscal discipline. I thank him very much for that.

When the Senator says we have been on a spending binge—if we have, he has been part of it. I have gone back and looked at the votes. On the emergency supplemental appropriations bill that provided \$40 billion to respond to the attacks on this country, that vote was unanimous. The Senator from Texas joined on that vote to support \$40 billion to respond to the attacks and help rebuild and repair those things destroyed. On the air transportation safety and system stabilization to rescue the airline industry that was faced with imminent collapse, the Senator from Texas voted for that, too. Those are the only two things we have passed that are over and above what was agreed to by Republicans and Democrats with respect to the spending provisions for this year.

So when he says we are on a spending binge, let's get this straight. Every Member, with the exception of one in this entire body, voted for the spending we have done in response to the sneak attack on the United States—every single Member, with the exception of one. That one was not the Senator from Texas.

Let me also indicate, in the Senate provision, the stimulus package the Senate has put forward that we will be considering this afternoon, \$5.5 billion of that \$67 billion package is for agricultural economic emergencies. The Senator from Texas ridiculed some of them. They are easy to ridicule. The Washington Post over the weekend, on Sunday, in a column of theirs, ridiculed one of the provisions of which I am a prime mover and a prime supporter. I take this moment to explain what that provision is about and let people judge for themselves: Does it have merit or doesn't it? I believe it does.

Out of a \$67 billion package, there are some \$200 million for commodity purchases, the purchase of commodities for school lunch programs and for other feeding programs. This is typically what we do in a stimulus package. At a time of economic downturn, more people can't feed themselves, they can't feed their families, so we typically buy commodities to strengthen the feeding programs we have in this country. That is a compassionate thing to do. That is the right thing to do. It should not be ridiculed by a Senator or the Washington Post or anybody else. It is the right thing to do.

Let's talk about this provision for the purchase of bison, buffalo—whatever people are calling them. In this commodity program, to buy \$200 million of commodities, there is \$10 million to buy bison. Why? No. 1, it is probably the most nutritious meat anybody can eat because it is low in fat, high in protein, and it goes very well in our feeding programs—\$10 million. But it has an added benefit because the bison industry is flat on its back. It is about to go broke. That will jeopardize thousands of families who are dependent on the bison industry to strengthen their agricultural operations.

I know it is so easy to ridicule these provisions. The Washington Post regularly ridicules anything for farmers because all they can see is that in every farm program there are some who are wealthy people who benefit. I agree with them, that is wrong. I wish we had much stricter payment limitations. I introduced a bill with the most strict payment limitations anybody has ever introduced, but it did not pass. And they are focusing on the exception rather than the rule.

If they would go to my State, they would find—are there some abuses? Yes. Are there some wealthy people who get farm program benefits? Yes. I wish it didn't happen. But do you know what else they would find? The vast

majority of farm families in my State are struggling, they are in deep trouble. Farm prices in real terms are the lowest they have been in 50 years. More than that, in the last month the prices farmers received went down 9.5 percent, the biggest 1-month drop since they started keeping records 91 years ago.

There is a crisis in agriculture. There is a crisis in rural America. Farm families are going under by the thousands. If we do not act and we do not respond, it will get much worse. They can ridicule all they want and go to their cocktail parties here in Washington and believe they really have the moral high ground because they ridiculed spending for feeding programs for people who are hungry and to support hard-working farm families who are on the brink of going under, they can feel smart and smug—go ahead. They are wrong. They are not being very thoughtful.

To suggest somehow this was related to lobbyists—that was the essence of the story in the Washington Post, that lobbyists are writing this stimulus bill. I agree with them with respect to a lot of what I see in the House stimulus bill. That has been well lobbied. But \$10 million to buy food for our feeding programs from farmers who are going under? I have not seen a single lobbyist in this town working for the bison industry. I have not seen one. Not one has come to me—not one. There is no bison industry pact of which I am aware.

When people get smart and smug and ridicule—it is easy to ridicule, really easy. But I don't think it is very smart and I don't think it is very compassionate to ridicule putting money into an economic stimulus package to buy commodities to help hungry people and to help farm families who are going under. I don't see that as very smart, and I don't see that as very compassionate.

I yield the floor.

The PRESIDING OFFICER. If no one yields time, time will be charged equally to both sides.

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

Mr. CONRAD. Mr. President, let me go back to what this larger discussion is about and the resolution that is before us.

When we are faced with two consecutive quarters of growth below 1 percent, the Budget Act then requires that the Senate Budget Committee consider a resolution which would eliminate all of the budget protections—all those things we use to maintain fiscal discipline. That has happened. The last two quarters have been below 1-percent growth. So we have before us the resolution to eliminate the budget protections.

The Senate Budget Committee met and on a bipartisan basis rejected the notion of abandoning all of our budget protections—those approaches we use to maintain fiscal discipline. We rejected it and sent what is called the

resolution of disapproval to the Senate by a vote of 22-0.

Now the Senate has to vote because there are expedited procedures that bring these provisions to the floor. We will vote at 5 o'clock. The vote will be: Do we set aside the budget points of order that allow us to maintain fiscal discipline? Do we set those aside for the next 2 years? The Budget Committee has said no. I hope the Senate in a resounding way says no this afternoon at 5 o'clock. That is what we have done in the past.

In 1991, when we had a similar circumstance, the Senate Budget Committee rejected the idea and reported unfavorably abandoning fiscal discipline 21-0. The Senate vote was 97-2 against giving up those budget points of order and those protections for fiscal discipline.

Later that year, a second low-growth resolution came before the Senate Budget Committee. It was rejected 21-0. The Senate rejected it 92-5.

In September, again, there was a low-growth resolution. The Senate Budget Committee rejected abandoning fiscal discipline on a vote of 19-2. The Senate rejected it on a vote of 88-8.

Once again, because the economy has been growing at less than 1 percent, this automatic resolution has come before the Budget Committee and has come before the Senate. The question is, Do we eliminate all of those budget points of order that help us to maintain fiscal discipline? The Senate Budget Committee has acted saying no on a vote of 22-0. They voted out a disapproval resolution. Now the full Senate is going to have its chance to register its opinion at 5 o'clock this evening.

I hope that we reject it unanimously and send a clear message to the country and to the market that we intend at the same time we provide fiscal stimulus and a short-term lift for this economy to also maintain long-term fiscal discipline and the integrity of our trust funds.

The PRESIDING OFFICER. All time under the control of the majority has expired.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that between now and 12:30 the Senate go into a period of morning business with Senators permitted to speak therein for up to 10 minutes each.

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

THE BUDGET SURPLUS

Mr. NELSON of Florida. I compliment our chairman of the Budget Committee for the leadership he has given us and how steadfast he has been to be conservative in his outlook and his projections on what we should do with the projected budgetary surplus. It was the Senator from North Dakota,

our chairman, who kept saying earlier this year: Watch out. These budget projections are too rosy. The budget, as projected over the next 10 years, is going to be considerably less.

Isn't it astounding that before September 11 the debate was over the use of the surplus and whether to pay down or pay off the national debt over a 10-year period. Now we find ourselves in a shrunken surplus with a wartime condition.

I also extend my compliments to the ranking member, our dear friend, the Senator from New Mexico.

The point I want to make is how quickly the landscape shifts—that before September 11, if the Senate had taken the advice of the chairman of the Budget Committee, what we would have done would have been very conservative in our approach as to how we were going to use the projected surplus. We wouldn't have frittered a lot of it away.

As the Senator from North Dakota has pointed out, that surplus was very likely to, if not disappear, be reduced. With the events of September 11, which put us on a wartime footing with new expenditures we had not planned on, combined with the diminished surplus—we were planning back in the summer to use the surplus to pay off the national debt. That is not even in the cards. Indeed, what is happening is the surplus that is left—the surplus in the Social Security trust fund—is going to be used up for other things to the point that we are facing the prospects of deficit financing, which is spending more than we have coming in in tax revenue in any one given year. That, of course, adds to the national debt.

How sad it is that we did not take the advice of the chairman and be conservative in the way that we were going to plan our spending and our tax cuts for the next decade so that we would have a greater cushion when the emergency came, as surely as it was going to come, only it came sooner than we thought; it came on September 11.

I thank the chairman for his leadership and for his knowledge about what this Nation is facing fiscally.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Senator from Florida, who is a very valued member of the Senate Budget Committee and also throughout his career has been dedicated to fiscal discipline.

We did make some mistakes earlier this year, unfortunately, collectively, in going too far, I believe, on the tax cut package in the face of a very optimistic set of forecasts but a set of forecasts over a 10-year period that I think almost anybody could have anticipated was unlikely to ever come true. We tried to warn our colleagues repeatedly that it was unlikely to come true; that you could not trust a 10-year forecast, that it was filled with risks, that it was filled with uncertainty, and we ought to be cautious.

Unfortunately, caution was thrown to the wind, and as a result we now face a circumstance where we will have budget deficits in this fiscal year, and perhaps for several years thereafter, and for the next 10 years we will see all of the Medicare trust fund money being used to fund the other operations of Government and a very substantial portion of the Social Security trust fund being used to fund the other operations of Government. That should not be done. That is a mistake.

We will regret it when the baby boomers start retiring in 10 years because, unfortunately, we had a budget in place before September 11 that did not add up, and now it is even further off in the red because of the tragic events of September 11 and the aftermath.

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

Mr. NELSON of Florida. Madam President, I would like to address the Senate on another subject in addition to the budget. It is my understanding we are in a period of morning business.

The PRESIDING OFFICER. The Senator is correct.

Mr. NELSON of Florida. Madam President, may I be recognized?

The PRESIDING OFFICER. The Senator from Florida is recognized.

AIRLINE SECURITY

Mr. NELSON of Florida. Madam President, I call to the Senate's attention the fact that the travel and tourism industry is a most important industry to all of our States but especially to 30 of our States. The travel and tourism industry is one of the top three industries in those States. As a result, we see that the reluctance of people to travel, particularly on airliners, is having a devastating economic effect upon areas of the country that are magnets for travel and tourism.

Clearly, two such areas are in my State: Orlando, which is the No. 1 tourist destination in the world, and Miami, a central hub of travel and tourism throughout the Americas and of a huge cruise ship business to which passengers come by airliner. But you can look at other cities in the country—Atlanta, New York, Las Vegas—you could go to any number of the cities where travel and tourism is a major economic component, and they are devastated.

For example, in Orlando it is very interesting; you see the dramatic effects of people afraid to be on airplanes and thus the reduced airliner traffic. You can go into downtown Orlando, in hotels that are more accommodating to business travel, and you will find that they are doing fairly well. But if you go out on International Drive, outside of Orlando, toward the tourist destinations, you will find hotels that have less than 50-percent occupancy.

Indeed, I talked to the owner of one hotel—it is a hotel with 800 rooms—and

they have closed up 600 of the 800 rooms. It does not take too long to understand, with that kind of reduced revenue, suddenly, the owners of those hotels are not going to be able to pay their mortgages, their taxes.

Look at the devastating effects upon employment in the areas where they have laid off so many workers because they do not have the traffic to support all of the employees, and you see how that diminished economic activity ripples through the economy and starts to devastate not only a community but devastates a State. And when you look at the reduction in the sales tax in so many of our States, and the crisis State governments are now facing in their budgets, indeed, you see that it starts to economically devastate the Nation.

Why am I saying all this? I am saying it because we have something we can do about it in this Chamber and in the other Chamber at the other end of the Capitol, because we have in front of us a bill for establishing airline security, with all of these items on which we have generally gotten consensus such as sky marshals, such as hijack training for airline employees. But we come to this difference of opinion on the screeners, the airport security personnel: Should they be privately contracted or should they be federalized law enforcement officers?

The reason I rise to make these remarks is because I just heard a riveting story by Senator DEBBIE STABENOW of Michigan. On a flight inbound to Reagan National Airport last night, a passenger, perhaps intoxicated, stood up and started walking toward the cockpit.

Now, mind you, the FAA has a regulation that for the last 30 minutes of a flight inbound into Reagan National Airport every passenger must remain seated. It is for the obvious reasons, with Reagan National Airport being so close to the centers of Government—10 seconds from the Pentagon, 20 seconds from the White House, and 30 seconds of a diverted flight path to the U.S. Capitol—that this was one of the safety precautions the FAA required on inbound and outbound aircraft at Reagan National Airport.

As relayed by Senator STABENOW, they were inbound, and suddenly this rather large gentleman got up and started walking toward the cockpit. What she shared with us was, she was so proud of the professionalism that then occurred, with two sky marshals sitting in first class who immediately got up, without any fuss, and got this passenger on to the floor. Apparently, there was a third Federal law enforcement officer on the plane as well, toward the back of the plane. Everyone was instructed to get their heads down, that they were diverting immediately to Dulles Airport.

The plane landed safely. All of the law enforcement personnel came out to the plane. It was handled very professionally. It was handled very safely.

I tell you this riveting story, just told to me by Senator STABENOW, to make the point that the American public desperately wants to feel safe when they get on an airplane. They want to know that the most highly qualified, highly trained personnel are the ones who are not only on that aircraft, as was just demonstrated by the sky marshals' professional behavior, but they want to know that the most highly trained, qualified law enforcement personnel are the ones who are doing law enforcement checks of the hand-carried baggage and the profiling to try to avoid any kind of incidents in the future that would jeopardize the safety of the American flying public.

Now, it just seems to me that with so much at stake, not only for the safety of people in airplanes but for the economic engine of this country, which is being so devastatingly affected in places such as my State and 30 other States where travel and tourism are one of the top three industries, it would seem to me that we ought to be able to have a meeting of the minds, enact this legislation, and get it to the President, who has said he will sign what the Congress produces, and get on about restoring the confidence of the American public in the safety of flying.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

AIRPORT SECURITY

Mr. DODD. Madam President, I commend my colleague from Florida for a very excellent statement regarding airport security. As many colleagues here, over the weekend, I, too, traveled and met with some airport administrators and officials. Regardless of where you are in the country, the message is the same. These are people who don't particularly wear any labels of Democrat or Republican, Conservative or Liberal, whatever those labels may mean to some, but to most Americans out there, the issue of being more secure on something as fundamental as air travel is basic.

They don't understand why the Republican House leadership has refused to join the 100 Members of this body and the overwhelming majority of people involved in the airline industry in getting federalization of these workers and making airports as secure as possible.

I served in the Peace Corps in the Dominican Republic and many people were going back home there on that flight yesterday. One young man served in the Navy, and he just received his leave and was going back to visit his parents from the Dominican Republic. Another woman who escaped the World Trade Center tragedy lost her life on the flight yesterday.

Obviously, we don't make any equation of terrorist acts to what happened yesterday upon the preliminary information. But it heightens the security that people want to have in air travel.

We call, again today, on the Republican leadership in the House to change their minds and adopt the bill embraced to this body 100-0 and offer the public the security they deserve.

The Senator from Florida made an excellent point.

THE ECONOMIC RECOVERY PACKAGE

Mr. DODD. Madam President, I want to take a minute and talk about the matter before the Senate, which is the economic recovery package, the stimulus package. I say to my colleagues here, and to others, that, again, this is one where the President—I know he is meeting with President Putin, and the subject matter is obviously the war against terrorism in central Asia. But it is also going to be very important in the prosecution of that war that we convey to the American public our deep concern about the present condition of our economy, and that there is clearly a recession.

The unemployment numbers are getting worse. Last month we had the highest increase in unemployment in 20 years. There is every indication that this economic downturn will be with us for some time. We have seen a staggering number of people lose their jobs, particularly at the lower end of the economic spectrum. I hope the President will be asking us to extend unemployment benefits for these people who have lost their jobs. First of all, it is a wonderful way to provide some stimulation because these are dollars that must be spent. The people on unemployment don't have the luxury, having lost their jobs, of opening up a savings account. They are trying to provide for their needs on a daily basis. Those extended unemployment benefits are dollars that end up in the marketplace. If demand is one of the issues—and I believe it is, based on the economists who have shared their thoughts with us—then clearly those who would receive these unemployment benefits are going to contribute to stimulating the economy.

Providing health care benefits—again, none of us subscribes to the notion that people who are unemployed or lose their jobs are anywhere near as much a victim as those victims on September 11, at the World Trade Center, or the Pentagon, or aboard that airplane in Pennsylvania. But they are all victims.

We know that what happened on September 11 contributed to the economic difficulties that existed on September 10. We know, for instance, that airline travel is down some 20, 30 percent. We know, as a result of that, the hotel industry and the restaurant industry—which, by the way, are the largest employers in America; some 17 million people work in the service industries these are the ones who have been hit immediately. And the people who set tables, who wash dishes, wait on tables, who clean hotel rooms, who work in

some of the more difficult and lower paying jobs in the country have lost their work. These are family members, heads of families, and they are out there wondering whether or not the next job is going to be available for them. So they are, in a sense, victims because, clearly, the events of September 11 have impacted their lives.

Many of us are suggesting as part of this economic package that we include extending unemployment benefits and health care, and we say to those people and their families that we wish we could provide you with a job tomorrow. We can't. We wish we could produce one for you immediately. We can't do that. But we can reach out to you and say during the next number of weeks we are going to provide extended unemployment benefits to you and see to it that States get back some dollars from Medicaid and the COBRA program, so you can have health care coverage during this time of difficulty. I don't think that is an exaggerated or excessive request. I hoped, frankly, that the request would be made of us to do this, rather than we making a request of the President and others to support this.

This is America. We are coming together as a people. Everybody who is hurt and has suffered as a result of these tragic events deserves an extended hand to try to see if we can't lift them up.

I was so impressed yesterday while watching the film clips of the people in New York. Average citizens were racing to help the firemen, helping to extend the hoses to try to put out the fires in the communities that were devastated by the downed aircraft. What a wonderful photograph, in a sense, during a time of tragedy. Average citizens—not firemen or policemen but people in civilian clothes—were running along the streets, grabbing firehoses and helping the departments reach the flames to try to save lives and property. That is my America. That is the America I know.

I want to see my Congress and my national leadership be as those people in the streets of Queens yesterday who were racing along to help out during a time of tragedy. That is what this economic package we have crafted tries to do. It is short term, it is focused, it is fiscally responsible, and it tries to help people who are suffering. That is all we are trying to do—give a tax rebate, a tax cut for the folks who didn't get it last spring so they might have additional dollars in their pockets to provide for family needs, and to see to it that we might invest some dollars as well in hardening up our infrastructure in the country.

Put aside September 11 for a minute. How many times have we heard over the last number of years that if you don't maintain the basic infrastructure of your country—roads, bridges, mass transit systems—economic growth suffers? So this bill will also include some dollars to try to harden up this infrastructure so we will be better prepared

to withstand the kinds of terrorist attacks that could occur that would put those pieces of infrastructure in harm's way. This bill will provide some resources for that. Of course, it puts people to work. Imagine that; we might put some people to work by passing this bill.

That is basically the package. It is designed to provide unemployment benefits, health care benefits, dollars for infrastructure, and a tax cut for people who did not get one so they might not only get a break themselves but also contribute to the demand side of the equation which is necessary if this economic stimulus package is going to provide additional lift during this time of difficulty.

I hope in these next couple of days we can come together. We have done it before in the last few weeks. These are not excessive requests. This is a fiscally responsible plan. We have done so much in the last 10 years to put our economy on a footing that none of us imagined would ever be the case: that we would actually be in a situation where we would be talking about eliminating the national debt if we wanted.

How many of us have seen those clocks in almost every city that rapidly show the increase of the national debt? Yet over the last 10 years as the result of some very fine leadership in Congress, by the Federal Reserve, and obviously the White House, we were able to make a difference to put this country on a path many people thought we could not get on again.

As we talk about an economic recovery package, it must be fiscally responsible. If we are going to spend ourselves once again into huge debt, I cannot imagine anything more that Osama bin Laden or his supporters would like to see than us not only weakened from their attacks on September 11 but that we would weaken our economy either because we made excessive tax cuts or spending additions that were unwise.

As most Americans, I am stunned. I represent the most affluent State in the country, and certainly many of my constituents would benefit directly. They are some of the top income earners in the country. I do not hear my constituents talking about the need for a \$1.3 million tax break for IBM or the Ford Motor Company as a result of repealing the alternative minimum tax.

Where is the sense of contribution? Are they like the people in the streets of Queens running and dragging those hoses along to help put out the fires, somebody who is probably making \$20,000 or \$30,000? Some of them are retired. They were racing along to help stop a fire. How about that coming out of the top income earners in the country to help put out the fire in a sense? That is all we are asking.

The PRESIDING OFFICER. The Senator has consumed 10 minutes.

Mr. DODD. I thank the Chair. I will wrap up by saying I hope we can find some common ground this week and do what the American public expects of

us. I would so much love to hear my President ask me to extend these unemployment benefits and provide health care. Presidents in the past have done it.

This President is doing a wonderful job in the battle in central Asia. All of us appreciate his work and the work of his team. I know he is occupied with that now, but we also would like him to appreciate the battle going on at home.

Madam President, I yield the floor, and 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.

The PRESIDING OFFICER. In my capacity as a Senator from the State of New York, I ask unanimous consent that the order for the quorum call be rescinded.

Without objection, it is so ordered.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate will stand in recess until 2:15 p.m.

Thereupon the Senate, at 12:29 p.m., recessed until 2:17 p.m. and reassembled when called to order by the Presiding Officer (Mr. BAYH).

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

Mr. HELMS I thank the Chair.

CONTINUATION OF AGRICULTURAL PROGRAMS

Mr. HELMS. Mr. President, I speak on some legislation filed by distinguished Senators relative to S. 1673 this past Friday. I am honored to join with my distinguished colleagues in offering legislation to provide the maximum flexibility and stability our farmers need to make proper business decisions based on market conditions.

I am mindful, of course, of agriculture's importance to our country's economy and to America's security. I might add that agriculture is the No. 1 industry in North Carolina. Our farmers rank third in the Nation behind California and Florida in agricultural diversification.

It is with genuine appreciation that I join Senator LINCOLN, Senator HUTCHINSON, and Senator MILLER in working together in crafting this bill. The farm bill we are introducing will be helpful in our guaranteeing that American farmers will continue to provide the American people with the safe and adequate food supply that too many take for granted.

The past several years have been a genuine challenge to farmers, whether their operations are large or small. Farmers and their families have long been the backbone of countless rural communities. Every day, farmers face new challenges by literally dozens of factors beyond their control, from weather to insect infestation, to overreaching regulations that unnecessarily increase the cost of production,

to trade barriers imposed by other countries on our farm products.

All these factors make it especially difficult for farmers to earn a profit when prices are at such historic lows as they are today. As farmers begin preparing for a new planting cycle, meeting with their bankers to plan the financial future of their businesses and their families and making difficult decisions relating to capital improvement, they also face the uncertainty that comes with congressional consideration of a new farm bill. Farmers are already reeling from a string of especially difficult years, and this bill that was offered on Friday provides a balanced and bipartisan approach to provide the stability needed to better compete on a global playing field while allowing farmers the flexibility they must have in order to adjust to the world market.

I think the House of Representatives is to be commended for its leadership in so quickly passing a farm bill that is a positive step toward bringing stability and predictability to American agriculture. The bill we offered Friday in the Senate is built on the concepts adopted by the House which, by the way, developed its bill by soliciting the input of farmers and farm organizations throughout the country for the better part of 2 years.

We believe this bill is particularly well crafted to clear all of the legislative hurdles necessary to present it to the President for his signature by the end of this year.

Although we have had many important national issues to deal with during this historic time, we must not forget the needs of America's farmers.

I appreciate the willingness of my colleagues to work together on a good piece of legislation, and I look forward to our continued cooperation with each other.

Mr. President, I ask unanimous consent that a letter endorsing the bill we introduced this past Friday be printed in the RECORD.

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

NORTH CAROLINA
FARM BUREAU FEDERATION,
Raleigh, NC, November 7, 2001.

Hon. JESSE HELMS,
U.S. Senate,
Washington, DC.

DEAR SENATOR HELMS: The North Carolina Farm Bureau favors farm policy philosophies that were adopted in the House version (H.R. 2646) of the Farm Bill. We are also supporting your efforts along with Senators Hutchinson and Lincoln to draft a similar bill that includes a well-balanced funding approach among all titles.

All commodity groups were included in the writing of the House Farm Bill. The bill outlines the ideals of farmers by directly addressing farm programs while also making significant investments and improvements in conservation, rural development, export, research, and nutrition programs.

A Farm Bill that reflects the House version will result in a less contentious conference report. This hopefully should allow

for a new Farm Bill to be signed into law this year.

Thank you for your hard work in offering a Farm Bill proposal that helps address the challenges that our farmers face today.

Sincerely,

LARRY B. WOOTEN,
President.

The author of this letter, by the way, is the distinguished President of the North Carolina Farm Bureau Federation, Larry Wooten.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas.

Mrs. LINCOLN. Mr. President, I ask unanimous consent to address the Senator as in morning business.

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

Mrs. LINCOLN. Mr. President, I am proud to rise to thank my colleague from North Carolina, having had the pleasure of working with him and his staff on this issue. I thank him very much for the leadership he has provided the State of North Carolina and this great Nation and certainly this body. I have had a wonderful time working with him.

I join my colleagues in introducing a bill of the utmost importance to our farmers. Since the passage of the Freedom to Farm bill in 1996, our farmers have toiled under clouds of uncertainty. Quite simply stated, our Nation needs a farm policy that works for working farmers. That is why, along with Senator HUTCHINSON, Senator HELMS of North Carolina, Senator MILLER of Georgia, Senators BREAUX and LANDRIEU of Louisiana, and Senator SESSIONS of Alabama, I am proud to offer a new alternative.

We have offered a farm bill that will ensure a strong safety net for America's farmers and ranchers. We have offered a farm bill that will increase investment in conservation programs by 80 percent. We have offered a farm bill that provides more effective support for disadvantaged working families through nutrition programs. We have offered a farm bill that will increase and improve our Nation's agricultural trade programs such as the Food Aid Program that sends food to the most needy of nations, many of which are aligned with us in our conflicts today against terrorism across the globe. We have offered a farm bill that will preserve and protect our Nation's forests and environment while investing in rural America.

For too many years, while the American economy at large was posting astonishing and unprecedented gains, our agricultural producers have not benefited from our prosperity. It is not only our farmers who are suffering as a result of failed Government policy; the institutions of small-town and rural America—local banks and merchants, feed and supply stores, equipment dealers, even corner grocers and family-owned hardware stores—are all caught in the web of financial collapse in rural America.

From a letter I received from a young farmer in northeast Arkansas a

few months ago, he said his family's farm is nearing "a point of no return," and if the crisis continues he will have to leave the land that his grandfather worked before him.

Our family farmers are farming away their equity. They are farming away their heritage. Their Government has not provided them the safety net they need to be competitive in a global marketplace in order to continue to provide us, the American people and people across the globe, the safest, most affordable and most abundant food supply in the world.

Here is a letter from a bank president in southeast Arkansas who notes that when he moved into his community in 1969, a new John Deere combine sold for about \$15,000. Today, a comparable model sells for about \$220,000. Fuel for that combine was 15 cents per gallon in 1969, he writes, but today a gallon of diesel fuel costs about \$1.05. He goes on to note that while farmers could expect to receive \$3 for a bushel of rice 33 years ago, today he only gets \$2.70 for that same bushel.

As the costs continue to skyrocket—the input of resources demanded of farmers to be put into their crops—the return on these investments continues to fall below the levels they were paid over 40 years ago.

Here is a letter from a young woman in east Arkansas who works a 60-acre rice and soybean farm with her husband and child. Her husband is so depressed because of his lack of ability to be able to provide for his family he needs counseling and medication and she can't let her child participate in afterschool sports because of the additional costs that are entailed.

She writes that where she and her family once felt pride in their sense of independence and self-sufficiency, today they feel only shame because they have to rely on loans and supplemental income payments to survive.

These stories are not unusual. In many rural areas, they are becoming the norm.

We cannot afford to let our farmers continue to suffer this way. They can't wait another year; their problems are real and they are here today. Our bill will address their problems. Our bill will restore them to a better economic future. Our bill will restore to them their hope so they can build a better future for their children and for the rest of the children in this great Nation.

I am proud to be a coauthor of this bill, and I am proud to say I will take my stand to fight for its passage for the men and women who toil day in and day out as agricultural producers in this great land. We owe them no less.

I yield the floor.

Mr. MILLER. Mr. President, I am pleased to have joined with my colleagues to introduce a bipartisan farm bill—a farm bill that will secure American agriculture into the 21st century.

For the past 4 years, our farmers have experienced an agricultural crisis

unlike anything seen since the Great Depression. As they say where I come from, it's been "hell on a holiday."

It has been particularly cruel because until the recent recession came along, our suffering farmers had watched the rest of our economy thrive with tremendous growth and prosperity.

The way we distribute disaster assistance cannot continue. Our farmers cannot wait any longer. The time for a new farm bill is now.

Our bill maintains the freedom for producers to plant the crops that best reflect market conditions. It provides an adequate safety net during economic and weather disasters, and it allows an 80-percent increase in conservation spending. Let me repeat that: It provides an 80-percent increase in conservation spending. That is nearly double what it is now. In past farm bills that would be unheard of.

The bill also makes dramatic and needed improvements in nutrition programs, trade promotion programs, and forestry incentives. It also—and this is very important—provides greater funding for our nation's research institutions such as the University of Georgia.

I have heard from members of the administration and members of the Agriculture Committee that we must take this first farm bill of the new century in a new policy direction. I do not disagree. I believe that is true. Along those lines, I respectfully point out that our bill includes the most dramatic farm policy change in nearly 70 years. That favorite whipping boy of all farm subsidies, the peanut program, has been turned on its head.

Perhaps, a little history is in order, because where we are advocating going compared to where we have been is as different as night and day.

During the Great Depression, when the South I grew up in was that "one-third" of a nation, President Roosevelt spoke about, the peanut quota system was established for poor farmers.

Quotas eventually became based on poundage and were set each year on the projected needs of domestic manufacturers.

As years went by, they began to be rented sometimes from landowner to farmer. Whether you agree with the policy or not, the peanut quota became a commodity in our neck of the woods.

The quota was passed down in families from generation to generation, and sold much as Coca-Cola or some other stock owned by our city cousins.

This policy, again rightly or wrongly, had seen little change since the early days of the Depression. Many families came to rely on quota support as their only source of retirement. It was their 401k.

And then NAFTA and GATT were passed and the peanut farmers' world was turned upside down. Because then, in the name of globalization, our trade protections for peanuts were lowered, imports were increased, and as a result quotas were gradually reduced.

Many peanut farmers across the country, seeing firsthand that what was good for the goose was not always good for the gander, and realizing what the future would hold if the current policy remained, decided to follow a new path. A way of life for more than three generations was, to use a phrase we understand very well, "gone with the wind."

This policy was so entrenched, because it had lasted so long, that this change has been difficult. It has not been easy to accept. Where I come from, a small problem that can be easily solved is known as "a short horse—soon curried." Well, this was a big horse, and it has taken a long time not only to curry but to break it.

For months, I, along with many others, called for the peanut community to unite and face reality—to get them to accept the fact that the peanut quota system as their daddies and granddaddies knew it, was gone, to understand that the people in Washington won't support it, and NAFTA and GATT are here to stay.

So, we, their representatives in Congress, urged them to accept this change and work to develop a new, comprehensive policy that would allow peanut farmers to be competitive in world markets and that would compensate those affected by the change. After a lot of discussion, I think that is exactly what we have crafted.

There are never many people happy at a shotgun marriage, and that is what this is. To make such a drastic reform took careful bridge-building to get across these troubled waters. We needed a transition. Anything else would have been unfair and not the American way.

We are willing to face the bad along with the good of fair and open trade. But we also want to maintain a peanut industry that will survive for future generations of peanut farm families.

The peanut program in this bill will be a tough row to hoe, but it is fair and the peanut community can say, "We are now like everyone else."

There are another important point that I wish to make, and it is an issue that strikes at the heart of the entire agricultural industry.

I recently met with a large group of Georgia agriculture leaders, and the message they expressed to me was one of great distress and crisis.

In this time of the lowest interest rates we have seen in years, in this time of generous credit, there are banks all over rural Georgia that will no longer finance a farmer on the basis of future crops or equipment value. It is not that they do not want to help their friend and neighbor, but it is simply too big a risk. The loan officer reluctantly points out that commodity prices are just too low, and they do not see much of a chance for the farmer to repay the loan, no matter how hard he and his family might work, not under our present trade policy.

They also point out that the agricultural economy is so distressed that

equipment purchased by farmers for thousands of dollars only a short time ago now has little value because no other farmer can afford to buy it.

The current recession did not bring this on, nor did the events of September 11. Mother Nature and poor market conditions did, and it shows that our farmers must have a stronger safety net.

In addition, disasters over the past 4 years have exhausted many life savings and left no collateral on which to finance anything. Those who say we ought to wait to pass a new farm bill ought to have to walk a mile in those farmers' shoes. They ought to have to be the ones on the farm who work from daylight to dark and from can to can't. They ought to have to be sitting at that kitchen table after supper when the kids are in bed and hear the discussion about having to give up a farm that has been in the family for generations. Then, when the family farm is put up on an auction block and it goes for pennies on the dollar, what do we say to them then? That is something we can't figure out over lunch at the Palm.

We are going to be talking this week about a stimulus package. We have proposals on stimuli coming out of our ears. It is *creme de la creme* that can be conceived only by those highly paid lobbyists, pushing and pulling, paying and pimping, and promising to get their clients the best breaks and the most generous incentives.

I learned a long time ago that when it comes to how legislation is written—especially here in Washington—it is kind of like that country music song by Freddie Hart about his girlfriend: "If fingerprints showed up on skin, I wonder whose I would find on you."

I am afraid both stimulus bills have a lot of questionable fingerprints on them, and we do not need the FBI to figure out whose they are. Their names, addresses, and their interests are in the top contributor list of both parties.

The legislation I am speaking on today also has fingerprints: Fingerprints from callused hands—the hands of the workers who feed us and clothe us, people who, like the family dog, we just take for granted.

Do I speak too harshly? I am sorry, but because I am not blind to what I see, I cannot be bland in what I say. Of course, we cannot continue to do things as we have always done, and we cannot continue to provide disaster assistance each and every year. But there has to be a transition, some "weaning time," as it is called down on the farm.

Mr. President, this farm bill sets a new policy, a sea change in conservation and peanuts. It addresses the critical needs facing America's farmers. It was written by Senators from both sides of the aisle. I hope that same bipartisan support will pass a new farm policy this year.

UNANIMOUS CONSENT AGREEMENT

Mr. DASCHLE. Mr. President, I have been discussing the schedule for the remainder of the day with the distinguished Republican leader. I want to propound a request. It is my understanding that there is an agreement with our colleagues, having consulted with the Republican leader.

I ask unanimous consent that at 2:30 today the Senate proceed to Calendar No. 223, H.R. 3090, the economic recovery/stimulus legislation for debate only until 5 p.m., with no amendments in order during this period; that this time be equally divided and controlled between the chairman and ranking member of the Finance Committee or their designees.

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

Mr. DASCHLE. I yield the floor.

ECONOMIC RECOVERY AND ASSISTANCE FOR AMERICAN WORKERS ACT OF 2001

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3090) to provide tax incentives for economic recovery.

The Senate proceeded to consider the bill which had been reported from the Committee on Finance, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; ETC.

(a) **SHORT TITLE.**—This Act may be cited as the “Economic Recovery and Assistance for American Workers Act of 2001”.

(b) **REFERENCES TO INTERNAL REVENUE CODE OF 1986.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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TITLE I—SUPPLEMENTAL REBATE FOR INDIVIDUAL TAXPAYERS

SEC. 101. SUPPLEMENTAL REBATE.

(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 REBATE.**—

“(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—

“(A) filed a return of tax imposed by subtitle A for such taxable year, or

“(B) filed a return of income tax with the government of American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, or the Virgin Islands of the United States, 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 amount of any advance refund amount paid to the taxpayer 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.

“(5) **SPECIAL RULE FOR CERTAIN NON-RESIDENTS.**—The determination under subsection (c)(2) as to whether an individual who filed a return of tax described in paragraph (1)(B) is a nonresident alien individual shall, under rules prescribed by the Secretary, be made by reference to the possession or Commonwealth with which the return was filed and not the United States.”.

(b) **TECHNICAL CORRECTION.**—

(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).”.

(c) **CONFORMING AMENDMENTS.**—

(1) Paragraph (1) of section 6428(d), as amended by subsection (b), is amended by striking “subsection (e)” and inserting “subsections (e) and (f)”.

(2) Paragraph (2) of section 6428(d), as amended by subsection (b), is amended by striking “subsection (e)” and inserting “subsection (e) or (f)”.

(3) Paragraph (3) of section 6428(e) is amended by striking “December 31, 2001” and inserting “the date of the enactment of the Economic Recovery and Assistance for American Workers Act of 2001”.

(d) **REPORTING REQUIREMENT.**—For purposes of determining the individuals who are eligible for the supplemental rebate under section 6428(f) of the Internal Revenue Code of 1986, the governments of American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the Virgin Islands of the United States shall provide, at such time and in such manner as provided by the Secretary of the Treasury, the names, ad-

resses, and taxpayer identifying numbers (within the meaning of section 6109 of the Internal Revenue Code of 1986) of residents who filed returns of income tax with such governments for 2000.

(e) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) **TECHNICALS.**—The amendments made by subsection (b) shall take effect as if included in the amendment made by section 101(b)(1) of the Economic Growth and Tax Relief Reconciliation Act of 2001.

TITLE II—TEMPORARY BUSINESS RELIEF PROVISIONS

SEC. 201. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN PROPERTY.

(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, 2002.**—

“(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 10 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 an applicable recovery period of 20 years or less or which is water utility property,

“(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,

“(III) which is qualified leasehold improvement property, or

“(IV) which is eligible for depreciation under section 167(g).

“(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, 2002, 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, 2002, and

“(iv) which is placed in service by the taxpayer before January 1, 2003.

“(B) **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.

“(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 (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, 2002.

“(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).

“(D) **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 \$1,600.

“(ii) **LISTED PROPERTY.**—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).

“(3) **QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.**—For purposes of this subsection—

“(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) **BINDING COMMITMENT TO LEASE TREATED AS LEASE.**—A binding 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.**—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.”.

(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, 2002.—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. INCREASE IN SECTION 179 EXPENSING.

(a) IN GENERAL.—The table contained in section 179(b)(1) (relating to dollar limitation) is amended to read as follows:

“If the taxable year begins in:	The applicable amount is:
2001	\$24,000
2002	\$35,000
2003 or thereafter	\$25,000.”.

(b) TEMPORARY INCREASE IN AMOUNT OF PROPERTY TRIGGERING PHASEOUT OF MAXIMUM BENEFIT.—Paragraph (2) of section 179(b) is amended by inserting before the period “(\$325,000 in the case of taxable years beginning during 2002)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 203. 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 in 2001, 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 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) (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 2001, 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 in 2001.

TITLE III—TAX INCENTIVES AND RELIEF FOR VICTIMS OF TERRORISM, DISASTERS, AND DISTRESSED CONDITIONS

Subtitle A—Tax Incentives for New York City and Distressed Areas

SEC. 301. EXPANSION OF WORK OPPORTUNITY TAX CREDIT TARGETED CATEGORIES TO INCLUDE CERTAIN EMPLOYEES IN NEW YORK CITY.

(a) IN GENERAL.—For purposes of section 51 of the Internal Revenue Code of 1986 (relating to work opportunity credit), a New York Recovery Zone business employee shall be treated as a member of a targeted group.

(b) NEW YORK RECOVERY ZONE BUSINESS EMPLOYEE.—For purposes of this section—

(1) IN GENERAL.—The term “New York Recovery Zone business employee” means, with respect to the period beginning after September 10, 2001, and ending before January 1, 2003, any employee of a New York Recovery Zone business if—

(A) substantially all the services performed during such period by such employee for such business are performed in a trade or business of such business located in an area described in paragraph (2), and

(B) with respect to any employee of such business described in paragraph (2)(B), such employee is certified by the New York State Department of Labor as not exceeding, when added to all other employees previously certified with respect to such period as New York Recovery Zone business employees with respect to such business, the number of employees of such business on September 11, 2001, in the New York Recovery Zone.

(2) NEW YORK RECOVERY ZONE BUSINESS.—The term “New York Recovery Zone business” means any business establishment which is—

(A) located in the New York Recovery Zone, or

(B) located in the City of New York, New York, outside the New York Recovery Zone, as the result of the destruction or damage of such establishment by the September 11, 2001, terrorist attack.

(3) NEW YORK RECOVERY ZONE.—The term “New York Recovery 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.

(4) SPECIAL RULES FOR DETERMINING AMOUNT OF CREDIT.—For purposes of applying subpart E of part IV of subchapter B of chapter 1 of the Internal Revenue Code of 1986 to wages paid or incurred to any New York Recovery Zone business employee—

(A) section 51(a) of such Code shall be applied by substituting “qualified wages” for “qualified first-year wages”,

(B) section 51(d)(12)(A)(i) of such Code shall be applied to the certification of individuals employed by a New York Recovery Zone business before April 1, 2002, by substituting “on or before May 1, 2002” for “on or before the day on which such individual begins work for the employer”,

(C) subsections (c)(4) and (i)(2) of section 51 of such Code shall not apply, and

(D) in determining qualified wages, the following shall apply in lieu of section 51(b) of such Code:

(i) QUALIFIED WAGES.—The term “qualified wages” means the wages paid or incurred by the employer for work performed during the period beginning on September 11, 2001, and ending on December 31, 2002, to individuals who are New York Recovery Zone business employees of such employer.

(ii) ONLY FIRST \$12,000 OF WAGES PER TAXABLE YEAR TAKEN INTO ACCOUNT.—The amount of the qualified wages which may be taken into account with respect to any individual shall not exceed \$12,000 per taxable year of the employer.

(c) CREDIT ALLOWED AGAINST REGULAR AND MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 38 (relating to limitation based on amount of tax) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) SPECIAL RULES FOR NEW YORK RECOVERY ZONE BUSINESS EMPLOYEE CREDIT.—

“(A) IN GENERAL.—In the case of the New York Recovery Zone business employee credit—

“(i) this section and section 39 shall be applied separately with respect to such credit, and

“(ii) in applying paragraph (1) to such credit—

“(I) the tentative minimum tax shall be treated as being zero, and

“(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the New York Recovery Zone business employee credit).

“(B) NEW YORK RECOVERY ZONE BUSINESS EMPLOYEE CREDIT.—For purposes of this subsection, the term ‘New York Recovery Zone business employee credit’ means the portion of work opportunity credit under section 51 determined under section 301 of the Economic Recovery and Assistance for American Workers Act of 2001.”.

(2) CONFORMING AMENDMENT.—Subclause (II) of section 38(c)(2)(A)(ii) is amended by inserting “or the New York Recovery Zone business employee credit” after “employment credit”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after September 11, 2001.

(d) COORDINATION WITH EMERGENCY APPROPRIATIONS.—Notwithstanding any other provision of law, any amount otherwise available for disaster recovery activities and assistance related to the September 11, 2001, terrorist attack in the City of New York, New York, under the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-38) shall be reduced by the aggregate 10-year cost to the United States Treasury resulting from the credits allowed under this section, as estimated for purposes of determining whether this Act complies with the Congressional Budget Act of 1974.

SEC. 302. TAX-EXEMPT PRIVATE ACTIVITY BONDS FOR REBUILDING PORTION OF NEW YORK CITY DAMAGED IN THE SEPTEMBER 11, 2001, TERRORIST ATTACK.

(a) TREATMENT AS QUALIFIED BONDS.—For purposes of the Internal Revenue Code of 1986, any qualified NYC recovery bond shall be treated as an exempt facility bond under section 141(e) of such Code.

(b) QUALIFIED NYC RECOVERY BOND.—For purposes of this section, the term “qualified NYC recovery bond” means any bond which—

(1) is issued by the State of New York or any political subdivision thereof (or any agency, instrumentality or constituted authority on behalf thereof), and

(2) meets the requirements of subsections (c) through (f).

(c) DESIGNATION REQUIREMENTS.—A bond meets the requirements of this subsection if it is issued as part of an issue designated as a qualified NYC recovery bond by the Mayor of the City of New York, New York, or an individual specifically appointed to make such designation.

(d) ISSUANCE AND VOLUME REQUIREMENTS.—

(1) IN GENERAL.—Except as provided in paragraph (3), a bond issued as part of an issue meets the requirements of this subsection if such bond is issued during 2002 (or during the period elected under paragraph (2)) and the aggregate face amount of the bonds issued pursuant to such issue, when added to the aggregate face amount of qualified NYC recovery bonds previously issued, does not exceed \$15,000,000,000.

(2) ELECTIVE CARRYFORWARD OF UNUSED LIMITATION.—If the volume cap under paragraph (1)

exceeds the aggregate amount of qualified NYC recovery bonds issued during 2002, the issuing authority under subsection (b) may elect to carry forward such excess volume cap for an additional 3-year period under rules similar to the rules of section 146(f) of the Internal Revenue Code of 1986 (other than paragraph (2) thereof).

(3) **CERTAIN CURRENT REFUNDINGS NOT COUNTED.**—For purposes of paragraph (1), there shall not be taken into account any current refunding bond the proceeds of which are used to refund any bond described in paragraph (1) to the extent the face amount of such current refunding bond does not exceed the outstanding face amount of the refunded bond.

(e) **QUALIFIED PROJECT REQUIREMENTS.**—

(1) **IN GENERAL.**—A bond meets the requirements of this subsection if it is issued as part of an issue at least 95 percent of the net proceeds of which are to be used for qualified project costs.

(2) **QUALIFIED PROJECT COSTS.**—For purposes of this subsection—

(A) **IN GENERAL.**—The term “qualified project costs” means—

(i) with respect to a qualified project described in paragraph (3)(A)(i), the costs of acquisition, construction, reconstruction, and renovation of commercial real property and residential rental real property, including—

(I) buildings and their structural components,

(II) fixed tenant improvements, and

(III) public utility property, and

(ii) with respect to a qualified project described in paragraph (3)(A)(ii), the costs of acquisition, construction, reconstruction, and renovation of commercial real property, including—

(I) buildings and their structural components, and

(II) fixed tenant improvements.

(B) **LIMITATIONS.**—

(i) **RESIDENTIAL RENTAL REAL PROPERTY.**—Such term shall not include costs with respect to residential rental real property to the extent such costs for all such property exceed 20 percent of the aggregate face amount of the bonds issued under this section.

(ii) **RETAIL SALES PROPERTY.**—Such term shall not include costs with respect to property used for retail sales of tangible property and functionally related and subordinate property to the extent such costs for all such property exceeds 10 percent of the aggregate face amount of the bonds issued under this section.

(iii) **MOVABLE FIXTURES AND EQUIPMENT.**—Such term shall not include costs with respect to movable fixtures and equipment.

(3) **QUALIFIED PROJECTS.**—For purposes of this subsection—

(A) **IN GENERAL.**—The term “qualified project” means any project—

(i) located within the New York Recovery Zone, or

(ii) located within the City of New York, New York, but outside of the New York Recovery Zone, but only if—

(I) such project consists of at least 100,000 square feet of usable office or other commercial space located in a single building or multiple adjacent buildings, and

(II) the aggregate face amount of the bonds issued to finance such project, when added to the aggregate face amount of all bonds issued to finance all other projects described in this clause, does not exceed \$7,000,000,000.

(B) **NEW YORK RECOVERY ZONE.**—The term “New York Recovery 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.

(f) **GENERAL REQUIREMENTS.**—A bond meets the requirements of this subsection if it is issued as part of an issue which meets the requirements of part IV of subchapter B of chapter 1 of the Internal Revenue Code of 1986 applicable to an exempt facility bond, except as follows:

(1) Sections 142(d) and 150(b)(2) (relating to qualified residential rental project), and section 146 (relating to volume cap) of such Code shall not apply to bonds issued under this section.

(2) The application of section 147(c) of such Code (relating to limitation on use for land acquisition) shall be determined by reference to the aggregate authorized face amount of all bonds issued under this section rather than the net proceeds of each issue.

(3) Section 147(d) of such Code (relating to acquisition of existing property not permitted) shall be applied by substituting “50 percent” for “15 percent” each place it appears.

(4) Section 148(f)(4)(C) of such Code (relating to exception from rebate for certain proceeds to be used to finance construction expenditures) shall apply to construction proceeds of bonds issued under this section.

(5) Rules similar to the rules of section 143(a)(2)(A)(iv) of such Code (relating to use of loan repayments) shall apply to bonds issued under this section.

(g) **BOND INTEREST NOT AN AMT PREFERENCE ITEM.**—For purposes of section 57(a)(5) of the Internal Revenue Code of 1986, a qualified NYC recovery bond shall not be treated as a specified private activity bond.

(h) **SEPARATE ISSUE TREATMENT OF PORTIONS OF AN ISSUE.**—This section shall not apply to the portion of the proceeds 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 (determined without regard to subsection (a)), if the issuer elects to so treat such portion.

(i) **NET PROCEEDS.**—For purposes of this section, the term “net proceeds” has the meaning given such term by section 150(a)(3) of the Internal Revenue Code of 1986.

(j) **INTEREST ON DEBT USED TO PURCHASE OR CARRY QUALIFIED NYC RECOVERY BONDS.**—

(1) **IN GENERAL.**—Section 265(b)(3) (relating to exception for certain tax-exempt obligations) is amended—

(A) by inserting “a tax-exempt obligation issued pursuant to section 302 of the Economic Recovery and Assistance for American Workers Act of 2001 or” after “means” in subparagraph (B)(i),

(B) by inserting “other than an obligation issued pursuant to section 302 of the Economic Recovery and Assistance for American Workers Act of 2001” after “of a qualified tax-exempt obligation” in subparagraph (D)(ii), and

(C) by adding at the end of subparagraph (D) the following new clause:

“(iv) **REFUNDINGS OF CERTAIN OBLIGATIONS.**—In the case of a refunding (or a series of refundings) of a qualified tax-exempt obligation that is an obligation issued pursuant to section 302 of the Economic Recovery and Assistance for American Workers Act of 2001, the refunding obligation shall be treated as a qualified tax-exempt obligation if the refunding obligation meets the requirements of such section.”.

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

(k) **COORDINATION WITH EMERGENCY APPROPRIATIONS.**—Notwithstanding any other provision of law, any amount otherwise available for disaster recovery activities and assistance related to the September 11, 2001, terrorist attack in the City of New York, New York, under the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-38) shall be reduced by the aggregate 10-year cost to the United States Treasury of the qualified NYC recovery bonds issued under this section, as estimated for purposes of determining whether this Act complies with the Congressional Budget Act of 1974.

SEC. 303. GAIN OR LOSS FROM PROPERTY DAMAGED OR DESTROYED IN NEW YORK RECOVERY ZONE.

(a) **GENERAL RULE.**—For purposes of the Internal Revenue Code of 1986, if a taxpayer elects the application of this section with respect to any eligible property, then any gain or loss on the disposition of the property shall be determined without regard to any compensation (by insurance or otherwise) received by the taxpayer for damages sustained to the property as a result of the terrorist attacks occurring on September 11, 2001. Such election shall be made at such time and in such manner as the Secretary of the Treasury may prescribe, and, once made, is irrevocable.

(b) **LIMITATION BASED ON PURCHASE OF REPLACEMENT PROPERTY.**—

(1) **IN GENERAL.**—Subsection (a) shall apply to compensation received with respect to eligible property only to the extent of the cost of any qualified replacement property purchased by the taxpayer.

(2) **ALLOCATION.**—If the aggregate compensation received by a taxpayer with respect to all eligible property exceeds the aggregate cost of all qualified replacement property purchased by the taxpayer, such cost shall be allocated to such eligible property in accordance with rules prescribed by the Secretary.

(3) **SPECIAL RULE FOR CONSOLIDATED GROUPS.**—For purposes of paragraph (1), an affiliated group filing a consolidated return may elect to treat any qualified replacement property purchased by a member of the group as purchased by another member of the group.

(c) **ELIGIBLE PROPERTY.**—For purposes of this section, the term “eligible property” means any tangible property—

(1) which is section 1245 property (as defined in section 1245(a)(3) of the Internal Revenue Code of 1986) or qualified leasehold improvement property (as defined in section 168(k)(3) of such Code),

(2) substantially all of the use of which as of September 11, 2001, was in a business establishment of the taxpayer located in the New York Recovery Zone, and

(3) which was damaged or destroyed in the terrorist attacks of September 11, 2001.

(d) **QUALIFIED REPLACEMENT PROPERTY.**—For purposes of this section—

(1) **IN GENERAL.**—The term “qualified replacement property” means tangible property—

(A) which is described in subsection (c)(1),

(B) which is purchased by the taxpayer on or after September 11, 2001, and placed in service in the City of New York, New York, before January 1, 2007,

(C) the original use of which in such city begins with the taxpayer, and

(D) substantially all of the use of which is reasonably expected to be in connection with a business establishment of the taxpayer located in such city.

(2) **RECAPTURE.**—The Secretary shall, by regulations, provide for the recapture of any Federal tax benefit provided by this section in cases where a taxpayer ceases to use property as qualified replacement property and such recapture is necessary to prevent the avoidance of the purposes of this section.

(e) **COORDINATION WITH OTHER PROVISIONS OF CODE.**—For purposes of the Internal Revenue Code of 1986—

(1) **SPECIAL RULE FOR TREATMENT OF UNRECOGNIZED GAIN IN ELIGIBLE PROPERTY.**—Sections 1245 and 1250 of such Code shall not apply to any gain on the disposition of eligible property not recognized by reason of this section.

(2) **LOSS ELECTION NOT TO APPLY TO ELIGIBLE PROPERTY.**—If a taxpayer elects the application of this section with respect to any eligible property, the taxpayer may not make an election under section 165(i) of such Code with respect to any loss attributable to the property.

(3) **BASIS ADJUSTMENTS OF QUALIFIED REPLACEMENT PROPERTY.**—

(A) *IN GENERAL*.—The basis of any qualified replacement property shall be reduced by the amount of any compensation disregarded by reason of subsection (a).

(B) *SPECIAL RULES FOR RECAPTURE*.—For purposes of sections 1245 and 1250 of such Code, any reduction under subparagraph (A) shall be treated as a deduction allowed for depreciation, except that for purposes of section 1250(b) of such Code, the determination of what would have been the depreciation adjustments under the straight line method shall be made as if there had been no reduction under subparagraph (A).

(4) *SPECIAL RULES FOR APPLYING SECTION 1033*.—For purposes of applying section 1033 of such Code to converted property which is eligible property with respect to which an election under subsection (a) has been made—

(A) the amount realized from the eligible property shall not include any compensation received by the taxpayer which is disregarded by reason of subsection (a), and

(B) any qualified replacement property shall be disregarded in determining whether property was acquired for the purposes of replacing the converted property.

(f) *OTHER DEFINITIONS AND RULES*.—For purposes of this section—

(1) *NEW YORK RECOVERY ZONE*.—The term “New York Recovery 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.

(2) *TIME FOR ASSESSMENT*.—Rules similar to the rules of subparagraphs (C) and (D) of section 1033(a)(2) of such Code shall apply for purposes of this section.

(3) *RELATED PARTY LIMITATION*.—Section 1033(i) of such Code shall apply for purposes of this section.

(g) *COORDINATION WITH EMERGENCY APPROPRIATIONS*.—Notwithstanding any other provision of law, any amount otherwise available for disaster recovery activities and assistance related to the September 11, 2001, terrorist attack in the City of New York, New York, under the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-38) shall be reduced by the aggregate 10-year cost to the United States Treasury resulting from the enactment of this section, as estimated for purposes of determining whether this Act complies with the Congressional Budget Act of 1974.

SEC. 304. REENACTMENT OF EXCEPTIONS FOR QUALIFIED-MORTGAGE-BOND-FINANCED LOANS TO VICTIMS OF PRESIDENTIALLY DECLARED DISASTERS.

Section 143(k)(11) (relating to special rules for residences located in disaster areas) is amended—

(1) by inserting “damaged or destroyed by a disaster and” after “In the case of a residence”,

(2) by inserting after subparagraph (B) the following new subparagraph:

“(C) Paragraph (4) of this subsection shall be applied by substituting ‘\$25,000’ for ‘\$15,000’.”, and

(3) by inserting “, and after December 31, 2001, and before January 1, 2003” after “1999” in the last sentence.

SEC. 305. ONE-YEAR EXPANSION OF AUTHORITY FOR INDIAN TRIBES TO ISSUE TAX-EXEMPT PRIVATE ACTIVITY BONDS.

(a) *IN GENERAL*.—Section 7871(c) (relating to additional requirements for tax-exempt bonds) is amended by adding at the end the following new paragraph:

“(4) *EXCEPTION FOR QUALIFIED INDIAN PRIVATE ACTIVITY BONDS*.—

“(A) *IN GENERAL*.—In the case of any qualified Indian private activity bond—

“(i) paragraph (2) shall not apply,

“(ii) such bond shall be treated as a qualified bond under section 141(e), and

“(iii) section 146 shall not apply.

“(B) *QUALIFIED INDIAN PRIVATE ACTIVITY BOND*.—For purposes of this paragraph, the term ‘qualified Indian private activity bond’ means any bond which—

“(i) is issued by a qualified Indian tribal government—

“(I) as part of an issue 95 percent or more of the net proceeds of which are to be used to provide qualified residential rental projects (as determined under section 142(d), by substituting ‘statewide median gross income’ for ‘area median gross income’),

“(II) as part of a qualified mortgage issue (as defined in section 143(a)(2)),

“(III) as part of an issue 95 percent or more of the net proceeds of which are to be used to provide any facility described in section 1394(b)(1) for any business (whether tribally owned or not) that would qualify as an enterprise zone business if the Indian reservation (as defined in section 168(j)(6)) over which the qualified Indian tribal government exercises general governmental authority were treated as an empowerment zone, or

“(IV) as part of an issue to be used for more than 1 of the purposes described in the preceding subclauses, and

“(ii) meets the requirements of subparagraphs (D) and (E).

“(C) *QUALIFIED INDIAN TRIBAL GOVERNMENT*.—For purposes of this paragraph, the term ‘qualified Indian tribal government’ means an Indian tribal government which exercises general governmental authority over an Indian reservation (as so defined) with an unemployment rate among members of the tribe of at least 25 percent. For purposes of the preceding sentence, determinations of unemployment shall be made with respect to any issuance of a bond under this section on the basis of the most recent report published by the Bureau of Indian Affairs under section 17(a) of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3416(a)) before such issuance.

“(D) *DESIGNATION REQUIREMENTS*.—A bond meets the requirements of this subparagraph if it is issued as part of an issue designated as a qualified Indian private activity bond for a purpose described in subclause (I), (II), or (III) of subparagraph (B)(i) by the qualified Indian tribal government.

“(E) *VOLUME REQUIREMENTS*.—

“(i) *IN GENERAL*.—A bond issued as part of an issue meets the requirements of this subparagraph if such bond is issued during 2002 (or during the period elected under clause (ii)) and the aggregate face amount of the bonds issued pursuant to such issue, when added to the aggregate face amount of qualified Indian private activity bonds previously issued by such qualified Indian tribal government, does not exceed \$10,000,000.

“(ii) *ELECTIVE CARRYFORWARD OF UNUSED LIMITATION*.—If the volume cap under clause (i) exceeds the aggregate amount of qualified Indian private activity bonds issued during 2002, the qualified Indian tribal government may elect to carry forward such excess volume cap for an additional 3-year period under rules similar to the rules of section 146(f) (other than paragraph (2) thereof).

“(F) *APPLICATION OF SECTION 42 TO RESIDENTIAL RENTAL PROJECTS FINANCED BY BONDS UNDER THIS PARAGRAPH*.—In the case of bonds described in subparagraph (B)(i)(I), issuance under the requirements of subparagraph (E) shall be treated as issuance under the requirements of section 146 for purposes of determining the application of section 42 to projects financed by the net proceeds of such bonds.

“(G) *SPECIAL RULE FOR DETERMINING ENTERPRISE ZONE BUSINESS*.—For purposes of subparagraph (B)(i)(III), an enterprise zone business shall not include any facility a principal busi-

ness of which is the sale of tobacco products or highway motor fuels, unless the qualified Indian tribal government has entered into an agreement with the State in which such facility is located to collect applicable State taxes on such products or fuels.

“(H) *BOND INTEREST NOT AN AMT PREFERENCE ITEM*.—For purposes of section 57(a)(5), a bond designated under subparagraph (D) as a qualified Indian private activity bond shall not be treated as a specified private activity bond.

“(I) *REPORT*.—The Secretary shall compile necessary data from reports required under section 149(e) relating to the issuance of bonds under this paragraph and shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than September 30 of any year following the calendar year in which Indian tribal governments issued bonds under this paragraph and the activities for which such bonds were issued.”.

(b) *CONFORMING AMENDMENTS*.—

(1) Section 7871(c)(2) is amended by striking “paragraph (3)” and inserting “paragraphs (3) and (4)”.

(2) Section 7871 is amended—

(A) by striking clause (iii) of subsection (c)(3)(E), and

(B) by adding at the end the following new subsection:

“(f) *NET PROCEEDS*.—For purposes of this section, the term ‘net proceeds’ has the meaning given such term by section 150(a)(3).”.

(c) *EFFECTIVE DATE*.—The amendments made by this section shall apply to bonds issued after December 31, 2001.

Subtitle B—Victims of Terrorism Tax Relief

SEC. 310. SHORT TITLE.

This subtitle may be cited as the “Victims of Terrorism Tax Relief Act of 2001”.

PART I—RELIEF PROVISIONS FOR VICTIMS OF APRIL 19, 1995, AND SEPTEMBER 11, 2001, TERRORIST ATTACKS

SEC. 311. INCOME AND EMPLOYMENT TAXES OF VICTIMS OF TERRORIST ATTACKS.

(a) *IN GENERAL*.—Section 692 (relating to income taxes of members of Armed Forces on death) is amended by adding at the end the following new subsection:

“(d) *CERTAIN INDIVIDUALS DYING AS A RESULT OF APRIL 19, 1995, AND SEPTEMBER 11, 2001, TERRORIST ATTACKS*.—

“(1) *IN GENERAL*.—In the case of any individual who dies as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on April 19, 1995, or September 11, 2001, any tax imposed by this subtitle shall not apply—

“(A) with respect to the taxable year in which falls the date of such individual’s death, and

“(B) with respect to any prior taxable year in the period beginning with the last taxable year ending before the taxable year in which the wounds or injury were incurred.

“(2) *EXCEPTIONS*.—

“(A) *TAXATION OF CERTAIN BENEFITS*.—Subject to such rules as the Secretary may prescribe, paragraph (1) shall not apply to the amount of any tax imposed by this subtitle which would be computed by only taking into account the items of income, gain, or other amounts attributable to—

“(i) amounts payable in the taxable year by reason of the death of an individual described in paragraph (1) which would have been payable in such taxable year if the death had occurred by reason of an event other than the terrorist attacks against the United States on April 19, 1995, or September 11, 2001, or

“(ii) amounts payable in the taxable year which would not have been payable in such taxable year but for an action taken after April 19, 1995, or after September 11, 2001 (as the case may be).

“(B) *NO RELIEF FOR PERPETRATORS*.—Paragraph (1) shall not apply with respect to any individual identified by the Attorney General to

have been a participant or conspirator in any such terrorist attack, or a representative of such individual.”.

(b) **REFUND OF OTHER TAXES PAID.**—Section 692, as amended by subsection (a), is amended by adding at the end the following new subsection:

“(e) **REFUND OF OTHER TAXES PAID.**—In determining the amount of tax under this section to be credited or refunded as an overpayment with respect to any individual for any period, such amount shall be increased by an amount equal to the amount of taxes imposed and collected under chapter 21 and sections 3201(a), 3211(a)(1), and 3221(a) with respect to such individual for such period.”.

(c) **CONFORMING AMENDMENTS.**—

(1) Section 5(b)(1) is amended by inserting “and victims of certain terrorist attacks” before “on death”.

(2) Section 6013(f)(2)(B) is amended by inserting “and victims of certain terrorist attacks” before “on death”.

(d) **CLERICAL AMENDMENTS.**—

(1) The heading of section 692 is amended to read as follows:

“SEC. 692. INCOME AND EMPLOYMENT TAXES OF MEMBERS OF ARMED FORCES AND VICTIMS OF CERTAIN TERRORIST ATTACKS ON DEATH.”.

(2) The item relating to section 692 in the table of sections for part II of subchapter J of chapter 1 is amended to read as follows:

“Sec. 692. Income and employment taxes of members of Armed Forces and victims of certain terrorist attacks on death.”.

(d) **EFFECTIVE DATE; WAIVER OF LIMITATIONS.**—

(1) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years ending before, on, or after September 11, 2001.

(2) **WAIVER OF LIMITATIONS.**—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including *res judicata*), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 312. ESTATE TAX REDUCTION.

(a) **IN GENERAL.**—Section 2201 is amended to read as follows:

“SEC. 2201. COMBAT ZONE-RELATED DEATHS OF MEMBERS OF THE ARMED FORCES AND DEATHS OF VICTIMS OF CERTAIN TERRORIST ATTACKS.

“(a) **IN GENERAL.**—Unless the executor elects not to have this section apply, in applying section 2001 to the estate of a qualified decedent, the rate schedule set forth in subsection (c) shall be deemed to be the rate schedule set forth in section 2001(c).

“(b) **QUALIFIED DECEDENT.**—For purposes of this section, the term ‘qualified decedent’ means—

“(1) any citizen or resident of the United States dying while in active service of the Armed Forces of the United States, if such decedent—

“(A) was killed in action while serving in a combat zone, as determined under section 112(c), or

“(B) died as a result of wounds, disease, or injury suffered while serving in a combat zone (as determined under section 112(c)), and while in the line of duty, by reason of a hazard to which such decedent was subjected as an incident of such service, or

“(2) any individual who died as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on April 19, 1995, or September 11, 2001.

Paragraph (2) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in

any such terrorist attack, or a representative of such individual.

“(c) **RATE SCHEDULE.**—

“If the amount with respect to which the tentative tax to be computed is:

Not over \$150,000	1 percent of the amount by which such amount exceeds \$100,000.
Over \$150,000 but not over \$200,000.	\$500 plus 2 percent of the excess over \$150,000.
Over \$200,000 but not over \$300,000.	\$1,500 plus 3 percent of the excess over \$200,000.
Over \$300,000 but not over \$500,000.	\$4,500 plus 4 percent of the excess over \$300,000.
Over \$500,000 but not over \$700,000.	\$12,500 plus 5 percent of the excess over \$500,000.
Over \$700,000 but not over \$900,000.	\$22,500 plus 6 percent of the excess over \$700,000.
Over \$900,000 but not over \$1,100,000.	\$34,500 plus 7 percent of the excess over \$900,000.
Over \$1,100,000 but not over \$1,600,000.	\$48,500 plus 8 percent of the excess over \$1,100,000.
Over \$1,600,000 but not over \$2,100,000.	\$88,500 plus 9 percent of the excess over \$1,600,000.
Over \$2,100,000 but not over \$2,600,000.	\$133,500 plus 10 percent of the excess over \$2,100,000.
Over \$2,600,000 but not over \$3,100,000.	\$183,500 plus 11 percent of the excess over \$2,600,000.
Over \$3,100,000 but not over \$3,600,000.	\$238,500 plus 12 percent of the excess over \$3,100,000.
Over \$3,600,000 but not over \$4,100,000.	\$298,500 plus 13 percent of the excess over \$3,600,000.
Over \$4,100,000 but not over \$5,100,000.	\$363,500 plus 14 percent of the excess over \$4,100,000.
Over \$5,100,000 but not over \$6,100,000.	\$503,500 plus 15 percent of the excess over \$5,100,000.
Over \$6,100,000 but not over \$7,100,000.	\$653,500 plus 16 percent of the excess over \$6,100,000.
Over \$7,100,000 but not over \$8,100,000.	\$813,500 plus 17 percent of the excess over \$7,100,000.
Over \$8,100,000 but not over \$9,100,000.	\$983,500 plus 18 percent of the excess over \$8,100,000.
Over \$9,100,000 but not over \$10,100,000.	\$1,163,500 plus 19 percent of the excess over \$9,100,000.
Over \$10,100,000	\$1,353,500 plus 20 percent of the excess over \$10,100,000.

“(d) **DETERMINATION OF UNIFIED CREDIT.**—In the case of an estate to which this section applies, subsection (a) shall not apply in determining the credit under section 2010.”.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 2011 is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(2) Section 2053(d)(3)(B) is amended by striking “section 2011(e)” and inserting “section 2011(d)”.

(3) Paragraph (9) of section 532(c) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is repealed.

(c) **CLERICAL AMENDMENT.**—The item relating to section 2201 in the table of sections for subchapter C of chapter 11 is amended to read as follows:

“Sec. 2201. Combat zone-related deaths of members of the Armed Forces and deaths of victims of certain terrorist attacks.”.

(d) **EFFECTIVE DATE; WAIVER OF LIMITATIONS.**—

(1) **EFFECTIVE DATE.**—The amendments made by this section shall apply to estates of decedents—

(A) dying on or after September 11, 2001, and (B) in the case of individuals dying as a result of the April 19, 1995, terrorist attack, dying on or after April 19, 1995.

(2) **WAIVER OF LIMITATIONS.**—If refund or credit of any overpayment of tax resulting from

the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including *res judicata*), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 313. PAYMENTS BY CHARITABLE ORGANIZATIONS TREATED AS EXEMPT PAYMENTS.

(a) **IN GENERAL.**—For purposes of the Internal Revenue Code of 1986—

(1) payments made by an organization described in section 501(c)(3) of such Code by reason of the death, injury, or wounding of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, shall be treated as related to the purpose or function constituting the basis for such organization's exemption under section 501 of such Code if such payments are made using an objective formula which is consistently applied, and

(2) in the case of a private foundation (as defined in section 509 of such Code), any payment described in paragraph (1) shall not be treated as made to a disqualified person for purposes of section 4941 of such Code.

(b) **EFFECTIVE DATE.**—This section shall apply to payments made on or after September 11, 2001.

SEC. 314. EXCLUSION OF CERTAIN CANCELLATIONS OF INDEBTEDNESS.

(a) **IN GENERAL.**—For purposes of the Internal Revenue Code of 1986—

(1) gross income shall not include any amount which (but for this section) would be includible in gross income by reason of the discharge (in whole or in part) of indebtedness of any taxpayer if the discharge is by reason of the death of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, and

(2) return requirements under section 6050P of such Code shall not apply to any discharge described in paragraph (1).

(b) **EFFECTIVE DATE.**—This section shall apply to discharges made on or after September 11, 2001, and before January 1, 2002.

PART II—GENERAL RELIEF FOR VICTIMS OF DISASTERS AND TERRORISTIC OR MILITARY ACTIONS

SEC. 321. EXCLUSION FOR DISASTER RELIEF PAYMENTS.

(a) **IN GENERAL.**—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and inserting after section 138 the following new section:

“SEC. 139. DISASTER RELIEF PAYMENTS.

“(a) **GENERAL RULE.**—Gross income shall not include—

“(1) any amount received as payment under section 406 of the Air Transportation Safety and System Stabilization Act, or

“(2) any amount received by an individual as a qualified disaster relief payment.

“(b) **QUALIFIED DISASTER RELIEF PAYMENT DEFINED.**—For purposes of this section, the term ‘qualified disaster relief payment’ means any amount paid to or for the benefit of an individual—

“(1) to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster,

“(2) to reimburse or pay reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence or repair or replacement of its contents to the extent that the need for such repair, rehabilitation, or replacement is attributable to a qualified disaster,

“(3) by a person engaged in the furnishing or sale of transportation as a common carrier by reason of the death or personal physical injuries incurred as a result of a qualified disaster, or

“(4) if such amount is paid by a Federal, State, or local government, or agency or instrumentality thereof, in connection with a qualified disaster in order to promote the general welfare,

but only to the extent any expense compensated by such payment is not otherwise compensated for by insurance or otherwise.

“(c) **QUALIFIED DISASTER DEFINED.**—For purposes of this section, the term ‘qualified disaster’ means—

“(1) a disaster which results from a terrorist or military action (as defined in section 692(c)(2)),

“(2) a Presidentially declared disaster (as defined in section 1033(h)(3)),

“(3) a disaster which results from an accident involving a common carrier, or from any other event, which is determined by the Secretary to be of a catastrophic nature, or

“(4) with respect to amounts described in subsection (b)(4), a disaster which is determined by an applicable Federal, State, or local authority (as determined by the Secretary) to warrant assistance from the Federal, State, or local government or agency or instrumentality thereof.

“(d) **COORDINATION WITH EMPLOYMENT TAXES.**—For purposes of chapter 2 and subtitle C, a qualified disaster relief payment shall not be treated as net earnings from self-employment, wages, or compensation subject to tax.

“(e) **NO RELIEF FOR CERTAIN INDIVIDUALS.**—Subsection (a) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in a terrorist action (as so defined), or a representative of such individual.”

(b) **CONFORMING AMENDMENTS.**—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

“Sec. 139. Disaster relief payments.

“Sec. 140. Cross references to other Acts.”

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years ending on or after September 11, 2001.

SEC. 322. AUTHORITY TO POSTPONE CERTAIN DEADLINES AND REQUIRED ACTIONS.

(a) **EXPANSION OF AUTHORITY RELATING TO DISASTERS AND TERRORISTIC OR MILITARY ACTIONS.**—Section 7508A is amended to read as follows:

“**SEC. 7508A. AUTHORITY TO POSTPONE CERTAIN DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER OR TERRORISTIC OR MILITARY ACTIONS.**

“(a) **IN GENERAL.**—In the case of a taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (as defined in section 1033(h)(3)) or a terrorist or military action (as defined in section 692(c)(2)), the Secretary may specify a period of up to one year that may be disregarded in determining, under the internal revenue laws, in respect of any tax liability of such taxpayer—

“(1) whether any of the acts described in paragraph (1) of section 7508(a) were performed within the time prescribed therefor (determined without regard to extension under any other provision of this subtitle for periods after the date (determined by the Secretary) of such disaster or action),

“(2) the amount of any interest, penalty, additional amount, or addition to the tax for periods after such date, and

“(3) the amount of any credit or refund.

“(b) **SPECIAL RULES REGARDING PENSIONS, ETC.**—In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a disaster or action described in subsection (a), the Secretary may specify a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be

completed under this title. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.

“(c) **SPECIAL RULES FOR OVERPAYMENTS.**—The rules of section 7508(b) shall apply for purposes of this section.”

(b) **CLARIFICATION OF SCOPE OF ACTS SECRETARY MAY POSTPONE.**—Section 7508(a)(1)(K) (relating to time to be disregarded) is amended by striking “in regulations prescribed under this section”.

(c) **CONFORMING AMENDMENTS TO ERISA.**—

(1) Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

“**SEC. 518. AUTHORITY TO POSTPONE CERTAIN DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER OR TERRORISTIC OR MILITARY ACTIONS.**

“In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Presidentially declared disaster (as defined in section 1033(h)(3) of the Internal Revenue Code of 1986) or a terrorist or military action (as defined in section 692(c)(2) of such Code), the Secretary may, notwithstanding any other provision of law, prescribe, by notice or otherwise, a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this Act. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.”

(2) Section 4002 of Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302) is amended by adding at the end the following new subsection:

“(i) **SPECIAL RULES REGARDING DISASTERS, ETC.**—In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Presidentially declared disaster (as defined in section 1033(h)(3) of the Internal Revenue Code of 1986) or a terrorist or military action (as defined in section 692(c)(2) of such Code), the corporation may, notwithstanding any other provision of law, prescribe, by notice or otherwise, a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this Act. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.”

(d) **ADDITIONAL CONFORMING AMENDMENTS.**—

(1) Section 6404 is amended—

(A) by striking subsection (h),

(B) by redesignating subsection (i) as subsection (h), and

(C) by adding at the end the following new subsection:

“(i) **CROSS REFERENCE.**—

“**For authority of the Secretary to abate certain amounts by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.**”

(2) Section 6081(c) is amended to read as follows:

“(c) **CROSS REFERENCES.**—

“**For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.**”

(3) Section 6161(d) is amended by adding at the end the following new paragraph:

“(3) **POSTPONEMENT OF CERTAIN ACTS.**—

“**For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.**”

(d) **CLERICAL AMENDMENTS.**—

(1) The item relating to section 7508A in the table of sections for chapter 77 is amended to read as follows:

“Sec. 7508A. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terrorist or military actions.”

(2) The table of contents for the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 517 the following new item:

“Sec. 518. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terrorist or military actions.”

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to disasters and terrorist or military actions occurring on or after September 11, 2001, with respect to any action of the Secretary of the Treasury, the Secretary of Labor, or the Pension Benefit Guaranty Corporation occurring on or after the date of the enactment of this Act.

SEC. 323. INTERNAL REVENUE SERVICE DISASTER RESPONSE TEAM.

(a) **IN GENERAL.**—Section 7508A, as amended by section 322(a), is amended by adding at the end the following new subsection:

“(d) **DUTIES OF DISASTER RESPONSE TEAM.**—The Secretary shall establish as a permanent office in the national office of the Internal Revenue Service a disaster response team which, in coordination with the Federal Emergency Management Agency, shall assist taxpayers in clarifying and resolving Federal tax matters associated with or resulting from any Presidentially declared disaster (as defined in section 1033(h)(3)) or a terrorist or military action (as defined in section 692(c)(2)).”

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 324. APPLICATION OF CERTAIN PROVISIONS TO TERRORISTIC OR MILITARY ACTIONS.

(a) **EXCLUSION FOR DEATH BENEFITS.**—Section 101 (relating to certain death benefits) is amended by adding at the end the following new subsection:

“(i) **CERTAIN EMPLOYEE DEATH BENEFITS PAYABLE BY REASON OF DEATH FROM TERRORISTIC OR MILITARY ACTIONS.**—

“(1) **IN GENERAL.**—Gross income does not include amounts which are received (whether in a single sum or otherwise) if such amounts are paid by an employer by reason of the death of an employee incurred as a result of a terrorist or military action (as defined in section 692(c)(2)).

“(2) **NO RELIEF FOR CERTAIN INDIVIDUALS.**—Paragraph (1) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in a terrorist action (as so defined), or a representative of such individual.

“(3) **TREATMENT OF SELF-EMPLOYED INDIVIDUALS.**—For purposes of this subsection, the term ‘employee’ includes a self-employed person (as described in section 401(c)(1)).”

(b) **DISABILITY INCOME.**—Section 104(a)(5) (relating to compensation for injuries or sickness) is amended by striking “a violent attack” and all that follows through the period and inserting “a terrorist or military action (as defined in section 692(c)(2)).”

(c) **EXEMPTION FROM INCOME TAX FOR CERTAIN MILITARY OR CIVILIAN EMPLOYEES.**—Section 692(c) is amended—

(1) by striking “outside the United States” in paragraph (1), and

(2) by striking "SUSTAINED OVERSEAS" in the heading.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years ending on or after September 11, 2001.

SEC. 325. CLARIFICATION OF DUE DATE FOR AIRLINE EXCISE TAX DEPOSITS.

(a) **IN GENERAL.**—Paragraph (3) of section 301(a) of the Air Transportation Safety and System Stabilization Act (Public Law 107-42) is amended to read as follows:

"(3) **AIRLINE-RELATED DEPOSIT.**—For purposes of this subsection, the term 'airline-related deposit' means any deposit of taxes imposed by subchapter C of chapter 33 of such Code (relating to transportation by air)."

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect as if included in section 301 of the Air Transportation Safety and System Stabilization Act (Public Law 107-42).

SEC. 326. COORDINATION WITH AIR TRANSPORTATION SAFETY AND SYSTEM STABILIZATION ACT.

No reduction in Federal tax liability by reason of any provision of, or amendment made by, this title shall be considered as being received from a collateral source for purposes of section 402(4) of the Air Transportation Safety and System Stabilization Act (Public Law 107-42).

PART III—DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS

SEC. 331. DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS.

(a) **DISCLOSURE WITHOUT A REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.**—Paragraph (3) of section 6103(i) (relating to disclosure of return information to apprise appropriate officials of criminal activities or emergency circumstances) is amended by adding at the end the following new subparagraph:

"(C) **TERRORIST ACTIVITIES, ETC.**—

"(i) **IN GENERAL.**—Except as provided in paragraph (6), the Secretary may disclose in writing return information (other than taxpayer return information) that may be related to a terrorist incident, threat, or activity to the extent necessary to apprise the head of the appropriate Federal law enforcement agency responsible for investigating or responding to such terrorist incident, threat, or activity. The head of the agency may disclose such return information to officers and employees of such agency to the extent necessary to investigate or respond to such terrorist incident, threat, or activity.

"(ii) **DISCLOSURE TO THE DEPARTMENT OF JUSTICE.**—Returns and taxpayer return information may also be disclosed to the Attorney General under clause (i) to the extent necessary for, and solely for use in preparing, an application under paragraph (7)(D).

"(iii) **TAXPAYER IDENTITY.**—For purposes of this subparagraph, a taxpayer's identity shall not be treated as taxpayer return information.

"(iv) **TERMINATION.**—No disclosure may be made under this subparagraph after December 31, 2003."

(b) **DISCLOSURE UPON REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.**—Subsection (i) of section 6103 (relating to disclosure to Federal officers or employees for administration of Federal laws not relating to tax administration) is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

"(7) **DISCLOSURE UPON REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.**—

"(A) **DISCLOSURE TO LAW ENFORCEMENT AGENCIES.**—

"(i) **IN GENERAL.**—Except as provided in paragraph (6), upon receipt by the Secretary of a written request which meets the requirements of clause (iii), the Secretary may disclose return information (other than taxpayer return information) to officers and employees of any Fed-

eral law enforcement agency who are personally and directly engaged in the response to or investigation of terrorist incidents, threats, or activities.

"(ii) **DISCLOSURE TO STATE AND LOCAL LAW ENFORCEMENT AGENCIES.**—The head of any Federal law enforcement agency may disclose return information obtained under clause (i) to officers and employees of any State or local law enforcement agency but only if such agency is part of a team with the Federal law enforcement agency in such response or investigation and such information is disclosed only to officers and employees who are personally and directly engaged in such response or investigation.

"(iii) **REQUIREMENTS.**—A request meets the requirements of this clause if—

"(I) the request is made by the head of any Federal law enforcement agency (or his delegate) involved in the response to or investigation of terrorist incidents, threats, or activities, and

"(II) the request sets forth the specific reason or reasons why such disclosure may be relevant to a terrorist incident, threat, or activity.

"(iv) **LIMITATION ON USE OF INFORMATION.**—Information disclosed under this subparagraph shall be solely for the use of the officers and employees to whom such information is disclosed in such response or investigation.

"(B) **DISCLOSURE TO INTELLIGENCE AGENCIES.**—

"(i) **IN GENERAL.**—Except as provided in paragraph (6), upon receipt by the Secretary of a written request which meets the requirements of clause (ii), the Secretary may disclose return information (other than taxpayer return information) to those officers and employees of the Department of Justice, the Department of the Treasury, and other Federal intelligence agencies who are personally and directly engaged in the collection or analysis of intelligence and counterintelligence information or investigation concerning terrorists and terrorist organizations and activities. For purposes of the preceding sentence, the information disclosed under the preceding sentence shall be solely for the use of such officers and employees in such investigation, collection, or analysis.

"(ii) **REQUIREMENTS.**—A request meets the requirements of this subparagraph if the request—

"(I) is made by an individual described in clause (iii), and

"(II) sets forth the specific reason or reasons why such disclosure may be relevant to a terrorist incident, threat, or activity.

"(iii) **REQUESTING INDIVIDUALS.**—An individual described in this subparagraph is an individual—

"(I) who is an officer or employee of the Department of Justice or the Department of the Treasury who is appointed by the President with the advice and consent of the Senate or who is the Director of the United States Secret Service, and

"(II) who is responsible for the collection and analysis of intelligence and counterintelligence information concerning terrorists and terrorist organizations and activities.

"(iv) **TAXPAYER IDENTITY.**—For purposes of this subparagraph, a taxpayer's identity shall not be treated as taxpayer return information.

"(C) **DISCLOSURE UNDER EX PARTE ORDERS.**—

"(i) **IN GENERAL.**—Except as provided in paragraph (6), any return or return information with respect to any specified taxable period or periods shall, pursuant to and upon the grant of an ex parte order by a Federal district court judge or magistrate under clause (ii), be open (but only to the extent necessary as provided in such order) to inspection by, or disclosure to, officers and employees of any Federal law enforcement agency or Federal intelligence agency who are personally and directly engaged in any investigation, response to, or analysis of intelligence and counterintelligence information concerning any terrorist activity or threats. Return or return information opened pursuant to the preceding sentence shall be solely for the use of

such officers and employees in the investigation, response, or analysis, and in any judicial, administrative, or grand jury proceedings, pertaining to any such terrorist activity or threat.

"(ii) **APPLICATION FOR ORDER.**—The Attorney General, the Deputy Attorney General, the Associate Attorney General, any Assistant Attorney General, or any United States attorney may authorize an application to a Federal district court judge or magistrate for the order referred to in clause (i). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that—

"(I) there is reasonable cause to believe, based upon information believed to be reliable, that the return or return information may be relevant to a matter relating to such terrorist activity or threat, and

"(II) the return or return information is sought exclusively for use in a Federal investigation, analysis, or proceeding concerning terrorist activity, terrorist threats, or terrorist organizations.

"(D) **SPECIAL RULE FOR EX PARTE DISCLOSURE BY THE IRS.**—

"(i) **IN GENERAL.**—Except as provided in paragraph (6), the Secretary may authorize an application to a Federal district court judge or magistrate for the order referred to in subparagraph (C)(i). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that the requirements of subparagraph (C)(ii)(I) are met.

"(ii) **LIMITATION ON USE OF INFORMATION.**—Information disclosed under clause (i)—

"(I) may be disclosed only to the extent necessary to apprise the head of the appropriate Federal law enforcement agency responsible for investigating or responding to a terrorist incident, threat, or activity, and

"(II) shall be solely for use in a Federal investigation, analysis, or proceeding concerning terrorist activity, terrorist threats, or terrorist organizations.

The head of such Federal agency may disclose such information to officers and employees of such agency to the extent necessary to investigate or respond to such terrorist incident, threat, or activity.

"(E) **TERMINATION.**—No disclosure may be made under this paragraph after December 31, 2003."

(c) **CONFORMING AMENDMENTS.**—

(1) Section 6103(a)(2) is amended by inserting "any local law enforcement agency receiving information under subsection (i)(7)(A)," after "State."

(2) The heading of section 6103(i)(3) is amended by inserting "OR TERRORIST" after "CRIMINAL".

(3) Paragraph (4) of section 6103(i) is amended—

(A) in subparagraph (A) by inserting "or (7)(C)" after "paragraph (1)", and

(B) in subparagraph (B) by striking "or (3)(A)" and inserting "(3)(A) or (C), or (7)".

(4) Paragraph (6) of section 6103(i) is amended—

(A) by striking "(3)(A)" and inserting "(3)(A) or (C)", and

(B) by striking "or (7)" and inserting "(7), or (8)".

(5) Section 6103(p)(3) is amended—

(A) in subparagraph (A) by striking "(7)(A)(ii)" and inserting "(8)(A)(ii)", and

(B) in subparagraph (C) by striking "(i)(3)(B)(i)" and inserting "(i)(3)(B)(i) or (7)(A)(ii)".

(6) Section 6103(p)(4) is amended—

(A) in the matter preceding subparagraph (A)—

(i) by striking "or (5)," the first place it appears and inserting "(5), or (7).", and

(ii) by striking "(i)(3)(B)(i)." and inserting "(i)(3)(B)(i) or (7)(A)(ii).", and

(B) in subparagraph (F)(ii) by striking “or (5),” the first place it appears and inserting “(5) or (7).”

(7) Section 6103(p)(6)(B)(i) is amended by striking “(i)(7)(A)(ii)” and inserting “(i)(8)(A)(ii).”

(8) Section 6105(b) is amended—

(A) by striking “or” at the end of paragraph (2),

(B) by striking “paragraphs (1) or (2)” in paragraph (3) and inserting “paragraph (1), (2), or (3).”

(C) by redesignating paragraph (3) as paragraph (4), and

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

“(3) to the disclosure of tax convention information on the same terms as return information may be disclosed under paragraph (3)(C) or (7) of section 6103(i), except that in the case of tax convention information provided by a foreign government, no disclosure may be made under this paragraph without the written consent of the foreign government, or”.

(9) Section 7213(a)(2) is amended by striking “(i)(3)(B)(i),” and inserting “(i)(3)(B)(i) or (7)(A)(ii).”

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures made on or after the date of the enactment of this Act.

TITLE IV—EXTENSIONS OF CERTAIN EXPIRING PROVISIONS

SEC. 401. 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, AND 2002.—”, and

(2) by striking “during 2000 or 2001,” and inserting “during 2000, 2001, or 2002.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 904(h) is amended by striking “during 2000 or 2001” and inserting “during 2000, 2001, or 2002.”.

(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.

(c) TECHNICAL CORRECTION.—Section 24(d)(1)(B) is amended by striking “amount of credit allowed by this section” and inserting “aggregate amount of credits allowed by this subpart”.

(d) EFFECTIVE DATES.—

(1) The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 2001.

(2) The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2000.

SEC. 402. WORK OPPORTUNITY CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 51(c)(4) is amended by striking “2001” and inserting “2002”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2001.

SEC. 403. WELFARE-TO-WORK CREDIT.

(a) IN GENERAL.—Subsection (f) of section 51A is amended by striking “2001” and inserting “2002”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2001.

SEC. 404. 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 “2003”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 405. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARINAL PROPERTIES.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) is amended by striking “2002” and inserting “2003”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 406. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) is amended by striking “2000, and 2001” and inserting “2000, 2001, and 2002”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 407. SUBPART F EXEMPTION FOR ACTIVE FINANCING.

(a) IN GENERAL.—

(1) Section 953(e)(10) is amended—

(A) by striking “2002” and inserting “2003”, and

(B) by striking “2001” and inserting “2002”.

(2) Section 954(h)(9) is amended by striking “2002” and inserting “2003”.

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

SEC. 408. COVER OVER OF TAX ON DISTILLED SPIRITS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking “2002” and inserting “2003”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 409. DELAY IN EFFECTIVE DATE OF REQUIREMENT FOR APPROVED DIESEL OR KEROSENE TERMINALS.

Paragraph (2) of section 1032(f) of the Taxpayer Relief Act of 1997 (Public Law 105-34) is amended by striking “2002” and inserting “2003”.

SEC. 410. 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, 2002,” and

(B) in clauses (i), (ii), and (iii), by striking “2002”, “2003”, and “2004”, respectively, and inserting “2003”, “2004”, and “2005”, respectively, and

(2) in subsection (f), by striking “2004” and inserting “2005”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 411. 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, 2002,” and

(B) in subparagraphs (A), (B), and (C), by striking “2002”, “2003”, and “2004”, respectively, and inserting “2003”, “2004”, and “2005”, respectively, and

(2) in subsection (e), by striking “2004” and inserting “2005”.

(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, 2005.”.

(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. 412. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) IN GENERAL.—Subsection (f) of section 9812 is amended by striking “2001” and inserting “2002”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to plan years beginning after December 31, 2001.

SEC. 413. COMBINED EMPLOYMENT TAX REPORTING.

(a) DEMONSTRATION PROJECT.—Section 976 of the Taxpayer Relief Act of 1997 is amended by striking “with the date which is 5 years after the date of the enactment of this Act” and inserting “on December 31, 2002”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

TITLE V—EXTENSION OF ADDITIONAL PROVISIONS EXPIRING IN 2001

SEC. 501. 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) is amended by striking “September 30, 2001” and inserting “December 31, 2002”.

(b) RETROACTIVE APPLICATION FOR CERTAIN LIQUIDATIONS AND RELIQUIDATIONS.—

(1) IN GENERAL.—

(A) ENTRY OF CERTAIN ARTICLES.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, and subject to paragraph (2), the entry—

(i) 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;

(ii) that was made after September 30, 2001, and before the date of enactment of this Act; and

(iii) 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.

(B) ENTRY.—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 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.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2001.

SEC. 502. ANDEAN TRADE PREFERENCE ACT.

(a) IN GENERAL.—Section 208(b) of the Andean Trade Preference Act (19 U.S.C. 3206(b)) is amended by striking “10 years after December 4, 1991” and inserting “after June 4, 2002”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on December 5, 2001.

SEC. 503. REAUTHORIZATION OF TRADE ADJUSTMENT ASSISTANCE.

(a) ASSISTANCE FOR WORKERS.—Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended by striking “October 1, 1998, and ending September 30, 2001,” each place it appears and inserting “October 1, 2001, and ending December 31, 2002.”.

(b) ASSISTANCE FOR FIRMS.—Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by striking “October 1, 1998, and ending September 30, 2001” and inserting “October 1, 2001, and ending December 31, 2002.”.

(c) TERMINATION.—Section 285(c) of the Trade Act of 1974 (19 U.S.C. 2771 note) is amended in

paragraphs (1) and (2)(A), by striking "September 30, 2001" and inserting "December 31, 2002".

(d) **TRAINING LIMITATION UNDER NAFTA PROGRAM.**—Section 250(d)(2) of the Trade Act of 1974 (19 U.S.C. 2331(d)(2)) is amended by striking "October 1, 1998, and ending September 30, 2001" and inserting "October 1, 2001, and ending December 31, 2002".

(e) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of enactment of this Act.

TITLE VI—HEALTH INSURANCE COVERAGE OPTIONS FOR RECENTLY UNEMPLOYED INDIVIDUALS AND THEIR FAMILIES

SEC. 601. PREMIUM ASSISTANCE FOR COBRA CONTINUATION COVERAGE FOR INDIVIDUALS AND THEIR FAMILIES.

(a) **ESTABLISHMENT.**—

(1) **IN GENERAL.**—Not later than 30 days after the date of enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Labor, shall establish a program under which 75 percent of the premium for COBRA continuation coverage shall be provided for an individual who—

(A) at any time during the period that begins on September 11, 2001, and ends on December 31, 2002, is separated from employment; and

(B) is eligible for, and has elected coverage under, COBRA continuation coverage.

(2) **INCLUSION OF CERTAIN INDIVIDUALS.**—For purposes of paragraph (1), the spouse, child, or other individual who was an insured under health insurance coverage of an individual who was killed as a result of the terrorist-related aircraft crashes on September 11, 2001, or as a result of any other terrorist-related event occurring during the period described in that paragraph, and who is eligible for, and has elected coverage under, COBRA continuation coverage shall be eligible for premium assistance under the program established under this section.

(3) **STATE OPTION TO ELECT ADMINISTRATION OF PROGRAM.**—

(A) **IN GENERAL.**—A State may elect to administer the premium assistance program established under this section if the State submits to the Secretary of the Treasury, not later than January 1, 2002, a plan that describes how the State will administer such program on behalf of the individuals described in paragraph (1) or (2) who reside in the State beginning on that date.

(B) **STATE ENTITLEMENT.**—In the case of a State that submits a plan under subparagraph (A), the Secretary of the Treasury shall pay to each such State an amount for each quarter equal to the total amount of premium subsidies provided in that quarter on behalf of such individuals.

(4) **IMMEDIATE IMPLEMENTATION.**—The program established under this section shall be implemented without regard to whether or not final regulations to carry out such program have been promulgated by the date described in paragraph (1).

(b) **LIMITATION OF PERIOD OF PREMIUM ASSISTANCE.**—

(1) **IN GENERAL.**—Premium assistance provided in accordance with this section shall end with respect to an individual on the earlier of—

(A) the date the individual is no longer covered under COBRA continuation coverage; or

(B) 12 months after the date the individual is first enrolled in the premium assistance program established under this section.

(2) **NO ASSISTANCE AFTER DECEMBER 31, 2002.**—No premium assistance (including payment for such assistance) may be provided under this section after December 31, 2002.

(c) **PAYMENT ARRANGEMENTS; CREDITING OF ASSISTANCE.**—

(1) **PROVISION OF ASSISTANCE.**—

(A) **IN GENERAL.**—Premium assistance shall be provided under the program established under this section through direct payment arrange-

ments with a group health plan (including a multiemployer plan), an issuer of health insurance coverage, an administrator, or an employer as appropriate with respect to the individual provided such assistance.

(B) **ADDITIONAL OPTION FOR STATE-RUN PROGRAM.**—In the case of a State that elects to administer the program established under this section, such assistance may be provided through the State public employment office or other agency responsible for administering the State unemployment compensation program.

(2) **PREMIUMS PAYABLE BY INDIVIDUAL REDUCED BY AMOUNT OF ASSISTANCE.**—Premium assistance provided under this section shall be credited by the group health plan, issuer of health insurance coverage, or an administrator against the premium otherwise owed by the individual involved for COBRA continuation coverage.

(d) **PROGRAM REQUIREMENTS.**—Premium assistance shall be provided under the program established under this section consistent with the following:

(1) **ALL QUALIFYING INDIVIDUALS MAY APPLY.**—All individuals described in paragraph (1) or (2) of subsection (a) may apply for such assistance at any time during the period described in subsection (a)(1)(A).

(2) **SELECTION ON FIRST-COME, FIRST-SERVED BASIS.**—Such assistance shall be provided to such individuals who apply for the assistance in the order in which they apply.

(e) **LIMITATION ON ENTITLEMENT.**—Nothing in this section shall be construed as establishing any entitlement of individuals described in paragraph (1) or (2) of subsection (a) to premium assistance under this section.

(f) **DISREGARD OF SUBSIDIES FOR PURPOSES OF FEDERAL AND STATE PROGRAMS.**—Notwithstanding any other provision of law, any premium assistance provided to, or on behalf of, an individual under this section, shall not be considered income or resources in determining eligibility for, or the amount of assistance or benefits provided under, any other Federal public benefit or State or local public benefit.

(g) **CHANGE IN COBRA NOTICE.**—

(1) **GENERAL NOTICE.**—

(A) **IN GENERAL.**—In the case of notices provided under section 4980B(f)(6) of the Internal Revenue Code of 1986, section 2206 of the Public Health Service Act (42 U.S.C. 300bb-6), section 606 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1166), or section 8905a(f)(2)(A) of title 5, United States Code, with respect to individuals who, during the period described in subsection (a)(1)(A), become entitled to elect COBRA continuation coverage, such notices shall include an additional notification to the recipient of the availability of premium assistance for such coverage under this section and for temporary medicaid assistance under section 603 for the remaining portion of COBRA continuation premiums.

(B) **ALTERNATIVE NOTICE.**—In the case of COBRA continuation coverage to which the notice provision under such sections does not apply, the Secretary of the Treasury, in consultation with the Secretary of Labor, shall, in coordination with administrators of the group health plans (or other entities) that provide or administer the COBRA continuation coverage involved, assure the provision of such notice.

(C) **FORM.**—The requirement of the additional notification under this paragraph may be met by amendment of existing notice forms or by inclusion of a separate document with the notice otherwise required.

(2) **SPECIFIC REQUIREMENTS.**—Each additional notification under paragraph (1) shall include—

(A) the forms necessary for establishing eligibility and enrollment in the premium assistance program established under this section in connection with the coverage with respect to each covered employee or other qualified beneficiary;

(B) the name, address, and telephone number necessary to contact the administrator and any

other person maintaining relevant information in connection with the premium assistance; and

(C) the following statement displayed in a prominent manner:

"You may be eligible to receive assistance with payment of 75 percent of your COBRA continuation coverage premiums and with temporary medicaid coverage for the remaining premium portion for a duration of not to exceed 12 months."

(3) **NOTICE RELATING TO RETROACTIVE COVERAGE.**—In the case of such notices previously transmitted before the date of enactment of this Act in the case of an individual described in paragraph (1) who has elected (or is still eligible to elect) COBRA continuation coverage as of the date of enactment of this Act, the administrator of the group health plan (or other entity) involved or the Secretary of the Treasury, in consultation with the Secretary of Labor, (in the case described in the paragraph (1)(B)) shall provide (within 60 days after the date of enactment of this Act) for the additional notification required to be provided under paragraph (1).

(4) **MODEL NOTICES.**—Not later than 30 days after the date of enactment of this Act, the Secretary of the Treasury shall prescribe models for the additional notification required under this subsection.

(h) **REPORTS.**—Beginning on January 1, 2002, and every 3 months thereafter until January 1, 2003, the Secretary of the Treasury shall submit a report to Congress regarding the premium assistance program established under this section that includes the following:

(1) The status of the implementation of the program.

(2) The number of individuals provided assistance under the program as of the date of the report.

(3) The average dollar amount (monthly and annually) of the premium assistance provided under the program.

(4) The number and identification of the States that have elected to administer the program.

(5) The total amount of expenditures incurred (with administrative expenditures noted separately) under the program as of the date of the report.

(i) **APPROPRIATION.**—

(1) **IN GENERAL.**—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to carry out this section, such sums as are necessary for each of fiscal years 2002 and 2003.

(2) **OBLIGATION OF FUNDS.**—This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of premium assistance under this section.

(j) **SUNSET.**—No premium assistance (including payment for such assistance) may be provided under this section after December 31, 2002.

SEC. 602. STATE OPTION TO PROVIDE TEMPORARY MEDICAID COVERAGE FOR CERTAIN UNINSURED INDIVIDUALS.

(a) **STATE OPTION.**—Notwithstanding any other provision of law, a State may elect to provide under its medicaid program under title XIX of the Social Security Act medical assistance in the case of an individual—

(1) who at any time during the period that begins on September 11, 2001, and ends on December 31, 2002, is separated from employment;

(2) who is not eligible for COBRA continuation coverage;

(3) who is uninsured; and

(4) whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish.

(b) **LIMITATION OF PERIOD OF COVERAGE.**—Medical assistance provided in accordance with this section shall end with respect to an individual on the earlier of—

(1) the date the individual is no longer uninsured; or

(2) subject to subsection (c)(4), 12 months after the date the individual first receives such assistance.

(c) **SPECIAL RULES.**—In the case of medical assistance provided under this section—

(1) the Federal medical assistance percentage under section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) shall be the enhanced FMAP (as defined in section 2105(b) of such Act (42 U.S.C. 1397ee(b)));

(2) a State may elect to apply any income, asset, or resource limitation permitted under the State medicaid plan or under title XIX of such Act;

(3) the provisions of section 1916(g) of the Social Security Act (42 U.S.C. 1396o) shall apply to the provision of such assistance in the same manner as the provisions of such section apply with respect to individuals provided medical assistance only under subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii) of such Act (42 U.S.C. 1396a(a)(10)(A)(ii));

(4) a State may elect to provide such assistance in accordance with section 1902(a)(34) of the Social Security Act (42 U.S.C. 1396a(a)(34)) and any assistance provided with respect to a month described in that section shall not be included in the determination of the 12-month period under subsection (b)(2);

(5) a State may elect to make eligible for such medical assistance a dependent spouse or children of an individual eligible for medical assistance under subsection (a), if such spouse or children are uninsured;

(6) individuals eligible for medical assistance under this section shall be deemed to be described in the list of individuals described in the matter preceding paragraph (1) of section 1905(a) of such Act (42 U.S.C. 1396d(a));

(7) a State may elect to provide such medical assistance without regard to any limitation under sections 401(a), 402(b), 403, and 421 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(a), 1612(b), 1613, and 1631) and no debt shall accrue under an affidavit of support against any sponsor of an individual who is an alien who is provided such assistance, and the cost of such assistance shall not be considered as an unreimbursed cost; and

(8) the Secretary of Health and Human Services shall not count, for purposes of section 1108(f) of the Social Security Act (42 U.S.C. 1308(f)), such amount of payments under this section as bears a reasonable relationship to the average national proportion of payments made under this section for the 50 States and the District of Columbia to the payments otherwise made under title XIX for such States and District.

(d) **SUNSET.**—No medical assistance may be provided under this section after December 31, 2002.

SEC. 603. STATE OPTION TO PROVIDE TEMPORARY COVERAGE UNDER MEDICAID FOR THE UNSUBSIDIZED PORTION OF COBRA CONTINUATION PREMIUMS.

(a) **STATE OPTION.**—

(1) **IN GENERAL.**—Notwithstanding any other provision of law, a State may elect to provide under its medicaid program under title XIX of the Social Security Act medical assistance in the form of payment for the portion of the premium for COBRA continuation coverage for which an individual does not receive a subsidy under the premium assistance program established under section 601 in the case of an individual—

(A) who at any time during the period that begins on September 11, 2001, and ends on December 31, 2002, is separated from employment;

(B) who is eligible for, and has elected coverage under, COBRA continuation coverage;

(C) who is receiving premium assistance under the program established under section 601; and

(D) whose family income does not exceed 200 percent of the poverty line.

(2) **INCLUSION OF CERTAIN INDIVIDUALS.**—For purposes of paragraph (1), the spouse, child, or other individual who was an insured under health insurance coverage of an individual who

was killed as a result of the terrorist-related aircraft crashes on September 11, 2001, or as a result of any other terrorist-related event occurring during the period described in that paragraph, and who satisfies the requirements of subparagraphs (B), (C), and (D) of paragraph (1) shall be eligible for medical assistance under this section.

(b) **LIMITATION OF PERIOD OF COVERAGE.**—Medical assistance provided in accordance with this section shall end with respect to an individual on the earlier of—

(1) the date the individual is no longer covered under COBRA continuation coverage; or

(2) 12 months after the date the individual first receives such assistance under this section.

(c) **SPECIAL RULES.**—In the case of medical assistance provided under this section—

(1) such assistance may be provided without regard to—

(A) whether the State otherwise has elected to make medical assistance available for COBRA premiums under section 1902(a)(10)(F) of the Social Security Act (42 U.S.C. 1396a(a)(10)(F)); or

(B) the conditions otherwise imposed for the provision of medical assistance for such COBRA premiums under clause (XII) of the matter following section 1902(a)(10)(G) of the Social Security Act (42 U.S.C. 1396a(a)(10)(G)), or paragraphs (1)(B), (1)(C), (1)(D), and (4) of section 1902(u) of such Act (42 U.S.C. 1396a(u)); and

(2) paragraphs (1), (2), (4), (5), (7), and (8) of subsection (c) of section 602 apply to such assistance in the same manner as such paragraphs apply to the provision of medical assistance under that section.

(d) **SUNSET.**—No medical assistance may be provided under this section after December 31, 2002.

SEC. 604. TEMPORARY INCREASES OF MEDICAID FMAP FOR FISCAL YEAR 2002.

(a) **PERMITTING MAINTENANCE OF FISCAL YEAR 2001 FMAP.**—Notwithstanding any other provision of law, but subject to subsection (d), if the FMAP determined without regard to this section for a State for fiscal year 2002 is less than the FMAP as so determined for fiscal year 2001, the FMAP for the State for fiscal year 2001 shall be substituted for the State's FMAP for fiscal year 2002, before the application of this section.

(b) **GENERAL 1.50 PERCENTAGE POINTS INCREASE.**—Notwithstanding any other provision of law, but subject to subsections (d) and (e), for each State for each calendar quarter in fiscal year 2002, the FMAP (taking into account the application of subsection (a)) shall be increased by 1.50 percentage points.

(c) **FURTHER INCREASE FOR STATES WITH HIGH UNEMPLOYMENT RATES.**—

(1) **IN GENERAL.**—Notwithstanding any other provision of law, but subject to subsections (d) and (e), the FMAP for a high unemployment State for a calendar quarter in fiscal year 2002 (and any subsequent calendar quarter in such fiscal year regardless of whether the State continues to be a high unemployment State for a calendar quarter in such fiscal year) shall be increased (after the application of subsections (a) and (b)) by 1.50 percentage points.

(2) **HIGH UNEMPLOYMENT STATE.**—For purposes of this subsection, a State is a high unemployment State for a calendar quarter if, for any 3 consecutive months beginning on or after June 2001 and ending with the second month before the beginning of the calendar quarter, the State has an unemployment rate that exceeds the national average unemployment rate. Such unemployment rates for such months shall be determined based on publications of the Bureau of Labor Statistics of the Department of Labor.

(d) **1-YEAR INCREASE IN CAP ON MEDICAID PAYMENTS TO TERRITORIES.**—Notwithstanding any other provision of law, with respect to fiscal year 2002, the amounts otherwise determined for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa under section 1108 of the Social Security Act (42 U.S.C. 1308) shall each be increased by

an amount equal to 3.093 percentage points of such amounts.

(e) **SCOPE OF APPLICATION.**—The increases in the FMAP for a State under this section shall apply only for purposes of title XIX of the Social Security Act and shall not apply with respect to—

(1) disproportionate share hospital payments described in section 1923 of such Act (42 U.S.C. 1396r-4); and

(2) payments under titles IV and XXI of such Act (42 U.S.C. 601 et seq. and 1397aa et seq.).

(f) **STATE ELIGIBILITY.**—A State is eligible for an increase in its FMAP under subsection (b) or (c) only if the eligibility under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) is no more restrictive than the eligibility under such plan (or waiver) as in effect on October 1, 2001.

SEC. 605. DEFINITIONS.

In this title:

(1) **ADMINISTRATOR.**—The term “administrator” has the meaning given that term in section 3(16)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(16)(A)).

(2) **COBRA CONTINUATION COVERAGE.**—

(A) **IN GENERAL.**—The term “COBRA continuation coverage” means coverage under a group health plan provided by an employer pursuant to title XXII of the Public Health Service Act, section 4980B of the Internal Revenue Code of 1986, part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, or section 8905a of title 5, United States Code.

(B) **APPLICATION TO EMPLOYERS IN STATES REQUIRING SUCH COVERAGE.**—Such term includes such coverage provided by an employer in a State that has enacted a law that requires the employer to provide such coverage even though the employer would not otherwise be required to provide such coverage under the provisions of law referred to in subparagraph (A).

(3) **COVERED EMPLOYEE.**—The term “covered employee” has the meaning given that term in section 607(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(2)).

(4) **FEDERAL PUBLIC BENEFIT.**—The term “Federal public benefit” has the meaning given that term in section 401(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(c)).

(5) **FMAP.**—The term “FMAP” means the Federal medical assistance percentage, as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)).

(6) **GROUP HEALTH PLAN.**—The term “group health plan” has the meaning given that term in section 2791(a) of the Public Health Service Act (42 U.S.C. 300gg-91(a)) and in section 607(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(1)).

(7) **HEALTH INSURANCE COVERAGE.**—The term “health insurance coverage” has the meaning given that term in section 2791(b)(1) of the Public Health Service Act (42 U.S.C. 300gg-91(b)(1)).

(8) **MULTIEMPLOYER PLAN.**—The term “multiemployer plan” has the meaning given that term in section 3(37) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(37)).

(9) **POVERTY LINE.**—The term “poverty line” has the meaning given that term in section 2110(c)(5) of the Social Security Act (42 U.S.C. 1397jj(c)(5)).

(10) **QUALIFIED BENEFICIARY.**—The term “qualified beneficiary” has the meaning given that term in section 607(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(3)).

(11) **STATE.**—The term “State” has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(12) **STATE OR LOCAL PUBLIC BENEFIT.**—The term “State or local public benefit” has the meaning given that term in section 411(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1621(c)).

(13) UNINSURED.—

(A) IN GENERAL.—The term “uninsured” means, with respect to an individual, that the individual is not covered under—

- (i) a group health plan;
- (ii) health insurance coverage; or
- (iii) a program under title XVIII, XIX, or XXI of the Social Security Act (other than under such title XIX pursuant to section 602).

(B) EXCLUSION.—Such coverage under clause (i) or (ii) shall not include coverage consisting solely of coverage of excepted benefits (as defined in section 2791(c) of the Public Health Service Act (42 U.S.C. 300gg-91(c))).

TITLE VII—TEMPORARY ENHANCED UNEMPLOYMENT BENEFITS

SEC. 701. SHORT TITLE.

This title may be cited as the “Temporary Unemployment Compensation Act of 2001”.

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.—

(1) IN GENERAL.—Any agreement under subsection (a) shall provide that the State agency of the State will make—

(A) payments of regular compensation to individuals in amounts and to the extent that such payments would be determined if the State law were applied with the modifications described in paragraph (2); and

(B) payments of temporary supplemental unemployment compensation to individuals who—

- (i) have exhausted all rights to regular compensation under the State law;
- (ii) do not, with respect to a week, have any rights to compensation (excluding extended compensation) under the State law of any other State (whether one that has entered into an agreement under this title or otherwise) nor compensation under any other Federal law (other than under the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note)), and are not paid or entitled to be paid any additional compensation under any Federal or State law; and
- (iii) are not receiving compensation with respect to such week under the unemployment compensation law of Canada.

(2) MODIFICATIONS DESCRIBED.—The modifications described in this paragraph are as follows:

(A) ALTERNATIVE BASE PERIOD.—An individual shall be eligible for regular compensation if the individual would be so eligible, determined by applying—

(i) the base period that would otherwise apply under the State law if this title had not been enacted; or

(ii) a base period ending at the close of the calendar quarter most recently completed before the date of the individual’s application for benefits, provided that wage data for that quarter has been reported to the State;

whichever results in the greater amount.

(B) PART-TIME EMPLOYMENT.—An individual shall not be 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 is available for, only part-time (and not full-time) work, if—

(i) the individual’s employment on which eligibility for the regular 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) IN GENERAL.—The amount of regular compensation (including dependents’ allowances) payable for any week shall be equal to the

amount determined under the State law (before the application of this subparagraph), plus an amount equal to the greater of—

- (I) 15 percent of the amount so determined; or
- (II) \$25.

(ii) ROUNDING.—For purposes of determining the amount under clause (i)(I), such amount shall be rounded to the dollar amount specified under State law.

(c) NONREDUCTION RULE.—Under the agreement, 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—

(1) the average weekly amount of regular compensation which will be payable during the period of the agreement (determined disregarding the modifications described in subsection (b)(2)) will be less than

(2) 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.—The modifications described in subsection (b)(2) shall also 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) TSUC TO SERVE AS SECOND-TIER BENEFITS.—Notwithstanding any other provision of law, extended benefits shall not be payable to any individual for any week for which temporary supplemental unemployment compensation is payable to such individual.

(e) EXHAUSTION OF BENEFITS.—For purposes of subsection (b)(1)(B)(i), an individual shall be considered 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.

(f) WEEKLY BENEFIT AMOUNT, TERMS AND CONDITIONS, ETC. RELATING TO TSUC.—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 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;

(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 703 shall not exceed the amount established in such account for such individual.

SEC. 703. 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 applica-

tion 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 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 weekly benefit amount.

(2) 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.

(3) RULE OF CONSTRUCTION.—For purposes of any computation under paragraph (1) (and any determination of amount under section 702(f)(1)), the modification described in section 702(b)(2)(C) (relating to increased benefits) shall be deemed to have been in effect with respect to the entirety of the benefit year involved.

SEC. 704. 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 regular compensation made payable to individuals by such State by virtue of the modifications which are described in section 702(b)(2) and deemed to be in effect with respect to such State pursuant to section 702(b)(1)(A);

(2) 100 percent of any regular compensation—

(A) which is paid to individuals by such State by reason of the fact that its State law contains provisions comparable to the modifications described in subparagraphs (A) and (B) of section 702(b)(2); but only

(B) to the extent that those amounts would, if such amounts were instead payable by virtue of the State law’s being deemed to be so modified pursuant to section 702(b)(1)(A), have been reimbursable under paragraph (1); 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 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.

(c) ADMINISTRATIVE EXPENSES, ETC.—There is hereby appropriated 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. 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))), 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 704(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 704(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. 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 any regular compensation or temporary supplemental unemployment compensation under this title to which he 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 regular 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 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 regular compensation or 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. 707. DEFINITIONS.

For purposes of this title:

(1) *IN GENERAL.*—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, subject to paragraph (2).

(2) *STATE LAW AND REGULAR COMPENSATION.*—In the case of a State entering into an agreement under this title—

(A) “State law” shall be considered to refer to the State law of such State, applied in conformance with the modifications described in section 702(b)(2), subject to section 702(c); and

(B) “regular compensation” shall be considered to refer to such compensation, determined under its State law (applied in the manner described in subparagraph (A)); except as otherwise provided or where the context clearly indicates otherwise.

SEC. 708. 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 1, 2003.

(b) *SPECIFIC RULES.*—

(1) *IN GENERAL.*—Under such an agreement, the following rules shall apply:

(A) *ALTERNATIVE BASE PERIODS.*—The modification described in section 702(b)(2)(A) (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 modifications described in subparagraphs (B) and (C) of section 702(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 TSUC.*—The payments described in section 702(b)(1)(B) (relating to temporary supplemental unemployment compensation) shall not apply except in the case of individuals exhausting their rights to regular compensation (as described in 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 such agreement, such individual—

(i) may refile a claim for regular compensation based on the modification described in section 702(b)(2)(A) (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 refile a claim for regular compensation based on the modification described in section 702(b)(2)(B) (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.

TITLE VIII—EMERGENCY AGRICULTURE ASSISTANCE**Subtitle A—Crop Loss Assistance****SEC. 801. CROP LOSS ASSISTANCE.**

(a) *IN GENERAL.*—The Secretary of Agriculture (referred to in this title as the “Secretary”) shall use \$1,800,000,000 of funds of the Commodity Credit Corporation to make emergency financial assistance available to producers on a farm that have incurred qualifying losses for the 2001 crop.

(b) *ADMINISTRATION.*—The Secretary shall make assistance available under this section in the same manner as provided under section 815 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Public Law 105-277; 114 Stat. 1549A-55), including using the same loss thresholds for the quantity and economic losses as were used in administering that section.

(c) *USE OF FUNDS FOR CASH PAYMENTS.*—The Secretary may use funds made available under this section to make, in a manner consistent with this section, cash payments not for crop disasters, but for income loss to carry out the purposes of this section.

SEC. 802. LIVESTOCK ASSISTANCE PROGRAM.

(a) *IN GENERAL.*—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.

(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. 803. COMMODITY PURCHASES.

(a) *IN GENERAL.*—The Secretary shall use \$220,000,000 of funds of the Commodity Credit Corporation to purchase agricultural commodities, especially agricultural commodities that have experienced low prices during the 2001 crop year, as determined by the Secretary.

(b) *GEOGRAPHIC DIVERSITY.*—The Secretary is encouraged to purchase agricultural commodities under this section in a manner that reflects the geographic diversity of agricultural production in the United States, particularly agricultural production in the Northeast and Mid-Atlantic States.

(c) *OTHER PURCHASES.*—The Secretary shall ensure that purchases of agricultural commodities under this section are in addition to purchases by the Secretary under any other law.

(d) *TRANSPORTATION AND DISTRIBUTION COSTS.*—The Secretary may use not more than

\$20,000,000 of the funds made available under subsection (a) to provide assistance to States to cover costs incurred by the States in transporting and distributing agricultural commodities purchased under this section.

(e) **PURCHASES FOR SCHOOL NUTRITION PROGRAMS.**—The Secretary shall use not less than \$55,000,000 of the funds made available under subsection (a) to purchase agricultural commodities of the type distributed under section 6(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(a)) for distribution to schools and service institutions in accordance with section 6(a) of that Act.

Subtitle B—Rural Development

SEC. 811. RURAL COMMUNITY FACILITIES AND UTILITIES.

(a) **FUNDING.**—

(1) **IN GENERAL.**—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture—

(A) \$130,100,000 for the cost of water or waste disposal direct loans under section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1));

(B) \$1,074,798,000 for water or waste disposal grants under section 306(a)(2) of that Act;

(C) \$8,362,000 for the cost of community facility direct loans under section 306(a)(1) of that Act; and

(D) \$60,000,000 for community facility grants under paragraph (19), (20), or (21) of section 306(a)(1) of that Act.

(2) **RECEIPT AND ACCEPTANCE.**—The Secretary shall be entitled to receive, shall accept, and shall use in accordance with paragraph (1) the funds transferred under paragraph (1), without further appropriation.

(3) **AVAILABILITY OF FUNDS.**—Funds transferred under paragraph (1) shall remain available until expended.

(4) **APPLICABILITY OF OTHER LAWS.**—For the purposes of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a et seq.), this section shall be treated as if enacted in an Act of appropriation.

(5) **APPROPRIATED AMOUNTS.**—Funds made available under this subsection shall be available to the Secretary—

(A) to provide funds for pending applications for loans, loan guarantees, and grants described in paragraph (1); and

(B) only to the extent that funds for the loans, loan guarantees, and grants appropriated in the annual appropriations Act for fiscal year 2002 have been exhausted.

(b) **COMMUNITY FACILITY GUARANTEED LOANS.**—The Secretary may guarantee an additional \$128,000,000 for community facility guaranteed loans under section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)).

SEC. 812. RURAL TELECOMMUNICATIONS LOANS.

(a) **IN GENERAL.**—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to make insured cost of money rural telecommunications loans under sections 305 and 306 of the Rural Electrification Act of 1936 (7 U.S.C. 935, 936) \$40,000,000, to remain available until expended.

(b) **RECEIPT AND ACCEPTANCE.**—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subsection (a), without further appropriation.

(c) **APPLICABILITY OF OTHER LAWS.**—For the purposes of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a et seq.), this section shall be treated as if enacted in an Act of appropriation.

SEC. 813. TELEMEDICINE AND DISTANCE LEARNING SERVICES.

(a) **IN GENERAL.**—The Secretary may make additional loans and grants for the broadband pilot program and for telemedicine and distance

learning services under chapter 1 of subtitle D of title XXIII of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.).

(b) **AMOUNT OF LOANS.**—The Secretary shall make loans under this section in an amount not to exceed \$400,000,000.

(c) **FUNDING.**—

(1) **IN GENERAL.**—Not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture for the cost of loans and grants under this section \$5,000,000, to remain available until expended.

(2) **RECEIPT AND ACCEPTANCE.**—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

(3) **APPLICABILITY OF OTHER LAWS.**—For the purposes of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a et seq.), this subsection shall be treated as if enacted in an Act of appropriation.

SEC. 814. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

In addition to funds otherwise available, the Secretary shall use \$1,400,000,000 of funds of the Commodity Credit Corporation to carry out the environmental quality incentives program established under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.), including technical assistance under the program.

SEC. 815. FARMLAND PROTECTION PROGRAM.

In addition to funds otherwise available, the Secretary shall use \$150,000,000 of funds of the Commodity Credit Corporation to carry out the farmland protection program established under section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note; Public Law 104-127).

Subtitle C—Administration

SEC. 821. COMMODITY CREDIT CORPORATION.

The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out subtitle A.

SEC. 822. ADMINISTRATIVE EXPENSES.

(a) **IN GENERAL.**—In addition to funds otherwise available, not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to pay the salaries and expenses of the Department of Agriculture in carrying out this title \$104,500,000, to remain available until expended.

(b) **RECEIPT AND ACCEPTANCE.**—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subsection (a), without further appropriation.

SEC. 823. 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 subtitle 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 of Agriculture 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.

TITLE IX—ADDITIONAL PROVISIONS

SEC. 901. CREDIT TO HOLDERS OF QUALIFIED AMTRAK BONDS.

(a) **IN GENERAL.**—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new subpart:

"Subpart H—Nonrefundable Credit for Holders of Qualified Amtrak Bonds

"Sec. 54. Credit to holders of qualified Amtrak bonds.

"SEC. 54. CREDIT TO HOLDERS OF QUALIFIED AMTRAK BONDS.

"(a) **ALLOWANCE OF CREDIT.**—In the case of a taxpayer who holds a qualified Amtrak bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

"(b) **AMOUNT OF CREDIT.**—

"(1) **IN GENERAL.**—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified Amtrak bond is 25 percent of the annual credit determined with respect to such bond.

"(2) **ANNUAL CREDIT.**—The annual credit determined with respect to any qualified Amtrak bond is the product of—

"(A) the applicable credit rate, multiplied by

"(B) the outstanding face amount of the bond.

"(3) **APPLICABLE CREDIT RATE.**—For purposes of paragraph (2), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the date of sale of the issue) on outstanding long-term corporate debt obligations (determined in such manner as the Secretary prescribes).

"(4) **CREDIT ALLOWANCE DATE.**—For purposes of this section, the term 'credit allowance date' means—

"(A) March 15,

"(B) June 15,

"(C) September 15, and

"(D) December 15.

Such term includes the last day on which the bond is outstanding.

"(5) **SPECIAL RULE FOR ISSUANCE AND REDEMPTION.**—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

"(c) **LIMITATION BASED ON AMOUNT OF TAX.**—

"(1) **IN GENERAL.**—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(B) the sum of the credits allowable under this part (other than this subpart and subpart C).

"(2) **CARRYOVER OF UNUSED CREDIT.**—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

"(d) **CREDIT INCLUDED IN GROSS INCOME.**—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

"(e) **QUALIFIED AMTRAK BOND.**—For purposes of this part, the term 'qualified Amtrak bond' means any bond issued as part of an issue if—

“(1) 95 percent or more of the proceeds from the sale of such issue are to be used for expenditures incurred after the date of the enactment of this section for any qualified project,

“(2) the bond is issued by the National Railroad Passenger Corporation, is in registered form, and meets the bond limitation requirements under subsection (f),

“(3) the issuer designates such bond for purposes of this section,

“(4) the issuer certifies that it meets the State contribution requirement of subsection (k) with respect to such project, as in effect on the date of issuance,

“(5) the issuer certifies that it has obtained the written approval of the Secretary of Transportation for such project in accordance with subsection (l),

“(6) the term of each bond which is part of such issue does not exceed 20 years,

“(7) the payment of principal with respect to such bond is the obligation of the National Railroad Passenger Corporation, and

“(8) the issue meets the requirements of subsection (g) (relating to arbitrage).

“(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

“(1) NATIONAL LIMITATION.—There is a qualified Amtrak bond limitation for each calendar year. Such limitation is—

“(A) for 2002—

“(i) with respect to qualified projects described in subparagraphs (A), (B), and (C) of subsection (j)(1), \$7,000,000,000, and

“(ii) with respect to the qualified project described in subsection (j)(1)(D), \$2,000,000,000, and

“(B) except as provided in paragraph (4), zero thereafter.

“(2) LIMITS ON BONDS FOR NORTHEAST RAIL CORRIDOR AND INDIVIDUAL STATES.—

“(A) NORTHEAST RAIL CORRIDOR.—Not more than \$2,000,000,000 of the limitation under paragraph (1) may be designated for qualified projects on the northeast rail corridor between Washington, D.C., and Boston, Massachusetts.

“(B) INDIVIDUAL STATES.—Not more than \$2,000,000,000 of the limitation under paragraph (1) may be designated for any individual State. The dollar limitation under this subparagraph is in addition to the dollar limitation for the qualified projects described in subparagraph (A).

“(3) SET ASIDE FOR BONDS FOR NON-FEDERALLY DESIGNATED HIGH-SPEED RAIL CORRIDOR PROJECTS.—Not less than 15 percent of the limitation under paragraph (1) shall be designated for qualified projects described in subsection (j)(1)(C).

“(4) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

“(A) the qualified Amtrak limitation amount, exceeds

“(B) the amount of bonds issued during such year which are designated under subsection (e)(3),

the qualified Amtrak limitation amount for the following calendar year shall be increased by the amount of such excess.

Any carryforward of a qualified Amtrak limitation amount may be carried only to calendar year 2003 or 2004.

“(g) SPECIAL RULES RELATING TO ARBITRAGE.—

“(1) IN GENERAL.—Subject to paragraph (2), an issue shall be treated as meeting the requirements of this subsection if as of the date of issuance, the issuer reasonably expects—

“(A) to spend at least 95 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 3-year period beginning on such date,

“(B) to incur a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue, or to commence construction, with respect to such projects within the 6-month period beginning on such date, and

“(C) to proceed with due diligence to complete such projects and to spend the proceeds from the sale of the issue.

“(2) RULES REGARDING CONTINUING COMPLIANCE AFTER 3-YEAR DETERMINATION.—If at least 95 percent of the proceeds from the sale of the issue is not expended for 1 or more qualified projects within the 3-year period beginning on the date of issuance, but the requirements of paragraph (1) are otherwise met, an issue shall be treated as continuing to meet the requirements of this subsection if either—

“(A) the issuer uses all unspent proceeds from the sale of the issue to redeem bonds of the issue within 90 days after the end of such 3-year period, or

“(B) the following requirements are met:

“(i) The issuer spends at least 75 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 3-year period beginning on the date of issuance.

“(ii) Either—

“(I) the issuer spends at least 95 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 4-year period beginning on the date of issuance, or

“(II) the issuer pays to the Federal Government any earnings on the proceeds from the sale of the issue that accrue after the end of the 3-year period beginning on the date of issuance and uses all unspent proceeds from the sale of the issue to redeem bonds of the issue within 90 days after the end of the 4-year period beginning on the date of issuance.

“(h) RECAPTURE OF PORTION OF CREDIT WHERE CESSATION OF COMPLIANCE.—

“(1) IN GENERAL.—If any bond which when issued purported to be a qualified Amtrak bond ceases to be such a qualified bond, the issuer shall pay to the United States (at the time required by the Secretary) an amount equal to the sum of—

“(A) the aggregate of the credits allowable under this section with respect to such bond (determined without regard to subsection (c)) for taxable years ending during the calendar year in which such cessation occurs and the 2 preceding calendar years, and

“(B) interest at the underpayment rate under section 6621 on the amount determined under subparagraph (A) for each calendar year for the period beginning on the first day of such calendar year.

“(2) FAILURE TO PAY.—If the issuer fails to timely pay the amount required by paragraph (1) with respect to such bond, the tax imposed by this chapter on each holder of any such bond which is part of such issue shall be increased (for the taxable year of the holder in which such cessation occurs) by the aggregate decrease in the credits allowed under this section to such holder for taxable years beginning in such 3 calendar years which would have resulted solely from denying any credit under this section with respect to such issue for such taxable years.

“(3) SPECIAL RULES.—

“(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (2) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

“(B) NO CREDITS AGAINST TAX.—Any increase in tax under paragraph (2) shall not be treated as a tax imposed by this chapter for purposes of determining—

“(i) the amount of any credit allowable under this part, or

“(ii) the amount of the tax imposed by section 55.

“(i) TRUST ACCOUNT.—

“(1) IN GENERAL.—The following amounts shall be held in a trust account by a trustee independent of the National Railroad Passenger Corporation:

“(A) The proceeds from the sale of all bonds designated for purposes of this section.

“(B) The amount of any matching contributions with respect to such bonds.

“(C) The investment earnings on proceeds from the sale of such bonds.

“(D) Any earnings on any amounts described in subparagraph (A), (B), or (C).

“(2) USE OF FUNDS.—Amounts in the trust account may be used only to pay costs of qualified projects and redeem qualified Amtrak bonds, except that amounts withdrawn from the trust account to pay costs of qualified projects may not exceed the aggregate proceeds from the sale of all qualified Amtrak bonds issued under this section.

“(3) USE OF REMAINING FUNDS IN TRUST ACCOUNT.—Upon the redemption of all qualified Amtrak bonds issued under this section, any remaining amounts in the trust account described in paragraph (1) shall be available to the issuer for any qualified project.

“(j) QUALIFIED PROJECT.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified project’ means—

“(A) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements (including the introduction of new high-speed technologies such as magnetic levitation systems), including track or signal improvements or the elimination of grade crossings, for the northeast rail corridor between Washington, D.C., and Boston, Massachusetts,

“(B) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements (including the introduction of new high-speed technologies such as magnetic levitation systems), including development of intermodal facilities, track or signal improvements, or the elimination of grade crossings, for the improvement of train speeds or safety (or both) on the high-speed rail corridors designated under section 104(d)(2) of title 23, United States Code, as in effect on the date of the enactment of this section,

“(C) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements, including station rehabilitation or construction, development of intermodal facilities, track or signal improvements, or the elimination of grade crossings, for the improvement of train speeds or safety (or both) for other intercity passenger rail corridors and for the Alaska Railroad, and

“(D) construction, installation of facilities, performance of railroad force account work, and environmental impact studies that facilitate and maximize intercity and regional rail system capacity and connectivity intended to benefit all users, including the National Passenger Rail Corporation, related to the construction of the Trans Hudson Tunnel, an additional railroad passenger tunnel connecting Newark, New Jersey to the City of New York, New York.

“(2) REFINANCING RULES.—For purposes of paragraph (1), a refinancing shall constitute a qualified project only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by the issuer—

“(A) after the date of the enactment of this section,

“(B) for a term of not more than 3 years,

“(C) to finance or acquire capital improvements described in paragraph (1), and

“(D) in anticipation of being refinanced with proceeds of a qualified Amtrak bond.

“(k) STATE CONTRIBUTION REQUIREMENTS.—

“(1) IN GENERAL.—For purposes of subsection (e)(4), the State contribution requirement of this subsection is met with respect to any qualified project if the National Railroad Passenger Corporation has received from 1 or more States, not later than the date of issuance of the bond, matching contributions of not less than 20 percent of the cost of the qualified project.

“(2) NO STATE CONTRIBUTION REQUIREMENT FOR CERTAIN QUALIFIED PROJECTS.—The State contribution requirement of this subsection is

zero with respect to any project described in subsection (j)(1)(C) for the Alaska Railroad.

“(3) STATE MATCHING CONTRIBUTIONS MAY NOT INCLUDE FEDERAL FUNDS.—For purposes of this subsection, State matching contributions shall not be derived, directly or indirectly, from Federal funds, including any transfers from the Highway Trust Fund under section 9503.

“(1) DEPARTMENT OF TRANSPORTATION APPROVAL FOR QUALIFIED PROJECTS.—

“(1) IN GENERAL.—The written approval of a qualified project by the Secretary of Transportation required for purposes of subsection (e)(5) shall include—

“(A) the finding by the Inspector General of the Department of Transportation described in paragraph (2),

“(B) the certification by the Secretary of Transportation described in paragraph (3), and

“(C) the agreement by the National Railroad Passenger Corporation described in paragraph (4).

“(2) FINDING BY INSPECTOR GENERAL.—For purposes of paragraph (1), the finding described in this paragraph is a finding by the Inspector General of the Department of Transportation that there is a reasonable likelihood that the proposed project will result in a positive financial contribution to the National Railroad Passenger Corporation and that the investment evaluation process includes consideration of a return on investment, leveraging of funds (including State capital and operating contributions), cost effectiveness, safety improvement, mobility improvement, and feasibility.

“(3) CERTIFICATION.—For purposes of paragraph (1), the certification described in this paragraph is a certification by the Secretary of Transportation that the issuer of the qualified Amtrak bond—

“(A) except with respect to projects described in subsection (j)(1)(C), has entered into a written agreement with the owners of rail properties which are to be improved by the project to be funded by the qualified Amtrak bond, as to the scope and estimated cost of such project and the impact on rail freight capacity, and

“(B) has met the State contribution requirements described in subsection (k).

The National Railroad Passenger Corporation shall not exercise its rights under section 24308(a)(2) of title 49, United States Code, to resolve disputes with respect to a project to be funded by a qualified Amtrak bond, or with respect to the cost of such a project, unless the project is intended to result in railroad speeds of 79 miles per hour or less.

“(4) AGREEMENT BY AMTRAK TO ISSUE ADDITIONAL BONDS FOR PROJECTS OF OTHER CARRIERS.—

“(A) IN GENERAL.—For purposes of paragraph (1), the agreement described in this paragraph is an agreement by the National Railroad Passenger Corporation with the Secretary of Transportation to issue bonds which meet the requirements of this section for use in financing projects described in subparagraph (B).

“(B) PROJECTS COVERED.—For purposes of subparagraph (A), the projects described in this subparagraph are any project described in subsection (j)(1)(B) or (j)(1)(C) for an intercity rail passenger carrier other than the National Railroad Passenger Corporation or for the Alaska Railroad.

“(C) RESPONSIBILITY OF INTERCITY RAIL PASSENGER CARRIER.—Any project financed by bonds referred to in subparagraph (A) shall be carried out by the intercity rail passenger carrier other than the National Railroad Passenger Corporation, through a contract entered into by the National Railroad Passenger Corporation with such carrier.

“(D) INTERCITY RAIL PASSENGER CARRIER DEFINED.—For purposes of this paragraph, the term ‘intercity rail passenger carrier’ means any rail carrier (as defined in section 24102(7) of such title 49, as in effect on the date of the en-

actment of this section) which is part of the interstate system of rail transportation and which provides intercity rail passenger transportation (as defined in section 24102(5) of such title 49 (as so in effect)).

“(5) ADDITIONAL SELECTION CRITERIA.—In determining projects to be approved under this subsection (other than projects for the Alaska Railroad), or to be included in an agreement under paragraph (4), the Secretary of Transportation—

“(A) shall base such approval on—

“(i) the results of alternatives analysis and preliminary engineering, and

“(ii) a comprehensive review of mobility improvements, environmental benefits, cost effectiveness, and operating efficiencies, and

“(B) shall give preference to—

“(i) projects supported by evidence of stable and dependable financing sources to construct, maintain, and operate the system or extension,

“(ii) projects expected to have a significant impact on air traffic congestion,

“(iii) projects expected to also improve commuter rail operations,

“(iv) projects that anticipate fares designed to recover costs and generate a return on investment, and

“(v) projects that promote regional balance in infrastructure investment and the national interest in ensuring the development of a nationwide high-speed rail transportation network.

“(m) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

“(1) BOND.—The term ‘bond’ includes any obligation.

“(2) TREATMENT OF CHANGES IN USE.—For purposes of subsection (e)(1), the proceeds from the sale of an issue shall not be treated as used for a qualified project to the extent that the issuer takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall specify remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a qualified Amtrak bond.

“(3) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—In the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

“(4) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified Amtrak bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

“(5) REPORTING.—Issuers of qualified Amtrak bonds shall submit reports similar to the reports required under section 149(e).”

(b) AMENDMENTS TO OTHER CODE SECTIONS.—

(1) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

“(8) REPORTING OF CREDIT ON QUALIFIED AMTRAK BONDS.—

“(A) IN GENERAL.—For purposes of subsection (a), the term ‘interest’ includes amounts includible in gross income under section 54(d) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54(b)(4)).

“(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

“(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.”

(2) TREATMENT FOR ESTIMATED TAX PURPOSES.—

(A) INDIVIDUAL.—Section 6654 (relating to failure by individual to pay estimated income tax) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

“(m) SPECIAL RULE FOR HOLDERS OF QUALIFIED AMTRAK BONDS.—For purposes of this section, the credit allowed by section 54 to a taxpayer by reason of holding a qualified Amtrak bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.”

(B) CORPORATE.—Section 6655 (relating to failure by corporation to pay estimated income tax) is amended by adding at the end of subsection (g) the following new paragraph:

“(5) SPECIAL RULE FOR HOLDERS OF QUALIFIED AMTRAK BONDS.—For purposes of this section, the credit allowed by section 54 to a taxpayer by reason of holding a qualified Amtrak bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.”

(3) EXCLUSION FROM GROSS INCOME OF CONTRIBUTIONS BY AMTRAK TO OTHER RAIL CARRIERS.—

(A) IN GENERAL.—Section 118 (relating to contributions to the capital of a corporation) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

“(d) SPECIAL RULE FOR CONTRIBUTIONS BY AMTRAK TO OTHER RAIL CARRIERS.—For purposes of this section, the term ‘contribution to the capital of the taxpayer’ includes any contribution by the National Railroad Passenger Corporation of personal or real property funded by the proceeds of qualified Amtrak bonds under section 54.”

(B) CONFORMING AMENDMENT.—Subsection (b) of such section 118 is amended by striking “subsection (c)” and inserting “subsections (c) and (d)”.

(4) PROTECTION OF HIGHWAY TRUST FUND.—Section 9503 (relating to Highway Trust Fund) is amended by adding at the end the following new subsection:

“(g) SPECIAL RULES RELATING TO NATIONAL RAILROAD PASSENGER CORPORATION.—

“(1) IN GENERAL.—Except as provided in subsection (c), as in effect on the date of the enactment of this subsection, amounts in the Highway Trust Fund may not be used, either directly or indirectly through a State or local transit authority, to provide funds to the National Railroad Passenger Corporation for any purpose, including issuance of any qualified Amtrak bond pursuant to section 54. The preceding sentence may not be waived by any provision of law which is not contained or referenced in this title, whether such provision of law is a subsequently enacted provision or directly or indirectly seeks to waive the application of such sentence.

“(2) CERTIFICATION BY THE SECRETARY.—The issuance of any qualified Amtrak bonds by the National Railroad Passenger Corporation pursuant to section 54 is conditioned on certification by the Secretary, after consultation with the Secretary of Transportation, within 30 days of a request by the issuer, that with respect to funds of the Highway Trust Fund described under paragraph (1), the issuer either—

“(A) has not received such funds during calendar years commencing with 2002 and ending before the calendar year the bonds are issued, or

“(B) has repaid to the Highway Trust Fund any such funds which were received during such calendar years.

“(3) NO RETROACTIVE EFFECT.—Nothing in this subsection shall adversely affect the entitlement of the holders of qualified Amtrak bonds to the tax credit allowed pursuant to section 54 or to repayment of principal upon maturity.”

(c) CLERICAL AMENDMENTS.—

(1) The table of subparts for part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Subpart H. Nonrefundable Credit for Holders of Qualified Amtrak Bonds."

(2) Section 6401(b)(1) is amended by striking "and G" and inserting "G, and H".

(d) ANNUAL REPORT BY TREASURY ON AMTRAK TRUST ACCOUNT.—The Secretary of the Treasury shall annually report to Congress as to whether the amount deposited in the trust account established by the National Railroad Passenger Corporation under section 54(i) of the Internal Revenue Code of 1986, as added by this section, is sufficient to fully repay at maturity the principal of any outstanding qualified Amtrak bonds issued pursuant to section 54 of such Code (as so added), together with amounts expected to be deposited into such account, as certified by the National Railroad Passenger Corporation in accordance with procedures prescribed by the Secretary of the Treasury.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

(f) MULTI-YEAR CAPITAL SPENDING PLAN AND OVERSIGHT.—

(1) AMTRAK CAPITAL SPENDING PLAN.—

(A) IN GENERAL.—The National Railroad Passenger Corporation shall annually submit to the President and Congress a multi-year capital spending plan, as approved by the Board of Directors of the Corporation.

(B) CONTENTS OF PLAN.—Such plan shall identify the capital investment needs of the Corporation over a period of not less than 5 years and the funding sources available to finance such needs and shall prioritize such needs according to corporate goals and strategies.

(C) INITIAL SUBMISSION DATE.—The first plan shall be submitted before the issuance of any qualified Amtrak bonds by the National Railroad Passenger Corporation pursuant to section 54 of the Internal Revenue Code of 1986 (as added by this section).

(2) OVERSIGHT OF AMTRAK TRUST ACCOUNT AND QUALIFIED PROJECTS.—

(A) TRUST ACCOUNT OVERSIGHT.—The Secretary of the Treasury shall annually report to Congress as to whether the amount deposited in the trust account established by the National Railroad Passenger Corporation under section 54(i) of such Code (as so added) is sufficient to fully repay at maturity the principal of any outstanding qualified Amtrak bonds issued pursuant to section 54 of such Code (as so added), together with amounts expected to be deposited into such account, as certified by the National Railroad Passenger Corporation in accordance with procedures prescribed by the Secretary of the Treasury.

(B) PROJECT OVERSIGHT.—The National Railroad Passenger Corporation shall contract for an annual independent assessment of the costs and benefits of the qualified projects financed by such qualified Amtrak bonds, including an assessment of the investment evaluation process of the Corporation. The annual assessment shall be included in the plan submitted under paragraph (1).

SEC. 902. BROADBAND INTERNET ACCESS TAX CREDIT.

(a) IN GENERAL.—Subpart E of part IV of chapter 1 (relating to rules for computing investment credit) is amended by inserting after section 48 the following:

"SEC. 48A. BROADBAND CREDIT.

"(a) GENERAL RULE.—For purposes of section 46, the broadband credit for any taxable year is the sum of—

"(1) the current generation broadband credit, plus

"(2) the next generation broadband credit.

"(b) CURRENT GENERATION BROADBAND CREDIT; NEXT GENERATION BROADBAND CREDIT.—For purposes of this section—

"(1) CURRENT GENERATION BROADBAND CREDIT.—The current generation broadband credit for any taxable year is equal to 10 percent of the qualified expenditures incurred with respect to

qualified equipment providing current generation broadband services to qualified subscribers and taken into account with respect to such taxable year.

"(2) NEXT GENERATION BROADBAND CREDIT.—The next generation broadband credit for any taxable year is equal to 20 percent of the qualified expenditures incurred with respect to qualified equipment providing next generation broadband services to qualified subscribers and taken into account with respect to such taxable year.

"(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—For purposes of this section—

"(1) IN GENERAL.—Qualified expenditures with respect to qualified equipment shall be taken into account with respect to the first taxable year in which—

"(A) current generation broadband services are provided through such equipment to qualified subscribers, or

"(B) next generation broadband services are provided through such equipment to qualified subscribers.

"(2) LIMITATION.—

"(A) IN GENERAL.—Qualified expenditures shall be taken into account under paragraph (1) only with respect to qualified equipment—

"(i) the original use of which commences with the taxpayer, and

"(ii) which is placed in service,

after December 31, 2001.

"(B) LEASED EQUIPMENT.—Except as provided in regulations, rules similar to the rules of section 203(b)(3) of the Tax Reform Act of 1986 shall apply.

"(d) SPECIAL ALLOCATION RULES.—

"(1) CURRENT GENERATION BROADBAND SERVICES.—For purposes of determining the current generation broadband credit under subsection (a)(1) with respect to qualified equipment through which current generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified expenditures shall be multiplied by a fraction—

"(A) the numerator of which is the sum of the number of potential qualified subscribers within the rural areas and the underserved areas which the equipment is capable of serving with current generation broadband services, and

"(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with current generation broadband services.

"(2) NEXT GENERATION BROADBAND SERVICES.—For purposes of determining the next generation broadband credit under subsection (a)(2) with respect to qualified equipment through which next generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified expenditures shall be multiplied by a fraction—

"(A) the numerator of which is the sum of—

"(i) the number of potential qualified subscribers within the rural areas and underserved areas, plus

"(ii) the number of potential qualified subscribers within the area consisting only of residential subscribers not described in clause (i), which the equipment is capable of serving with next generation broadband services, and

"(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with next generation broadband services.

"(e) DEFINITIONS.—For purposes of this section—

"(1) ANTENNA.—The term 'antenna' means any device used to transmit or receive signals through the electromagnetic spectrum, including satellite equipment.

"(2) CABLE OPERATOR.—The term 'cable operator' has the meaning given such term by section 602(5) of the Communications Act of 1934 (47 U.S.C. 522(5)).

"(3) COMMERCIAL MOBILE SERVICE CARRIER.—The term 'commercial mobile service carrier' means any person authorized to provide commercial mobile radio service as defined in section 20.3 of title 47, Code of Federal Regulations.

"(4) CURRENT GENERATION BROADBAND SERVICE.—The term 'current generation broadband service' means the transmission of signals at a rate of at least 1,000,000 bits per second to the subscriber and at least 128,000 bits per second from the subscriber.

"(5) MULTIPLEXING OR DEMULTIPLEXING.—The term 'multiplexing' means the transmission of 2 or more signals over a single channel, and the term 'demultiplexing' means the separation of 2 or more signals previously combined by compatible multiplexing equipment.

"(6) NEXT GENERATION BROADBAND SERVICE.—The term 'next generation broadband service' means the transmission of signals at a rate of at least 22,000,000 bits per second to the subscriber and at least 5,000,000 bits per second from the subscriber.

"(7) NONRESIDENTIAL SUBSCRIBER.—The term 'nonresidential subscriber' means a person who purchases broadband services which are delivered to the permanent place of business of such person.

"(8) OPEN VIDEO SYSTEM OPERATOR.—The term 'open video system operator' means any person authorized to provide service under section 653 of the Communications Act of 1934 (47 U.S.C. 573).

"(9) OTHER WIRELESS CARRIER.—The term 'other wireless carrier' means any person (other than a telecommunications carrier, commercial mobile service carrier, cable operator, open video system operator, or satellite carrier) providing current generation broadband services or next generation broadband service to subscribers through the radio transmission of energy.

"(10) PACKET SWITCHING.—The term 'packet switching' means controlling or routing the path of a digitized transmission signal which is assembled into packets or cells.

"(11) PROVIDER.—The term 'provider' means, with respect to any qualified equipment—

"(A) a cable operator,

"(B) a commercial mobile service carrier,

"(C) an open video system operator,

"(D) a satellite carrier,

"(E) a telecommunications carrier, or

"(F) any other wireless carrier,

providing current generation broadband services or next generation broadband services to subscribers through such qualified equipment.

"(12) PROVISION OF SERVICES.—A provider shall be treated as providing services to a subscriber if—

"(A) a subscriber has been passed by the provider's equipment and can be connected to such equipment for a standard connection fee,

"(B) the provider is physically able to deliver current generation broadband services or next generation broadband services, as applicable, to such subscribers without making more than an insignificant investment with respect to any such subscriber,

"(C) the provider has made reasonable efforts to make such subscribers aware of the availability of such services,

"(D) such services have been purchased by one or more such subscribers, and

"(E) such services are made available to such subscribers at average prices comparable to those at which the provider makes available similar services in any areas in which the provider makes available such services.

"(13) QUALIFIED EQUIPMENT.—

"(A) IN GENERAL.—The term 'qualified equipment' means equipment which provides current generation broadband services or next generation broadband services—

"(i) at least a majority of the time during periods of maximum demand to each subscriber who is utilizing such services, and

"(ii) in a manner substantially the same as such services are provided by the provider to

subscribers through equipment with respect to which no credit is allowed under subsection (a)(1).

“(B) ONLY CERTAIN INVESTMENT TAKEN INTO ACCOUNT.—Except as provided in subparagraph (C) or (D), equipment shall be taken into account under subparagraph (A) only to the extent it—

“(i) extends from the last point of switching to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a telecommunications carrier,

“(ii) extends from the customer side of the mobile telephone switching office to a transmission/receive antenna (including such antenna) owned or leased by a subscriber in the case of a commercial mobile service carrier,

“(iii) extends from the customer side of the headend to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a cable operator or open video system operator, or

“(iv) extends from a transmission/receive antenna (including such antenna) which transmits and receives signals to or from multiple subscribers to a transmission/receive antenna (including such antenna) on the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a satellite carrier or other wireless carrier, unless such other wireless carrier is also a telecommunications carrier.

“(C) PACKET SWITCHING EQUIPMENT.—Packet switching equipment, regardless of location, shall be taken into account under subparagraph (A) only if it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of packet switching for current generation broadband services or next generation broadband services, but only if such packet switching is the last in a series of such functions performed in the transmission of a signal to a subscriber or the first in a series of such functions performed in the transmission of a signal from a subscriber.

“(D) MULTIPLEXING AND DEMULTIPLEXING EQUIPMENT.—Multiplexing and demultiplexing equipment shall be taken into account under subparagraph (A) only to the extent it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of multiplexing and demultiplexing packets or cells of data and making associated application adaptations, but only if such multiplexing or demultiplexing equipment is located between packet switching equipment described in subparagraph (C) and the subscriber's premises.

“(14) QUALIFIED EXPENDITURE.—

“(A) IN GENERAL.—The term ‘qualified expenditure’ means any amount—

“(i) chargeable to capital account with respect to the purchase and installation of qualified equipment (including any upgrades thereto) for which depreciation is allowable under section 168, and

“(ii) incurred after December 31, 2001, and before January 1, 2003.

“(B) CERTAIN SATELLITE EXPENDITURES EXCLUDED.—Such term shall not include any expenditure with respect to the launching of any satellite equipment.

“(15) QUALIFIED SUBSCRIBER.—The term ‘qualified subscriber’ means—

“(A) with respect to the provision of current generation broadband services—

“(i) a nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

“(ii) a residential subscriber residing in a dwelling located in a rural area or underserved area which is not a saturated market, and

“(B) with respect to the provision of next generation broadband services—

“(i) a nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

“(ii) a residential subscriber.

“(16) RESIDENTIAL SUBSCRIBER.—The term ‘residential subscriber’ means an individual who purchases broadband services which are delivered to such individual's dwelling.

“(17) RURAL AREA.—The term ‘rural area’ means any census tract which—

“(A) is not within 10 miles of any incorporated or census designated place containing more than 25,000 people, and

“(B) is not within a county or county equivalent which has an overall population density of more than 500 people per square mile of land.

“(18) RURAL SUBSCRIBER.—The term ‘rural subscriber’ means a residential subscriber residing in a dwelling located in a rural area or nonresidential subscriber maintaining a permanent place of business located in a rural area.

“(19) SATELLITE CARRIER.—The term ‘satellite carrier’ means any person using the facilities of a satellite or satellite service licensed by the Federal Communications Commission and operating in the Fixed-Satellite Service under part 25 of title 47 of the Code of Federal Regulations or the Direct Broadcast Satellite Service under part 100 of title 47 of such Code to establish and operate a channel of communications for distribution of signals, and owning or leasing a capacity or service on a satellite in order to provide such distribution.

“(20) SATURATED MARKET.—The term ‘saturated market’ means any census tract in which, as of the date of the enactment of this section—

“(A) current generation broadband services have been provided by one or more providers to 85 percent or more of the total number of potential residential subscribers residing in dwellings located within such census tract, and

“(B) such services can be utilized—

“(i) at least a majority of the time during periods of maximum demand by each such subscriber who is utilizing such services, and

“(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no credit is allowed under subsection (a)(1).

“(21) SUBSCRIBER.—The term ‘subscriber’ means a person who purchases current generation broadband services or next generation broadband services.

“(22) TELECOMMUNICATIONS CARRIER.—The term ‘telecommunications carrier’ has the meaning given such term by section 3(44) of the Communications Act of 1934 (47 U.S.C. 153(44)), but—

“(A) includes all members of an affiliated group of which a telecommunications carrier is a member, and

“(B) does not include a commercial mobile service carrier.

“(23) TOTAL POTENTIAL SUBSCRIBER POPULATION.—The term ‘total potential subscriber population’ means, with respect to any area and based on the most recent census data, the total number of potential residential subscribers residing in dwellings located in such area and potential nonresidential subscribers maintaining permanent places of business located in such area.

“(24) UNDERSERVED AREA.—The term ‘underserved area’ means any census tract which is located in—

“(A) an empowerment zone or enterprise community designated under section 1391,

“(B) the District of Columbia Enterprise Zone established under section 1400,

“(C) a renewal community designated under section 1400E, or

“(D) a low-income community designated under section 45D.

“(25) UNDERSERVED SUBSCRIBER.—The term ‘underserved subscriber’ means a residential subscriber residing in a dwelling located in an underserved area or nonresidential subscriber maintaining a permanent place of business located in an underserved area.

“(f) DESIGNATION OF CENSUS TRACTS.—The Secretary shall, not later than 90 days after the

date of the enactment of this section, designate and publish those census tracts meeting the criteria described in paragraphs (17), (20), and (24) of subsection (e). In making such designations, the Secretary shall consult with such other departments and agencies as the Secretary determines appropriate.”

(b) CREDIT TO BE PART OF INVESTMENT CREDIT.—Section 46 (relating to the amount of investment credit) is amended by striking “and” at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting “, and”, and by adding at the end the following:

“(4) the broadband credit.”

(c) SPECIAL RULE FOR MUTUAL OR COOPERATIVE TELEPHONE COMPANIES.—Section 501(c)(12)(B) (relating to list of exempt organizations) is amended by striking “or” at the end of clause (iii), by striking the period at the end of clause (iv) and inserting “, or”, and by adding at the end the following:

“(v) from the sale of property subject to a lease described in section 48A(c)(2)(B), but only to the extent such income does not in any year exceed an amount equal to the credit for qualified expenditures which would be determined under section 48A for such year if the mutual or cooperative telephone company was not exempt from taxation and was treated as the owner of the property subject to such lease.”

(d) CONFORMING AMENDMENT.—The table of sections for subpart E of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 48 the following:

“Sec. 48A. Broadband credit.”

(e) REGULATORY MATTERS.—

(1) PROHIBITION.—No Federal or State agency or instrumentality shall adopt regulations or ratemaking procedures that would have the effect of confiscating any credit or portion thereof allowed under section 48A of the Internal Revenue Code of 1986 (as added by this section) or otherwise subverting the purpose of this section.

(2) TREASURY REGULATORY AUTHORITY.—It is the intent of Congress in providing the broadband credit under section 48A of the Internal Revenue Code of 1986 (as added by this section) to provide incentives for the purchase, installation, and connection of equipment and facilities offering expanded broadband access to the Internet for users in certain low income and rural areas of the United States, as well as to residential users nationwide, in a manner that maintains competitive neutrality among the various classes of providers of broadband services. Accordingly, the Secretary of the Treasury shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 48A of such Code, including—

(A) regulations to determine how and when a taxpayer that incurs qualified expenditures satisfies the requirements of section 48A of such Code to provide broadband services, and

(B) regulations describing the information, records, and data taxpayers are required to provide the Secretary to substantiate compliance with the requirements of section 48A of such Code.

Until the Secretary prescribes such regulations, taxpayers may base such determinations on any reasonable method that is consistent with the purposes of section 48A of such Code.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures incurred after December 31, 2001, and before January 1, 2003.

SEC. 903. CITRUS TREE CANKER RELIEF.

(a) EXPANSION OF PERIOD WITHIN WHICH CONVERTED CITRUS TREE PROPERTY MUST BE REPLACED.—

(1) IN GENERAL.—Section 1033 (relating to period within which property must be replaced) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

“(k) COMMERCIAL TREES DESTROYED BECAUSE OF CITRUS TREE CANKER.—In the case of commercial citrus trees which are compulsorily or

involuntarily converted under a public order as a result of the citrus tree canker, clause (i) of subsection (a)(2)(B) shall be applied as if such clause reads: '4 years after the close of the taxable year in which a State or Federal plant health authority determines that the land on which such trees grew is free from the bacteria that causes citrus tree canker'."

(2) **EFFECTIVE DATE.**—The amendments made by paragraph (1) shall apply to taxable years beginning before, on, or after the date of the enactment of this Act.

(b) **10-YEAR RATABLE INCOME INCLUSION FOR CITRUS CANKER TREE PAYMENTS.**—

(1) **IN GENERAL.**—Part I of subchapter Q of chapter 1 (relating to income averaging) is amended by inserting after section 1301 the following new section:

"SEC. 1302. 10-YEAR RATABLE INCOME INCLUSION FOR CITRUS CANKER TREE PAYMENTS.

"(a) IN GENERAL.—At the election of the taxpayer, any amount taken into account as income or gain by reason of receiving a citrus canker tree payment shall be included in the income of the taxpayer ratably over the 10-year period beginning with the taxable year in which the payment is received or accrued by the taxpayer. Any election under the preceding sentence shall be irrevocable.

"(b) CITRUS CANKER TREE PAYMENT.—For purposes of subsection (a), the term 'citrus canker tree payment' means a payment made to an owner of a commercial citrus grove to recover income that was lost as a result of the removal of commercial citrus trees to control canker under the amendments to the citrus canker regulations (7 C.F.R. 301) made by the final rule published in the Federal Register by the Secretary of Agriculture on June 18, 2001 (66 Fed. Reg. 32713, Docket No. 00-37-4)."

(2) **CLERICAL AMENDMENT.**—The table of sections for part I of subchapter Q of chapter 1 is amended by inserting after the item relating to section 1301 the following new item:

"Sec. 1302. 10-year ratable income inclusion for citrus canker tree payments."

(3) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to payments made before, on, or after the date of the enactment of this Act.

SEC. 904. ALLOWANCE OF ELECTRONIC 1099S.

Except as otherwise provided by the Secretary of the Treasury, any person required to furnish a statement under any section of subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 for any taxable year ending after the date of the enactment of this Act and before January 1, 2003, may electronically furnish such statement to any recipient who has consented to the electronic provision of the statement in a manner similar to the one permitted under regulations issued under section 6051 of such Code or in such other manner as provided by the Secretary.

SEC. 905. CLARIFICATION OF EXCISE TAX EXEMPTIONS FOR AGRICULTURAL AERIAL APPLICATORS.

(a) **NO WAIVER BY FARM OWNER, TENANT, OR OPERATOR NECESSARY.**—Subparagraph (B) of section 6420(c)(4) (relating to certain farming use other than by owner, etc.) is amended to read as follows:

"(B) if the person so using the gasoline is an aerial or other applicator of fertilizers or other substances and is the ultimate purchaser of the gasoline, then subparagraph (A) of this paragraph shall not apply and the aerial or other applicator shall be treated as having used such gasoline on a farm for farming purposes."

(b) **EXEMPTION INCLUDES FUEL USED BETWEEN AIRFIELD AND FARM.**—Section 6420(c)(4), as amended by subsection (a), is amended by adding at the end the following new flush sentence: "For purposes of this paragraph, in the case of an aerial applicator, gasoline shall be treated as used on a farm for farming purposes if the gaso-

line is used for the direct flight between the airfield and 1 or more farms."

(c) **EXEMPTION FROM TAX ON AIR TRANSPORTATION OF PERSONS FOR FORESTRY PURPOSES EXTENDED TO FIXED-WING AIRCRAFT.**—Subsection (f) of section 4261 (relating to tax on air transportation of persons) is amended to read as follows:

"(f) EXEMPTION FOR CERTAIN USES.—No tax shall be imposed under subsection (a) or (b) on air transportation—

"(1) by helicopter for the purpose of transporting individuals, equipment, or supplies in the exploration for, or the development or removal of, hard minerals, oil, or gas, or

"(2) by helicopter or by fixed-wing aircraft for the purpose of the planting, cultivation, cutting, or transportation of, or caring for, trees (including logging operations),

but only if the helicopter or fixed-wing aircraft does not take off from, or land at, a facility eligible for assistance under the Airport and Airway Development Act of 1970, or otherwise use services provided pursuant to section 44509 or 44913(b) or subchapter I of chapter 471 of title 49, United States Code, during such use. In the case of helicopter transportation described in paragraph (1), this subsection shall be applied by treating each flight segment as a distinct flight."

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to fuel use or air transportation after December 31, 2001, and before January 1, 2003.

SEC. 906. RECOVERY PERIOD FOR CERTAIN WIRELESS TELECOMMUNICATIONS EQUIPMENT.

(a) **5-YEAR RECOVERY PERIOD FOR CERTAIN WIRELESS TELECOMMUNICATIONS EQUIPMENT.**—

(1) **IN GENERAL.**—Subparagraph (A) of section 168(i)(2) (defining qualified technological equipment) 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:

"(iv) any wireless telecommunication equipment."

(2) **DEFINITION OF WIRELESS TELECOMMUNICATION EQUIPMENT.**—Paragraph (2) of section 168(i) is amended by adding at the end the following:

"(D) WIRELESS TELECOMMUNICATION EQUIPMENT.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'wireless telecommunication equipment' means equipment which is—

"(I) used in the transmission, reception, coordination, or switching of wireless telecommunications service, and

"(II) placed in service before September 11, 2002.

For purposes of this clause, the term 'wireless telecommunications service' includes any commercial mobile radio service as defined in title 47 of the Code of Federal Regulations.

"(ii) EXCEPTION.—The term 'wireless telecommunication equipment' shall not include towers, buildings, T-1 lines, or other cabling which connects cell sites to mobile switching centers."

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after September 10, 2001.

SEC. 907. NO IMPACT ON SOCIAL SECURITY TRUST FUND.

(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. 908. 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.

Amend the title so as to read: "An Act to provide incentives for an economic recovery and tax relief for victims of terrorism, and for other purposes."

Mr. BAUCUS. Mr. President, I would like to clarify for the record and I ask unanimous consent that the previous order with respect to Executive Calendar No. 511 remain in effect.

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

Mr. BAUCUS. Therefore, the order with respect to H.R. 3090 should now reflect that the debate-only limitation will extend until 4:45 today.

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

Mr. BAUCUS. Mr. President, we are now on the Economic Recovery Act. I would like to make a few comments on it, if I might. I know I will be followed by my very good friend, a terrific Senator, Mr. GRASSLEY from Iowa.

This is a sober time. Our Nation is at war overseas and at home. Like all Americans, we are struggling to respond, to hold together, to assume our responsibilities. Among other things, we in this Chamber have the responsibility to help get the economy back on track.

The September 11 attacks took a bad economic situation—our economy was deteriorating—and made it significantly worse. I very sadly add, the tragic crash of an American Airlines plane yesterday in New York, I am sure, adds more angst and concern across our country, which has a very direct effect on people's emotions and psychology, but also, to some degree, on the economy, people's willingness to believe in the future.

We had virtually no economic growth in the second quarter of this year, and we have had negative growth in the third quarter of this year, 2001.

In addition, in October unemployment jumped from 4.9 percent to 5.4

percent. That is the largest jump since May of 1980. We also have reports of 638,000 layoffs of American workers announced since September 11.

Manufacturing has been particularly hard hit. Last month, manufacturing lost 142,000 jobs. That was just in the one month of October. That was the 15th consecutive month that manufacturing jobs dropped.

Since July of last year—a little over a year ago—manufacturing has lost an incredible 1.3 million jobs. That is over about 15, 16 months. Manufacturing employment has now fallen to its lowest levels since November 1965.

The problems are not limited to the manufacturing sector. In October, non-manufacturing industries experienced the most dramatic slowdown in business activity since a report by the National Association of Purchasing Managers began in 1997.

Agricultural producers are hurting, too. Net farm business income was at a 10-year low in 1999 and 2000. Still, unless Government assistance is continued, net farm income in 2001 is actually projected to be lower than farm income in 1999 and 2000. The most acute problems are faced by farmers whose farms have been hit by floods, drought, tornadoes, and other national disasters.

Finally, the economies of New York and the surrounding regions have taken an unimaginably severe blow from the events of September 11. It is not just the economy of the New York region that has taken a hit. It is our highly interdependent economy all across our entire country that has suffered as a consequence of the Twin Towers and the Pentagon tragedies as well as the other events that have occurred.

So what can we do? How do we help Americans regain confidence in the future so people want to, for example, buy refrigerators and cars, take family vacations, and have a really good, confident feeling about the future? How do we help businesses believe in the future, invest in new products, design new products and ways of doing things? It is a psychology that really comes down to confidence. How do we help engender the confidence we all desire?

First, there is something—the fancy term is “monetary policy.” That is essentially the Federal Reserve System essentially raising or lowering interest rates to help make borrowing more expensive or less expensive. Basically, I think the Federal Reserve has done a pretty good job.

Last week, the Federal Reserve Board cut short-term interest rates for the 10th time this year—that is a lot of cuts over 1 year—clearly, trying to help make borrowing less expensive, people more inclined to borrow and to spend more, putting more money into the economy. My guess is, more rate cuts will follow.

But monetary policy alone does not appear to be enough. We also have to pass legislation to stimulate the economy through what is called fiscal pol-

icy. Just as a reminder, fiscal policy is when Congress basically either raises taxes or lowers taxes—spends money or does not spend as much—with an economic effect on the economy. To stimulate the economy through traditional garden variety fiscal policy, Congress spends money.

Now, there are a couple of ways to spend money. One is through cutting taxes; that is, in effect, spending money. The other is direct expenditures by the Congress. We are trying to figure out how to stimulate the economy by spending money.

Now, there is no magic, clearly—no magic, no recipe that will send us going back to double-digit growth. Nevertheless, I think there are some simple guidelines that we in Congress can follow to help regain that confidence. Most significantly, the bipartisan leaders of the House and Senate Budget Committees provided us about a month ago with some very important guidelines. This is very important. The leadership of the Budget Committee—Republicans and Democrats, both House and Senate—all got together. That is remarkable. A lot of times around here we are not always on the same page. But all four of them got together because they were thinking of the longer term, about our national budget. They agreed upon a certain set of guidelines they thought were appropriate in an economic stimulus, economic recovery, a package that we might pass.

Let me try to put in my own words what they said. They first said the economic recovery stimulus bill should be temporary—that is, something that is a direct, essentially a 1-year stimulus, upfront now, to help get the economy going. In one respect, I think it is because we have some sense of what the economy is going to be like next year. We don't have much of a sense of 2, 3, 4, 5 years down the road. We need to do what we can to stimulate the economy now and take stock a year from now to see where we are. They also said they should not spend too much over the long run. That is part and parcel with the upfront.

We are very nervous in Congress about longer run, about runups in the Federal budget which tend to cause moderate and long-term interest rates to rise. Why? Because bond traders are thinking, gee, if Congress is spending all this money in the longer term, probably there will be competition for capital, and inflation is going to go up a bit, probably, with all that spending, and the price of bonds goes down as long-term rates stay up. They don't come down like we want them to. They will come down if we say we are going to be responsible and we are not going to spend a lot of money in the out-years. That is very important.

The Budget Committee chairmen—all 4—also said we should get the money into the hands of those who will spend it quickly; that is, they are talking more about a consumer-led stim-

ulus. Get people spending money. Then businesses are going to want to invest, start manufacturing products and selling products to the people who are buying. They said—the budgeteers—consumers who will spend money then help stimulate business. They also said we should spend money on businesses who will spend it on capital equipment. That should be stimulative as well.

One more point: In addition to providing an economic stimulus in this legislation, we also have to lend a hand to the Americans who are really suffering. It is one thing to help put money in the economy; it is also as important—if not more important—to help the Americans who are really suffering and living paycheck to paycheck and trying to make ends meet as a consequence of the terrorist attacks, or because of the recession in which the economy is now. At a time like this, I think it is critical that they are all a part of this, and that we Americans work together to find a good solution. That is what we tried to do in this bill. That is what is contained in the bill the Finance Committee is now presenting to the Senate. I think we have done a pretty good job. The bill has six main elements, every one of which is important.

First, we provide a further tax rebate. You will recall that there are about 130 million taxpayers in our country. When the checks went out in the past summer on the tax bill this Senate passed, 79 million Americans got a full rebate. Individuals got either \$300, or families got \$600, and another 14 million taxpayers got a partial rebate—less than the full \$300 or \$600. Another 34 million American taxpayers got no rebate whatsoever; 34 million got no rebate in the last go-around, last summer. Why? The rebate then was limited to the amount that people paid in income taxes. You have to remember that a family who paid income taxes of less than \$600 did not get a full rebate.

For a family of four, that would be a gross income of about \$30,000. If they made less than that, they didn't get a full rebate. In many cases, they didn't get any rebate. So here is what we do in this bill. This bill provides a second round of tax rebates for people who paid payroll taxes but got only a partial rebate, or no rebate, the last time around. As a result, by the time the second round of checks go out, every one of the 130 million people who paid Federal taxes also will receive a full rebate.

To some extent, this is a matter of simple fairness. After all, some got it last time and the rest of the Americans should get it this time. It is also more than that. The people who didn't get full rebates earlier tend to have relatively low incomes. Those who got it last time have higher incomes. The people who get it now are likely to spend a higher proportion of the new income they get because they are lower income Americans. They have to spend

it, frankly, to make ends meet. That would be a direct stimulus to the economy.

Second, we establish a series of temporary tax incentives. Most significantly, we provide special tax depreciation deductions for a limited time to encourage businesses to invest in new plants and equipment. As it now stands, businesses deduct the cost of new plants and equipment over a period of years. There are various rules that apply. We add a temporary depreciation "bonus" of 10 percent for investments made before the end of next year.

What does that mean? That basically means, whatever your depreciation schedule is, take 10 percent and do it all the first year, expense it more quickly, move it up, which helps your bottom line. It encourages you to invest. Senator HATCH and others have suggested that we make the percentage higher than 10 percent. I am open to that. I am open to a higher percentage if it fits into the framework of our overall bill.

The accelerated depreciation deduction will have a couple effects. First, it will encourage businesses to invest sooner rather than later. That, in turn, will directly stimulate the economy. Further, to the extent some of the additional investments could be put to use right away, it will increase productivity. That is no small matter.

We also provide an even larger depreciation deduction for small businesses by increasing what is called the "expensing" deduction under section 179. This deduction is available only for new investments made in the next 12 months.

Finally, we allow companies a longer period to carry back net operating losses. This change is needed to make the first two investment incentives work efficiently. It also provides a modest break for companies struggling to stay on their feet.

Those are the nationwide investment incentives through tax cuts. It is one way to stimulate the economy through fiscal policy; it is tax cuts. There are lots of ways to do it and that is one way in this bill. That is very important.

The third section of the bill provides tax relief to the area in Lower Manhattan that was devastated by the terrorist attacks of September 11. Yesterday's crash has rekindled our memory of what happened on September 11—the death, the destruction, the horror, and the angst in our national psyche.

The September attacks also had a huge economic effect on New York City. It was amazing to all of us who have been to Ground Zero and have seen it. Fifteen thousand businesses were destroyed or disrupted and 125,000 workers were displaced. That is just the beginning of it. The Senators from New York and New Jersey can go on and on in much greater detail and describe the magnitude and degree of devastation that New York has suffered.

Every American wants to help, from those who live across the river in New Jersey, to those who live across the country in my State of Montana. All Americans want to help. We are all together in this.

Let me explain how we came up with the New York package. After the attacks, Senators SCHUMER and CLINTON and TORRICELLI and CORZINE, along with Governor Pataki, approached me with a series of tax proposals for New York City. We had lots of discussions. They have been wonderful in representing their people and, second, working to do what is right. We rejected several ideas, but we revised others. After a lot of give and take, we were able to agree on a package that is fair, targeted and, I think, practical.

The basic idea is pretty simple. We provide temporary tax incentives to encourage business to either stay in lower Manhattan or to relocate in New York City.

There are three main provisions. First, we expand the work opportunity tax credit which exists under current law to encourage employers to hire certain categories of individuals.

We create a new category for people who find jobs in lower Manhattan or who used to work there and relocate to another part of New York City.

Second, we allow enhanced cost recovery to encourage businesses that lost property in the attacks to relocate to New York City.

Third, we authorize the issuance of \$10 billion in tax-exempt private activity bonds to rebuild the area damaged by the attacks.

As a related matter, we include an amendment offered by Senator TORRICELLI based on a bill I wrote with Senator GRASSLEY. It provides tax relief to victims of the terrorist attacks, including both attacks of September 11 and the Oklahoma City bombing a couple of years ago.

Clearly, we will be taking stock at the end of this year as to what more is needed for our country, including New York City. This is basically to stem the hemorrhage, to help people at least tread water and not sink. But we are going to be taking a look at this again, and I welcome working with all the people from New York and other parts of the country as we try to find a national economic plan for next year.

The final provision in this part of the bill allows Indian tribes to issue additional types of tax-exempt bonds to promote economic development. This provision obviously is not related to the September 11 attacks or the recession, but it will help promote economic development in a part of America—Indian country—that has been left behind for far too long.

I will now move on to the fourth section of the bill, unemployment benefits. We all understand the problem. In October, we had the biggest jump in the unemployment rate in 20 years. Work is harder to keep and even harder to find. In response, we have taken an

approach that Congress has adopted many times in the past; that is, we extend unemployment benefits by 13 weeks.

We also take a few additional steps. We temporarily increase unemployment benefits by the greater of 15 percent or \$25 a week. These people, because of inflation and the difficulty with making ends meet, deserve that. We make modest and temporary improvements in the operation of the unemployment insurance program. Specifically, we update the reporting period and provide better coverage for people seeking part-time work. One does not have to be a full-time worker to qualify. If you are a part-time worker, you should and do qualify.

Others argue that unemployment insurance is a poor economic stimulus. This surprising argument is contrary to the history of the program and to the overwhelming economic evidence.

Alan Krueger of Princeton University put it this way:

Unemployment insurance is the quintessential economic stimulus: benefits ramp up temporarily in a downturn and reach those most in need.

A similar point was recently made by Joseph Stiglitz, co-winner of the 2001 Nobel Prize for Economics. He said:

First, we should extend the duration and magnitude of the benefits we provide to our unemployed. . . . This is not only the fairest proposal, but also the most effective.

Senior economist Jane Gravelle of the nonpartisan Congressional Research Service recently said this:

Extending unemployment compensation is, in fact, likely to be a more successful policy for stimulating aggregate demand than many other tax/transfer changes.

Remember, one of the main reasons we have an unemployment insurance program is to provide economic stimulus during times of economic downturn. That is the whole point of it. Explaining the program in 1934, President Roosevelt said that it will "act as a stabilizing device in our economic structure and as a method of retarding the rapid downward spiral curve and the onset of severe economic crisis."

To put it bluntly, people who have lost their jobs and are struggling to get by are likely to spend any additional money they get, providing a direct stimulus to the economy.

The next section of the bill helps people maintain health insurance coverage for themselves and their families. As unemployment rises, the number of uninsured Americans also rise. People are laid off, and they do not have health insurance.

In the recession of the early 1990s, more than half the workers who became unemployed also became uninsured. That is an important point. More than half the workers who lost their jobs in the early 1990s also lost their health insurance. My proposal responds to this in a couple of ways.

The first way is through the so-called COBRA program. That program was enacted in 1987. It allows people to

maintain their employer-provided health insurance coverage for 18 months after they leave a job as long as they pay the full premiums themselves. That is current law.

That is also the problem. Simply put, COBRA premiums—that is, paying full freight for health insurance—is very expensive. On average, the cost for individual coverage is \$2,700 a year. As one is laid off, to maintain COBRA health insurance, one has to pay \$2,700 for coverage, and for family coverage, turn that 2 and 7 around and it comes out to \$7,200 or almost \$600 a month. Not many families on unemployment benefits can afford that.

The average unemployment benefit is \$231 a week. As a result, only about 18 percent of the workers who qualify to maintain their health insurance coverage under COBRA actually do so. It stands to reason. It is too expensive, so it is only 18 percent.

Here is what we do. First, we provide a 75 percent subsidy for COBRA coverage. In essence, the Federal Government would pay the portion of the premium that previously had been paid by the employer. This is for only 18 months. It is temporary.

Second, we give States funds and flexibility to pay the remaining 25 percent for people with very low incomes.

Third, we give States funds and flexibility to provide Medicaid coverage for workers who are not eligible for the COBRA program.

Fourth, we increase the matching rate for State Medicaid coverage to make it easier for States to maintain coverage at a time when State budgets are being squeezed. We have heard a lot about this. A lot of State budgets are in tough shape. Most have a constitutional requirement to balance the budget, and they are strapped. It is very difficult. I am not going to get into whether they properly cut taxes in the last 2 years when times were good, but nevertheless, we have to take things as they are, and I think the States do need some help.

Forty-nine States face balanced budget requirements and are likely to cause them to increase taxes and cut spending, even though such steps could deepen the recession. The increase in the matching rate provides fiscal relief for States at a time when it is badly needed.

All told, these provisions will maintain health insurance for millions of workers who have lost their jobs or stand to lose them in the difficult months ahead.

Like unemployment insurance, this proposal has been criticized pretty sharply. Some argue that covering health insurance costs will not provide an economic stimulus, apart from these people who are out of work and need a little help.

I grant the case is not as straightforward—strictly on the stimulus point—as it is for unemployment insurance, but still the argument for stimulus is very strong. In any event, this

part of the proposal is not just designed to provide economic stimulus, it is designed to help people who have lost their jobs to the recession.

Critics also argue the proposal is an indirect way to establish a new entitlement program. We have heard that, too. Some people do not like new entitlement programs, as a matter of philosophy and ideology, never mind what the practical consequences may or may not be.

This is not a new entitlement program. We are responding to a temporary crisis with a temporary solution. The program ends after 1 year on December 31, 2002: It is over; it is the end of the line; it is done.

Finally, critics argue the program will be slow and cumbersome. Let's be candid. There are several competing proposals to provide temporary health insurance coverage. Each raises the same issues: How efficient and how quickly will the dollars be in the hands of people who need it? Whether we are talking about direct payments, COBRA tax credits—that is another idea—block grants to the States—that is the President's idea—we still have to come up with a system that works quickly and effectively. I am less hung up as to which it is. I want people who need health insurance to get health insurance benefits quickly and efficiently.

If someone can come up with a better approach that accomplishes our goal, I am more than willing to listen.

Let me now turn to a section of the bill that is extremely important: The provisions for agriculture and rural economic development.

To set the stage, let me remind colleagues once again about the state of the agricultural economy. We have had an unprecedented streak of bad weather and bad economic conditions. Farmers in parts of the South and northern-tier States have been particularly hard hit. Although some sectors and some regions have begun to recover, farmers' overall earnings from their farming operations—that is, absent Government payments—are down sharply. The current difficulties could not come at a worse time.

A downturn in farm income does not just impact farmers. It wreaks havoc in the rural communities that depend on them. Farmers in economic distress are not able to make their usual purchases of seed, fertilizer, not to mention food and clothing. This puts the agricultural sector at considerable risk.

To ensure the stimulus plan also provides benefits to agriculture-dependent economies in the South, the Midwest, the northern-tier, the bill extends three programs that have been critical to shoring up farm income in the last 3 years. Not a new program, it just extends the current program.

Some of my colleagues have attacked the agriculture section of the bill. They have poked fun at it, circulating pictures of various fruits and vegetables. The farmers and ranchers across this country may not find this all so

amusing. They may wonder why the economic problems of ailing corporations demand immediate action but the economic problems of farmers and ranchers deserve only derision.

They are asking that question, and rightfully so: Why do big corporations get assistance in an economic downturn but not farmers and ranchers? Good question. We know the answer. Farmers and ranchers are part of America, too.

Let me be blunt. My constituents, including farmers and ranchers suffering through another disaster, deserve economic relief every bit as much as Americans from urban areas.

Finally, to complete my summary of the bill, we also extend various tax and trade provisions that are scheduled to expire under current law and make a handful of additional changes to the Tax Code. I believe this bill will help us achieve our objective of providing a fiscal stimulus for the economic recovery of our Nation.

It is temporary. It is carefully targeted. It will increase both business investment and consumer demand, heavier on consumer demand which is needed more in this country. Perhaps more importantly, it will extend a helping hand to the people who have lost their jobs and risk losing their health insurance.

On balance, it is a very solid bill that deserves support in this Chamber. Time is critical. I hope we can complete debate quickly. Every day counts for Americans who need assistance and are looking at us. Is the Congress going to stand up and do what it should do, so we have a chance to wrap up our differences with the House before Thanksgiving? It is important we pass this quickly.

I understand others will disagree with my description of the bill. They will say it falls short. They will argue we need more tax cuts, that we do not need to do so much for the unemployed, that there are better ways to cover health insurance. They will question whether we should have any agriculture provisions in this bill at all.

I say let us have that debate, and let us try to resolve our differences with due respect to each Senator's point of view. Let us get to the bottom, get the facts out, learn the truth, what works, what does not work, so we can get the job done.

After all, the American people are suffering. They have been hit with shock after shock after shock. They look to us for leadership. It is time to provide it.

As the President said, quoting the heroes who jumped the hijackers over Pennsylvania, let's roll.

The PRESIDING OFFICER (Mr. KENNEDY). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I welcome the opportunity to be with my friend, Chairman BAUCUS, to discuss an economic stimulative package and to declare that if he and I can work together, we are going to get such an economic stimulative package passed as

we did in the case of the tax bill that was passed and signed by the President in June, the largest tax reduction in the last 20 years, a needed tax reduction because the American people are being taxed at the highest level since World War II.

About that tax bill, if we had not passed that tax bill with the rebates that went out during August and September, with the flatness of the economy, we would now be discussing what we are going to do about the flatness of the economy because we did not do something last spring. It was fortuitous we were able to pass such a tax bill, and pass it before there was a demonstrated need for it, to get the taxpayers their rebates, to help consumer demand, and to keep the economy going. We would have been considering a tax bill if we had not passed the earlier tax bill, regardless of what happened on September 11.

Obviously, we are now debating because of the terrorist attacks of September 11 and the dramatic downturn in the economy that has resulted because of that terrorist act.

I suggest as we consider this legislation and what ought to be done for economic stimulus because of the September 11 terrorist attacks and the impact that has made on the economy, that everything be directly related to that incident, and that Members of the Senate not try to get anything on the agenda that would not otherwise be legitimately there because of the September 11 happenings.

So I rise for this debate on an economic stimulative package because of the need for it as a result of what happened on September 11 and for no other reason.

Chairman BAUCUS and I shared a goal at the start of this process. We both wanted a bipartisan economic stimulative package that also addressed the needs of people who were hurt because of September 11 and helped those with unemployment benefits and health care needs for dislocated workers. I still have that as my goal.

My discussions this afternoon I want to divide into three parts: The process for this bill; the substance of the bill, looking primarily at similarities between what Democrats think need to be done and what I as a Republican leader think needs to be done—in other words, these are positions taken by our respective caucuses—and finally, how to resolve these differences and get a bipartisan bill through the Senate because I think we all know right now there are not enough votes to get a partisan package of either caucus through this body.

Chairman BAUCUS rightly insisted that the Finance Committee act on this matter. There was talk by the majority leader of skipping the committee and bringing it directly to the floor. As a ranking member of the Finance Committee, I support the chairman. He can count on my support in respecting the jurisdiction of the committee.

Unfortunately, however, in asserting our jurisdiction, we did not operate in a committee process, in a bipartisan tradition. Despite all the speeches to the contrary, the bill we have now on the Senate floor, put forth last Thursday night by the Senate Finance Committee, was designed to be partisan. Why somebody would make that judgment, I don't have the slightest idea. In all the victories I have had on the floor in this Senate in the 21 years I have been a Member, I don't think any have been a partisan victory. I have been able to work with members of the other party in order to get something done.

There is an old saying: You can get anything done if you don't care who gets credit for it.

In that respect, I think designing a partisan package was a way to bring this bill to a stone wall. My job—and I think Chairman BAUCUS shares this with me—is to break down that stone wall, get beyond that, get our people together, get the opposing sides together, and get something to the President with the idea we are here to help the economy and to not help one political party or the other.

The economic stimulus package passed out of the Senate Finance Committee embodied then the Democratic caucus position on the issues we felt ought to stimulate the economy. The bill was precooked and passed out of committee because Democrats decided to deal only with themselves. As unfortunate as that event was, obviously we are out here on the floor of the Senate. Last Thursday is history. It is all water under the bridge.

Equally unfortunate, however, the partisan acts of the Democrats in the Finance Committee have necessitated a confrontational debate from each side. By choosing a partisan strategy, the Democratic leadership has placed us in a position where, aside from the substantive issues involved, there is necessarily a partisan division. I point this out only because it is a needless barrier to my goal of a bipartisan stimulative package in the tradition of how Senator BAUCUS and I got the tax bill of last spring to the President for signature on June 7.

On the Senate floor, the majority leader does not have an unfettered right to push this bill through on a partisan basis. He has a right to try but he cannot succeed because this bill violates the restrictions of the budget resolution. It is subject to a 60-vote point of order under the rules of the Senate. So, too, if Republicans wanted to push ours, we could not get it passed. It would be subject to a 60-vote point of order. We are in a position where neither side can win.

I am frustrated and disappointed right now because there is so much common ground between us and where the Democrat bill is. I am frustrated because, regardless of this common ground, there is little will on the part of the Democratic caucus to meet our

side halfway or even part of the way. That unwillingness doesn't make a lot of sense in a Senate that is divided: 50 Democrats, 49 Republicans, and one Independent.

Where is the common ground? Starting with the economic stimulus itself, basically the President of the United States and Chairman Greenspan gave us a green light to the stimulus exercise. Chairman Greenspan requested we take a hard look at proposals that were temporary, immediate, and efficient. Since his meetings with the President and with us on the Senate Finance Committee, there has also been indication that what he has done on interest rates, although he can still do more and will probably do more, is reaching the end of the road of what can be done through monetary policy, and that there needs to be a stimulative package that parallels, through Congress, what Chairman Greenspan is trying to do through the Federal Reserve System.

We have been working with Chairman Greenspan because we want these programs to complement each other. We also think Chairman Greenspan has a pretty good feel for what it takes to turn this economy around. We sought his advice in a bipartisan way. The President sought his advice. Chairman Greenspan said we needed to pay particular attention to the decline in manufacturing investment.

I have a chart that demonstrates the relationship of consumption expenditures and manufacturing expenditures. As the red line shows, we have had a steady growth in personal consumption expenditures. We have had more ups and downs with domestic investment, mostly manufacturing investment. In the last three quarters, we have seen a very dramatic turndown in manufacturing investment. It reached a high and dropped. I am glad to hear the chairman of the committee say in his opening remarks that the 10-percent accelerated depreciation they allow in their legislation is negotiable. We think, and Chairman Greenspan thinks, about 30 percent is what it will take to stimulate the economy.

The other side speaks about consumer demand and doing something about consumer demand. The chart shows there has not been an erosion of personal consumption expenditures as there has been a dramatic erosion of manufacturing investment.

Of course, why manufacturing investment and encouragement of that? It is time tested from both Republican and Democrat Presidents, changing tax law from time to time in the last 50 years to stimulate the economy because it enhances productivity; but more importantly, the equipment bought by major corporations is made at another manufacturing place that creates jobs. It is a good way to help the economy in two ways: It creates jobs where the enhanced machinery is manufactured, and it also makes each person working where this is installed more productive, as well.

We need a balance between demand and manufacturing. If we trust Chairman Greenspan, and a lot of people in the United States have confidence in him according to the polls, we need to pay particular attention to the downturn in manufacturing investment and follow Chairman Greenspan's advice.

Now, Democrats and Republicans have agreed to pursue accelerated depreciation as a stimulus. Both caucus plans have this proposal included, but there is an ineffective 10-percent accelerated appreciation in the Democrat plan, compared to the positive 30 percent in the Republican plan. Both caucuses pursued proposals that, while not as stimulative as accelerated depreciation, would still provide much needed relief to struggling businesses.

It is another area of common ground that Democrats propose liberalizing the net operating loss carryback rules, but Republicans propose repealing the corporate alternative minimum tax. Here again, there is room for negotiation and compromise that will lead to a bipartisan agreement.

Republicans put on the table an acceleration of the income tax rate cuts put in place by the bipartisan tax relief bill I spoke of twice this afternoon that was signed by the President on June 7. That included the tax rebates, as well. The Democratic leadership objects strenuously to the proposal because, although this proposal is stimulative—I have not heard otherwise—it reopened a statute that a majority of the Democrats did not support last spring.

I recognize acceleration is not viewed as common ground, but I think it begs a question, if we are going to be intellectually honest with each other. How could the Democrats reopen the statute that the President signed June 7 by putting rebates for payroll and nontaxpayers on the table. It appears a bit inconsistent. In one place you can open the bill, but in another place you cannot open that tax bill of last spring.

To those of us on this side, then, it appears the Democratic leadership has taken the positive gesture by the President on rebates because President Bush wants to get money to lower income people to stimulate the economy. So they have taken a positive gesture by the President but have not been flexible in return.

Needless to say, by default, both sides have common ground on the next round of rebate checks. This proposal stimulates consumer demand. Former Secretary Rubin was very keen on some modest level of consumer demand stimulus. So on the investment side and the consumers demand side, both Republicans and Democrats have proposals with similar features, with the Republicans placing more emphasis on investment. But the Democratic leadership has made marginal rate cut acceleration some sort of a deal breaker.

We Republicans want to provide dislocated workers with assistance for coverage for health insurance. First off, I want to clear up some

misstatements. Some have incorrectly said that Republican proposals do nothing to help cover the cost of health insurance for dislocated workers. This is baloney.

The President supported health care assistance by proposing funding for health care benefits to laid-off workers. Both the House bill and the Senate Republican caucus position embrace this idea. In negotiations, in particular, I want to say to the Presiding Officer, I was willing to go beyond the President's proposal. I offered to more than triple the amount of money. I also proposed expanding coverage of health benefits to dislocated workers who do not qualify for COBRA, such as small business workers. I then offered Democrats complete flexibility to write the criteria under which the money would be granted so they could be confident in the program doing what they want it to do. So how much more flexible can you be? But the Democratic leadership said no and rejected the offer.

So we do have a common ground on the goal of helping dislocated workers with health care benefits. Are there any differences in how we want to provide this assistance? The answer is yes. The whole point of this bill, though, is to get people health care benefits right now, not down the road. Yet the Democratic leadership proposes to create a new bureaucracy that will take many months to get up and running. The Democrats' proposal would not be able to get benefits to workers until it is too late. This is a stimulative package to help us out of the recession, not to give people help way beyond the turnaround in the economy.

The reason the Democrats' proposal would do this is because Federal law requires that when a new Federal program is established, regulations must be promulgated and the public be given notice and opportunity to comment. Clearly, these laws affecting new programs are in place for a good reason.

We can avoid this hurdle by using existing programs, especially ones that are tailor made for national emergencies. That is why the President took the approach he did through National Emergency Grant Programs. If there is not enough money there to satisfy people on the other side of the aisle, we can take care of that. But we ought to take care of it in a manner that gets the money to the people in a month, not in a year. Our goal was to use the existing National Emergency Grant Program, one that the Federal Government and States have used for years and have experience with, to ensure benefits can get to dislocated workers in the fastest way possible. No new infrastructure would be required by the Federal Government and States could quickly access much needed funds.

The bottom line is hard-working Americans who have lost their jobs as a result of the September 11 tragedy cannot wait 6, 9, or 12 months for health care insurance. They need help

and need it right now. We propose to do just that. But, again, the Democrat leadership was not interested in bipartisan compromises, even when they represented common sense.

I have another problem, though, with the Democratic health package; that is, it places undue burdens on States which are already struggling to respond to adverse impacts of September 11. Requiring a new Federal infrastructure and corresponding new State infrastructures in order to access emergency funds seems to be downright unreasonable.

We should be working our hardest to get money to States immediately for them to get it to their workers who do not have health insurance. We should not penalize them by demanding that they, too, establish extensive new bureaucracies to get money to people in need.

For example, the Democrats' proposal would require many States to enact legislation in order to set up and fund new State infrastructures to certify and deliver COBRA benefits. This is obviously a nonfunded mandate. But in addition, the Democrats' proposal requires States to use their own money. This means only those States which happen to have extra money in their Medicaid budget could help workers who are not COBRA eligible. I am not aware any State is claiming to have extra Medicaid money burning a hole in its pockets for those people. I think this is just plain wrong.

I propose to provide 100 percent Federal funding through National Emergency Grant Programs to allow States, then, to cover non-COBRA eligibles.

Once again, I asked the Democrat leadership: Why are you insisting on doing this the hard way, especially when there are much more efficient alternatives?

Now I have a few points about extended unemployment benefits to dislocated workers. We want to do more than just provide unemployment checks. First of all, let me make it very clear. Why do you have a stimulus package? It is not to give unemployment checks, even though that is what we are doing. But the idea of stimulating the economy is getting people a job. People want a job; they don't want unemployment checks. We want incentives to get workers back their paychecks.

But both sides agree that providing 13 weeks of additional benefit to workers in need is reasonable. We have done that five times in the last 30 years, I believe.

The Democratic leadership, however, wants to take finite resources and spread them thinly across every State so the needy will not get enough help. I offered to provide unemployment benefits in two ways—kind of take your choice. The first was to allow 13 weeks of benefits to be extended to those States which experienced a significant increase in unemployment. So what is

a significant increase in unemployment? In that regard, I was completely flexible.

In fact, I was more than willing to bring the threshold well below what the President proposed.

In addition, I believe that extended unemployment benefits should be made available to particular industries or communities adversely impacted by September 11. This should be the case even if a State as a whole doesn't experience a major increase in unemployment.

So I hope I have made it apparent that on our side we care about dislocated workers and getting them unemployment and health benefits. The differences are grounded in how to do it, and not whether to do it. I still believe that we are not that far apart and our differences can be bridged. If we are willing to take the partisan blinders off and focus on getting help to workers immediately instead of winning ideological points, we can come to agreement on a proposal.

I have been so flexible that I know how Gumby feels.

So, here we are, and I am left asking why we are stuck in this partisan ditch. We have common ground on the investment side, consumer spending side, unemployment benefits, and health coverage for dislocated workers. Why couldn't we work out an agreement? It seems that there are three reasons.

The first reason is that the Democratic leadership doesn't want two negotiations with Republicans. They don't want to negotiate with Senate Republicans first and then have to negotiate with the White House and House Republicans later in conference. I have to chuckle when I hear this type of objection coming from the Senate Democratic leadership. When I was negotiating the bipartisan tax cut in the Finance Committee, I ran into the same objection from many in the Senate Republican caucus. You know who would bring this up. They said, GRASSLEY, don't negotiate with BAUCUS. If you do, you will have to negotiate further to the left on the Senate floor. One negotiation is better than two.

If I had followed that "one negotiation" directive, we would have had chaos on the Senate floor last spring.

As it turned out—and for reference for people who are fearful that maybe the bipartisan Senate Finance Committee agreement couldn't hold in conference right now—the track record of last spring is that the bipartisan Finance Committee agreement held on the Senate floor and largely stayed intact in conference. But if the House and Senate parties agree to a so-called preconference strategy, which has been talked about within just the last 4 or 5 hours due to our constrained time now that we are getting up against adjournment this fall, I will certainly support that effort and hope it happens.

So you can't proceed because you don't want to negotiate twice. I hope I

have proved that is not a problem here in the Senate, if you do it right.

There is a second reason given for not negotiating.

It seems that many in the Senate Democratic caucus want some kind of "payback" against the bipartisan tax relief legislation. In their view, the bipartisan deal was wrong, and with their caucus now running the Senate, they do not want to see it repeated in any way. In their view, a bipartisan Finance Committee deal would have been a bad deal unless it contained all four corners of the Senate Democratic caucus position. As I said, I showed movement on several issues but could not get movement from the other side. Everyone knows that unless both sides move, you can't get a deal.

So here we are with basically the Senate Democratic caucus position as the Finance Committee bill. The bill before us is a partisan product. There is no gesture to the Republican side. The Finance Committee bill says, "Our way or the highway." I only ask, is this what the American people want? I didn't think so at the time of the tax cut last spring, and I don't think so now.

There is a third reason we can't get a deal. Senate Democrats say the House Republican partisan process necessitate a partisan response. We are kind of engaged in a game of legislative ping pong. That frustration, while understandable, doesn't justify shutting out Senate Republicans. Senate Republicans are not irrelevant. The House passed a partisan tax bill in the Spring, but that did not stop the Senate from passing a bipartisan package which the President signed on June 7. The Senate should not be rendered irrelevant because of partisan politics in the House.

The American people expect us to work together. That is what I have been trying to do over the past few months. Senate Republicans are flexible and willing to move toward Senate Democrats, but it is a two-way street and Democrats must also show movement.

To sum up, we want to get a bipartisan stimulus package. Bipartisanship does not mean adopting the Senate Democratic caucus position.

At this time, we are struck with this partisan, special interest Democratic bill that came out of committee on an 11-to-10 vote. We see that, even the media, like the Washington Post, call this bill a poor excuse for economic stimulus. They blame lobbyists for shaping a stimulus bill. "Special Interests Scramble for Tax Breaks, Other Windfalls". The headline of one Post article reads "Lobbyists Shaping Economic Stimulus bill." And it goes on to talk about companies getting tax credits for millionaires and payments going to billionaire bison ranchers.

Let me note, however, that extensions of provisions that expire under current law are matters we should address.

In the Finance Committee, the Democratic leadership lined the votes

up, and we on this side were left out. That was an unfortunate outcome for the Finance Committee, which has a great bipartisan tradition.

With some optimism, I noted at the Finance Committee markup that the centrists, a group of some Republicans and some Democrats who consider themselves right in the center of the political spectrum, indicated that things on the Senate floor would be different. I am hopeful of this sentiment expressed by the centrist group and that, combined, we can get enough votes to put together a bill that will get 60 votes to get a bipartisan bill through. I hope this will cause the Democratic leadership then to engage in a bipartisan debate. It is about time the process on this bill changes and reasonable heads prevail.

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

I ask unanimous consent that the Senator from Massachusetts be recognized after the quorum call.

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

The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

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

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

Mr. KENNEDY. Mr. President, today brave young Americans are on the front lines of the fight for freedom from terrorism, and here at home we must work together to defeat the terrorists who would poison our people, panic our society, and paralyze our democracy. An essential point of protecting our homefront is protecting our economy because the state of our Union cannot be strong if the state of our economy is weak.

Even before September 11, the Nation's economy was already weakening. The unemployment rate had been climbing for months. Relatively few new jobs were being created. Companies were announcing a successive round of layoffs. Business investment was being drastically reduced. Profits were rapidly falling.

Last week, consumer confidence dropped to its lowest level in 7 years. And 2 weeks ago, the unemployment rate took the largest jump in 21 years. Nearly 8 million people are now out of work through no fault of their own, left with no pay and no golden parachute. For them and their families, life is a nightmare of missing paychecks, unpaid bills, lost health insurance, and no job on the horizon.

Surely, it is these Americans who deserve our highest priority in Congress. Helping these workers is the quickest way to stimulate our economy. But if we act in the wrong way, a stimulus package could actually harm the economy.

The Republicans would rely almost exclusively on permanent tax cuts that

would do little or nothing to promote growth when we need it most, which is right now. Their proposals are neither fair nor will they work. They do not measure up to the high standard required of us. A true stimulus package cannot be a disguise for special interests, nor can it run the risk of imposing large, new, long-term deficits on the Federal budget.

Permanent, new tax cuts, on top of the now nearly \$2 trillion in tax cuts enacted earlier this year, would actually hurt the economy by increasing the cost of long-term borrowing. Such cuts would discourage the kind of business investments we need to encourage.

A true economic stimulus program must meet three criteria:

First, it must have an immediate impact on the economy. The dollars in the stimulus package must be spent in the economy as soon as possible. The best way to accomplish this goal is to target the funds to the low- and moderate-income families who are the most certain to spend it rather than to save it.

Second, the tax cuts and spending provisions in the plan must be temporary. They must focus on the immediate need to generate economic activity. And they must not impose substantial new long-term costs on the Federal budget.

And third, the package must be fair. It must focus on those who need and deserve the help, who are suffering the most in these difficult days. It must reflect the renewed national spirit of taking care of each other.

The bill reported out of the Finance Committee—and I commend Senator BAUCUS for this, as well as Senator BYRD for the homeland security provisions which are part of the package—rightly gives first priority to the millions of Americans who have lost their jobs in the current seriously sagging economy. It puts money directly in the hands of those who will spend it immediately and will help laid off workers provide health insurance for their families.

Let's look at the proposal of the Finance Committee, which represents the best judgment of the Democrats on this measure. Let's look at the heart and the soul of this particular program.

All we have to do is look at the reports over this past weekend by the Nobel laureate in economics, Joseph Stiglitz:

The United States is in the midst of a recession that may well turn out to be the worst in 20 years, and the Republican-backed stimulus package will do little to improve the economy—indeed, it may make matters worse.

We may be in the midst of the worst recession of the last 20 years, "and the Republican-backed stimulus package will do little to improve the economy—indeed, it may make matters worse." That is not a Democratic statement or comment, and it is repeated by economists across the country.

What have been the proposals? The principal proposals of the Democratic

effort have, first of all, included unemployment compensation in order to get resources out to those who are unemployed.

We can ask ourselves, what has been the record of the Senate over the period of recent years? My friend and colleague from Iowa talked about how, in recent years, Republicans had supported unemployment compensation. That is true.

The unemployment insurance benefits were extended four times during the recession in the early 1990s. At its peak, an additional 33 weeks of benefits were provided. On November 15, 1991, the Senate passed an unemployment compensation bill to add an additional 20 weeks of unemployment benefits for States with high unemployment rates and 13 additional weeks for other States. That vote was 91 to 2. The Republican Senators voting for the extension included Senators BURNS, COCHRAN, CRAIG, DOMENICI, GRAMM, GRASSLEY, JEFFORDS, MCCAIN, MCCONNELL, MURKOWSKI, NICKLES, SMITH, SPECTER, STEVENS, and WARNER, and then-Democratic Senator SHELBY also voted in favor of the extension. The vote was 91 to 2. It represented a bipartisan effort. This is virtually identical to what was considered back at that particular time in 1991.

Then, in 1992, we were still facing the challenges of significant unemployment, and we passed 94 to 2 to supplement the regular benefits. The bill raised the maximum additional weeks to 33 weeks of benefits for States with high unemployment, and 26 weeks for all other States. It was a much more dramatic bill. This bill is much more modest. That vote was 94 to 2. And that included the Republican leader, Senator LOTT, as well as Senator GRASSLEY, and other Republicans.

Then in June of 1992, by a voice vote—and it passed—we had an increase in the unemployment compensation. Then the conference came back, and the vote was 93 to 3. That was in 1992.

Then in 1993, the vote was 79 to 20.

What is it about the Republican leadership that they are opposed to this program now? That is what these workers are asking. Not only the hundreds of thousands of workers who lost their jobs prior to September 11, but all those who have lost their jobs since that time, they say: You have done it before for workers. You have done it when we have needed it. Why aren't you willing to do it now? That is part of the challenge of the Democratic leadership to our Republican friends.

We have listened to the ranking minority member of the Finance Committee who says: Well, we have supported it in the past. We will try to work something out.

You can work it out right now by supporting this very modest proposal. And it is fairly easy to understand why this has been an important provision, why this is a responsible provision. The cost of this proposal: \$14 billion. That

is the unemployment proposal. At the present time, we have \$38 billion in Federal unemployment insurance trust funds that have been paid on behalf of the employees. We are talking about taking \$14 billion out of there. We have done it in the past.

What is their resistance? What is their reluctance? Why aren't they willing to look after what is most important in a recession—the real people who are suffering, the workers who are suffering, men and women who want to go to work today and can't go to work because their jobs have been lost to them? Real people, real families. Those are the people we are caring about. The funds are sufficient, obviously, to take care of that. We have more than enough funds.

Why is this important? As we have seen before, unemployment insurance is an ideal stimulus. It delivers the stimulus where and when it is needed. It provides \$2.15 of positive impact to the GDP for every \$1 that is spent. That has been the history of it, according to the Department of Labor. And it has been relied on by the Congress, and the Senate, going back for a long period of time.

Let's look at what is happening out there in the real world in terms of the levels of newly unemployed not seen since 1992. This chart I have in the Chamber, going from 250,000 to 550,000, shows what is happening in 2001. It shows the greatest increase, as I mentioned, of the number of unemployed workers going right up through the roof. It is virtually the highest we have seen in over 10 years. It is a real problem. The statistics show it. The families show it. We have the resources to be able to afford it. We have enacted that at other times in our history, and done it in a bipartisan way.

Now look at the percentage of unemployed workers receiving unemployment benefits which has declined over the last 25 years.

In 1975, 75 percent of those who were unemployed received unemployment insurance. And then, during the 1980s, the States squeezed back eligibility for workers who were unemployed. We have seen, as a result of that, that we are down now, with figures getting further and further from what they were in 1975. We are finding out that only 38 percent of those workers are receiving the benefits now. We not only have to do something in order to extend unemployment compensation, but we also have to do something about the eligibility and who will be eligible for that program. The Democratic program does just that. It is one of the key important features.

(Mr. TORRICELLI assumed the chair.)

Mr. KENNEDY. This is what is happening out there. Low-wage workers are half as likely to receive unemployment benefits as other unemployed workers, even though low-wage workers are twice as likely to be unemployed. That is because of the change

of the rules and regulations in the States. Nationwide, they are twice as likely to be unemployed and they have half as much chance of getting any kind of coverage. In all but 13 States, unemployed workers seeking part-time work are not eligible for unemployment benefits. In all but 12 States, most unemployed low-wage workers are not eligible for unemployment benefits.

The Democratic plan ensures that more than 600,000 low-wage and part-time workers will receive the benefits. These are men and women whose employers are paying into the fund now on their behalf. That is the extraordinary thing. These workers are being paid for in the fund at the present time, but they are not eligible because they have been effectively written out with the redrafting and changes of the unemployment laws in their respective States. There are only 13 States that even provide unemployment help and assistance for part-time workers—those workers who work 30 hours a week or less.

What we have seen in the workforce is that there has been a very important transition to increasing what they call the temps, the part-time workers. Seventy percent of those are women, because they want to go into the workforce, and sometimes to expand their families and then go back into the workforce. They may want to work a certain number of hours, and even though they are paying in under the unemployment compensation, they are being left out; but not under the Democratic program. That is very important.

This chart shows that there are only 13 States that provide unemployment insurance for the part-time workers. This chart shows that only 12 States provide unemployment insurance for the low-wage workers. That is a dramatic difference from other times of recession we have seen.

So this proposal—one very important aspect of it, the unemployment insurance—has been accepted by Republicans historically. The reason they have accepted it is that, as other distinguished economists and the CRS have pointed out, this program is truly a stimulus in terms of the economy. It is fair, temporary, and it works. It provides very important assistance to needy families.

I want to take a minute—and I see others on the floor who wish to speak—on another major part of our program—that is with regard to health insurance, which is important. Many colleagues remember the debate we had on the Patients' Bill of Rights not long ago and what many of our colleagues on the other side of the aisle said:

If we want to look at what the real problem is in America, it is the 44 million people who do not have any health insurance.

That was Senator SANTORUM on June 20.

If you have no insurance, the likelihood of getting good health care in the United States is much less.

That was Senator FRIST.

We will be using the health care coverage for seniors who are taking arthritis medicines, men and women who are being treated with chemotherapy or kidney dialysis, and families waiting for loved ones to have bypass surgery. These are the lives that will be disrupted, even devastated, as a direct result of this bill. They are talking about the Patients' Bill of Rights.

Then Senator HUTCHISON said:

The Kennedy-McCain bill ignores what I believe is the most important patient protection, and that is affordable health insurance.

Well, Mr. Republican, your problems are solved because under the Democratic program we provide an effective extension of health insurance for those who had it in their previous employment and lost it, and for those who didn't have it but need it in terms of this recession. We have a lot of statements and comments about the importance of extending this. And, we are doing the job.

Let me just review a couple of facts. The typical unemployment benefit is \$925 per month. The health insurance costs are about \$588 per month, which is 63 percent of the unemployment benefit. Only 18 percent of workers today, if they qualify for COBRA, are able to take advantage of it. It doesn't do very much for them. The Senate Democratic plan provides 75-percent premium assistance. CBO estimates this would cover 7.2 million workers.

We listened to my friend from Iowa talk about what the Republicans were doing. Senate Republicans have an inadequate plan that at least would provide a family with 2 weeks of COBRA. Theirs is the \$3 billion, which they say can be used for unemployment compensation, health insurance, and other kinds of activities in the States, leaving it up to the States. We heard that outlined, but the numbers weren't described. If they use it all for health to offset premiums, it will last for 2 weeks for COBRA. So when we recognize the difference, it is very real.

The next chart demonstrates \$925 a month as the average unemployment. In order to recover your COBRA, it is 65 percent of that. As a result, very few are able to do it. If we have the Democratic program, the amount that will be required will only be 16 percent. That will result in about 80 percent of all of those being covered.

This chart shows who recovered. Nearly half of all workers are not eligible for COBRA, including workers in small businesses of fewer than 20, workers in businesses that go out of business, individuals who buy individual coverage, those whose employers do not offer health insurance or cannot afford to take it up. They are excluded. What do we do? They need an affordable health option.

We Democrats are proposing a new Medicaid State option to cover these workers. CBO has estimated that 2½ million workers will benefit from our plan. The Republican plan has no relief for these workers; zero will be in-

cluded. The administration proposes to take funds from the CHIP program for these workers, to cover the workers they would like to cover, which is basically taking money that is guaranteed to the States, on which the States rely to provide coverage for uncovered children. It is effectively robbing Peter to pay Paul.

On this chart, if you look at the categories on the Democratic and Republican packages:

Guarantees workers help paying COBRA, who will have COBRA but find difficulty in affording it.

We would help the 7.2 million unemployed Americans. The Republican bill has no guarantee.

Providing help for displaced workers.

We provide 2½ million Americans with coverage. There is no such coverage under the Republicans.

Provide the State fiscal relief by improving Federal Medicaid payments.

That is what they call an "enhanced match," which has been so successful to get children. We provide that, and the best estimate at CBO is that 4 million will be covered.

If one is concerned about health care, this is how it gets done. It is not just what we are saying; it is what the CRS and the CBO says. This is an effective program to deal with the health aspects of this proposal.

If we are talking about something that is going to be temporary, if we are talking about something that is going to be stimulative, if we are talking about something that is fair, these aspects of the Finance Committee proposal meet all of those criteria. It will assist those who are impacted—working families. It will give them some lift. We have done that in a bipartisan way historically.

We ask the question: Where are our Republican friends? Why are they not joining us as they did at other times? If you understand the importance of health care, this is the best way to do it. If they have a better way of doing it, I am sure our leadership and the Finance Committee will welcome that opportunity. This will ensure that workers who need health care for their families are going to be able to maintain their coverage, and the health industry, which is so important to our country, is going to prosper. This is limited to 1 year. It is a 1-year stimulus program.

The democratic plan helps ensure that States do not have to make budget cuts that would undermine any Federal stimulus. States have yearly balanced budget requirements and many are already looking at major budget cuts to meet those requirements. To help keep State economies strong, our plan freezes planned Federal Medicaid cuts and enhances the Medicaid matching rate by up to 3 percent for States that agree not to cut back on their coverage. This plan will provide immediate assistance to States and help assure they do not have to make budget cuts that put us deeper in recession.

The Democratic plan is also a fair balance between tax incentives and spending incentives for the economy. The tax incentives in the plan meet the three essential criteria for a stimulus—they will put money into the economy now, they do not impose substantial new long-term costs on the federal budget, and they treat fairly those who are most in need.

Seventy percent of Americans today pay more in payroll taxes than in income taxes. Yet many of them received no tax rebate earlier this year. The rebate unfairly ignored these low- and moderate-income families. A one-time rebate of payroll taxes to them now will immediately inject \$15 billion into the economy, placing the dollars in the hands of people who are likely to spend them immediately. Economists tell us that families with modest incomes are likely to spend the extra money they receive right away on needed consumer goods. Those with higher incomes are more likely to save it.

The Democratic bill also includes temporary, targeted tax cuts to stimulate immediate business activity. These changes provide more favorable treatment for new investments now, and they deserve to be supported.

Because the tax cuts in the Democratic plan are truly designed to be an immediate economic stimulus, they do not incur any substantial cost beyond 2003. This point is vital to our economic recovery. Enacting new permanent tax cuts which can trigger large long-term Federal deficits would be counterproductive. Permanent new tax cuts—on top of the nearly \$2 trillion in tax cuts enacted earlier this year—would actually hurt the economy now, by raising the cost of long-term borrowing and discouraging the kinds of investment we need most today.

The House of Representatives passed, by the narrowest of margins, a so-called stimulus package that will not stimulate economic growth in the short term, and will not be affordable in the long term. It merely repackages old, unfair, permanent tax breaks which were rejected by Congress last spring under the new label of “economic stimulus.” The American people deserve better.

The long-term cost of the House plan is too high, and less than half of the dollars would reach the economy next year. The House plan offers \$46 billion in tax breaks to big businesses by permanently repealing the corporate alternative minimum tax and by giving permanent new tax cuts for multinational corporations. These provisions are an unacceptable giveaway of public resources.

The alternative suggested by our Republican colleagues in the Senate is also flawed. Their proposal to accelerate the reduction of upper income tax rates would cost \$120 billion over the next decade. Only a small percentage of these dollars—less than one dollar in four—would go into the economy in 2002. And these dollars would go to

those least likely to spend them. The result would be little immediate stimulus, large long-term costs, and a grossly unfair distribution to the wealthiest individuals in our society.

In fact, the House Republican proposal gives \$115 billion in permanent new tax breaks to wealthy individuals and corporations, while the Senate plan would give them \$142 billion in new tax breaks. Yet each of the Republican tax plans provide only \$14 billion for low- and moderate-income families. Under the GOP plan, the tax cuts for corporations and wealthy individuals are permanent, while the cuts for working families are limited to just 1 year. The result is unfair, and it will not provide the economic stimulus that the Nation urgently needs now.

Our Democratic alternative also includes key steps to make our country stronger and safer. It includes needed resources to fight bioterrorism and improve our ability to respond to an attack. It will help detect an attack by strengthening our public health system. It will help treat the victims of an attack by making sure that our hospitals and other health facilities are better prepared. It will expand pharmaceutical stockpiles and develop new treatments. We owe it to the American people to take these steps now, and we need this legislation to do that.

Perhaps never before in history has our Nation faced such grave challenges. The tragedy of September 11 has touched us all. Together, we witnessed a horror we could not have imagined and bravery which inspires us all. The tragedy may have shaken our basic assumptions about the world in which we live, but Americans have not retreated in fear. Instead, they have risen to meet these new challenges. The spirit of September 11 has compelled vast numbers of our fellow citizens to ask what they can do for their communities and our country.

It is time for Congress to do its part. We must respond to the economic crisis the Nation faces. As we do so, we must show our dedication to America's best ideals. As we fight for a safer society, we can also create a more just society at the same time. September 11 has taught all Americans that we need to help each other as never before.

We will not ignore the plight of millions of Americans hurt by this tragedy and by economic forces beyond their control. As we work together to get our economy moving again, we can also work together to see that none are left behind. We have a unique opportunity to give help and hope to every American as we enact a stimulus plan that puts America back to work.

The American people are meeting this challenge, and we must demonstrate to them that Congress is capable of meeting it, too. The test we face now is to pass a stimulus package that truly lifts the economy, and lifts it fairly and responsibly. The American people are watching this debate closely, and they are waiting for our answer.

I hope Americans who are paying attention to this debate understand the dramatic contrast between what has been suggested by our Republican friends and the proposal that has been advanced by our Finance Committee. Hopefully, we will gain their support.

The PRESIDING OFFICER (Mr. SCHUMER). Who yields time?

Mr. BAUCUS. Mr. President, I yield 15 minutes to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. TORRICELLI. Mr. President, I thank the distinguished chairman of the Finance Committee for yielding the time, and I compliment him on his extraordinary leadership in bringing the Senate to this moment.

It may well be that this Nation was headed towards an economic downturn before September 11. We may debate that fact, but there is no mistaking that every State in the Nation is now facing a dramatic change in economic circumstances.

In October, the unemployment rate rose one-half point, to 5.4 percent of working Americans; 400,000 people lost their jobs, including 8,000 in my State of New Jersey alone.

As this has affected our families individually, the economic change has affected our States collectively. Thirty States are now clearly in a position of economic recession.

The Senate is faced with two very different philosophies in dealing with this change of economic circumstances. The Senate Finance Committee, under Chairman BAUCUS leadership, has sought to address both the causes of the downturn and those most dramatically affected by the economic downturn.

The bill, as Senator KENNEDY has illustrated, provides 13 weeks of extended unemployment benefits. It makes many part-time workers eligible. These are the people on the front line of our economic difficulties, and rightfully and exclusively, this bill, among the alternatives before us, provides the most help to families who, through no fault of their own, now find themselves wanting for rent payments, mortgage payments, or tuitions, and only have the bridge of unemployment benefits to get them through the crisis.

In New Jersey, this means 50,000 people will be able to continue their unemployment benefits or face the prospect of no help at all; 11,000 part-time workers in New Jersey, the most vulnerable of the vulnerable, will be able to continue their benefits.

The bill also addresses the reality that as people lose their jobs, their problems are compounded by the emergency situation of also losing health benefits. The legislation provides a 75-percent subsidy for laid-off workers to purchase COBRA insurance.

As families are vulnerable, so are the States. The National Governors' Association projects State revenues to be \$30 billion less than previously forecast. As we all know, as the States

start to reduce their budgets to deal with the budgetary emergencies, the first to suffer will be education and health care.

Twenty-nine States already face \$600 million of projected reductions in what they will be able to provide in health care. The Baucus bill provides \$5 billion directly to States through an increase in Medicaid matching funds.

These provisions are all national in scope. They help every State in the Nation deal with this economic emergency, but, in fact, as acute as the situation is nationally, regionally it is the most severe. While all the Nation is in pain, it is most severe in those areas directly impacted by the terrorist attacks on September 11.

It would be no surprise to anyone in the Senate to know the economic downturn is affecting the New York-New Jersey-Connecticut areas most directly. The attacks not only killed thousands of people, but for those left behind, those whom they loved and their neighbors, the economic impact is particularly acute. Prior to September 11, 300,000 people worked in Lower Manhattan in the impact area. Since the attacks, 125,000 people have been displaced; 19,000 have already left the city; 35 million square feet of office space is currently unavailable.

Indeed, in Battery Park City, home to thousands of New Yorkers in Lower Manhattan, only 30 percent of the tens of thousands of residents have returned to their homes.

The simple truth is, as a matter of employment and residency, Lower Manhattan will never be the same without Federal assistance. This legislation dealing with the economic emergency in the Nation, as it deals with national unemployment, the national health care situation, the national need for stimulus, focuses in particular on the fact there is an acute economic emergency in Manhattan.

The legislation that I offered with Senator SCHUMER and Senator CLINTON contains \$5 billion in economic assistance to New York. I make no apologies for offering this legislation. Almost unbelievably, I have read in the national media that somehow this constitutes some form of special interest legislation.

The terrorists may have attacked buildings that were in New York, but this was an assault on America, on every American, and it tests our concept of national union whether when an individual city, State, or group of people are attacked, whether we respond as a city or State or we respond as a country.

I may live in New Jersey, but on September 11 my country was attacked, and we should all respond as Americans.

If there is a special interest contained in this legislation to deal with residency and employment, the economic stability and the reconstruction of New York, let us identify that special interest.

The interest is, we are all Americans, we are all in this together, and we will respond together. That is the interest being tested.

Now, indeed, the pain may be particular to New York, but it is shared with their neighbors whom I represent in the State of New Jersey. Two hundred thousand New Jersey residents are employed in Lower Manhattan, or they were employed, because 40 percent of the people who worked in the World Trade Center lived with their families in New Jersey. Fifteen thousand people lost their place of employment if they did not also lose their lives. Sixty-six thousand people from New Jersey commuted every day to Lower Manhattan on the PATH railroad system, all of which to Lower Manhattan is now in shambles.

The \$5 billion in tax incentives will apply to the 1.6-square-mile recovery zone around the World Trade Center. That is where people I represent worked every day. They lost their offices. Many lost their companies. Most lost their means of employment with which to feed their families and raise their children.

Special interests? Very special. Keeping these people employed, their families alive and prosperous, that is our special interest.

This \$5 billion in tax incentives includes a \$4,800 employee wage tax credit for existing and new hirers to try to keep employment stability in Lower Manhattan so a bad situation does not get worse; second, \$10 billion in private activity bonding authority to rebuild the real estate in the impacted zone; third, to encourage businesses to stay and reinvest in Lower Manhattan. The bill will allow the cost of replacement property to be deducted as a loss.

There is no better symbol to the world of American resolve, our determination to survive, than to rebuild in this economic zone and to provide stability for employment in the impacted area. That is exactly what we intend to do.

Then there is the question of the Nation's infrastructure. We are not responding properly to the recession, this economic emergency, if we provide for unemployment benefits, provide for health insurance, provide for the areas most acutely impacted, if we do not also do something about the national infrastructure.

I yield to Senator BAUCUS.

Mr. BAUCUS. I thank the Senator. Mr. President, I ask unanimous consent that the Senator from California be allowed to speak for 5 minutes at the conclusion of the remarks of the Senator from New Jersey.

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

Mr. TORRICELLI. This package is not complete if we deal with unemployment and health benefits and the impacted area of New York, but we do not also do something about the national infrastructure.

The truth is this Nation had a severe infrastructure problem long before

there was a recession. Thirty-three percent of the Nation's half million bridges are structurally deficient. Fourteen million children attend schools that are a decade or two beyond the needs of basic repairs. The time to do that work is when we have workers to do it.

In 6 months or a year, as commercial construction activity in the Nation slows and people employed in the building trades add to the ranks of the unemployed, the one means of keeping them working is to do the work for the Nation that already needs to be done. Yet our Republican friends and even some in the media call this a special interest—pork.

Can building a school for a child in a deficient structure ever be a needless expenditure? It may be safe for someone in some media outlet or someone who feels good about their own child to call building a school pork. To me, it is meeting a basic obligation.

I have placed in this bill, and I make no apologies for it, a major national investment in national infrastructure to build high-speed rail lines. It is right and it is proper. As was demonstrated on September 11, this Nation's transportation infrastructure is fragile. When it is interrupted, business stops, employment declines, and the Nation's economy suffers. This economic downturn is an opportunity, once again, to increase employment by modernizing our infrastructure, as we have done in almost every recession in the last 50 years.

As the chart to my left illustrates, as we try now to provide duality in our national transportation infrastructure so the Nation is not entirely dependent on an aircraft system, this chart demonstrates how much each of these Federal Governments contributes to the construction of rail systems.

In Germany, the government provides 21 percent; France, 20 percent; the United Kingdom, almost 18 percent; and the United States of America, .04 percent of our rail system is provided by the Federal Government. It is therefore no wonder the Nation is largely without a modern high-speed rail system outside of the Northeast corridor.

The amendment I provide in this economic stimulus package provides \$9 billion in bonding authority which will be repaid by Amtrak. The Federal Government only pays the interest on these bonds. It would cost \$4 billion to provide modern systems throughout the country, in the Southeast from Washington to Jacksonville, including Virginia, North and South Carolina and Georgia; a modern high-speed rail system from Orlando-Miami-Tampa; on the gulf coast, from Houston and New Orleans, eventually to Atlanta; and a Midwestern Express covering nine States.

This is the moment. We need to employ people. Ridership is soaring. The demand is clear.

The PRESIDING OFFICER. The Senator has consumed 15 minutes.

Mr. TORRICELLI. I ask unanimous consent for an additional 5 minutes.

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

Mr. TORRICELLI. This is the moment to build this high-speed rail system. It is in this legislation. It is identical to the legislation cosponsored by 56 Senators, including Senator LOTT and Senator DASCHLE. Use this moment to build this system.

The legislation also includes \$2 billion toward the engineering and construction of a new Trans-Hudson tunnel between New York and New Jersey. This is vital. There has not been a rail tunnel built between New York, connecting it with the rest of the Nation, since 1920.

The existing tunnels do not have escape mechanisms. They do not have adequate fire protection. They are old and they are slow. This legislation will immediately begin the engineering and then the funding of a new rail tunnel. So if in any future emergency or terrorist attack we lose the existing tunnels, there will be one safe, modern, fast tunnel to connect New York with the remainder of the Nation and allow in New Jersey an Amtrak for the rest of the country to expand the rail commuter network, which is now at capacity, to get more people out of their automobiles and onto trains, throughout suburban New Jersey, into Manhattan.

Nothing would convince employers to remain in Manhattan longer and invest better than the knowledge there will be a rail network to get employees there in the decades ahead. Our constituents are giving us exactly that message. Ridership is up 45 percent from New Jersey to New York City since September 11. Amtrak now runs 21 trains per hour through the existing tunnel capacity. They need to get that rate to 45. This new tunnel can add 20 trains an hour. We can get people out of their cars. We can get them into safe trains. This legislation contains exactly that capacity.

This is simply a good economic stimulus package. It is good in what it does to the unemployed. It is good in what it does for vulnerable families. It provides the proper public works to get people employed and keep them employed and make the national investments we need for the coming decades.

I am proud of it. It is the right thing. It is good legislation. I thank Senator BAUCUS. I thank my colleagues for being responsive to New York, New Jersey, and the Connecticut region during this time of crisis. I urge my colleagues to support this legislation and to do so with pride.

I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized for 5 minutes.

Mrs. BOXER. Seeing no one else on the floor, I ask unanimous consent for an additional 5 minutes for a total of 10 minutes.

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

Mrs. BOXER. Mr. President, I have not spoken on the floor of the Senate in a long time. The issues have been coming fast and furiously toward us. Today I will discuss with my colleagues in the Senate the very important economic stimulus bill. Beyond that, before I turn to that bill, I will discuss what I consider to be the three most pressing matters to deal with, in addition to our normal appropriations work.

One of those is certainly this economic stimulus package. The last economic data we had showed the greatest loss of jobs in 1 month for 21 years. It has been 21 years since we have lost so many jobs in 1 month. We must take up this economic stimulus bill. We have been hit hard by the terrorists, and before that we were beginning to see a slowdown in our economy. The combination of the two is simply not acceptable.

Another pressing need is aviation security. I say in no uncertain terms I cannot say what the President says to the American people: Get in those planes and fly. I want to say those words, and I will say those words when we have passed the laws we need to pass to make flying as safe as possible.

We do not now screen and check all the bags that are in the underbelly of the planes. We don't check and screen the cargo for bombs. No, we do not. We do not have screeners who are a well-trained security force. We do not have air marshals on every flight. We do not have yet a secure cockpit always locked and not open during the flight.

These are four basic measures we have learned are the key to aviation security. El Al, that runs the Israeli airline, has told us very clearly: There are no secrets; these are the things we have to do. When we do those things, I will look in the eyes of your constituent and mine, and I will say not what I am saying today, which is, yes, it is safer than it was on September 11; but I can look at them and say the skies are as safe as we can make them.

To be a Pollyanna, to stand up and say, come fly with me—as the Frank Sinatra song goes—I cannot do it. I fly a lot. I am in the air a lot to do my work. As I said, I know we are safer than we were before September 11, but we are nowhere near where we should be. I call on the conferees to get moving. I call on the House Republican leaders to get off their ideological problems and understand the same old way of doing business with private security handling the bags is a failure.

That is something we must do right away. We also need a package for homeland defense or homeland security. Senator BYRD has a wonderful, well-thought-out package which will become, I hope, part of the economic stimulus at a later time. It is modest in its approach but will allow us to vaccinate every man, woman, and child against smallpox and, God forbid if we have to, against anthrax, and develop the kind of work we need to prevent

bioterrorism, protect our nuclear powerplants. Again, airport security, chemical plants, and we will give special grants to law enforcement, local and State, and rebuild our public health system so when we have a problem the local people, the first responders, will have the wherewithall to do what it takes.

I am very happy that Senator BYRD will be doing this. It ought to become part of the stimulus package because not only do we need it for the defense of our country, but we also know those dollars will be spent and every one of those dollars will help provide jobs.

That gets me to where we are right now, this economic stimulus package dealing with tax cuts. If you want to see the difference between Republicans and Democrats, if you are sitting at home and scratching your head and saying, aren't these guys and gals all alike, I say take a look at this package. What do the Republicans do, to the tune of more than \$20 billion over 10 years? They give big dollars to those who have them—surprise. They give \$1.4 billion to IBM. The last I checked, they earned \$5.7 billion in the year 2000. The last I checked they were laying off people, not hiring people. Is that what we want to do, reward them for that?

Ford Motor, a \$1 billion refund check; their corporate profits were \$9.4 billion. General Motors, \$833 million? Their corporate profits in 2000 were \$2.9 billion. And, GE, a \$671 million refund check. Their corporate profits were \$9.3 billion.

I do not know how to say this in a way that doesn't sound harsh, but in the nicest way I can say it, it is this. I believe you have said it in your way as well, Mr. President.

For people to use the 9-11 tragedy, which you felt in your State—in your heart, with perhaps a few of you in this body more than any of us—to use 9-11 as an excuse to do something that these Republicans have wanted to do since the minute they took over control of the Congress, which is to reward their biggest contributors, is nothing less than unpatriotic. It is my feeling. It is how I feel. It is my opinion. It is not a fact. It is my opinion.

Let me say it again. To use 9-11 as an excuse to pay back your biggest contributors—who are laying off people, by the way, and who are doing just fine, thank you very much—is a disgrace.

If you want to see the difference in the parties, look at our tax cuts. They deal with ways to stimulate investment by businesses by giving a bonus depreciation to encourage investments in capital equipment, additional depreciation for small business, net operating loss carrybacks that will help companies that have done well in the last few years but not as well recently to get an immediate tax refund, and we propose giving tax rebates to those who were left out earlier this year.

I know Republicans have that provision as well. But the lion's share of

what they do is this—and how about this—escalate the tax breaks so the wealthiest people among us get back \$16,000 a year.

That is not \$16,000 over 10 years. That is \$16,000 in a year. Those are the people earning over \$1 million a year. Thank you—they are doing fine, and they are not going to spend the money.

We had an interesting meeting with the former Treasury Secretary who presided over the greatest economic recovery our country has ever seen, Robert Rubin. He told us that those in that top bracket are not going to spend that money. They are spending everything they can spend.

These corporations are not going to put anybody to work when they get their refund checks. These are the people who are slimming down, who are cutting back. So what kind of economic stimulus is the Republican plan? It is a giveaway to the wealthiest people at the expense of everybody else.

And, might I add, it is a budget buster. It is a budget buster. When you look at the costs of the Grassley plan and the House plan, what are we looking at over the period? We are looking at about \$170 billion over the period. When we look at our plan, even if you add on the homeland security, you are looking at about \$60 billion over the 10-year period.

So they are bringing us right back into the deficit hole where they took us in the first place and it took a Democratic administration to get us out of that mess. Now they are putting us right back in the mess, deficits as far as the eye can see. To do what? Help the richest people in the country, the richest corporations.

I remember the days when there wasn't an alternative minimum tax because I was over on the House side when we decided it was outrageous that the biggest corporations in the country were paying zero taxes. I remember that.

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

Mrs. BOXER. I ask for 5 additional minutes.

The PRESIDING OFFICER. There are 4 minutes remaining before the debate on the nomination.

Mrs. BOXER. I ask for 4 additional minutes.

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

Mrs. BOXER. Mr. President, I think you were in the House at that time as well, when we closed that terrible loophole and we made sure these companies, these companies that were popping champagne corks on tax day because they paid nothing in the defense of their country, paid nothing to educate one child, they paid nothing to give health care to one child, and we said that was wrong and we walked down the path and we put in a fair alternative minimum tax.

Here they are, boys; they are back. They are back and they are trying to go back to those days when the largest corporations in America paid zero.

Again, to use the 9-11 tragedy as an excuse to do this is beyond my ability to express. I usually don't have too much trouble, but this is horrific.

Let's not go back to those days in the 1980s. I will give an example. Senator ROBERT BYRD told a story about a woman in Milwaukee, the mother of three children, who in 1983 earned \$12,000. On that income, she paid more taxes than Boeing, GE, DuPont, and Texaco put together. Welcome back to those days, if you go with that House plan.

Senator GRASSLEY just does away with this prospectively. The House gives them a rebate for the past. He doesn't do that, but he does away with it for the future. So I will be able to stand up here, if he prevails, and say the same thing next year: A woman earning \$12,000 paid more in taxes than all these corporations together. I do not want to go there.

Here is the bottom line. We have the best economist in the world telling us the House plan and the Senate Republican bill will make things worse. That is Joseph Stiglitz, awarded the Nobel Prize in economics last month. He says the family earning \$50,000 would get zero, but the Republican plan would give \$50,000 over 4 years to families making \$4 million a year.

What are we doing? This is a time we need to get money into this economy. We need to jump-start this economy. It started to go down when President Bush came in. With 9-11, it has gone straight this way. We better do something that gets it going.

So we have a lot of work to do. I can only hope the American people will weigh in, in this debate, and understand the average American with the Republican plan gets nothing, gets big deficits again that will fall on their children, and the big corporations and the most wealthy among us will be ready to pop their champagne corks.

That is not fair. It is not just. It is not what 9-11 was all about. I hope we can stop it, come together, and have a fair plan for all Americans.

I yield the floor.

The PRESIDING OFFICER. The Chair thanks the Senator from California.

EXECUTIVE SESSION

NOMINATION OF EDITH BROWN CLEMENT, OF LOUISIANA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE FIFTH CIRCUIT

The PRESIDING OFFICER. Under the previous order, the hour of 4:45 having arrived, the Senate will now go into executive session and proceed to the consideration of Executive Calendar No. 511, which the clerk will report.

The assistant legislative clerk read the nomination of Edith Brown Clement, of Louisiana, to be United States Circuit Judge for the Fifth Circuit.

The PRESIDING OFFICER. Under the previous order there will be 15 minutes for debate, time to be equally divided by the chairman and ranking member of the Judiciary Committee. At 5 o'clock, a vote will follow on that nomination. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent the time be equally charged against both sides.

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

The bill clerk proceeded to call the roll.

Mr. LEAHY. 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 congratulate the nominee and her family on her nomination, confirmation and what is soon to be her appointment to the United States Court of Appeals for the Fifth Circuit. I also commend the Senators from Louisiana for working with the committee and the majority leader and working with the President to bring this nomination forward and to have the Senate act to confirm Judge Clement.

I take special pride in this confirmation because we are finally bringing some help to the Fifth Circuit. Since 1999, Chief Judge King of the 5th Circuit has declared a state of emergency in the Circuit such that the hearing and determination of cases and controversies could be conducted by panels of three judges selected without regard to the qualification in 28 U.S.C. section 46(b) that a majority of each panel be composed of judges of the 5th Circuit.

I well recall when delays in the confirmation process over the last several years threw the 2nd Circuit into a similar emergency in March 1998, and how hard I worked to get those five vacancies filled to end that emergency in my Circuit. I am glad that we are proceeding with Judge Clement today in order to try to help the 5th Circuit.

Judge Edith Brown Clement from Louisiana was among the first nominees sent to this committee by the President. Unfortunately, in the wake of the Republican leader's objection to keeping that nomination and many others pending over the August recess, Senate rules required that her nomination be returned to the President without action as the Senate began its August recess. She was nominated again in September to serve on the U.S. Court of Appeals for the Fifth Circuit, which encompasses the States of Texas, Louisiana, and Mississippi.

This is one of the many Circuits that were left with multiple vacancies at the end of the Clinton administration. Since January 23, 1997, Judge Garwood's seat on the 5th Circuit has been vacant. Despite the fact that former President Clinton nominated Jorge Rangel to fill this vacancy in July of 1997, Mr. Rangel never received

a hearing and his nomination was returned on October 21, 1998. On September 16, 1999, former President Clinton nominated Enrique Moreno to fill the same vacancy. Once again, the nominee did not receive a hearing.

Since April 7, 1999, the seat previously occupied by Judge Duhe of the 5th Circuit has been vacant. Although former President Clinton nominated Alston Johnson to fill that vacancy only 15 days later, on April 22, 1999, Mr. Johnson was never granted a hearing by the Judiciary Committee in 1999, during all of 2000, or during the first months of this year while his nomination was still pending.

Over the last several years I have commented on those vacancies as I urged action on the nominations of Jorge Rangel, Enrique Moreno, and Alston Johnson to fill those vacancies on the 5th Circuit. None of those nominees were ever provided a hearing or acted upon by the Senate. After 15 months without action, Mr. Rangel asked not to be re-nominated. After 15 months and two nominations, Enrique Moreno's nomination was returned to the President without action. After nearly 23 months and two nominations without action, Mr. Johnson's nomination was withdrawn by President Bush in March of 2001.

The nominations hearing for Judge Clement was the first hearing for a nominee to the 5th Circuit in 7 years—since September 14, 1994. She will likewise be the first judge confirmed to the 5th Circuit in 7 years.

Since July 2001, when the Senate was allowed to reorganize and the committee membership was set, we have maintained a strong effort to consider judicial and executive nominees. With the confirmation of Judge Clement, we reach yet additional milestone. Judge Clement is the fifth nominee to the Courts of Appeals confirmed by the Senate since July 20 this year. We have now confirmed as many Court of Appeals nominees as were confirmed during the first year of the first Bush administration and two more than were confirmed during the first year of the Clinton administration. I thank the Majority Leader, the Judiciary Committee and all Senators for their cooperation in reaching this important goal.

In addition, I note that by confirming our 18th judicial nominee, we have now confirmed more total judges this year than were confirmed in 1989, the first year of the first Bush administration. With the confirmations of Judges Armijo, Bowdre, Friot, and Wooten last week, the Senate confirmed its 10th, 11th, 12th and 13th District Court judges for the year and matched and then exceeded the number of District Court judges confirmed in 1989, which was 10.

With the confirmation of Judge Wooten last week, the Senate confirmed its 17th judge over all and matched the number of judges confirmed in all of the 1996 session. With

the confirmation of Judge Clement to the U.S. Court of Appeals for the Fifth Circuit we have exceeded that total for the 1996 session. Of course, in 1996, the Senate majority at that time did not proceed on a single nominee to a Court of Appeals and limited itself to confirming only 17 judges to the District Courts.

Thus, despite all the upheavals we have experienced this year with the shifts in chairmanship and, more importantly, the need to focus our attention on responsible action in the fight against international terrorism, we have matched or beaten the number of confirmations of judges during the first year of first Bush administration and the last year of the first Clinton term.

As a judge on the Court of Appeals, Judge Clement will have a vital role to play in protecting and preserving our civil liberties in the days ahead. Our system of checks and balances requires that the judicial branch review the acts of the political branches. I trust that Judge Clement will take this responsibility seriously and will rely on our rich history of judicial precedent to make wise decisions in the challenging times ahead.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LEAHY. 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.

The Senator from Utah has 1 minute 40 seconds remaining.

Mr. LEAHY. Mr. President, I ask unanimous consent that I be allowed to use the remaining time of the Senator from Utah, unless he appears. I will then immediately yield to him.

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

Mr. LEAHY. Mr. President, I wanted to highlight that the Fifth Circuit is one of those circuits where for the last 6 or 7 years there was a refusal to hold any hearings on the nominees. I think we are changing the way things have been done in the past. On this nomination, there was a hearing within weeks after the nominee had cleared all the paperwork. I applaud the majority leader for bringing this nomination before the Senate.

I also thank the members of the Judiciary Committee, and the distinguished Presiding Officer, who voted for this nominee on a rollcall vote in the committee.

Mr. HATCH. Mr. President, I would like to voice my support for the nomination of Edith Brown Clement to the U.S. Court of Appeals for the Fifth Circuit. She has made a well-respected name for herself both as a litigator and as a Federal district court judge.

Judge Clement graduated from Tulane University School of Law in 1972. After graduation, she accepted a clerkship with U.S. District Judge H.W. Christenberry in the Eastern District of Louisiana. At the culmination

of her clerkship, Judge Clement began a 16 year career as a litigator, eventually becoming a partner at the New Orleans firm of Jones, Walker. As a practitioner, she developed an expertise in admiralty and maritime law, and litigated a multitude of complex and nuanced cases.

In 1991, President G.H.W. Bush nominated Judge Clement to be a Federal district judge for the Eastern District of Louisiana—the same court for which she had served as a law clerk more than 15 years earlier. As a judge, she has written extensively on admiralty law as well as issues of general interest to practitioners.

I must note that although Judge Clement's confirmation hearing was held on October 4, she was still receiving written questions from Judiciary Committee members nearly 1 month later. In fact, she received a lengthy set of questions from one member on November 1, the same date her nomination was voted out of committee. Judge Clement nevertheless cooperated fully and answered the questions promptly. I wish to commend her and the Department of Justice for their efforts in complying with the requests of committee members.

During her tenure, Judge Clement has served with honor and distinction. She has proven herself to be exceptionally qualified for a position on the Fifth Circuit Court of Appeals, and I praise President Bush for recognizing that fact by nominating her to serve on that court. I wholeheartedly support Judge Clement's nomination, and urge my colleagues to do the same.

Mr. FEINGOLD. Mr. President, I will vote to confirm Judge Edith Brown Clement to the U.S. Court of Appeals for the Fifth Circuit today, but I do so with some reservations. I rise today to discuss my concerns for the record and to comment on the issue of privately funded judicial education about which I questioned Judge Clement.

Judge Clement has served for nearly a decade as a U.S. district judge in Louisiana. She is supported by my two colleagues from Louisiana and received a "well-qualified" rating from a majority of the ABA's Standing Committee on the Federal Judiciary. There is nothing in her record as a judge that gives me reason not to support her nomination.

At Judge Clement's hearing before the Judiciary Committee, Senator KOHL asked her two questions concerning her attendance at a number of judicial education seminars sponsored by free-market economics organizations. Let me quote the full exchange between Senator KOHL and Judge Clement:

Senator KOHL. I would like to turn briefly to the topic of privately-funded judicial seminars, or what some have called junkets for judges. Your financial disclosure forms indicate that you have attended a significant number of these seminars in recent years, including a seminar on environmental law hosted by the Foundation for Research on Economics and the Environment.

As you are probably aware, such seminars have come under intense scrutiny based on evidence that the seminars are one-sided and that they are being funded by corporations and special interest groups that have an interest in Federal court litigation. Senator Kerry and Senator Feingold have introduced legislation that would ban these kinds of trips.

Do you think that those Senators are correct to be concerned about these trips, and might you support their kind of legislation?

Judge CLEMENT. Well, as you know, judicial officers are frequently invited to participate as speakers or participants in programs dealing with judicial education, as well as continuing legal education for lawyers, as well as participate in lectures to law students. My experience has shown that the panels and the speakers are from a widely diverse group, that there is a representation from private industry as well as from government and public officials, as well as from the law schools, including the deans of the law schools and the faculty members.

So to that extent, my participation in programs, either as a speaker or as a participant, has reflected that there is a wide variety of opinions expressed. I think it is a very broad-based presentation of issues dealing with constitutional law, as well as antitrust and economic, as well as environmental issues. So to that extent, I don't see a problem with the educational opportunities afforded to the judiciary.

Senator KOHL. Do you plan to continue these types of seminars in terms of your attendance in the event that you are confirmed to the fifth circuit?

Judge CLEMENT. Well, some of the seminars are basic economics which, of course, I have completed. And then there is an advanced economics, which I have completed. Some of the seminars are focused on the Constitution, some are focused on environmental issues. So to the extent that I haven't already been exposed to that information and to the extent that I am impressed with the faculty that's being presented, I would evaluate the opportunity at that time when presented with the invitation.

I was concerned about this exchange for a number of reasons. First, Judge Clement seemed to minimize her participation in judicial education seminars that are put on for judges by outside interest groups. The question Senator KOHL posed was not about her giving a speech or a lecture, but about attending all-expense paid seminars funded by corporate interests with room, board, and airfare worth thousands of dollars to places like Montana and Captiva Island, FL. Judge Clement has taken five such trips from 1994–1998.

I was also concerned by Judge Clement's testimony that the seminars she attended were balanced and broad-based. An exhaustively researched report released last year by the Community Rights Counsel suggests strongly to the contrary. Judge Clement's answers to Senator KOHL's questions suggested that she sees nothing wrong with these trips and would not hesitate to attend similar events in the future if the topic of the seminar interests her.

Because I was concerned about Judge Clement's testimony, I asked a few followup questions in writing. Those questions had not yet been answered when Judge Clement came up for a vote in the Judiciary Committee. That is why I voted "present" in committee.

One of my questions called Judge Clement's attention to a Harvard Environmental Law Review article that specifically discussed one of the seminars that she attended, a trip to Montana in 1996 sponsored by the Foundation for Research on Economics and the Environment, FREE. After discussing the views of the various presenters at that seminar, the authors conclude:

It is easy to see why some corporations and extreme conservative foundations so eagerly fund FREE. FREE's seminars for judges explain how and why judges should strike down Federal environmental laws. FREE's assertion that its seminars present a "very wide range" of viewpoints is true only insofar as they feature both extreme positions like those of Greve, Huffman, and DeCrane, as well as moderate views such as those of Olson and Snow. The seminars offer no views contrary to the seminar's principle themes. No one at the seminar 1. gave a robust defense of existing Federal environmental laws, 2. explained fully why the market fails to protect the environment, or 3. critiqued the legal and constitutional analysis of Huffman and Greve.—D. Kendall and E. Sorkin, "Nothing for Free: How Private Judicial Seminars are Undermining Environmental Protections and Breaking the Public's Trust," 25 Harv. Env. L. Rev. 405, 447 (2001).

Judge Clement reviewed the article and stated in her response that she remains of the view that this seminar and others she attended "focused on the problems and solutions from varied perspectives." Essentially, Judge Clement refused to acknowledge that these seminars have any bias whatsoever. I found this answer troubling because I believe that most fair-minded observers, even if they do not agree with me that there is a problem with judges taking expense paid trips to receive "education" from a specific corporate point of view, would agree that the seminars in question are slanted in favor of one approach to the law.

I also asked Judge Clement whether she had inquired about the corporate sponsorship of these seminars before attending and if not, how she complied with Judicial Conference Committee on Codes of Conduct Advisory Opinion 67. That opinion states:

It would be improper to participate in such a seminar if the sponsor, or source of funding, is involved in litigation, or likely to be so involved, and the topics covered in the seminar are likely to be in some manner related to the subject matter of such litigation. If there is a reasonable question concerning the propriety of participation, the judge should take such measures as may be necessary to satisfy himself or herself that there is no impropriety. To the extent that this involves obtaining further information from the sponsors of the seminar, the judge should make clear an intent to make the information public if any questions should arise concerning the propriety of the judge's attendance.

The central thrust of this opinion in my view is that judges have the responsibility to inquire about the sources of funding of programs they attend and to take steps to avoid the appearance of impropriety should the funders be involved in litigation before them. Judge

Clement's response to my question was troubling. She said she relied entirely on the sponsoring organization's description of their purpose and sponsors. And she added: "Corporate sponsors were never identified, and to this day I do not know who they are." I find this attitude of willful ignorance of the underlying sources of funding for these seminars, an attitude that I fear is shared by many members of the judiciary who go on these trips, very disturbing indeed.

At the very foundation of our system of justice is the notion that judges will be fair and impartial. Strict ethical guidelines have been in effect for years to remove even the hint of impropriety from the conduct of those we entrust with the responsibility of adjudicating disputes and applying the law. One-sided seminars given in wealthy resorts funded by wealthy corporate interests to "educate" our judges in a particular view of the law cannot help but undermine public confidence in the decisions that judges who attend the seminars ultimately make.

Distinguished judges and academics, most notably former Representative, Court of Appeals Judge, and White House Counsel Abner Mikva, have spoken out against these "judicial junkets." I have worked with Senator KERRY on legislation to address this issue. I hope that the federal judiciary can address this growing public perception problem through its own internal rules, but if it doesn't, I believe that Congress has the responsibility to act to protect the independence and the reputation of the judiciary.

Despite my reservations and concerns about Judge Clement's response to questions on this issue, I will vote for her. One reason is that in answering my questions she did acknowledge the importance of guarding against the appearance of impropriety. And she promised she would guard against such appearances if she is elevated to the 5th Circuit. Furthermore, there is no indication that her opinions as a judge have been unduly influenced by these seminars.

In sum, I want to be clear that I do not believe that taking part in these seminars should disqualify a judge from a subsequent confirmation. I do believe, however, that our judges need to be more attuned to the appearance problem that there participation creates. I hope that in responding to questions on this topic, future nominees will recognize the importance of the public perception of their independence and impartiality.

I ask unanimous consent that the list of trips taken by Judge Clement, to which I previously referred, be inserted in the RECORD.

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

PUBLICLY DISCLOSED TRIPS BY JUDGE EDITH B. CLEMENT

Date: 3-28-1996

Sponsoring Organization: ABA American Bar Association

Description: EEO, Carlsbad, CA, value \$1069.65; airfare, lodging, meals, and misc. 3/28-29

Date: 1995

Sponsoring Organization: American Hawaii Lines

Description: Cabin upgrade valued at \$2500

Date: 5-16-1995

Sponsoring Organization: Center for Judicial Studies/Liberty Fund

Description: 8th Annual Judicial Seminar, 5/16-21—airfare, lodging, meals and misc. expenses valued \$1405.55 (listed Source as Liberty Fund)

Date: 9-17-1996

Sponsoring Organization: FREE (Foundation for Research on Economics and the Environment)

Description: Montana, 9/17-21, airfare, lodging, meals and misc., value \$1727.28

Date: 10-2-1994

Sponsoring Organization: George Mason University Law & Economics Center (LEC)

Description: George Mason U Economics Institute for Federal Judges 10/2-15; housing & meals value \$3832.88 and reimb. of \$215 for airfare

Date: 4-12-1997

Sponsoring Organization: George Mason University Law & Economics Center (LEC)

Description: George Mason U Antitrust Institute for Federal Judges, Haines City, FL 4/12-18; airfare, lodging, meals, misc., expenses valued \$2090.12

Date: 1-8-1998

Sponsoring Organization: Liberty Fund

Description: 1/8-11 Captiva Island, FL, Freedom and Federalism Seminar—transportation, meals and room

Date: 6-20-1996

Sponsoring Organization: SEAK, Inc.

Description: Expert Witness and Litigation Seminar, Cape Cod, value \$1004.31 6/20-21

Date: 10-5-1995

Sponsoring Organization: SoEastern Admiralty Law Institute

Description: SEALI mtg, 10/5-8; airfare, rental car, lodging and meals valued \$768.86

Date: 5-27-1992

Sponsoring Organization: Tulane Law School

Description: CLE, 4th By the Bay Seminar 5/27-30; meals, mileage and lodging \$339.01

Date: 10-21-1993

Sponsoring Organization: Tulane Law School

Description: CLE, 5th By the Bay Seminar 10/21-23; meals and mileage \$146.97

The PRESIDING OFFICER (Mr. NELSON of Nebraska). All time has expired.

The question is, Will the Senate advise and consent to the nomination of Edith Brown Clement, of Louisiana, to be United States Circuit Judge for the Fifth Circuit? On this question, the yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from South Dakota (Mr. JOHNSON) is necessarily absent.

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 335 Ex.]

YEAS—99

Akaka	Brownback	Cochran
Allard	Bunning	Collins
Allen	Burns	Conrad
Baucus	Byrd	Corzine
Bayh	Campbell	Craig
Bennett	Cantwell	Crapo
Biden	Carnahan	Daschle
Bingaman	Carper	Dayton
Bond	Chafee	DeWine
Boxer	Cleland	Dodd
Breaux	Clinton	Domenici

Dorgan	Jeffords
Durbin	Kennedy
Edwards	Kerry
Ensign	Kohl
Enzi	Kyl
Feingold	Landrieu
Feinstein	Leahy
Fitzgerald	Levin
Frist	Lieberman
Graham	Lincoln
Gramm	Lott
Grassley	Lugar
Gregg	McCain
Hagel	McConnell
Harkin	Mikulski
Hatch	Miller
Helms	Murkowski
Hollings	Murray
Hutchinson	Nelson (FL)
Hutchison	Nelson (NE)
Inhofe	Nickles
Inouye	Reed

Reid	Roberts
Roberts	Rockefeller
Rockefeller	Santorum
Santorum	Sarbanes
Sarbanes	Schumer
Schumer	Sessions
Sessions	Shelby
Shelby	Smith (NH)
Smith (NH)	Smith (OR)
Smith (OR)	Snowe
Snowe	Specter
Specter	Stabenow
Stabenow	Stevens
Stevens	Thomas
Thomas	Thompson
Thompson	Thormond
Torricelli	Torricelli
Torricelli	Voinovich
Voinovich	Warner
Warner	Wellstone
Wellstone	Wyden

NOT VOTING—1

Johnson

The nomination was confirmed.

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

The motion to lay on the table was agreed to.

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

LEGISLATIVE SESSION

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

SUSPENSION OF PROVISIONS OF THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985—Continued

The PRESIDING OFFICER. The question is on the engrossment and third reading of S. J. Res. 28.

The joint resolution was ordered to be engrossed for a third reading and was read the third time.

Mr. SCHUMER. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The PRESIDING OFFICER. The question is, Shall the joint resolution pass? the clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 1, nays 99, as follows:

The result was announced — yeas 1, nays 99, as follows:

[Rollcall Vote No. 336 Leg.]

YEAS—1

Wellstone

NAYS—99

Akaka	Burns	Craig
Allard	Byrd	Crapo
Allen	Campbell	Daschle
Baucus	Cantwell	Dayton
Bayh	Carnahan	DeWine
Bennett	Carper	Dodd
Biden	Chafee	Domenici
Bingaman	Cleland	Dorgan
Bond	Clinton	Durbin
Boxer	Cochran	Edwards
Breaux	Collins	Ensign
Brownback	Conrad	Enzi
Bunning	Corzine	Feingold

Feinstein	Kohl	Roberts
Fitzgerald	Kyl	Rockefeller
Frist	Landrieu	Santorum
Graham	Leahy	Sarbanes
Gramm	Levin	Schumer
Grassley	Lieberman	Sessions
Gregg	Lincoln	Shelby
Hagel	Lott	Smith (NH)
Harkin	Lugar	Smith (OR)
Hatch	McCain	Snowe
Helms	McConnell	Specter
Hollings	Mikulski	Stabenow
Hutchinson	Miller	Stevens
Hutchison	Murkowski	Thomas
Inhofe	Murray	Thompson
Inouye	Nelson (FL)	Thormond
Jeffords	Nelson (NE)	Torricelli
Johnson	Nickles	Voinovich
Kennedy	Reed	Warner
Kerry	Reid	Wyden

The joint resolution (S.J. Res. 28) was rejected.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. I ask unanimous consent I be permitted to proceed as in morning business.

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

TRIBUTE TO PETER TORIGIAN

Mr. KERRY. Mr. President, it is a privilege for me today to honor and celebrate one of Massachusetts' most esteemed public servants, Mayor Peter Torigian of Peabody. After 23 years, the dean of Massachusetts mayors is retiring from public office but hopefully not from public life.

The city of Peabody is known as the "Tanner City" for its leather trade dating back to the 1630s, and therefore it is only appropriate that this former leather worker and leather-neck has led Peabody with vigilance, compassion, and integrity for over two decades. Peter's ascent to city hall began in a "three decker" in the heart of Peabody's industrial sector. Born to hard-working Armenian immigrants, Peter was studious and gifted, as well as the star quarterback for the Peabody High School football team. After school, the future mayor worked as a tanner and experienced first-hand the leather factories that were once the life-line of Peabody's industrial economy. He then put in 3 years of his life to the service of the U.S. Marine Corps before returning home to Peabody. As all of us in this body know: Once a Marine, always a Marine. He spent 16 years as a letter carrier for the U.S. Post Office. In a harbinger of things to come he quietly rose through the ranks to presidency of the union local.

Then began his formal public career with his election to the city council in 1968—a tumultuous year in the history of our country—and culminated with his election as mayor in 1979. The longest-serving mayor in Peabody history, his legacy will not be counted just in years but in the progress the city has enjoyed during his tenure. His peers throughout the state honored him with the title of "Best Municipal Executive" in a survey conducted by the Boston Globe, and his management expertise continues to be widely solicited. With an instinctual gift for sharing his

knowledge and experience, he was recently appointed to the MBTA Advisory Board, elected as a member to the Metropolitan Planning Organization, and has served as chairman of the Essex County Advisory Board since 1983. The Massachusetts Municipal Association benefited from his service on its board of directors as well as the Local Governors Advisory Committee, which he started serving on in 1983.

The honors and citations, if stacked, reach to the sky; honored by the AARP in 1998, Peabody's Veterans Council in that same year, and honored by the Anti-Defamation League the year before. His housing efforts won the acclaim of the Citizens for Adequate Housing Community Service Award at the beginning of the 1990s, he was the North Shore Chamber of Commerce's "Man of the Year," in 1991, and was honored by the President of Portugal with "Command of the Special Order of Infant Henry the Navigator" award in 1996.

Every public official is ultimately judged by the impact their policies have after the official has left office. In this way, generations of Peabody's children will be Peter's legacy, since thousands of children went through Peabody public schools during Mayor Torigian's time, and now their children are doing the same. The business growth in Peabody during Peter's term stands in stark contrast to the aged and fading industrial based that he inherited, and now the residents enjoy a robust economic climate while at the same time maintaining the New England flavor of the community.

I am honored to rise today to pay tribute to a remarkable man who has assembled an inspiring and very real list of achievements. I regard myself as fortunate to have him as a friend and colleague in government, and I join the families of Peabody and his peers throughout the State in celebrating his exemplary public service and in wishing him godspeed as he moves on to new horizons.

Mr. KENNEDY. Mr. President, it is a privilege to take this opportunity to pay tribute to Peter Torigian, the outstanding Mayor of Peabody, MA, who is retiring at the end of this year. He has served the people of Peabody with great skill and dedication for the past 22 years, and I know they join me in thanking him for his commitment and dedication to public service.

Mayor Torigian will long be remembered for the revitalization of Peabody's economy. He skillfully guided the transformation of an old manufacturing base into a thriving new office complex known as Centennial Park.

His impressive record of success in promoting economic development in Peabody and throughout the region is well known. He was instrumental in the development of the North Shore Mall, creating thousands of new jobs, the lowest corporate tax rate and the broadest tax base in all of Massachusetts.

He's also done an outstanding job in preserving open space and in cleaning up brownfields in the area. Brook Farm is a magnificent example of Mayor Torigian's commitment to the environment.

Under Mayor Torigian's leadership, Peabody has thrived on its diversity as well. Peabody recently celebrated its 18th annual International Festival, in which thousands of people visited the city to celebrate its history and its heritage.

And Mayor Torigian's commitment to senior citizens has been unwavering. He created the Peabody Community Life Center, a remarkable center for seniors on the North Shore to gather and enhance their quality of life.

All of us in Massachusetts are grateful for Mayor Torigian's distinguished service to the City of Peabody and to our State, and we're grateful for his friendship. We know that his commitment to public service will continue in other ways, and he will be deeply missed.

The ACTING PRESIDENT pro tempore. The Senator from New York.

THE LOSS OF FLIGHT 587

Mrs. CLINTON. Mr. President, I rise today to express profound sorrow for the loss of life caused by the tragic crash of American Airlines flight 587 in the residential community of Belle Harbor, Rockaway, Queens, and the loss of 246 passengers and 9 crewmembers who were traveling to the Dominican Republic, as well as the loss of life on the ground where the plane crashed. It has added to the immeasurable sadness that New York and America have been forced to bear since the horrific events of September 11.

It is impossible to speak about the destruction that happened yesterday without recognizing the overwhelming sacrifices of the residents of the Rockaways. They have already contributed greatly to the defense of our city and our Nation. The families in this part of Queens have had to attend more funerals in the past 2 months than anyone should have to bear. They have lost many people who worked at the World Trade Center, as well as the numerous firefighters and police officers who make up this close-knit community. The courage and the values of these New Yorkers, these Americans, these public servants, have brought comfort to so many and have stood as a shining example of what is best of America.

I think it is fair to say that our entire country stands in awe of their acts of bravery and self-sacrifice. It was doubly tragic to see the loss of life in this accident and to know that it happened in an area where lives were just beginning to resume some sense of normalcy and then were so horribly disrupted again.

As I walked around the crash area with FEMA Director Joe Allbaugh yesterday, I was able to show him a neighborhood that I think came as a bit of a

surprise. Joe has done a very good job, just a terrific job as our FEMA Director, in the time he has been in that position. He responded with just great dispatch and compassion to the World Trade Center attacks.

I think being in Lower Manhattan and seeing the community there was one view of New York. But being in Belle Harbor, seeing the single-family homes that could be found in so many other communities around our country, was a reminder of the diversity that is New York. We have so many different kinds of neighborhoods. Yet in every one of them we will find people who are stalwart, steadfast, and willing to work hard and play by the rules, and who oftentimes have contributed to the greatness of that city and, in turn, our State and country.

Senator SCHUMER, Congressman WEINER, and I will be asking FEMA to include this tragedy in Queens as part of the presidentially declared disaster. We believe the members of these affected communities, including the Dominican community in Washington Heights, Brooklyn, and elsewhere, and the Rockaway neighborhood where the plane fell to Earth, should have access to the disaster services they need and deserve.

Although all of us in New York and America experienced a terrible shock yesterday upon learning of the crash, we know there was one particular segment of our community that was very hard hit. Initial estimates indicate that anywhere from 150 to 175 of the passengers on board flight 587 were Dominican-Americans, or Dominicans. New York's Dominican community, which is centered in Washington Heights, is a strong and vibrant cultural sector tucked into northern Manhattan, almost on the opposite end of where the World Trade Center once stood.

Our Dominican community, with all of its excitement, its energy, its culture, and colorful history, has contributed greatly to the soul of New York City. Dominican-Americans have made many contributions to business and the arts, to labor and politics, and their contributions are really just beginning. They have also maintained strong ties with the Dominican Republic and the people who live there.

Although it is growing rapidly, New York City's Dominican community is renowned for its smalltown feeling in a city obviously famous for its huge size. But a tragedy such as the one that happened yesterday reverberated across the entire community because virtually everyone knows someone who has lost a loved one.

The community's response to this latest tragedy has been an outpouring of relief. We have seen that a crisis center for families has been already set up in Washington Heights. We have seen Dominican-American elected officials rallying around, serving their constituents. We know the kind of efforts that will be undertaken by the

Dominican-American community will bring great comfort and support to those who have lost loved ones.

Now we have to do whatever we can as the larger New York and American community to stand with and support these families. I spent some time last night at the Ramada Inn, that was set up at JFK Airport for the families to come seeking information and help. It was a grueling and wrenching experience. Many of the families there lost not just one member but several. I met one young man who lost his wife, his daughter, and his mother-in-law because they were going to the Dominican Republic to attend the funeral of a relative.

I met another young man who proudly held the picture of his brother who had just gotten back from his tour of duty on the U.S.S. *Enterprise* in support of our efforts in Afghanistan. He had just come back home and was going down to see friends and relatives. His family was so proud of this young man who had served our country.

There are many stories such as that which we will hear over the days and weeks ahead.

Of course, all that any of us can do is to promise our support and whatever assistance is needed; to offer our thoughts and our prayers; to stand with the government and the people of the Dominican Republic for whom this is a profound and unsettling tragic occurrence; to demonstrate clearly in all that we do that we will stand in the face of whatever comes; that New Yorkers are neither daunted nor beaten down by the continuation of tragedy and challenge; and that our determined spirit as Americans remains undiminished.

I look forward to working with the administration and my colleagues in ensuring that these New Yorkers, like those who were affected on September 11, know that our country stands behind them and with them.

Thank you, Madam President.

MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that for the next 30 minutes we be in a period of morning business with the majority controlling 15 minutes and the minority controlling 15 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. NICKLES. Madam President, reserving the right to object, I ask the assistant Democrat leader what the intention is at the conclusion of morning business.

Mr. REID. Madam President, at this stage, there is discussion between Senators DASCHLE and LOTT. They will decide within the next 30 minutes what is going out. I thought rather than bounce back and forth and asking permission to go to morning business that we should go off the bill for half an hour, go back to it, and maybe come back in the morning. The two leaders

have been visiting. They will decide what is going to happen later tonight.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The ACTING PRESIDENT pro tempore. The Senator from Michigan.

Ms. STABENOW. Thank you, Madam President.

CONDOLENCES TO NEW YORKERS

Ms. STABENOW. Madam President, I rise for a moment to bring the best wishes and heartfelt condolences again to our colleagues from New York for this additional tragedy that has befallen them. All of my friends and family and the citizens of Michigan have their hearts going out to you. There has been such a difficult time for New York, as well as the entire country.

AIRLINE SECURITY AND THE STIMULUS PACKAGE

Ms. STABENOW. Madam President, I would like to share an experience this evening and commend a group of individuals who were involved in U.S. Airways Flight 969 last evening where I was a passenger going from Pittsburgh to National Airport. It was diverted into Dulles, as many of us have heard. There was a situation where someone stood up in explicit contradiction to the words from the pilot about what was to be done under national policy. Once you are within 30 minutes of Reagan National Airport, passengers are not under any circumstances to leave their seats. Unfortunately, this individual did and headed towards what appeared to be the cockpit.

I commend the air marshals who were on that flight. They responded with professionalism. They responded quickly with what appeared to be a threat to those of us who were on the flight.

I commend the pilot on U.S. Airways Flight 969 who responded with professionalism. He calmed what obviously was a potentially very confusing situation and what could have been great panic. This was the result of the pilot, the flight attendants, and the crew.

I would like to give my thanks and congratulations to everyone who was involved in this incident with the way they conducted themselves.

I was thinking as I sat in the 11th row and the B seat that this is an example of what could happen with national law enforcement officials professionally trained to do our airline security. It reaffirmed my commitment to the belief that we need to do what this Senate did 100 to 0, which is to pass a law that says those who look at the baggage and those who do the security checks of our carry-ons are professionally trained Federal law enforcement officials. I call on my colleagues to bring that bill back from the conference committee with that provision in it.

I don't believe there was a person on that plane last night who was not

grateful for the fact that we had Federal law enforcement officials trained to protect the people on that plane; they responded professionally as Federal law enforcement officials.

Every day we are grateful to receive that kind of protection from our Capitol Police as well, and I think our families deserve to have that.

I encourage my colleagues to reflect on what is best for all Americans, and not what is best for the interests of one party or the other.

I can say with great confidence—and it was reaffirmed last night for me—that having Federal law enforcement officials who are trained both on the ground checking the baggage as well as on our airplanes is in the interests of all of our families.

I find it interesting now as we are grappling as a body of the Senate and the House and coming together as Americans to support the President; this is our team on the field. We are the team of Americans. The coach is the President, and we are all there together. We are supporting the President. We want him to be successful. We all need to be successful in fighting these terrorist attacks and making sure that our people are safe.

I think it is also important and it is our responsibility to be able to disagree about a particular play or a particular strategy when the team is on the field.

In this particular case, I urge the President to join us in embracing the principle that we should have Federal law enforcement security at every level of airport and airline security.

I also ask our colleagues to focus now as we stimulate this economy and put money back into people's pockets as well as homeland security. The time is now to act. We know that workers need assistance. We know the economy needs stimulus. The best way to do both of those is to provide relief to workers who need it the most. Economists across the country agree that providing relief to low- and moderate-income families is one of the most successful ways to stimulate the economy. Why? They will immediately take those dollars and go to the grocery store. They will buy shoes for their children who go to school. In Michigan they will go buy a winter coat. They may buy a new car, which we would also be very happy about in the State of Michigan.

People will turn those dollars around because they need to be able to live and to be able to care for their families. Studies have shown that every \$1 invested in unemployment insurance for those who have lost their jobs because of September 11 or other downturns in the economy generates \$2.15 in gross domestic product. Directly, we know that \$1 generates \$2.15.

So I hope this week we will embrace what the Democrats have proposed to stimulate this economy, to put money back in people's pockets, who will then use it to care for their families, to

spend in the economy, and that we will invest in those critical homeland security measures that are absolutely necessary for us to move forward as a country.

This is an opportunity to get it right. This is an opportunity for us to take action, action to keep us safe in airports and on airlines, action to keep us safe whether it relates to bioterrorism or food safety or other critical measures that have been proposed for action by the Democratic caucus, and action as it relates to focusing on those who are unemployed and those who are low- and moderate-income families who need to have money in their pocket to help stimulate this economy.

The time to act is now. I call on my colleagues, this week, to put that at the top of the agenda for both of those items.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Ms. STABENOW). Without objection, it is so ordered.

THE ECONOMIC RECOVERY BILL

Mr. BAUCUS. Madam President, I would like to speak a little about the stimulus economic recovery bill that is now pending, particularly from the point of view of what the provisions are that affect small business.

In the aftermath of September 11, it became clear that our economy generally was going to suffer. I remember reading an article. It was kind of stunning in a certain aspect; that is, if the terrorists were aiming the planes at the "masters of the universe"—New York bond traders, and so forth—it did wreak tremendous devastation and tragedy for so many people who do trade in securities, but to an even greater degree it has affected the economic livelihood of small businesses, shop owners, different communities in the city of New York. It is middle-income and lower-income people, who live in New York and across the country, who are hurt the most, who are hurt more than higher income people.

The loss of life is beyond description. But, in addition, the economic devastation has hit small business more than it has hit big business. And small businesspeople have a much harder time adjusting than do big businesses. So for that reason, because we have limited resources, we want to make sure we have a balanced solution that very much helps small business.

When the President spoke about an economic stimulus, he made three basic points. One, he wanted us to stimulate the economy. He suggested that it be short-term. He also suggested that any stimulus not have ad-

verse long-term consequences on future budgets. These are principles with which we all agree.

Let me speak now about small business. We say this many times, and I think it is very important to say it again. Small business really is the backbone of America. More new jobs are created by small business than by big business. That is a fact. We tend to forget that. We read reports that such-and-such company is laying off so many people and another company is laying off another thousand people, or several thousand people. We hear that, and those are big companies that have lots of employees, and unfortunately they are laying off relatively large numbers. We don't hear a word about the mom-and-pop businesses in our communities that had to lay off a few people. It is happening all over the country. The numbers are so great. They are also the same businesses that create more jobs. They create more jobs than does big business.

Small business is also the genesis and the fountain of more business ideas. More business ideas are developed by small business than by big business. There is probably a reason for that. A small business has to fight to survive; the margins are so low. If you are opening up a small business, you have to pay that payroll tax the first day, even though you don't have any income. It is very tough. Lots of people have new ideas and they want to start a business. That is the American way.

It is critically important that we not lose sight of small business. In fact, I think we should help small business because in many ways it is the bedrock of our country. Here is what we have done. Let's look at some of the provisions of the bill. One is to increase the amount a business can expense. It is called section 179 of the Tax Code. That section allows businesses to expense rather than depreciate assets, right now, this year, instead of writing it off over a period of time. We increase the limit. By increasing that limit, small business can write off more and invest more than they otherwise could.

Section 179 of the code provides an exception to the normal depreciation rule. That is the limit that a small business can expense. It allows up to \$24,000 in business purchases to be deducted in the year of purchase. The amount is reduced once a business makes \$200,000 worth of purchases in a given year. That is not a lot of money, but that is the limit. We want to allow businesses to deduct more so they purchase more products upfront.

Increasing the amount that can be expensed is the simplest way to stimulate small business to try to expansion. It helps small business keep up with rapid growth and change in the technology sector by reducing the capital costs of the company.

The bill reported by the Finance Committee includes a provision that increases the amount a business can expense from \$24,000 to \$35,000 over a 12-

month period. This also raises the maximum amount of qualified purchases from \$200,000 to \$325,000. This provision provides an immediate and focused stimulus. It is only available to companies purchasing equipment, and only if they make the purchases within a 12-month period. I might say that this is a bipartisan provision.

There are a lot of bipartisan provisions in this bill. We hear sometimes about the partisan provisions, but much more in this bill is more bipartisan than not. One is the rebate checks. Both sides agree to that. Both sides agree to the small business 179 expensing limit being raised. Both sides agree to bonus depreciation; it is just a question of how much. Both sides agree to extending unemployment compensation benefits; it is just a question of how much. Both sides agree that we should probably help the people who have lost their health insurance because they have lost their jobs.

Over the last year, more than half of the people who have lost their jobs as a consequence have also lost their health insurance. That is because most people who are laid off had health benefits as part of the job, but they don't anymore.

So this expensing is one of the other bipartisan provisions.

A couple of statistics about small business. In 1996, there were about 5 million corporations, partnerships, and sole proprietorships that had potential 179 investments. Of those 5 million, about 96 percent had gross receipts of \$5 million or below. We are talking small business, not big business. Expanding the amount of investments these companies can make and expense immediately would give these small businesses real incentive to invest and give the economy a needed lift. In Lower Manhattan alone, there are between 14,000 and 16,000 businesses directly affected by the collapse of the Trade Towers. That is according to the Empire State Development Corporation. I daresay there are many more indirectly affected. It is estimated that as many as 105,000 businesses may ultimately be impacted directly or indirectly in New York as a consequence of the disaster of September 11. Those businesses need to bounce back, and this provision, along with other specific provisions in the bill, will go a long way to provide that assistance.

I might say that the 179 provision, where businesses can expense more, is not only targeted to New York, but to the whole country, because this economic downturn we are experiencing really began about a year or so ago, and it was accelerated by September 11; but the whole country has experienced an economic downturn. That is why this provision will help New York and also the rest of the country.

Madam President, I also believe that tomorrow morning, in the spirit of bipartisanship, we are finally going to sit down and work out an agreement on the stimulus/economic recovery bill. I

think the leadership on both sides of the aisle is going to meet with senior tax-writing Senators and House Members and we are going to say: We have had our say, and each party scored its points. Now let's get on to business and do what the American people want—that is, write an economic recovery bill on a bipartisan basis as quickly as possible and help get this country moving.

As the President said recently, in reference to a fellow who helped prevent an airplane disaster in Pennsylvania when he said, "Let's roll," I say to all my friends and colleagues that I very much hope tomorrow, when we have this meeting, we start to roll and put together a bipartisan bill. This section 179 small business expensing provision is one of many which I know we are going to agree to in helping our economy.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

HEALTH INSURANCE FOR THE UNEMPLOYED

Mr. BAUCUS. Madam President, I want to speak a little bit about health insurance. As I mentioned before, our country's economic downturn has put millions of American workers and their families at risk.

The unemployment rate has increased by 25 percent over the same time last year. In October alone, we lost 415,000 jobs. That is 1 month alone. That is the highest single jump since 1980.

In addition to losing jobs and income, many Americans have lost their health insurance. Clearly, this is something we need to address. Health insurance is necessary because it gives us access to needed health care services and it gives families financial security from medical bills.

Uninsured workers and their families often delay or skip needed treatment. When they do seek care, they often end up heavily in debt. Many of us serving in this body have encountered many people deeply in debt because of needed health care. Many families even go bankrupt as a result. In fact, half of all bankruptcies are a direct result of health or medical bills, not out-of-control spending by families.

I believe very strongly that giving laid-off workers assistance so they might keep their health insurance is of utmost importance. In my view, helping Americans who lose their jobs hold on to their health insurance is the right thing to do, not just for the families put at risk but for the economy as well.

Some critics have said we should include health insurance coverage in the

economic stimulus package. Some say we should not. Some have gone so far as suggesting the President should veto a bill that includes these provisions. It is not stimulus, they say; therefore, the President should veto the bill. I have heard that many times from representatives of the President.

I am the first to admit the arguments that health care coverage is stimulative are not as strong as the arguments for some of the other provisions of the bill. For example, virtually everyone agrees unemployment insurance, while helping people supplement lost income, is also stimulative. In fact, the multiplier effect is \$2.50 for every \$1 spent on unemployment insurance. Nevertheless, there are several reasons I believe health care does represent stimulus, and I would like to review them for my colleagues and for the benefit of the critics.

First, the rate of health insurance coverage is sensitive to economic conditions. Over the past several years, a strong economy has helped to moderate the growth of the uninsured population. The number of uninsured Americans has been growing. In the past several years, the strong economy has helped moderate that growth of uninsured population. Many employers use health care benefits as a way to attract and keep workers in a competitive market.

During the same period, we created CHIP, the Children's Health Insurance Program, to make health insurance coverage available to more children. In times of recession, though, things are much different. Simply put, a downturn in the economy means many more people go uninsured. Employer-sponsored insurance declines, and States struggle to pay their share of the cost of public programs, such as Medicaid and CHIP. I know that is true in my State.

According to a recent study, a 2-percent increase in unemployment will lead to an additional 3.2 million people eligible for Medicaid. That means the October jump in the unemployment rate alone will lead to an additional 800,000 people on Medicaid.

We do not need a report to tell us this. We know this from past experience. In the recession of the early 1990s, more than half of the workers who lost their jobs became uninsured. Let me repeat that. In the recession of the nineties, more than half of the workers who lost their jobs also as a consequence became uninsured. We cannot let that happen again.

Second, personal spending on health care means less consumer spending. Families with health insurance are able to spend more on other priorities. Families without health insurance spend more out of pocket on health care, making it harder for them to spend on other things.

A study by the Kaiser Family Foundation tells us that nearly one in five uninsured cannot meet their essential expenses. Nearly one in four uninsured

cannot pay their full gas, electric, or oil bills; one in seven persons who do not have health insurance cannot pay their full rent or mortgage.

Third, States are facing serious fiscal problems. State budgets are more unstable in the wake of the September 11 attacks. Revenues are declining while the need for spending on important programs is increasing. Sales tax revenues have dropped in States that rely on tourism at the same time disaster relief efforts and unemployment are increasing.

Last month, the Washington Post reported a number of States particularly hard hit by the recession are already calling special legislative sessions and taking dramatic action to reduce spending. Many of these States are thinking about making reductions in Medicaid benefits or cutting eligibility to alleviate budget pressures, despite the fact that more people will likely be turning to States for help with health insurance.

Putting money into the health care system, which represents 13 percent of the national economy and employs millions of people, will itself stimulate the economy. This is particularly true in rural areas where the local hospitals are often the biggest employer.

Including health insurance in an economic stimulus package is of critical importance both to the economy and to the American people.

What about the specifics of my proposal? The health provisions in my package are short term; they are temporary. My bill provides direct subsidies to the purchase of private COBRA coverage. It would give a 75-percent Federal premium subsidy for those eligible for COBRA coverage. Anyone who lost their job after September 11 would be eligible to receive this assistance for up to 12 months. The program would be strictly short term and would end December 31, 2002.

Why focus on COBRA? Because COBRA coverage was specifically designed to help workers maintain their health coverage when they change or lose their jobs. Unfortunately, though, this coverage is very expensive: \$2,600 a year for individuals and a full \$7,000 for families. That is almost \$600 a month for family coverage.

Consider the average unemployment check is just over \$800 a month, and one realizes why fewer than 20 percent of displaced workers actually sign up for COBRA. It is just too expensive. They cannot afford it.

According to the Congressional Budget Office, the COBRA subsidy will help up to 7 million Americans hold on to their health insurance even after they lose their jobs. But COBRA subsidies will not help everyone who loses their job. It will not help those who are not eligible for COBRA either because they worked for a small employer who is exempt from COBRA or that firm went bankrupt.

To help those workers, my bill also includes a short-term, temporary Medicaid option for individuals and families who are not eligible for COBRA. This is a State option. It is up to the States. They can decide. I propose to give States an enhanced matching rate to encourage States to adopt this new coverage option.

Like the COBRA subsidies, this coverage is available to people who become unemployed after September 11 this year, and like the subsidies, Medicaid coverage will be available for 12 months.

Some say that States cannot afford to take up this option, even with an increased Federal match. I understand that. That point is well taken, and it is one of the reasons I am also proposing to increase the matching rate for Medicaid. By giving States a higher Medicaid match, an F-match, as it is called, States will have an easier time maintaining coverage.

The additional funding may give the States what they need to take up the new coverage option for displaced workers. All told, this may maintain health coverage for millions of people who have lost their jobs or stand to lose them in the difficult months ahead.

I have also heard critics argue my proposal is an indirect way to establish a new entitlement program. It is not. That is not the intention. We are responding to a temporary crisis with a temporary solution. All coverage, whether received through corporate or Medicaid, will be provided on a temporary basis. The program ends after 1 year. It is in the law, black and white, underlined. It is there. It ends in 1 year.

Critics argue the COBRA Program and Medicaid coverage will be slow and cumbersome to implement. First, I disagree. I think we can get the program up and running in short order but not if we wait 6 months for new regulations to be published. My proposal specifically states the program should be implemented regardless of whether a final rule has been published. That is not new. It is not unusual. It is a step that is taken in times of emergency, and I argue the current economic situation dictates we are in such an emergency.

Let us also be candid. There are several competing proposals to provide temporary health care coverage, and they all raise the same issues. Whether we are talking about direct payments, COBRA, tax credits, as some propose, or block grants to States, as the President has suggested, we have to come up with a system that works quickly and works efficiently.

I say let us work on solving these implementation issues together rather than trying to undermine each other or pointing fingers and saying it cannot be done.

Let me conclude by reiterating how important health care coverage is to Americans and how devastating it can be for a family to lose its coverage. I

believe the package of health proposals I have put together will go a long way toward helping those who are truly in need. It will also provide a quick, temporary boost to the economy.

I realize not everyone agrees with our approach, but I do hope we all can agree health insurance coverage is a crucial element of any economic stimulus package. It is the right thing to do, and it is good policy.

I look forward to working with all my colleagues to reach an agreement that keeps our primary goals in mind; that is, stimulating the economy and helping American families.

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. 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.

MORNING BUSINESS

Mr. REID. I ask unanimous consent there be a period of morning business with Senators allowed to speak for a period not to exceed 10 minutes.

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

VA-HUD APPROPRIATIONS

Mr. ROCKEFELLER. Madam President, I was proud to support the entire VA-HUD Appropriations conference report yesterday, including its vital investments for our Nation's veterans. Chairperson MIKULSKI and Ranking Member BOND work hard each and every year to provide investment in a wide range of important agencies and programs, ranging from veterans, to housing, to the National Science Foundation.

This year I am particularly proud of a new investment within the National Science Foundation, NSF, to promote math and science education. Two new programs have been funded: the Mathematics and Science Partnerships program and the Noyce Scholarships worth \$165 million.

Our elementary and secondary students are currently sadly lacking in their mastery of technical subjects. Although our 4th graders are on a par with the rest of the world, by the time they reach the 12th grade they are in the bottom half of countries of the world. This is an intolerable situation. Our United States students come to college ill equipped to study mathematics, science, and engineering. The partnerships and scholarships funded in this package offer the promise of substantial improvement in the performance of our students.

Under the Mathematics and Science Partnerships programs, universities, businesses, and local educational institutions will form partnerships to develop new programs to teach these sub-

jects. These programs will be watched and evaluated and those that are successful will be incorporated into the mainstream of K-12 education.

The Noyce Scholarships will address a different problem. One of the best predictors of student performance is the quality of the teacher. Too many of our teachers of technical subjects are not well qualified. The scholarships will remedy this situation by supporting students of technical subjects who agree to teach two years for every year of support. This will ensure that many of our urban and rural schools that are particularly in need of good teachers will obtain relief.

President Bush proposed the math and science partnerships in his budget. Working with Senators KENNEDY and ROBERTS, I sponsored legislation in the Senate to authorize the Partnerships and the Noyce Scholarships. The House of Representatives has already passed a similar measure introduced by Congressman BOEHLERT. The VA-HUD appropriations package provide the first year of funding and the down payment to start these key programs to improve math and science education, and invest in our future.

I appreciate the support of my colleagues for the entire package, and I am especially pleased about these new investments in math and science education which represent such promise for the future.

LOCAL LAW ENFORCEMENT ACT OF 2001

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

I would like to describe a terrible crime that occurred July 18, 1999 in West Hollywood, CA. Three men attacked two transgendered women with aluminum baseball bats. The assailants yelled anti-gay epithets during the attack. One of the victims required hospitalization for a head injury.

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.

CARGO LIABILITY REFORM

Mr. SMITH of Oregon. Madam President, today I take notice of a recent positive development in the creation of a more modern legal regime for international shipping. I was very pleased to see that America's importers and exporters and the ocean carriers that transport America's international trade reached agreement last month on

the form and substance of international cargo liability reform.

While this is a field with which most of us are at best only vaguely familiar, it has been the subject of intense debate in maritime circles for many years. In fact, draft reform legislation proposed by the Maritime Law Association of the United States was the subject of a hearing in the Senate Commerce Committee in 1998. Similar draft legislation was also reviewed by the Subcommittee on Surface Transportation and Merchant Marine during the last Congress under the leadership of Senator KAY BAILEY HUTCHISON. Because of the inability of the commercial parties to agree on how or whether to proceed with such a proposal, however, the legislation was never introduced.

Last month, the World Shipping Council, representing the ocean shipping companies serving America's foreign trades, and the National Industrial Transportation League, representing American importers and exporters, announced that they had reached agreement on cargo liability reform. They issued a joint statement outlining their agreement and pledged to work through the process to be established by the U.N. Commission on International Trade Law, (UNCITRAL), to assist in the development and ratification of a new international cargo liability convention. The goal of this effort is to produce an internationally acceptable instrument that can be ratified by the United States and our trading partners.

Most parties are in agreement that the U.S. law governing cargo liability, which dates back to 1936, can benefit from being updated, ideally in the context of a uniform international legal regime. What they have not been able to agree on, until now, is what real reform should look like.

The shippers and carriers have also agreed on a reasonable timetable for pursuing an international solution, and the shippers will forego their push for U.S. legislation so long as the international process produces an acceptable convention within this timeframe.

I commend the carriers and shippers for agreeing to set aside their decades of differences on this issue and for trying to help produce an agreement that can be adopted by the United States. I also want to commend my colleague, Senator JOHN BREAUX, for his interest and leadership on this very important issue. As the ranking Republican on the Senate Subcommittee for Surface Transportation and Merchant Marine, which Senator BREAUX chairs, I will work closely with him to keep a watchful eye on this process and to consult with the World Shipping Council and the NIT League, as well as with all other interested parties over the next few years to receive progress reports.

I would also encourage the State Department, the Department of Transportation and other agencies within the U.S. Government that may be involved

in the multilateral negotiating process to consult regularly with the commercial parties and include them directly in the intergovernmental process.

As you can tell, I have two critical goals for this process: one, I want all relevant parties to work together for a commercially and politically acceptable agreement for our trading partners; and, two, I want the U.S. Government to be a helpful and productive partner in this process. While these negotiations go on, I will be monitoring things closely, and hope that a positive international agreement can come together in the not-too-distant future.

THE AMERICAN SMALL BUSINESS EMERGENCY RELIEF AND RECOVERY ACT OF 2001

Mr. KERRY. Madam President, I want to submit for the RECORD a managers' substitute amendment to S. 1499, the American Small Business Emergency Relief and Recovery Act of 2001, which incorporates a number of improvements to the emergency relief provided by the bill as introduced. Senator BOND and I have been trying to bring this up before the full Senate, but, for almost one month since October 15, two senators have been blocking its consideration and passage.

The Kerry-Bond bill is a fiscally responsible and measured response to help small businesses that are struggling because they were affected by the attacks on September 11 or because they can't get loans or venture capital from traditional private-sector lenders and investors who are pessimistic about the economy. This legislation makes loan capital and business counseling available to the small businesses in all of our States, and it does so by tailoring many of the Small Business Administration's, SBA, programs.

Let me draw your attention to changes included in the managers' substitute amendment:

One. For businesses located in a declared disaster area or at an airport, or for small businesses that were closed or suspended for related national security reasons by Federal mandate, they may use the disaster loan proceeds to refinance any existing business debt within the bill's loan caps. For one year after approval of such refinancing, principal payments on such refinancings will be deferred and the small business will be required to make interest only payments. Full payments will resume at the end of that year.

Two. For emergency relief loans under section 7(a) of the Small Business Act, the guaranteed percentage was reduced from 95 percent to 90 percent in response to the Administration's concerns that the government's risk was too high at 95 percent.

Three. The size standard applicable for travel agencies with respect to disaster loans and emergency 7(a) loans under the managers' amendment is increased from \$1 million to \$2 million in average annual receipts.

Four. The SBA Administrator's authority to waive or increase size standards and size regulations is applied to both disaster loans and emergency 7(a) guaranteed loans.

Five. In order to encourage lenders to make the emergency and regular 7(a) loans to small businesses adversely affected by the effects of the terrorist attacks of September 11, 2001, the managers' amendment reduces the on-going lenders' fee from one-half of 1 percent to one-quarter of 1 percent.

Six. The requirement of non-Federal match is waived for the Women's Business Centers program with respect to individualized assistance authorized under this Act.

Seven. It requires the SBA to report to the pertinent House and Senate Committees periodically on its implementation of this legislation.

Eight. The managers' amendment increases the authorization levels for the 7(a) and 504 programs by \$2 billion each, and for the Small Business Investment Company participating securities and debentures programs by \$700 million and \$200 million, respectively, to accommodate increased demand anticipated in the wake of the terrorist attacks of September 11, 2001.

Nine. In the loan term provisions for emergency 7(a) loans, a cap of \$3 million was added for the "gross amount of the loans." This clarifies that the other stated caps apply to the SBA-guaranteed portions of the loans.

Ten. To make clear that Congress expects the SBA to implement these emergency relief provisions as quickly as possible, a section was added requiring SBA to issue interim final rules and implementing guidelines within 20 days of the date of enactment of this legislation.

Eleven. Under the 7(a) stimulus loans, the managers' amendment reduces by half the upfront guarantee fee paid by the borrower, and it establishes a guarantee percentage of 85 percent on all such loans.

Twelve. Under 504 stimulus loans, the managers' amendment reduces by half the annual guarantee fee paid by the borrower, currently .41 percent, and retains the upfront bank fee of 50 basis points, .50 percent.

These are important changes that Senator BOND and I have worked out to make a good bill better. I am very pleased that the Chairman of the House Committee on Small Business, Congressman DON MANZULLO, and Congressman JIM MORAN introduced a bill identical to our managers' amendment on November 6 and appreciate their cooperation throughout this process.

ADDITIONAL STATEMENTS

THANK YOU TO STAFF FOR PUBLIC SERVICE

• Mr. CLELAND. Mr. President, times of adversity have always been fertile soil in which to find triumphs of the

human spirit. As an old English proverb so eloquently put it, "A Smooth sea never made a skilled mariner. Trials are not enemies of faith but are opportunities to prove God's faithfulness."

The events of Tuesday, September 11 will never be forgotten. Nor will we forget how this Nation has changed since that fateful day. In the weeks since the horrendous attacks on our country, there has been no shortage of stories about the heroic acts of everyday men and women who put their own lives on the line to help others. By now we've all heard the story of United flight 93 that crashed in rural Pennsylvania. By all accounts, the passengers, after discovering their hijackers sinister plan, rushed the cockpit and sacrificed their own lives in saving people on the ground. These were regular citizens placed in an unimaginable situation. They saved people, likely right here in this building, who never knew they were in danger.

But then we know that whenever times have gotten tough in this country, Americans have always stepped up to answer the call. We remember the story of Clara Barton, a woman who learned about medicine, and rushed to the battlefields of the Civil War to tend to the wounded. There were also the women who filled factories and other places of business during World War II when their husbands, fathers, and brothers left to fight. These women did what, at the time, had never been done before. They provided needed support, and carried our country during an unparalleled time of need.

Books of American history are full of stories about ordinary people accomplishing unbelievable things. The pages about today's events still awaiting the ink of hindsight will be no different. I would like to say now, that the men and women who work on Capitol Hill will be among the heroes history will remember.

I have been amazed at the strength of the men and women, many of them recently graduated from college, on my staff who have come to work every day since the attacks, prepared and ready to serve their country in the face of possible terrorist attacks or biological warfare. These men and women have risen to the occasion and answered the call of duty. Our interns, on their tour of duty in our Nation's Capitol without pay and far from home, come each day ready to work and willing to serve. Even when the Capitol complex was shut down, the 26,000 men and women who work in the six House and Senate office buildings scrambled to find alternate workspace and were always on call.

These attacks have left us feeling afraid and violated, but, my friends, our Nation has never been stronger. If that fact is ever doubted, just look up to the windows of the Dirksen Building with a flag in almost every window. Go to the offices of members whose colleagues continue to be displaced due to

anthrax closings where they share conference rooms, computers and phone lines, all in the name of doing the business of the American people. If the attackers plan was to drive us apart, they have failed. I would like to thank each member of my staff for their service to me, and to this great country.

At this time I would like to place into the RECORD the names of the men and women on my staff who have served in the aftermath of the September 11 attacks.

Cooper Allen, Michael Andel, Daniel Barton, Krista Boyd, Macio Cameron, Amanda Cooper, Adel Durani, Eric Easley, Eileen Force, Elizabeth Glad-den, Charlie Godwin, Lori Gregory, Marilouis Hudgins, Elaine Iler, Farrar Johnston, Bill Johnstone, Tamara Jones, Lynn Kimmerly, Jamie Mackay, Neil Martin, Glen Marken, Matt McKenna, Patricia Murphy, Mark Pascu, Michel Pearis, Allison Priebe, Simon Sargent, Mark Stedham, Jane Terry, Steve Tryon, Donni Turner, Andrew Van Landingham, Charlotte Voorde, Derek Walters, and Adnan Zulfiqar.●

NATIONAL OSTEOPATHIC MEDICINE WEEK

● Mr. BOND. Mr. President, November 11–17 is National Osteopathic Medicine Week, a week when we recognize the more than 47,000 osteopathic physicians, D.O.s, across the country for their contributions to the American healthcare system. This year, we celebrate D.O.s commitment to preventative medicine and end-of-life care. I am especially pleased these festivities are taking place in my home State of Missouri.

During National Osteopathic Medicine, NOM, Week, D.O.s and patients celebrate the benefits of preventative health care by looking at the simple things that can be done to live healthier lives. As physicians who treat people, not just symptoms, the nation's D.O.s are dedicated to helping maintain health through a whole-person patient-centered approach to healthcare. And, within that principle, they recognize death as the legitimate endpoint to the human lifecycle and respect the dignity and special needs of both patients and caregivers.

During NOM Week, D.O.s across the country will explore multidisciplinary perspectives on end-of-life care, the ethical debate of pain management and physician-assisted suicide and ways to remove communications barriers in the physician-patient relationship at end of life. Activities also educate Americans about end-of-life care and related topics, such as advances in pain management, cultural sensitivities toward final stages of life, organ donation, advance directives, and end-of-life care options and financing.

For more than a century, D.O.s have made a difference in the lives and health of my fellow citizens in Missouri as well as all Americans. Overall, more

than 100 million patient visits are made each year to D.O.s. Osteopathic physicians are committed to serving the needs of rural and underserved communities and make up 15 percent of the total physician population in towns of 10,000 or less.

D.O.s are certified in nearly 60 specialties and 33 subspecialties. Similar to requirements set for M.D.s, D.O.s must complete and pass: 4 years of medical education at one of 19 osteopathic medical schools; a 1-year internship; a multi-year residency; and a State medical board exam. Throughout this education, D.O.s are trained to understand how the musculoskeletal system influences the condition of all other body systems. Many patients want this extra education as a part of their health care. Individuals may call 866-346-3236 to find a D.O. in their community.

In recognition of NOM Week, I would like to congratulate the over 1,700 D.O.s in Missouri, the 616 students at the Kirksville College of Osteopathic Medicine, 871 students at the University of Health Sciences College of Osteopathic Medicine and the 47,000 D.O.s represented by the American Osteopathic Association for their contributions to the good health of the American people.●

TRIBUTE TO MAJOR DAVID B. CHANDLER

● Mr. HUTCHINSON. Mr. President, I rise today to recognize Air Force Major David B. Chandler for his service as my military fellow this past year. I commend Major Chandler for his performance, and express my appreciation to him for all his efforts and dedication.

Major Chandler's leadership ability shined throughout his fellowship. During a very busy and challenging year for the Senate, Major Chandler handled a new Congress, a new administration, confirmations, a compressed defense authorization process, and finally, the tragic events of September 11. His composure in the face of all these challenges ensured timely inputs to me, my staff, and to the people of the great State of Arkansas.

He served as one of my key advisors on a variety of national security issues. Major Chandler's efforts with the bipartisan, bicameral C-130 Caucus resulted in a modernization plan supported by members of Congress from 27 States. He assisted me in my duties on the Senate Armed Services Committee, especially relating to my role as the ranking Republican on the Personnel Subcommittee. His hard work was greatly appreciated during Senate deliberations on the FY02 Defense Authorization bill.

Major Chandler has been a credit to the Air Force Legislative Fellows program. The Air Force should be very proud of his service this past year. Certainly, I will follow the development of Major Chandler's career with pride. My appreciation and best wishes go with

him, his wife Sheri, and their daughter Shelby.●

MESSAGE FROM THE HOUSE

ENROLLED BILLS SIGNED

At 6:43 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 2620. An act making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 2002, and for other purposes.

The following enrolled bill, previously signed by the Speaker of the House, was signed today, November 13, 2001, by the President pro tempore (Mr. BYRD):

H.R. 768. An act to amend the Improving America's Schools Act of 1994 to extend the favorable treatment of need-based educational aid under the antitrust laws, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KENNEDY, from the Committee on Health, Education, Labor, and Pensions, without amendment:

S. 727: A bill to provide grants for cardiopulmonary resuscitation (CPR) training in public schools.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. BROWNBACK:

S. 1675. A bill to authorize the President to reduce or suspend duties on textiles and textile products made in Pakistan until December 31, 2004; to the Committee on Finance.

By Mr. KERRY:

S. 1676. A bill to amend the Internal Revenue Code of 1986 to provide tax relief for small business, and for other purposes; to the Committee on Finance.

By Mr. BINGAMAN (for himself and Ms. COLLINS):

S. 1677. A bill to amend title I of the Employee Retirement Income Security Act of 1974 to create a safe harbor for retirement plan sponsors in the designation and monitoring of investment advisers for workers managing their retirement income assets; to the Committee on Health, Education, Labor, and Pensions.

By Mr. MCCAIN (for himself, Mr. ALLARD, Mr. LIEBERMAN, Ms. SNOWE, Mr. LEVIN, Mr. MURKOWSKI, Mr. CLELAND, Mr. INHOFE, Ms. LANDRIEU, Mr. BURNS, Mr. DURBIN, Mr. SESSIONS, and Mr. DEWINE):

S. 1678. A bill to amend the Internal Revenue Code of 1986 to provide that a member of the uniformed services or the Foreign Service shall be treated as using a principal residence while away from home on qualified official extended duty in determining the exclusion of gain from the sale of such residence; to the Committee on Finance.

By Mr. CONRAD:

S. 1679. A bill to amend title XVIII of the Social Security Act to accelerate the reduc-

tion on the amount of beneficiary copayment liability for medicare outpatient services; to the Committee on Finance.

By Mr. WELLSTONE:

S. 1680. A bill to amend the Soldiers' and Sailors' Civil Relief Act of 1940 to provide that duty of the National Guard mobilized by a State in support of Operation Enduring Freedom or otherwise at the request of the President shall qualify as military service under that Act; to the Committee on Veterans' Affairs.

By Mr. JOHNSON (for himself, Mr. WELLSTONE, Mr. HARKIN, Mr. DASCHLE, and Mr. DORGAN):

S. 1681. A bill to establish the Northern Great Plains Rural Development Authority; to the Committee on Agriculture, Nutrition, and Forestry.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. Res. 178. A resolution congratulating Barry Bonds on his spectacular record-breaking season in 2001 and outstanding career in Major League Baseball; to the Committee on the Judiciary.

By Mr. BOND:

S. Res. 179. A resolution to express the sense of the Senate regarding ensuring quality healthcare for our nation's veterans; to the Committee on Veterans' Affairs.

By Mr. KERRY (for himself, Ms. SNOWE, Mr. HOLLINGS, and Mr. HELMS):

S. Res. 180. A resolution expressing the sense of the Senate regarding the policy of the United States at the 17th Regular Meeting of the International Convention for the Conservation of Atlantic Tunas in Murcia, Spain; considered and agreed to.

By Mr. BENNETT (for himself, Mr. HATCH, Mr. DODD, Mr. MCCONNELL, and Mr. STEVENS):

S. Con. Res. 82. A concurrent resolution authorizing the 2002 Winter Olympics Torch Relay to come onto the Capitol Grounds; considered and agreed to.

By Mr. BROWNBACK (for himself and Mrs. CLINTON):

S. Con. Res. 83. A concurrent resolution providing for a National Day of Reconciliation; considered and agreed to.

ADDITIONAL COSPONSORS

S. 142

At the request of Mr. JOHNSON, the name of the Senator from Minnesota (Mr. WELLSTONE) was added as a cosponsor of S. 142, a bill to amend the Packers and Stockyards Act, 1921, to make unlawful for a packer to own, feed, or control livestock intended for slaughter.

S. 280

At the request of Mr. JOHNSON, the name of the Senator from Minnesota (Mr. WELLSTONE) was added as a cosponsor of S. 280, a bill to amend the Agriculture Marketing Act of 1946 to require retailers of beef, lamb, pork, and perishable agricultural commodities to inform consumers, at the final point of sale to consumers, of the country of origin of the commodities.

S. 905

At the request of Mr. HARKIN, the name of the Senator from Illinois (Mr.

DURBIN) was added as a cosponsor of S. 905, a bill to provide incentives for school construction, and for other purposes.

S. 990

At the request of Mr. SMITH of New Hampshire, the names of the Senator from New Jersey (Mr. CORZINE) and the Senator from Georgia (Mr. MILLER) were added as cosponsors of S. 990, a bill to amend the Pittman-Robertson Wildlife Restoration Act to improve the provisions relating to wildlife conservation and restoration programs, and for other purposes.

S. 1140

At the request of Mr. HATCH, the name of the Senator from Georgia (Mr. MILLER) 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. 1169

At the request of Mr. FEINGOLD, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 1169, a bill to streamline the regulatory processes applicable to home health agencies under the medicare program under title XVIII of the Social Security Act and the medicaid program under title XIX of such Act, and for other purposes.

S. 1214

At the request of Mr. HOLLINGS, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1214, a bill to amend the Merchant Marine Act, 1936, to establish a program to ensure greater security for United States seaports, and for other purposes.

S. 1350

At the request of Mr. DAYTON, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 1350, a bill to amend the title XVIII of the Social Security Act to provide payment to medicare ambulance suppliers of the full costs of providing such services, and for other purposes.

S. 1396

At the request of Mr. CONRAD, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 1396, a bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for the purchase of a principal residence by a first-time homebuyer.

S. 1409

At the request of Mr. MCCONNELL, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of S. 1409, a bill to impose sanctions against the PLO or the Palestinian Authority if the President determines that those entities have failed to substantially comply with commitments made to the State of Israel.

S. 1498

At the request of Mr. LIEBERMAN, the name of the Senator from Ohio (Mr.

VOINOVICH) was added as a cosponsor of S. 1498, a bill to provide that Federal employees, members of the foreign service, members of the uniformed services, family members and dependents of such employees and members, and other individuals may retain for personal use promotional items received as a result of official Government travel.

S. 1552

At the request of Mr. HARKIN, the names of the Senator from Alaska (Mr. STEVENS) and the Senator from Maryland (Mr. SARBANES) were added as cosponsors of S. 1552, a bill to provide for grants through the Small business Administration for losses suffered by general aviation small business concerns as a result of the terrorist attacks of September 11, 2001.

S. 1563

At the request of Mrs. HUTCHISON, the name of the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 1563, a bill to establish a coordinated program of science-based countermeasures to address the threats of agricultural bioterrorism.

S. 1578

At the request of Mr. DORGAN, the names of the Senator from Hawaii (Mr. AKAKA), the Senator from Washington (Mrs. MURRAY), and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 1578, a bill to preserve the continued viability of the United States travel industry.

S. 1594

At the request of Mrs. CLINTON, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 1594, a bill to amend the Public Health Service Act to provide programs to improve nurse retention, the nursing workplace, and the quality of care.

S. 1660

At the request of Mr. JEFFORDS, the names of the Senator from Arizona (Mr. KYL), the Senator from New Mexico (Mr. BINGAMAN), and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. 1660, 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. CON. RES. 66

At the request of Mr. STEVENS, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. Con. Res. 66, a concurrent resolution to express the sense of the Congress that the Public Safety Officer Medal of Valor should be awarded to public safety officers killed in the line of duty in the aftermath of the terrorist attacks of September 11, 2001.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BROWNBACK:

S. 1675. A bill to authorize the President to reduce or suspend duties on textiles and textile products made in Pakistan until December 31, 2004; to the Committee on Finance.

Mr. BROWNBACK. Madam President, today I rise to introduce the Pakistan Emergency Economic Development and Trade Support Act. This legislation will provide the President with the authority to reduce or suspend any existing duty on imports of textiles and textile products that are produced or manufactured in Pakistan. This Act is vitally important to shore up the economic strength of our strategic ally, Pakistan, so central to our Nation's ability to continue to prosecute the war against terrorism.

Currently, Pakistan is providing invaluable basing rights and intelligence assistance to the United States as we continue to degrade and dismantle the Taliban regime in Afghanistan. Taking this action against the Taliban is crucial if we are to successfully locate and destroy Osama bin Laden's al Qaeda terrorist network, which the Taliban is currently harboring within Afghanistan's borders. Al Qaeda continues to represent public enemy number one in the war against terrorism.

Pakistan's bold stand against terror alongside the United States is not made in a vacuum. There are very real economic and social consequences in Pakistan for assisting the United States in our war effort, and it would be a failure of United States foreign policy not to pursue the means of assisting our ally in its time of need.

Textiles and textile products are Pakistan's main export. As a result of the war effort, invaluable orders for textile products made and exported by Pakistan have been canceled due to perceived instability in the region and a lack of confidence that such orders will ultimately be delivered. According to the Pakistan Textile and Apparel Group, Pakistan has witnessed a 64 percent reduction in orders for clothes that would be made from December through February by the 14 largest apparel factories in Lahore, Karachi, and Faisalabad. As a result, employment in these factories has dropped 32 percent from a year ago. The Pakistani government has estimated the overall decline in orders at 40 percent. This has very real consequences for the future of Pakistan, its stability, and its ability to forge a future of economic prosperity for its people.

As we are all aware, a small yet very vocal fundamentalist Islamic minority within Pakistan which has spoken out against the Pakistani government's assistance to the U.S., has called for and implemented damaging general labor strikes, and has encouraged countless numbers of young Pakistanis to cross the border into Afghanistan to fight alongside the Taliban. A further weakened economy and increased unemployment, the clear results of a weak market for Pakistani textile exports, only adds to the influence of fundamental-

ists in Pakistan, by strengthening social and economic unrest on which fundamentalists prey.

Currently, the Pakistani government is devoting much needed resources to innovative and existing human development programs inside the country. Pakistan is spending a full 2 percent of its gross domestic product, approximately \$2 billion per year, on a program that combines improved primary education, basic health care, and skills training for income generating activities for the Pakistani people. Pakistan's efforts to utilize human development programs to lift up the Pakistani people are central to stemming the tide of fundamentalist elements in our ally. An already weakened economy, hampered by years of sanctions, combined with increased unemployment only serve to add to existing social dissatisfaction and civil unrest within Pakistan. This undercuts the valuable impact of human development on Pakistan, makes increasing these human development efforts far more difficult, and jeopardizes the long-term stability of our ally.

As a weakened market for Pakistani textile exports ultimately renders human development programs within Pakistan less effective, especially the primary education element, young Pakistani's are faced with the prospect of no education and therefore no quality employment. An all-to-frequent alternative to this prospect is for young Pakistani's to attend Madrasas, Islamic religious schools run by mullahs, where too often basic skills and primary education are supplanted by religious teachings used to indoctrinate young Pakistani's into following the perverted version of Islam followed by Osama bin Laden, al Qaeda, and the Taliban.

I urge all of my colleagues to work with me to provide the President with authority to assist Pakistan in the textile market immediately. Such action is vitally important to the stability of our important ally, and victory in our Nation's war against terrorism. Failing to take quick action only strengthens our enemy.

By Mr. KERRY:

S. 1676. A bill to amend the Internal Revenue Code of 1986 to provide tax relief for small business, and for other purposes; to the Committee on Finance.

Mr. KERRY. Madam President, today I am introducing a package of targeted, affordable tax relief provisions designed to help the Nation's small businesses during this time of economic distress. While the Finance Committee has recently reported a more general stimulus bill to the full Senate, that measure only contains a few items that will help small businesses, which are the lifeblood of our Nation's economy, creating the majority of new jobs. As the Chairman of the Senate Committee on Small Business and Entrepreneurship, I believe that I have an obligation

to do more for small businesses, and I hope that several of the provisions in my bill may be accepted by the Finance Committee's Chairman and Ranking Member as the stimulus bill nears Senate passage.

As many of my colleagues are aware, I have also introduced an emergency small business relief bill, S. 1499, which would provide assistance to small business concerns adversely impacted by the terrorist attacks of September 11. That bill currently has 51 cosponsors, including 15 Republicans. S. 1499 provides loan and investment assistance, as well as other programmatic relief, to small businesses impacted by the attacks, but it does not contain tax provisions. I am introducing this new bill today to complement what I have tried to accomplish with S. 1499. Given that my emergency bill has such widespread support, I plan on offering it as an amendment to the economic stimulus package when it reaches the Senate floor, and I hope that it will be added to the package before it reaches the President's desk. This important legislation has been held hostage to someone else's political agenda for too long one way or another, it's important that we pass it and achieve the agenda of small businesses hurting across this country.

I have titled the bill that I am introducing today "The Affordable Small Business Stimulus Act of 2001." Before outlining the contents of the bill, I want my colleagues to know why I have selected this "affordable" approach.

During this session of Congress, some in Congress have supported what I might call the "kitchen sink" approach. It includes everything on small business's tax wish list, often also including a number of items that do not directly relate to small business, such as a complete repeal of the individual Alternative Minimum Tax. As a result, that approach is very expensive, and not something that could be enacted today given the changed budgetary situation and the fact that we are at war.

I call my bill an "affordable" stimulus package for small business because it is very targeted in the policies that it includes, and, as a result, it will spend our limited resources wisely. It does not include everything that I would like to do for small business on the tax side, but it includes enough to help stimulate this essential component of our economy. Moreover, the bill will help address the tax complexity that many small businesses face because it includes the Single Point Tax Filing Act that has passed the Senate on two previous occasions.

Let me briefly explain the contents of my bill.

First, as in other Senate proposals, my bill increases the expensing limitation for small businesses. My bill raises it to \$35,000, and it increases the phase-out level, above which expensing is not allowed, to \$350,000. The stimulus package that I recently voted for in the Fi-

nance Committee temporarily increased these amounts to \$35,000 and \$325,000, respectively. The increases in my bill, however, would be permanent, and both the \$35,000 and \$350,000 limits would be increased annually for inflation beginning in calendar year 2003.

Second, my bill modifies and expands a provision that was signed into law in 1993 regarding new equity investments in small businesses' stock. Under my bill, new investments in companies with capitalization of up to \$100 million at the time of investment will have a 75 percent capital gains exclusion if the investments are held at least three years. The exclusion for such investments will be 100 percent if they are made in a business involved in "critical technologies," as defined by the Commerce Department, or in technologies related to transportation security, personal identification, anti-terrorism, pollution minimization, remediation, or waste management. The 100 percent exclusion would also be allowed for investments in specialized small business investment companies, or SSBICs, which are private venture capital companies licensed by the SBA whose investments are made solely in disadvantaged small businesses. Both the 75 and 100 percent exclusion levels would be available for investments made by both individuals and corporations. In addition, the rollover period for such investments would be increased from 60 days to 180 days. The provision passed in 1993 was too narrow, and I hope that this new, expanded capital gains treatment will help prompt new investments in small and entrepreneurial businesses.

Third, my bill recognizes that the current depreciation schedules for high-tech equipment and software are out of date, given how quickly such items become obsolete in our fast-changing economy. My bill would reduce the recovery period for computers or peripheral equipment from five years to three, and for software from three years to two. This change would be permanent.

Fourth, my bill would make the health insurance expenses of the self-employed fully tax deductible. Under current law, 60 percent is deductible in 2001, 70 percent in 2002, and 100 percent in 2003. My bill would speed up the 100-percent deductibility to this year.

Fifth, to simplify tax filing, my bill would include the Single Point Tax Filing Act. This section would simplify the tax filing process for employers by allowing the Internal Revenue Service and State agencies to combine, on one form, both State and Federal employment tax returns. This provision has been passed by the Senate twice before, but it has not yet become law. There is currently a demonstration project along these lines in Montana, which is working very well. I believe such authority should extend to all States.

Sixth, my bill would extend the existing income averaging provisions to cover fishing as well as farming. In

other words, the choice to average income from a farming trade or business under present law would be extended to cover income from the trade or business of fishing as well. Under my bill, a farmer or fisherman electing to average his or her income would owe the alternative minimum tax, AMT, only to the extent he or she would have owed AMT had averaging not been elected. This is an important change that will benefit not only people in my State, but also throughout New England and in other regions of the country where fishing is an important industry.

Finally, my bill would modify the tax treatment of investments in debenture small business investment companies, or SBICs, so they are less likely to create unrelated business taxable income, UBTI, liability. The current tax treatment of money borrowed from the government by a debenture SBIC creates taxable income for an otherwise tax-exempt investor, which makes it almost impossible to raise capital from these investors. Free to choose, tax-exempt investors opt to invest in venture capital funds that do not create any UBTI liability. Therefore, my bill would assure that money borrowed from the government by an SBIC does not subject tax-exempt investors to UBTI. In so doing, the bill would encourage greater investment in SBICs, which provide critically needed venture capital to emerging small businesses. These venture capital funds are sorely needed in today's stalled economy.

I believe that "The Affordable Small Business Stimulus Act of 2001" will provide a much-needed stimulus to small business in a way that we can afford. I look forward to working with the Chairman and Ranking Member of the Finance Committee to have some or all of its provisions enacted into law.

By Mr. BINGAMAN (for himself and Ms. COLLINS):

S. 1677. A bill to amend title I of the Employee Retirement Income Security Act of 1974 to create a safe harbor for retirement plan sponsors in the designation and monitoring of investment advisers for workers managing their retirement income assets; to the Committee on Health, Education, Labor, and Pensions.

Mr. BINGAMAN. Madam President, I rise today to introduce legislation with my colleague from Maine, Senator COLLINS, that will significantly help employees get better advice on how to invest their 401(k) plans. The Independent Investment Advice Act of 2001 removes an existing impediment that prevents employers from offering this needed information to their employees. This legislation was carefully prepared with input and consultation with affected groups and interested stakeholders and is supported by the American Association of Retired Persons, AARP, the American Society of Pension Actuaries, ASPA, Committee on

Investment of Employee Benefit Assets, CIEBA, the Financial Planning Association, FPA, and the Small Business Council of America, SBCA.

Over the past several years, the demand by 401(k) plan participants for individualized investment advice has been growing, yet less than a third of employers offer this service. Primarily, employers do not offer this invaluable resource due to concerns about being responsible and ultimately liable for the selection and monitoring of an investment adviser. In general, current law relieves employers of their liability for the actual investment decisions made by their employees in a 401(k) plan. It is therefore illogical to make employers liable for providing their employees with sound, independent investment advice when we have intentionally shifted the burden to employees to invest their retirement funds wisely. The creation of a safe harbor for offering qualified independent investment advisers will remove this inconsistency and facilitate the flow of reliable, informed advice to employees.

The Independent Investment Advice Act of 2001 creates a safe harbor for plan sponsors by giving them clear guidance as to what is necessary to ensure that they will not have liability for the selection and monitoring of qualified investment advisers. Employers will be deemed to have satisfied their fiduciary responsibilities under ERISA with respect to the selection and monitoring of qualified investment advisers, provided they meet the following strict criteria.

First, the employer must contract with qualified investment advisers. Entities such as Federal and most State registered investment advisers, banks and insurance companies will be deemed to be qualified providers of investment advice provided the individual actually offering the advice is a registered investment adviser, registered representative or a registered broker or dealer. The Secretary of Labor has the authority to expand this category for other comparably qualified entities and individuals.

Next, the investment adviser must verify in writing that it has met several standards. The investment adviser must state that it is currently qualified as defined above and acknowledge that it is a fiduciary and as such, solely responsible for the information provided to the participants. The investment adviser must also review the plan documents, including investment options, and guarantee that the relationship with the investment adviser will not be in violation of any existing prohibited transaction rules under ERISA. It must also provide documentation that it has the necessary insurance coverage, as determined by the Secretary of Labor, for potential claims by plan participants.

Finally, before hiring the investment adviser, the plan sponsor must review the verification as previously described from the investment adviser. It must

also review the investment adviser's fee structure and contract. Finally, it must review the Uniform Application for Investment Registration as filed with SEC or comparable filing with the Department of Labor. After reviewing all of these documents, the adviser must determine that there is no material reason to not enter into a contract with the investment advisor. The plan sponsor has a continuous duty to investigate the investment adviser if information is brought to its attention questioning whether the adviser remains qualified or if a significant number of employees register complaints. Based on this review the plan sponsor must determine whether or not to continue using the investment adviser's services.

I look forward to working with my colleagues on both sides of the aisle in advancing this legislation.

By Mr. MCCAIN (for himself, Mr. ALLARD, Mr. LIEBERMAN, Ms. SNOWE, Mr. LEVIN, Mr. MURKOWSKI, Mr. CLELAND, Mr. INHOFE, Ms. LANDRIEU, Mr. BURNS, Mr. DURBIN, Mr. SESSIONS, and Mr. DEWINE):

S. 1678. A bill to amend the Internal Revenue Code of 1986 to provide that a member of the uniformed services or the Foreign Service shall be treated as using a principal residence while away from home on qualified official extended duty in determining the exclusion of gain from the sale of such residence; to the Committee on Finance.

Mr. MCCAIN. Madam President, I, along with Senators ALLARD, LIEBERMAN, SNOWE, LEVIN, MURKOWSKI, CLELAND, INHOFE, LANDRIEU, BURNS, DURBIN, SESSIONS and DEWINE are proud to sponsor this bill to allow members of the Uniformed and Foreign Services, who are deployed or are away on extended active duty, to qualify for the same tax relief on the profit generated when they sell their main residence as other Americans. I am pleased to announce that the Secretary of State greatly appreciates this legislation and the strong support of this measure by the senior uniformed military leadership, the 31-member associations of The Military Coalition, the American Foreign Service Association, and the American Bar Association. Despite such considerable support, I have heard that there are some lower ranking officials from the Office of Management and Budget that may have some minor concerns with this legislation but they have not conveyed their concerns to me or my staff directly.

This bill will not create a new tax benefit. Let me say that again: this bill will not create a new tax benefit, it merely modifies current law to include the time members of the Uniformed and Foreign Services are away from home on active duty when calculating the number of years the homeowner has lived in their primary residence. In short, this bill is narrowly tailored to remedy a specific dilemma, it treats service members and foreign service of-

ficers fairly, by treating them like all other Americans.

The Taxpayer Relief Act of 1997 delivered sweeping tax relief to millions of Americans through a wide variety of important tax changes that affect individuals, families, investors, and businesses. It was also one of the most complex tax laws enacted in recent history.

As with any complex legislation, there are winners and losers. But in this instance, there are unintended losers: service members and Foreign Service Officers.

The 1997 act gives taxpayers who sell their principal residence a much-needed tax break. Prior to the 1997 act, taxpayers received a one-time exclusion on the profit they made when they sold their principal residence, but the taxpayer had to be at least 55 years old and live in the residence for 2 of the 5 years preceding the sale. This provision primarily benefitted elderly taxpayers, while not providing any relief to younger taxpayers and their families.

Fortunately, the 1997 act addressed this issue. Under this law, taxpayers who sell their principal residence on or after May 7, 1997, are not taxed on the first \$250,000 of profit from the sale; joint filers are not taxed on the first \$500,000 of profit they make from selling their principal residence. The taxpayer must meet two requirements to qualify for this tax relief. The taxpayer must: one, own the home for at least 2 of the 5 years preceding the sale; and two, live in the home as their main home for at least 2 years of the last 5 years.

I applaud the bi-partisan cooperation that resulted in this much-needed form of tax relief. The home sales provision sounds great and it is. Unfortunately, the second part of this eligibility test unintentionally and unfairly prohibits many of our men and women in the Armed Forces and Foreign services from qualifying for this beneficial tax relief.

Constant travel across the U.S. and abroad is inherent in the military and Foreign Services. Nonetheless, some service members and Foreign Service Officers choose to purchase a home in a certain locale, even though they will not live there much of the time. Under the new law, if a service man does not have a spouse who resides in the house during his absence or the spouse is also in the military and also must travel, that service member will not qualify for the full benefit of the new home sales provision, because no one "lives" in the home for the required period of time. The law is prejudiced against dual-military couples who are often away on active duty, because they would not qualify for the home sales exclusion because neither spouse "lives" in the house for enough time to qualify for the exclusion.

This bill simply remedies an inequality in the 1997 law. The bill amends the Internal Revenue Code so that service members and Foreign Service Officers

will be considered to be using their house as their main residence for any period that they are away on extended active duty. In short, active and reserve service members will be deemed to be using their house as their main home, even if they are stationed in Bosnia, the Persian Gulf, in the "no man's land," commonly called the DMZ between North and South Korea, or anywhere else on active duty orders.

In 1998 alone, the United States had approximately 37,000 men and women deployed to the Persian Gulf region, preparing to go into combat, if so ordered. There were also 8,000 American troops deployed in Bosnia, and another 70,000 U.S. military personnel deployed in support of other commitments worldwide. That is a total of 108,000 men and women deployed outside of the United States, away from their primary home, protecting and furthering the freedoms we Americans hold so dear. Today since the September 11 attacks on the United States we've asked over 100,000 service members to deploy abroad to seek out and destroy the terrorists and their supporting organizations responsible for this incomprehensible deed.

The average American participates in our Nation's growth through home ownership. Appreciation in the value of a home because of our country's overall economic growth allows everyday Americans to participate in our country's prosperity. Fortunately, the Taxpayer Relief Act of 1997 recognized this and provided this break to lessen the amount of tax most Americans will pay on the profit they make when they sell their homes.

The 1997 home sale provision unintentionally discourages home ownership among members of the Uniformed and Foreign Services, which is bad fiscal policy. Home ownership has numerous benefits for communities and individual homeowners. Owning a home provides Americans with a sense of community and adds stability to our Nation's neighborhoods. Home ownership also generates valuable property taxes for our nation's communities.

We also cannot afford to discourage military service by penalizing military personnel with higher taxes merely because they are doing their job. Military and Foreign Service entails sacrifice, such as long periods of time away from friends and family and the constant threat of mobilization into hostile territory. We must not use the tax code to heap additional burdens upon our men and women in uniform.

In my view, the way to decrease the likelihood of further inequities in the tax code, intentional or otherwise, is to adopt a fairer, flatter tax system that is far less complicated than our current system. But, in the meantime, we must insure that the tax code is as fair and equitable as possible.

The Taxpayer Relief Act of 1997 was designed to provide sweeping tax relief

to all Americans, including our men and women in uniform. It is true that there are winners and losers in any tax code, but this inequity was unintended. Enacting this narrowly-tailored remedy to grant equal tax relief to the members of our Uniformed Services restores fairness and consistency to our increasingly complex tax code.

I request unanimous consent that my statement and the letters of support be printed in the RECORD and that the full text of the legislation that I have introduced be printed in the RECORD.

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

S. 1678

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Military Homeowners Equity Act".

SEC. 2. MEMBER OF UNIFORMED SERVICE AND FOREIGN SERVICE TREATED AS USING PRINCIPAL RESIDENCE WHILE AWAY FROM HOME ON QUALIFIED OFFICIAL EXTENDED DUTY IN DETERMINING EXCLUSION OF GAIN ON SALE OF SUCH RESIDENCE.

(a) IN GENERAL.—Section 121(d) of the Internal Revenue Code of 1986 (relating to special rules) is amended by adding at the end the following:

"(9) DETERMINATION OF USE DURING PERIODS OF QUALIFIED OFFICIAL EXTENDED DUTY WITH UNIFORMED SERVICE OR FOREIGN SERVICE.—

"(A) IN GENERAL.—A taxpayer shall be treated as using property as a principal residence during any period—

"(i) the taxpayer owns such property, and

"(ii) the taxpayer (or the taxpayer's spouse) is serving on qualified official extended duty as a member of a uniformed service or of the Foreign Service,

but only if the taxpayer owned and used the property as a principal residence for any period before the period of qualified official extended duty.

"(B) QUALIFIED OFFICIAL EXTENDED DUTY.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'qualified official extended duty' means any period of extended duty during which the member of a uniformed service or the Foreign Service is under a call or order compelling such duty at a duty station which is a least 50 miles from the property described in subparagraph (A) or compelling residence in Government furnished quarters while on such duty.

"(ii) EXTENDED DUTY.—The term 'extended duty' means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) UNIFORMED SERVICE.—The term 'uniformed service' has the meaning given such term by section 101(a)(5) of title 10, United States Code.

"(ii) FOREIGN SERVICE OF THE UNITED STATES.—The term 'member of the Foreign Service' has the meaning given the term 'member of the Service' by paragraph (1), (2), (3), (4), or (5) of section 103 of the Foreign Service Act of 1980."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales or exchanges on or after the date of the enactment of this Act.

THE MILITARY COALITION,
Alexandria, VA, November 6, 2001.

Hon. JOHN MCCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: The Military Coalition, a consortium of nationally prominent uniformed services and veterans organizations, representing more than 5.5 million members, plus their families and survivors, is grateful to you for introducing The Military Homeowners Equity Act—a bill that would restore capital gains tax equity for military homeowners.

Your legislation is essential to correct a serious oversight in the Taxpayer Relief Act of 1997, which inadvertently penalizes servicemembers who are assigned away from their principal residence for more than three years on government orders. Very often, servicemembers keep their homes while reassigned to overseas or elsewhere in the hopes of returning to their residence. On occasions when this proves impossible, and the home must be sold to permit purchase of a new principal residence, servicemembers find themselves subjected to substantial tax liabilities—all because military orders kept them from occupying their principal residence for at least two of the five years before the sale.

In 1999, both the House and Senate passed corrective legislation (H.R. 865) as part of the Taxpayer Refund and Relief Act of 1999, but the President vetoed this bill over an unrelated issue. Your new bill will be important to resurrect this fairness issue and allow servicemembers to comply with government orders and leave home to serve their country without risking a large capital gains tax liability.

The Military Coalition pledges to work with you to seek inclusion of your bill in the pending economic stimulus package so military members can once again enjoy the same capital gains tax relief already provided to all other Americans.

Sincerely,

THE MILITARY COALITION.

(Signed by representatives of the following organizations:)

Air Force Association; Air Force Sergeants Association; Army Aviation Assn. of America; Assn. of Military Surgeons of the United States; Assn. of the US Army; Commissioned Officers Assn. of the US Public Health Service, Inc.; CWO & WO Assn. US Coast Guard; Enlisted Association of the National Guard of the US; Fleet Reserve Assn.; Gold Star Wives of America, Inc.; Jewish War Veterans of the USA; Marine Corps League; Marine Corps Reserve Officers Assn.; Military Order of the Purple Heart; National Guard Assn. of the US; Nat'l Military Family Assn.

National Order of Battlefield Commissions; Naval Enlisted Reserve Assn.; Naval Reserve Assn.; Navy League of the US; Non Commissioned Officers Assn. of the United States of America; Reserve Officers Assn.; Society of Medical Consultants to the Armed Forces; The Military Chaplains Assn. of the USA; The Retired Enlisted Assn.; The Retired Officers Assn.; United Armed Forces Assn.; USCG Chief Petty Officers Assn.; US Army Warrant Officers Assn.; Veterans of Foreign Wars of the US; Veterans' Widows International Network, Inc.

AMERICAN FOREIGN
SERVICE ASSOCIATION,

Washington, DC, November 5, 2001.

Hon. JOHN MCCAIN,
Senate Russell Building,
Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the 23,000 active-duty and retired members of the Foreign Service which the American Foreign Service Association (AFSA) represents, thank you for your leadership and support with your soon-to-be-introduced bill extending to the Uniformed Services and the Foreign Service the tax treatment enjoyed by all other Americans when they sell their principal residence.

As you know this is an important active-duty issue for both the Uniformed Services and the Foreign Service. Your bill, amending section 121(d) of the Internal Revenue Code of 1986, addresses an inequity faced by our members because of the particular nature of our profession. As you are well aware, our careers require us to live for years at a time away from our homes in duty posts around the world in service to our nation. In the case of the Foreign Service, our duty assignments range from 2-4 years. Back-to-back assignments abroad are common. It is not unusual for a member of the Foreign Service to spend six or more years abroad before returning to Washington for an assignment here. With the current two-in-five year occupancy test, many of our members in both the Uniformed Services and the Foreign Service find that we do not have the same flexibility in selling our homes as enjoyed by our fellow Americans. After several years abroad, there are many reasons why we may wish to sell our homes upon returning home. As with other Americans, we would like our homes to reflect and be suited to the changes in our lives—the increase or decrease in the size of our families, divorce, retirement, promotions and the ability to pay more for a house, the schools our children would attend, etc. Yet because of current law, we cannot sell our principal residences without living in them again for two years or else pay a serious tax penalty. Your bill, gratefully, addresses these problems.

The members of the Uniformed Services and the Foreign Service have been faced with this problem since the change in the tax code in 1997. We hope that your provision can become law soon. If we can be of any assistance, please do not hesitate to contact me or Ken Nakamura, AFSA's Director of Congressional Relations at (202) 944-5517 or by e-mail at nakamura@afsa.org.

Sincerely,

JOHN K. NALAND,
President.

OCTOBER 31, 2001.

Hon. JOHN MCCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: Your efforts to improve the quality of service enjoyed by our Navy-Marine Corps team are greatly appreciated. I would like to extend my support for the legislation that you intend to introduce to correct the tax disadvantage created by The Tax Reform Act of 1997.

The Marine Corps has been tracking several intended to correct this tax disadvantage. As you know, The Tax Reform Act repealed certain portions of the existing law that allowed military members to maintain the status quo with other taxpayers for exclusion of capital gains. The Act provided for an exclusion, obviously not intended to disadvantage military service members or members of the Foreign Service. In order to qualify, a taxpayer must "own and use" the property for two of the five years preceding the sale. Since our personnel seldom remain

in one location for over three years, it is difficult to qualify for the exclusion.

Please let me know if there is any way in which I can be of assistance or service.

Semper Fidelis,

J.L. JONES,
General, U.S. Marine Corps,
Commandant of the Marine Corps.

AMERICAN BAR ASSOCIATION,
GOVERNMENTAL AFFAIRS OFFICE,
Washington, DC, November 7, 2001.

Hon. JOHN M. MCCAIN,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the American Bar Association, I would like to commend you for your leadership in developing a proposal on the issue of the military homeowners capital gains exemption. Such legislation is needed to correct an inequity that occurred as a result of the Taxpayer Relief Act of 1997 (Public Law No: 105-34).

As you know, Section 121 of the Internal Revenue Code permits a single taxpayer to exclude up to \$250,000 of the capital gains on the sale of a principal residence and permits a married couple filing jointly to exclude up to \$500,000 on such a sale. Yet in order to qualify for such an exclusion, a taxpayer must have owned and used the home as a principal residence for two out of the five years prior to its sale. Otherwise, a taxpayer must pay taxes on all or a pro rata share of the capital gains on the sale of the home.

Unfortunately, this provision penalizes service members who are unable to use a principal residence for two out of the five years prior to its sale, because they are deployed overseas or required to live in military housing. The ABA urges Congress to amend Section 121 of the IRC to either: (1) treat time spent away from a principal residence while away from home on official active duty as counting towards the ownership and use requirement, or (2) suspend the ownership and use requirement for time spent away from a principal residence due to official active duty. Earlier this year, the ABA submitted comments to the Internal Revenue Service on proposed regulations regarding Section 121. A copy of our comments is enclosed for your review.

We want to thank you for your plans to rectify the inequity created for service members by Section 121. We look forward to working with you to establish a military homeowners capital gains exemption.

Sincerely,

ROBERT D. EVANS,
Director.

Mr. ALLARD. Madam President, I want to thank Senator MCCAIN for offering the "Military Homeowner Equity Act" and voice my full support as original sponsor. The bill provides tax equity to members of the uniformed services and the Foreign Service by permitting them to benefit from the capital gains tax exemption when they sell a principal residence, as other Americans enjoy. The bill does so by providing that absences from the principal residence due to serving on a qualified official extended duty as a member of a uniformed or Foreign Service of the United States be treated as using the residence in determining the exclusion of gain from the sale of such residence.

This bill does not create a new benefit, it simply adjusts an oversight and brings fairness and equality to the Code by recognizing the unique circumstances of the members of the uni-

formed and Foreign Services. This proposed correction is not new to this Congress. The Taxpayer Refund and Relief Act, which passed both the House and Senate during the 106th Congress included provisions to correct this problem. Unfortunately, that bill was vetoed.

The citizens of this country earned the many improvements made to the tax code in the Taxpayer Relief Act of 1997. Under this law, taxpayers who sell their residence are not taxed on the first \$250,000 of profit from the sale, \$500,000 for joint filers. This is a well deserved tax break that encourages and rewards home ownership. The taxpayer must meet two requirements to qualify for this relief. First, they must own the home for at least 2 of the last 5 years, and second they must live in the home for at least 2 of the last 5 years. It is the latter requirement that is not fair or equitable to our service members.

The requirement for a taxpayer to have lived in a principal residence for 2 of the previous 5 years from the date of sale in order to take advantage of the full capital gains exclusion on the sale of a principal residence is difficult if not impossible for our career service members to meet. Unlike most Americans, career members of our military must, as a matter of law, serve throughout the world based on the needs of the nation. Our Foreign Service personnel, on average, spend more than 55 percent of their career abroad, for periods of 2 to 4 years. Consecutive tours keep our uniformed and Foreign Service members away from a "principal residence" far beyond the 5-year test period required in the current tax law. The unique circumstances of our uniformed and Foreign Service members effectively exclude them from taking full advantage of the 1997 changes in the tax law if they wish to sell their home.

Service members move at the direction of the U.S. Government. They pick up and move their families on a regular basis whenever the need of their service requires them to move. It may be possible for service members to purchase a home at some locations, but selling that home and purchasing another at the next location is often not possible. This happens when their new location is overseas, they are assigned to live in government housing, off-post housing is not available for sale, or home prices in the new area are simply not within their budget. Thus, frequently they are unable to meet the requirement to live in a house 2 of the last 5 years preceding a sale.

Additionally, our career service members need and want to sell their homes for all of the multitude of reasons that most Americans sell. They may have an increase or a decrease in the size of the family or want to change neighborhoods or schools. They may have the ability to afford more because of promotions or salary increases or it may simply be time to retire and leave the service. They should not be

penalized for their time away when buying and selling their home was impossible or impractical.

The intent of the capital gains exclusion in the IRS code is to encourage home ownership by exempting capital gains taxes on the sale their home and allow more Americans to enjoy our country's prosperity. Again, the situation that career service members are in makes it difficult, or impossible, to follow this course of action. This bill remedies the situation. I urge my colleagues to join us in co-sponsoring this legislation.

By Mr. CONRAD:

S. 1679. A bill to amend title XVIII of the Social Security Act to accelerate the reduction on the amount of beneficiary copayment liability for Medicare outpatient services; to the Committee on Finance.

Mr. CONRAD. Madam President, today I am introducing the Medicare Beneficiary Liability Reduction Act. This legislation will help America's seniors better afford the costs of receiving needed medical services.

As you may know, most seniors are required to pay a portion of the costs associated with medical care they receive under the Medicare program. In particular, Medicare Part B, which covers physician, laboratory, outpatient and other services, requires most beneficiaries to cover 20 percent of the cost of care they receive. However, there is an anomaly in the Medicare system that has required many beneficiaries to pay much more out-of-pocket for hospital outpatient department, HOPD, services. In particular, prior to 1997, many beneficiaries were required to pay more than 50 percent of the approved Medicare costs for hospital outpatient care. I am concerned that this situation made it difficult for lower income seniors to receive needed outpatient medical services.

To address this problem, I am happy to say that the Congress included measures in the Balanced Budget Act of 1997 that sought to bring beneficiary cost sharing for HOPD care in line with the out-of-pocket requirements for other Medicare Part B services. Unfortunately, while this legislation was a step in the right direction, it will still take nearly 40 years of the cost sharing level to be reduced to the targeted level for some outpatient procedures. Clearly, this prolonged time lag is unacceptable.

In subsequent years, I have supported additional measures to expedite the reduction in seniors' cost sharing liability by placing a limit on how much a senior can be charged in any given year and requiring that the coinsurance level be brought down to 40 percent by 2006. These were important achievements. The legislation I am introducing today takes the final step to bring seniors' copayment rates for HOPD services down to the desired 20 percent level.

In particular, the Medicare Beneficiary Liability Reduction Act would

continue to reduce HOPD cost-sharing requirements so that by 2010 and thereafter seniors would be required to pay no more than 20 percent of the allowable Medicare costs for HOPD care. I strongly believe that this legislation will help ensure our nation's seniors are not over-burdened with unfair Medicare cost sharing requirements. I hope my colleagues will join me in supporting this important effort.

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. 1679

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Medicare Beneficiary Liability Reduction Act of 2001".

SEC. 2. ACCELERATING THE RATE OF REDUCTION OF BENEFICIARY COPAYMENT LIABILITY UNDER THE MEDICARE HOSPITAL OUTPATIENT DEPARTMENT PROSPECTIVE PAYMENT SYSTEM.

Section 1833(t)(8)(C)(ii) of the Social Security Act (42 U.S.C. 1395l(t)(8)(C)(ii)) is amended—

(1) in clause (v), by striking "and thereafter"; and

(2) by adding at the end the following new subclauses:

"(VI) For procedures performed in 2007, 35 percent.

"(VII) For procedures performed in 2008, 30 percent.

"(VIII) For procedures performed in 2009, 25 percent.

"(IX) For procedures performed in 2010 and thereafter, 20 percent."

By Mr. WELLSTONE:

S. 1680. A bill to amend the Soldiers' and Sailors' Civil Relief Act of 1940 to provide that duty of the National Guard mobilized by a State in support of Operation Enduring Freedom or otherwise at the request of the President shall qualify as military service under that Act; to the Committee on Veterans' Affairs.

Mr. WELLSTONE. Madam President, I rise today to urge your support for amending the Soldiers' and Sailors' Civil Relief Act, SSCRA, to expand the protections of that Act to National Guard personnel protecting our Nation's airports and nuclear facilities. Specifically, this bill will provide civil relief to National Guard personnel mobilized by State governors in support of Operation Enduring Freedom, or who are otherwise called up at the request of the President.

The SSCRA is an important Act that provides help to people who have taken on financial burdens without knowing they would be called up to serve in the military. Today those people are the men and women of our National Guard called-up to protect our nation's airports. Men and women of the National Guard serve the Nation and our States as a unique organization among all branches of the United States armed forces, the Guard is America's commu-

nity based defense force, located in more than 2,700 cities and towns throughout the Nation. Some 60 of these units are in my home state of Minnesota. National Guard members are integral members of their communities, they and their families live, shop, work, worship and go to schools in our cities and towns. It is this link between the community and its citizen-soldiers that makes the National Guard unique and so vital to our homeland security. It is imperative we give them the protections of the SSCRA they rightly deserve.

I would like to take a moment to explain the protections offered by the SSCRA. Most people have debts or financial obligations of one kind or another, mortgages on family homes, debts related to buying cars, charge account debts from buying things with credit cards, or child-support payments. The SSCRA does not wipe out any debts or other financial obligations of people who have been called up for active duty. But it does give them certain protections. A few of these are especially important because they affect a large number of people: Section 526 states that interest of no more than 6 percent a year can be charged by a lender on a debt which a person on active duty in military service incurred before he or she went on active duty. This is very important. The men and women of our National Guard are people like you and me, they've bought things on credit and have jobs that allow them to pay off that debt. But now, many have taken pay cuts to protect our airports. Capping interest on their debt is important to ensuring their financial security.

Other sections of the SSCRA protect people from being evicted from rental property or from mortgaged property, against cancellation of life insurance, from having their property sold to pay taxes that are due; and from getting stuck in a lease, some Guardsmen may have recently rented a new apartment only to find their duty is going to send them far from their new property.

Unfortunately, the SSCRA only applies to National Guard personnel mobilized directly by the President of the United States, and does not protect those mobilized by state governors at the request of the President, as is the case with those National Guard now protecting our airports. This distinction is inequitable and actually, makes no sense. Service performed by those mobilized by a governor at the request of the President face the same problems as those mobilized by the President directly. It is only right that they receive the same protections.

Although the President is clearly authorized to mobilize the National Guard himself, on September 27 he instead requested State governors to mobilize their own National Guard personnel. He did so again last Friday. Under this type of mobilization the National Guard remains under the full operational control of the State, providing the necessary flexibility to deal

with security issues that are better handled at the State and local level. While National Guard mobilized in this manner receive the general benefits of active duty military personnel, such as VA Veterans status and Tricare family health insurance, they do not receive the additional benefit of civil relief under the SSCRA.

In Minnesota, soldiers have received orders to provide protection at airports until as late as March 28, 2002. These soldiers are serving in a full-time status, six to seven days per week. While the Minnesota National Guard initially began providing security at the Minneapolis/St. Paul, Duluth and Rochester airports, they were recently informed that they will provide security at five additional Minnesota airports. This means they will spend less time with their families and employers. Some of them face the real possibility of financial ruin due to their time away from work. They have mortgages and car payments, things they may have easily expected to be able to pay. Some have college debt and others child support payments. Many have taken pay cuts to leave their professions to come out and protect our airports, to protect us. We must act now to provide them the civil relief they rightly deserve. And we must be aware that National Guard units may soon be asked to secure other facilities such as power plants and water treatment facilities in the near future. Addressing these issues now will ease the burden placed upon these soldiers now and in the future.

It is my belief that the SSCRA was never meant to purposely exclude National Guard mobilized in the manner they have been today, we simply could never have imagined the need for round-the-clock security at our airports when this Act was written. September 11 changed so many things for us. And it is time we change the SSCRA to ensure we provide benefits to protect those who are protecting us.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE RESOLUTION 178—CONGRATULATING BARRY BONDS ON HIS SPECTACULAR RECORD-BREAKING SEASON IN 2001 AND OUTSTANDING CAREER IN MAJOR LEAGUE BASEBALL

Mrs. FEINSTEIN (for herself and Mrs. BOXER) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 178

Whereas Barry Bonds has brought distinction to Major League Baseball and excellence to the San Francisco Giants, following in the baseball footsteps of his father, Bobby Bonds, and his godfather, Willie Mays;

Whereas Barry Bonds has had an outstanding career that so far includes 3 Most Valuable Player awards, 10 All-Star Game appearances, 8 Rawlings Gold Glove awards, and the distinction of being named Player of

the Decade for the 1990s by the Sporting News;

Whereas in 2001, Barry Bonds had 1 of the greatest seasons in Major League Baseball history, achieving 73 home runs, a slugging average of .863, and an on-base percentage of .515;

Whereas Barry Bonds has established himself as the most prolific single-season home run hitter in Major League Baseball history, hitting his 73d home run on October 7, 2001, eclipsing the previous record of 70 home runs set by Mark McGwire in 1998;

Whereas Barry Bonds has attained the rank of 7th place on the all-time Major League Baseball home run list with 567;

Whereas Barry Bonds drove in 136 runs to set a Giants franchise record for runs batted in by a left fielder, and has recorded at least 100 RBI's in each of 10 different seasons;

Whereas of Barry Bonds's 73 home runs, 24 gave San Francisco the lead and 7 tied the game;

Whereas Barry Bonds also hit the 500th home run of his career during the 2001 season, a 2-run game-winning home run which landed in the waters of McCovey Cove, San Francisco;

Whereas Barry Bonds, at age 37, is the oldest player in Major League Baseball history to hit more than 50, 60, and 70 home runs in a single season;

Whereas Barry Bonds has recorded 484 stolen bases in his career, becoming the only Major League Baseball player to both hit more than 400 home runs and steal more than 400 bases;

Whereas Barry Bonds's 233 stolen bases achieved while playing for San Francisco place him 6th on the Giants franchise list behind his father, Bobby, who is 5th with 263 stolen bases;

Whereas Barry Bonds has proven himself to be an active leader not only in the Giants clubhouse but also in the community, donating approximately \$100,000 to the September 11th Fund to aid the victims of the terrorist attacks in New York, Washington, D.C., and Pennsylvania; and

Whereas Barry Bonds has also devoted his time and money to support the Link & Learn Program of the United Way, and has been an active participant in numerous other San Francisco Bay area community efforts: Now, therefore, be it

Resolved, That the Senate—

(1) congratulates Barry Bonds on his spectacular record-breaking season in 2001 and outstanding career in Major League Baseball;

(2) wishes Barry Bonds continued success in the seasons to come; and

(3) thanks Barry Bonds for his contributions to baseball and to his community.

Mrs. FEINSTEIN. Madam President, I rise today to submit a resolution congratulating Barry Bonds of the San Francisco Giants for his historic achievements during the 2001 baseball season and to thank him for his contributions to baseball and his community.

On October 7, 2001 at Pacific Bell Park in San Francisco, Barry Bonds hit his 73rd home run, setting a new record for most home runs in a season, eclipsing the previous mark of 70 set by Mark McGwire of the St. Louis Cardinals in 1998. In addition, during the 2001 campaign Barry Bonds set records for slugging percentage, 16 points above the previous mark, and most walks in a season, surpassing the feats of the immortal Babe Ruth.

Barry Bonds' outstanding play on the field added to what was already a Hall of Fame career: 3 Most Valuable Player awards, 567 career home runs, 7th on the all-time list, the only player with more than 400 home runs and 400 stolen bases, 10 All-Star Game appearances, 8 Gold Glove awards, and the Sporting News' Player of the Decade for the 1990s.

As a native San Franciscan and lifelong San Francisco Giants fan, I could not be prouder of Barry Bonds. His roots in California and the Bay Area run deep. Born in Riverside, he grew up in San Mateo and attended Sierra High School. After attending Arizona State University and beginning his career with the Pittsburgh Pirates, Barry Bonds returned to his hometown team, the Giants, in 1993.

No one should be surprised that Barry Bonds has reached the elite level of baseball players. After all, he is the son of former major league star and San Francisco Giant, Bobby Bonds, and the godson of perhaps the greatest living ball player, the great Willie Mays.

His exploits in baseball are matched by his dedication to the community off the field. Seven years ago he founded the Barry Bonds Family Foundation, headed by his mother, Pat Bonds. The Foundation supports activities and programs opportunities of African American youth in the Bay Area. Barry Bonds and his Foundation are particularly involved in the United Way's "Link and Learn", a program dedicated to raising student achievement through greater parental involvement, access to tutoring and interactive technology.

All baseball fans, even those of the Los Angeles Dodgers, can appreciate Barry Bonds' breathtaking skill, record setting performance, and commitment to his community. During a difficult time for our country, he gave us a reason to return to the ballpark and cheer him on the way to a new home run record. All over the country, fans rose from their seats for every at-bat, celebrated each home run, and even booed their own teams when they intentionally walked him.

At 37 years old, he is in the prime of his baseball career and I am sure he will amaze and dazzle us many more times in the future.

Again, I congratulate Barry Bonds for his season and thank him for all that he has done for baseball and his community. I urge my colleagues to support this resolution.

SENATE RESOLUTION 179—TO EXPRESS THE SENSE OF THE SENATE REGARDING ENSURING QUALITY HEALTHCARE FOR OUR NATION'S VETERANS

Mr. BOND submitted the following resolution; which was referred to the Committee on Veterans' Affairs:

S. RES. 179

Whereas, President George W. Bush and the United States Senate designated this

week, November 11 through November 17, 2001, as National Veterans Awareness Week.

Whereas, the United States owes a great debt of gratitude to the veterans who have made untold sacrifices for our Nation;

Whereas, it is the policy of the United States to provide quality healthcare to veterans who have served our Nation in times of peace and war;

Whereas, our Nation's government has an obligation to ensure that veterans receive quality healthcare each and every day of their lives and to protect them from abuse and neglect;

Whereas, the Department of Veterans Affairs has projected a significant increase in the demand for long-term healthcare for veterans over the next decade;

Whereas, the Department of Veterans Affairs has projected the number of veterans age 85 and older will increase threefold, reaching nearly 1.3 million by 2010;

Whereas, the prevalence of chronic health conditions and disabilities increases markedly at advanced age;

Whereas, the Veterans Millennium Health Care and Benefits Act of 1999, required that the Department of Veterans Affairs provided long-term healthcare to eligible veterans

Whereas, President George W. Bush issued an executive order creating a Presidential Task Force to improve healthcare for veterans and military retirees;

Whereas, the General Accounting Office has issued a report finding that the Department of Veterans Affairs cannot be assured that all veterans will receive care in private nursing facilities that meets the standards established by the Department of Veterans Affairs;

Whereas, the General Accounting Office has found that the Department of Veterans Affairs needs to strengthen its oversight of veterans placed in private nursing facilities;

Whereas, the Inspector General for the Department of Veterans Affairs has reported since 1994 about issues that the Department of Veterans Affairs needs to address to improve the care of veterans in private nursing facilities;

Whereas, the Inspector General for the Department of Veterans Affairs has reported that at least one veteran died after being lost to the Department of Veterans Affairs oversight;

Whereas, the death of even one veteran due to substandard care is unacceptable: Now, therefore, be it

Resolved, That—

(1) the Senate urges the Secretary of the Department of Veterans Affairs to work hand-in-hand with the Secretary of the Department of Health and Human Services and the Administrator for the Centers for Medicare and Medicaid Services, to improve coordination among and between these agencies to provide quality healthcare for the men and women who have served in uniform, and specifically those who require long-term care; and

(2) the President and the Secretary of Veterans Affairs should act promptly and deliberately to protect veterans from the dangers of abuse and neglect and to ensure that they receive the highest quality of long-term healthcare.

SENATE RESOLUTION 180—EXPRESSING THE SENSE OF THE SENATE REGARDING THE POLICY OF THE UNITED STATES AT THE 17TH REGULAR MEETING OF THE INTERNATIONAL CONVENTION FOR THE CONSERVATION OF ATLANTIC TUNAS IN MURCIA, SPAIN

Mr. KERRY (for himself, Ms. SNOWE, Mr. HOLLINGS, and Mr. HELMS) sub-

mitted the following resolution; which was considered and agreed to:

S. RES. 180

Whereas certain marine species including Atlantic tunas, swordfish, marlins, sailfishes, and pelagic sharks migrate through broad oceanic expanses and traverse the coastal waters of many nations;

Whereas, of these highly migratory species, tuna and swordfish stocks in particular support major fisheries and are among the most highly valued of marine species;

Whereas due to the transboundary nomadic nature of these highly migratory species, effective efforts to conserve and manage these stocks require international cooperation and coordination;

Whereas the International Convention for the Conservation of Atlantic Tunas (ICCAT) was established in 1966 to provide international management of highly migratory species;

Whereas the highly migratory species managed by ICCAT support extremely important commercial and recreational fisheries in the United States which are vital sources of income to United States fishing communities;

Whereas repeated violations of ICCAT conservation quotas and minimum size requirements, circumvention of compliance penalties and other actions have undermined the ability of ICCAT to establish, maintain and enforce conservation and rebuilding plans for overfished species of fish under ICCAT's management authority;

Whereas the latest scientific information suggests there is extensive mixing of bluefin tuna harvested in the eastern Atlantic and Mediterranean region with bluefin tuna harvested in the western Atlantic;

Whereas the current level of harvest of bluefin tuna harvested in the eastern Atlantic and Mediterranean is excessive and must be reduced, and that due to mixing, management measures in the east directly affect the west;

Whereas a failure of ICCAT member nations to enforce quotas, size limits and other conservation measures adversely affects United States commercial and recreational fishermen: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the United States should make full use of all appropriate diplomatic mechanisms, relevant international laws and agreements, and other appropriate mechanisms to ensure ICCAT member compliance with ICCAT conservation measures and quotas, for all species under ICCAT management authority, including bluefin tuna;

(2) the United States should press for improved monitoring, recording and reporting of harvesting and compliance information by contracting and non-contracting nations to ICCAT, including systems that will increase transparency of such reporting information, in order to provide the scientific information necessary for effective management of these stocks;

(3) the United States should encourage the Commission to identify nations that engage in actions that diminish the effectiveness of the Commission's fishery conservation program, including those engaged in illegal, unreported, or unregulated fishing for these stocks; and

(4) the United States should encourage the Commission to adopt recommendations authorizing the use of enforceable measures, including World Trade Organization-consistent trade measures, to prevent such nations from taking actions that would undermine the effectiveness of conservation and management recommendations of the Commission.

Mr. KERRY. Madam President, I rise today to submit a resolution along with my colleague Ms. SNOWE of Maine, that calls on the United States to make full use of all appropriate diplomatic mechanisms, relevant international laws and agreements, and other appropriate mechanisms to ensure international compliance with the International Commission for the Conservation of Atlantic Tunas, ICCAT, conservation measures for all managed species.

This week a group of committed fishery managers, scientists and industry representatives began travel overseas to represent our nation at the 17th regular meeting of the ICCAT in Murcia, Spain.

This multinational fishery conservation and management body of over 40 nations has a mandate to ensure the sustainability of all Atlantic fisheries for swordfish, billfish and a number of tuna species. Such multinational cooperation is necessary to effectively conserve and manage these species, which migrate widely on the high seas and through jurisdictions of many coastal Atlantic nations. Effective unilateral management of species that migrate through multiple jurisdictions is simply not possible, as was specifically recognized under the 1995 U.N. Agreement on Straddling Stocks and Highly Migratory Species.

I am sad to report that many ICCAT member nations have failed to comply with basic ICCAT quota and minimum size regulations for several important species. The magnitude of these violations is so great that it could render useless all of the conservation plans that ICCAT have put in place to date. I find this very troubling, particularly given the tremendous burdens placed on U.S. fishermen to improve conservation of these species. They rightly object to being disadvantaged in the marketplace by nations who can sell fish more cheaply because their costs of compliance with the law are essentially zero.

Furthermore, it is my understanding that some ICCAT member nations have undermined essential conservation plans from the outset for several ICCAT species, by simply setting a quota that is in flagrant disregard of the best advice of the scientific community. These species include bluefin tuna and swordfish. Both of these species are extremely important to fishermen along the East Coast.

As I stated earlier compliance to basic conservation measures is absolutely essential to rebuilding our highly valuable stocks of swordfish and tuna. American fishermen have made great sacrifices for the conservation of bluefin tuna and swordfish in order to rebuild these stocks to their maximum sustainable yield. Nothing infuriates law-abiding U.S. fishermen more than having their future conservation gains squandered by nations that openly flout ICCAT's scientifically-based conservation standards. This simply cannot continue.

I strongly urge the U.S. delegation to this year's ICCAT to demand full compliance with all conservation measures, including sound, scientifically based quotas for all managed species. We have learned the hard way that the alternative to pro-active conservation is overfished and depleted stocks. These impacts go beyond financial costs to the fishing industry, and can place severe strains on local communities, national economies, and critical food supply chains. I do not need to remind you, of the devastating impacts overfishing caused in New England. In the 1980s our fishermen, like those of many ICCAT nations do today, believed that our oceans contained unlimited amounts of cod, haddock and yellowtail flounder. But by the early 1990s our stocks crashed causing severe economic harm to fishermen and their coastal communities. U.S. fishermen know firsthand what a fishery crash will mean and they are more than willing to do their part to ensure the same fate does not befall our international fisheries. The truth of the matter is, without compliance by all of ICCAT member nations, rebuilding these species is a Sisyphean feat, an endless uphill battle. The U.S. cannot lift this boulder alone, we are but a small component of the total fishery. Sound, pro-active conservation works, one need only look at Georges Bank today and see how far we have come with cod, haddock and yellowtail flounder.

The truth, is that the fishermen of the United States cannot carry the conservation load by themselves for highly migratory species. But even here in the United States we have shown that it is possible to revive multi-jurisdictional species through coordinated but mandatory conservation measures, the Atlantic states worked together to bring striped bass back from the edge, and the resulting striped bass population has exceeded all expectations. We must ensure that this is a model we successfully export to other nations, and ICCAT is the place we need to do it. The U.S. must demand from our fellow ICCAT members what we already demand from ourselves: use the best science when setting quotas and comply with quotas once they have been set. It is a simple rule, and it works.

Ms. SNOWE. Mr. President, I rise today to join my colleague, Senator KERRY, to submit a resolution expressing the sense of the Senate regarding the policy of the United States at the 17th Regular Meeting of the International Convention for the Conservation of Atlantic Tunas, ICCAT.

We are submitting this resolution today as our delegates prepare for the upcoming ICCAT meeting in Murcia, Spain which begins on November 12, 2001. At this meeting the ICCAT will set international quotas for highly migratory species and recommend conservation and sustainable management measures. The ICCAT is an international body and only has the author-

ity to make recommendations to its member nations. As such, the effective management of highly migratory species, such as bluefin tuna, requires the cooperation of the member nations in this voluntary regime. The sustainable harvest and longterm viability of U.S. bluefin tuna fisheries depends on the compliance with management measures by all member nations. Unfortunately, several member nations routinely take actions that undermine the convention.

In some cases, the conservation efforts of other countries do not directly affect the United States and its fishing industry. That is not the case with highly migratory species, such as the ones managed through ICCAT. Recent scientific studies conducted cooperatively with U.S. fishermen have shown that bluefin tuna caught off the coast of the United States migrate to and from the Eastern Atlantic and the Mediterranean Sea. This means that the traditional notion of the Eastern Atlantic stock being separate and independent from the Western Atlantic stock is not accurate and the data indicate it is one mixed stock of fish. Therefore, overharvesting of bluefin tuna in the Eastern Atlantic has a direct effect on United States fisheries.

This resolution expresses the Senate's belief that the United States needs to push for improved monitoring, reporting, and compliance with all ICCAT management plans. This will help all nations to identify those that have routinely acted counter to the recommendations of the ICCAT and aid enforcement efforts. It is important for the international community to understand which nations are undermining the recovery efforts of the ICCAT and take action to correct this problem. The United States should push for the necessary changes to create transparency in the conservation and management efforts of all members of the ICCAT. We need to know who is a dedicated partner in these efforts to conserve and sustainably manage highly migratory species.

As chair and ranking member of the Subcommittee on Oceans, Atmosphere, and Fisheries, Senator KERRY and I have been dedicated to improving fisheries management. This resolution is a critical step in ensuring that the international management plan approved by the ICCAT in 1998 meets the sustainable harvest goals that we all fought for. I urge my colleagues to join us and support this resolution.

SENATE CONCURRENT RESOLUTION 82—AUTHORIZING THE 2002 WINTER OLYMPICS TORCH RELAY TO COME ONTO THE CAPITOL GROUNDS

Mr. BENNETT (for himself, Mr. HATCH, Mr. DODD, Mr. MCCONNELL, and Mr. STEVENS) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 82

Resolved by the Senate (the House of Representatives concurring),

SECTION 1. AUTHORIZATION OF THE RUNNING OF 2002 WINTER OLYMPICS TORCH RELAY ONTO THE CAPITOL GROUNDS.

On December 21, 2001, or on such other date as the Speaker of the House of Representatives and the Committee on Rules and Administration of the Senate may jointly designate, the 2002 Winter Olympics Torch Relay (in this resolution referred to as the "event") may come onto the Capitol Grounds as part of the ceremony of the 2002 Winter Olympic Games to be held in Salt Lake City, Utah.

SEC. 2. RESPONSIBILITY OF CAPITOL POLICE BOARD.

The Capitol Police Board shall take such actions as may be necessary to carry out the event.

SEC. 3. CONDITIONS RELATING TO PHYSICAL PREPARATIONS.

The Architect of the Capitol may prescribe conditions for physical preparations for the event.

SEC. 4. ENFORCEMENT OF RESTRICTIONS.

The Capitol Police Board shall provide for enforcement of the restrictions contained in section 4 of the Act of July 31, 1946 (40 U.S.C. 193d; 60 Stat. 718), concerning sales, advertisements, displays, and solicitations on the Capitol Grounds, as well as other restrictions applicable to the Capitol Grounds, with respect to the event.

SENATE CONCURRENT RESOLUTION 83—PROVIDING FOR A NATIONAL DAY OF RECONCILIATION

Mr. BROWNBACK (for himself and Mrs. CLINTON) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 83

Resolved by the Senate (the House of Representatives concurring),

SECTION 1. USE OF ROTUNDA OF THE CAPITOL.

The rotunda of the Capitol is authorized to be used at any time on November 27, 2001, or December 4, 2001, for a National Day of Reconciliation where—

(1) the 2 Houses of Congress shall assemble in the rotunda with the Chaplain of the House of Representatives and the Chaplain of the Senate in attendance; and

(2) during this assembly, the Members of the 2 Houses may gather to humbly seek the blessings of Providence for forgiveness, reconciliation, unity, and charity for all people of the United States, thereby assisting the Nation to realize its potential as—

- (A) the champion of hope;
- (B) the vindicator of the defenseless; and
- (C) the guardian of freedom.

SEC. 2. PHYSICAL PREPARATIONS FOR THE ASSEMBLY.

Physical preparations for the assembly shall be carried out in accordance with such conditions as the Architect of the Capitol may prescribe.

AMENDMENTS SUBMITTED AND PROPOSED

SA 2117. Mr. DAYTON submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table.

SA 2118. Mr. MCCAIN (for himself, Mr. ALLARD, Mr. LIEBERMAN, Ms. SNOWE, Mr. LEVIN,

Mr. MURKOWSKI, Mr. CLELAND, Mr. INHOFE, Ms. LANDRIEU, Mr. BURNS, Mr. DURBIN, Mr. SESSIONS, and Mr. DEWINE) submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2119. Mr. BOND submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2120. Mr. BOND submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2121. Mr. KERRY (for himself and Mr. BOND) submitted an amendment intended to be proposed by him to the bill S. 1499, to provide assistance to small business concerns adversely impacted by the terrorist attacks perpetrated against the United States on September 11, 2001, and for other purposes; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2117. Mr. DAYTON submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ____ . REFUNDABLE CREDIT FOR OUTPATIENT PRESCRIPTION DRUGS FOR MEDICARE BENEFICIARIES.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

“SEC. 35. OUTPATIENT PRESCRIPTION DRUGS FOR MEDICARE BENEFICIARIES.

“(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle an amount equal to the amount paid during the taxable year, not compensated for by insurance or otherwise, for qualified outpatient prescription drugs for such individual.

“(b) LIMITATION.—The amount allowed as a credit under subsection (a) to the taxpayer for the taxable year shall not exceed \$500 (\$1,000 in the case of a joint return by 2 eligible individuals).

“(c) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term ‘eligible individual’ means, with respect to any taxable year, any individual entitled to any benefits under title XVIII of the Social Security Act during such taxable year.

“(d) QUALIFIED OUTPATIENT PRESCRIPTION DRUGS.—For purposes of this section, the term ‘qualified outpatient prescription drugs’ means, with respect to any taxable year, any prescription drug the cost of which is not covered under title XVIII of the Social Security Act during such taxable year.

“(e) SPECIAL RULES.—

“(1) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—The amount which would (but for this paragraph) be taken into account by the taxpayer under section 213 for the taxable year shall be reduced by the credit (if any) allowed by this section to the taxpayer for such year.

“(2) APPLICATION OF SECTION.—This section shall not apply to any taxable year beginning after December 31, 2001.”.

(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. Outpatient prescription drugs for medicare beneficiaries.

“Sec. 36. Overpayments of tax.”.

(c) NOTIFICATION OF CREDIT.—The Secretary of Health and Human Services shall notify each individual who is or becomes entitled to benefits under title XVIII of the Social Security Act in 2001 of the individual's eligibility for the refundable credit for outpatient prescription drugs under section 35 of the Internal Revenue Code of 1986 (as added by this section).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SA 2118. Mr. MCCAIN (for himself, Mr. ALLARD, Mr. LIEBERMAN, Ms. SNOWE, Mr. LEVIN, Mr. MURKOWSKI, Mr. CLELAND, Mr. INHOFE, Ms. LANDRIEU, Mr. BURNS, Mr. DURBIN, Mr. SESSIONS, and Mr. DEWINE) submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place in title IX insert the following:

SEC. ____ . MEMBER OF UNIFORMED SERVICE AND FOREIGN SERVICE TREATED AS USING PRINCIPAL RESIDENCE WHILE AWAY FROM HOME ON QUALIFIED OFFICIAL EXTENDED DUTY IN DETERMINING EXCLUSION OF GAIN ON SALE OF SUCH RESIDENCE.

(a) IN GENERAL.—Section 121(d) (relating to special rules) is amended by adding at the end the following:

“(9) DETERMINATION OF USE DURING PERIODS OF QUALIFIED OFFICIAL EXTENDED DUTY WITH UNIFORMED SERVICE OR FOREIGN SERVICE.—

“(A) IN GENERAL.—A taxpayer shall be treated as using property as a principal residence during any period—

“(i) the taxpayer owns such property, and

“(ii) the taxpayer (or the taxpayer's spouse) is serving on qualified official extended duty as a member of a uniformed service or of the Foreign Service,

but only if the taxpayer owned and used the property as a principal residence for any period before the period of qualified official extended duty.

“(B) QUALIFIED OFFICIAL EXTENDED DUTY.—For purposes of this paragraph—

“(i) IN GENERAL.—The term ‘qualified official extended duty’ means any period of extended duty during which the member of a uniformed service or the Foreign Service is under a call or order compelling such duty at a duty station which is a least 50 miles from the property described in subparagraph (A) or compelling residence in Government furnished quarters while on such duty.

“(ii) EXTENDED DUTY.—The term ‘extended duty’ means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.

“(C) DEFINITIONS.—For purposes of this paragraph—

“(i) UNIFORMED SERVICE.—The term ‘uniformed service’ has the meaning given such term by section 101(a)(5) of title 10, United States Code.

“(ii) FOREIGN SERVICE OF THE UNITED STATES.—The term ‘member of the Foreign Service’ has the meaning given the term ‘member of the Service’ by paragraph (1), (2), (3), (4), or (5) of section 103 of the Foreign Service Act of 1980.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales or exchanges on or after the date of the enactment of this Act.

SA 2119. Mr. BOND submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

Strike section 202 of the bill and insert the following:

SEC. 202. SMALL BUSINESS ECONOMIC STIMULUS.

(a) INCREASE AND EXPANSION OF SECTION 179 EXPENSING.—

(1) IN GENERAL.—The table contained in section 179(b)(1) (relating to dollar limitation) is amended to read as follows:

“If the taxable year begins in:	The applicable amount is:
2001	\$24,000
2002 or 2003	\$50,000
2004 or thereafter	\$25,000.”.

(2) TEMPORARY INCREASE IN AMOUNT OF PROPERTY TRIGGERING PHASEOUT OF MAXIMUM BENEFIT.—Paragraph (2) of section 179(b) is amended by inserting before the period “(\$400,000 in the case of taxable years beginning during 2002 or 2003)”.

(3) EXPENSING ALLOWED FOR COMPUTER SOFTWARE AND FOR YEAR IN WHICH PROPERTY PURCHASED.—Section 179 (relating to election to expense certain depreciable business assets) is amended by adding at the end the following new subsection:

“(e) SPECIAL RULES FOR PROPERTY PLACED IN SERVICE IN 2002 or 2003.—

“(1) IN GENERAL.—In the case of eligible property, this section shall be applied with the following modifications:

“(A) The second sentence of subsection (a) shall be applied by inserting ‘or, if the taxpayer elects, the taxable year in which the property is purchased’ after ‘service’.

“(B) The term ‘section 179 property’ shall include computer software (as defined in section 197(e)(3)(B)) to which section 167 applies and which is acquired by purchase for use in the active conduct of a trade or business.

“(2) ELIGIBLE PROPERTY.—For purposes of this subsection, the term ‘eligible property’ means property—

“(A) which is section 179 property (as modified by paragraph (1)(B)), and

“(B) which is purchased or placed in service by the taxpayer in a taxable year beginning in 2002 or 2003.”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2000.

(b) TEMPORARY INCREASE IN DEPRECIATION LIMITS FOR BUSINESS VEHICLES.—

(1) INCREASE IN LIMITATION.—Section 280F(a)(1)(A) (relating to limitation on amount of depreciation for luxury automobiles) is amended—

(A) by striking “\$2,560” in clause (i) and inserting “\$5,400”;

(B) by striking “\$4,100” in clause (ii) and inserting “\$8,500”;

(C) by striking “\$2,450” in clause (iii) and inserting “\$5,100”; and

(D) by striking “\$1,475” in clause (iv) and inserting “\$3,000”.

(2) CONFORMING AMENDMENT.—Section 280F(a)(1)(B)(ii) (relating to disallowed deductions allowed for years after recovery period) is amended by striking “\$1,475” each place that it appears and inserting “\$3,000”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after September 10, 2001, and before January 1, 2004.

(c) TEMPORARY INCREASE IN DEDUCTION FOR BUSINESS MEALS.—

(1) IN GENERAL.—Subsection (n) of section 274 (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 beverages paid or incurred on or after September 11, 2001, and before January 1, 2004, paragraph (1) shall be applied by substituting ‘100 percent’ for ‘50 percent’.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to expenses paid or incurred on or after September 11, 2001.

(d) EMERGENCY DESIGNATION.—Congress designates as emergency requirements pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 an amount equal to the amount by which revenues are reduced by this section, and the amendments made 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.

SA 2120. Mr. BOND submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end, add the following:

TITLE X—SMALL BUSINESS ECONOMIC RECOVERY

SEC. 1001. SHORT TITLE.

This title may be cited as the “Small Business Leads to Economic Recovery Act of 2001”.

SEC. 1002. EMERGENCY DESIGNATION.

Amounts provided under this title are designated by Congress as emergency requirements pursuant section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985. Such amounts shall be available only to the extent that an official budget request that includes a designation for each amount of the request as an emergency requirement, as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, is transmitted by the President to Congress.

Subtitle A—Small Business Emergency Loan Assistance

SEC. 1011. SHORT TITLE.

This subtitle may be cited as the “Small Business Emergency Loan Assistance Act of 2001”.

SEC. 1012. DEFINITIONS.

In this subtitle—

(1) the term “Administration” means the Small Business Administration;

(2) the term “covered loan” means a loan made by the Administration to a small business concern—

(A) under section 7(b) of the Small Business Act (15 U.S.C. 636(b)); and

(B) located in an area which the President has designated as a disaster area as a result of the terrorist attacks perpetrated against the United States on September 11, 2001; and

(3) the term “small business concern” has the same meaning as in section 3 of the Small Business Act (15 U.S.C. 632).

SEC. 1013. DEFERMENT OF DISASTER LOAN PAYMENTS.

(a) IN GENERAL.—Notwithstanding any other provision of law, payments of principal or interest on a covered loan shall be deferred, and no interest shall accrue with respect to a covered loan, during the 2-year pe-

riod following the date of issuance of the covered loan.

(b) RESUMPTION OF PAYMENTS.—At the end of the 2-year period described in subsection (a), the payment of periodic installments of principal and interest shall be required with respect to a covered loan, in the same manner and subject to the same terms and conditions as would otherwise be applicable to a loan made under section 7(b) of the Small Business Act (15 U.S.C. 636(b)).

SEC. 1014. REFINANCING EXISTING DISASTER LOANS.

(a) IN GENERAL.—Any loan made under section 7(b) of the Small Business Act (15 U.S.C. 636(b)) that was outstanding as to principal or interest on September 11, 2001, may be refinanced by a small business concern that is also eligible to receive a covered loan under this subtitle, and the refinanced amount shall be considered to be part of the covered loan for purposes of this subtitle.

(b) NO AFFECT ON ELIGIBILITY.—A refinancing under subsection (a) by a small business concern shall be in addition to any covered loan eligibility for that small business concern under this subtitle.

SEC. 1015. EMERGENCY RELIEF LOAN PROGRAM.

(a) BUSINESS LOAN AUTHORITY.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

“(31) TEMPORARY LOAN AUTHORITY FOLLOWING TERRORIST ATTACKS.—

“(A) IN GENERAL.—During the 1-year period beginning on the date of enactment of this paragraph, the Administration may make loans under this subsection to a small business concern that has suffered, or that is likely to suffer, significant economic injury as a result of the terrorist attacks perpetrated against the United States on September 11, 2001.

“(B) LOAN TERMS.—With respect to a loan under this paragraph—

“(i) for purposes of paragraph (2)(A), participation by the Administration shall be equal to 95 percent of the balance of the financing outstanding at the time of disbursement of the loan;

“(ii) no fee may be required or charged under paragraph (18);

“(iii) the applicable rate of interest shall not exceed a rate that is one percentage point above the prime rate as published in a national financial newspaper published each business day;

“(iv) no such loan shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower under this paragraph would exceed \$1,000,000;

“(v) upon request of the borrower, repayment of principal due on a loan made under this paragraph shall be deferred during the 1-year period beginning on the date of issuance of the loan; and

“(vi) the repayment period shall not exceed 7 years, including any period of deferment under clause (v).

“(C) APPLICABILITY.—The loan terms described in subparagraph (B) shall apply to a loan under this paragraph notwithstanding any other provision of this subsection, and except as specifically provided in this paragraph, a loan under this paragraph shall otherwise be subject to the same terms and conditions as any other loan under this subsection.

“(D) SIGNIFICANT ECONOMIC INJURY.—In this paragraph, the term ‘substantial economic injury’ means an economic harm to a small business concern that results in the inability of the small business concern—

“(i) to meet its obligations as they mature;

“(ii) to pay its ordinary and necessary operating expenses; or

“(iii) to market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern.”.

SEC. 1016. ECONOMIC RECOVERY LOAN AND FINANCING PROGRAMS.

(a) ONE-YEAR SUSPENSION OF SECTION 7(a) FEES.—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended by adding at the end the following:

“(C) ONE-YEAR WAIVER OF FEES FOLLOWING TERRORIST ATTACKS.—No fee may be collected or charged, and no fee shall accrue under this paragraph during the 1-year period beginning on the date of enactment of the Small Business Terrorism Relief and Economic Stimulus Act of 2001.”.

(b) ONE-YEAR INCREASE IN PARTICIPATION LEVELS.—Section 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2)) is amended—

(1) in subparagraph (A), by striking “subparagraph (B)” and inserting “subparagraphs (B) and (E)”; and

(2) by adding at the end the following:

“(E) TEMPORARY PARTICIPATION LEVELS FOLLOWING TERRORIST ATTACKS.—During the 1-year period beginning on the date of enactment of the Small Business Terrorism Relief and Economic Stimulus Act of 2001, clauses (i) and (ii) of subparagraph (A) shall be construed to read as follows:

“(i) 85 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance exceeds \$150,000; or

“(ii) 90 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance is less than or equal to \$150,000.”.

(c) ONE-YEAR SUSPENSION OF OTHER FEES.—Section 503 of the Small Business Investment Act of 1958 (15 U.S.C. 697) is amended—

(1) in subsection (b)(7)(A), by striking “which amount shall” and inserting “which amount shall not be assessed or collected, and no amount shall accrue, during the 1-year period beginning on the date of enactment of the Small Business Terrorism Relief and Economic Stimulus Act of 2001, and which amount shall otherwise”; and

(2) in subsection (d)(2), by adding at the end the following: “No fee may be assessed or collected under this paragraph, and no fee shall accrue, during the 1-year period beginning on the date of enactment of the Small Business Emergency Loan Assistance Act of 2001.”.

Subtitle B—Small Business Procurements

SEC. 1021. EXPANSION OF OPPORTUNITY FOR SMALL BUSINESSES TO BE AWARDED DEPARTMENT OF DEFENSE CONTRACTS FOR ARCHITECTURAL AND ENGINEERING SERVICES AND CONSTRUCTION DESIGN.

Section 2855(b)(2) of title 10, United States Code, is amended by striking “\$85,000” and inserting “\$300,000”.

SEC. 1022. PROCUREMENTS OF PROPERTY AND SERVICES IN AMOUNTS NOT IN EXCESS OF \$100,000 FROM SMALL BUSINESSES.

(a) SMALL BUSINESS SET-ASIDES.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended by adding at the end the following:

“(q) PROCUREMENTS OF PROPERTY AND SERVICES NOT IN EXCESS OF \$100,000.—

“(1) FEDERAL SUPPLY SCHEDULE ITEMS.—The head of an agency procuring items listed on a Federal Supply Schedule in a total amount not in excess of \$100,000 shall procure the items from a small business concern.

“(2) OTHER PROPERTY AND SERVICES.—The head of an agency procuring property or services not listed on a Federal Supply Schedule in a total amount not in excess of \$100,000 shall procure the property or services from a small business concern registered on PRO-Net or the Centralized Contractor Registration System. Competitive procedures shall be used in the selection of

sources for procurements from small business concerns under this subsection.”.

(b) PHASED IMPLEMENTATION.—

(1) FIRST 2 YEARS.—During the 2-year period beginning on the effective date determined under subsection (c), the requirement of subsection (q)(1) of section 15 of the Small Business Act (as added by subsection (a) of this section) shall apply with respect to 25 percent of the procurements described in that subsection (q)(1) (determined on the basis of amount), and the requirement in subsection (q)(2) of that section shall apply with respect to 25 percent of the procurements described in that subsection (q)(2) (determined on the basis of amount).

(2) ENSUING 2 YEARS.—During the 2-year period beginning on the day after the expiration of the period described in paragraph (1), the requirement of subsection (q)(1) of section 15 of the Small Business Act (as added by subsection (a) of this section) shall apply with respect to 50 percent of the procurements described in that subsection (q)(1) (determined on the basis of amount), and the requirement in subsection (q)(2) of that section shall apply with respect to 50 percent of the procurements described in that subsection (q)(2) (determined on the basis of amount).

(c) EFFECTIVE DATE.—Section 15(q) of the Small Business Act (as added by subsection (a) of this section) shall take effect on the first day of the first month that begins not less than 180 days after the date of enactment of this Act.

SEC. 1023. SOLE SOURCE PROCUREMENTS OF PROPERTY AND SERVICES UNDER THE 2001 EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT FOR RECOVERY FROM AND RESPONSE TO TERRORIST ATTACKS ON THE UNITED STATES.

Notwithstanding the provisions of sections 8(a)(1)(D)(i)(II) and subclauses (I) and (II) of section 31(b)(2)(A)(ii) of the Small Business Act (15 U.S.C. 637(a)(1)(D)(i)(II), 658(b)(2)(A)(ii)(I), and 658 (b)(2)(A)(ii)(II), respectively), a contracting officer may award non-competitive contracts with the budget authority provided by the 2001 Emergency Supplemental Appropriations Act for Recovery From and Response To Terrorist Attacks on the United States (Public Law 107-38) or by subsequent emergency appropriations bill adopted pursuant thereto, if—

(1) such contracts are to be awarded to an eligible Program Participant under section 8(a) or to a qualified HUBZone small business concern under section 3(p)(5) of the Small Business Act (15 U.S.C. 637(a) and 632(p)(5)); and

(2) the head of the procuring agency certifies that the property or services needed by the agency are of such an unusual and compelling urgency that the United States would be seriously harmed by use of competitive procedures, pursuant to—

(A) section 2304(c)(2) of title 10, United States Code; or

(B) section 303(c)(2) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(c)(2)).

SA 2121. Mr. KERRY (for himself and Mr. BOND) submitted an amendment intended to be proposed by him to the bill S. 1499, to provide assistance to small business concerns adversely impacted by the terrorist attacks perpetrated against the United States on September 11, 2001, and for other purposes; which was ordered to lie on the table; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “American Small Business Emergency Relief and Recovery Act of 2001”.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) the Nation’s 25,000,000 small businesses employ more than 58 percent of the private workforce, and create 75 percent of all net new jobs;

(2) as a result of the terrorist attacks perpetrated against the United States on September 11, 2001, many small businesses nationwide suffered—

(A) directly because—

(i) they are, or were as of September 11, 2001, located in or near the World Trade Center or the Pentagon, or in a disaster area declared by the President or the Administrator;

(ii) they were closed or their business was suspended for National security purposes at the mandate of the Federal Government; or

(iii) they are, or were as of September 11, 2001, located in an airport that has been closed; and

(B) indirectly because—

(i) they supplied or provided services to businesses that were located in or near the World Trade Center or the Pentagon;

(ii) they are, or were as of September 11, 2001, a supplier, service provider, or complementary industry to any business or industry adversely affected by the terrorist attacks perpetrated against the United States on September 11, 2001, in particular, the financial, hospitality, and travel industries; or

(iii) they are, or were as of September 11, 2001, integral to or dependent upon a business or business sector closed or suspended for national security purposes by mandate of the Federal Government; and

(3) small business owners adversely affected by the terrorist attacks are finding it difficult or impossible—

(A) to make loan payments on existing debts;

(B) to pay their employees;

(C) to pay their vendors;

(D) to purchase materials, supplies, or inventory;

(E) to pay their rent, mortgage, or other operating expenses; or

(F) to secure financing for their businesses.

(b) PURPOSE.—The purpose of this Act is to strengthen the loan, investment, procurement assistance, and management education programs of the Small Business Administration, in order to help small businesses meet their existing obligations, finance their businesses, and maintain and create jobs, thereby providing stability to the national economy.

SEC. 3. DEFINITIONS RELATING TO TERRORIST ATTACKS.

Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:

“(r) DEFINITIONS RELATING TO TERRORISM RELIEF.—In this Act, the following definitions shall apply with respect to the provision of assistance under this Act in response to the terrorist attacks perpetrated against the United States on September 11, 2001, pursuant to the American Small Business Emergency Relief and Recovery Act of 2001:

“(1) DIRECTLY AFFECTED.—A small business concern is directly affected by the terrorist attacks perpetrated against the United States on September 11, 2001, if it—

“(A) is, or was as of September 11, 2001, located in or near the World Trade Center or the Pentagon, or in a disaster area declared by the President or the Administrator related to those terrorist attacks;

“(B) was closed or its business was suspended for national security purposes at the mandate of the Federal Government; or

“(C) is, or was as of September 11, 2001, located in an airport that has been closed.

“(2) INDIRECTLY AFFECTED.—A small business concern is indirectly affected by the terrorist attacks perpetrated against the United States on September 11, 2001, if it—

“(A) supplied or provided services to any business that was located in or near the World Trade Center or the Pentagon, or in a disaster area declared by the President or the Administrator related to those terrorist attacks;

“(B) is, or was as of September 11, 2001, a supplier, service provider, or complementary industry to any business or industry adversely affected by the terrorist acts perpetrated against the United States on September 11, 2001, in particular, the financial, hospitality, and travel industries; or

“(C) it is, or was as of September 11, 2001, integral to or dependent upon a business or business sector closed or suspended for national security purposes by mandate of the Federal Government.

“(3) ADVERSELY AFFECTED.—The term ‘adversely affected’ means having suffered economic harm to or disruption of the business operations of a small business concern as a direct or indirect result of the terrorist attacks perpetrated against the United States on September 11, 2001.

“(4) SUBSTANTIAL ECONOMIC INJURY.—As used in section 7(b)(4), the term ‘substantial economic injury’ means an economic harm to a small business concern that results in the inability of the small business concern—

“(A) to meet its obligations on an ongoing basis;

“(B) to pay its ordinary and necessary operating expenses; or

“(C) to market, produce, or provide a product or service ordinarily marketed, produced, or provided by the small business concern.”.

SEC. 4. DISASTER LOANS AFTER TERRORIST ATTACKS.

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately before the undesignated material following paragraph (3) the following:

“(4) DISASTER LOANS AFTER TERRORIST ATTACKS OF SEPTEMBER 11, 2001.—

“(A) LOAN AUTHORITY.—In addition to any other loan authorized by this section, the Administration may make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) to a small business concern that has been directly affected and suffered, or that is likely to suffer, substantial economic injury as the result of the terrorist attacks on September 11, 2001, including due to the closure or suspension of its business for National security purposes at the mandate of the Federal Government.

“(B) DEFERMENT OF LOAN PAYMENTS.—

“(i) IN GENERAL.—Notwithstanding any other provision of law, payments of principal and interest on a loan made under this paragraph (other than a refinancing under subparagraph (D)) or paragraph (1) as a result of the terrorist attacks on September 11, 2001, shall be deferred, and no interest shall accrue with respect to such loan, during the 2-year period following the date of issuance of such loan.

“(ii) RESUMPTION OF PAYMENTS.—At the end of the 2-year period described in clause (i), the payment of periodic installments of principal and interest shall be required with respect to such loan, in the same manner and subject to the same terms and conditions as would otherwise be applicable to any other loan made under this subsection.

“(C) REFINANCING DISASTER LOANS.—

“(i) IN GENERAL.—Any loan made under this subsection that was outstanding as to principal or interest on September 11, 2001, may be refinanced by a small business concern that is also eligible to receive a loan under this paragraph, and the refinanced amount shall be considered to be part of the new loan for purposes of this clause.

“(ii) NO EFFECT ON ELIGIBILITY.—A refinancing under clause (i) by a small business concern shall be in addition to any other loan eligibility for that small business concern under this Act.

“(D) REFINANCING BUSINESS DEBT.—

“(i) IN GENERAL.—Any business debt of a small business concern that was outstanding as to principal or interest on September 11, 2001, may be refinanced by the small business concern if it is also eligible to receive a loan under this paragraph. With respect to a refinancing under this clause, payments of principal shall be deferred, and interest may accrue notwithstanding subparagraph (B), during the 1-year period following the date of refinancing.

“(ii) RESUMPTION OF PAYMENTS.—At the end of the 1-year period described in clause (i), the payment of periodic installments of principal and interest shall be required with respect to such loan, in the same manner and subject to the same terms and conditions as would otherwise be applicable to any other loan made under this subsection.

“(E) TERMS.—A loan under this paragraph shall be made at the same interest rate as economic injury loans under paragraph (2). Any reasonable doubt concerning the repayment ability of an applicant under this paragraph shall be resolved in favor of the applicant.

“(F) NO DISASTER DECLARATION REQUIRED.—For purposes of assistance under this paragraph, no declaration of a disaster area is required for those small business concerns directly affected by the terrorist attacks on September 11, 2001.

“(G) SIZE STANDARD ADJUSTMENTS.—Notwithstanding any other provision of law, for purposes of providing assistance under this paragraph to businesses located in areas of New York, Virginia, and the contiguous areas designated by the President or the Administrator as a disaster area following the terrorist attacks on September 11, 2001, a business shall be considered to be a ‘small business concern’ if it meets otherwise applicable size regulations promulgated by the Administration, and, with respect to the applicable size standard, it is—

“(i) a restaurant having not more than \$8,000,000 in annual receipts;

“(ii) a law firm having not more than \$8,000,000 in annual receipts;

“(iii) a certified public accounting business having not more than \$8,000,000 in annual receipts;

“(iv) a performing arts business having not more than \$8,000,000 in annual receipts;

“(v) a warehousing or storage business having not more than \$25,000,000 in annual receipts;

“(vi) a contracting business having a size standard under the North American Industry Classification System, Subsector 235, and having not more than \$15,000,000 in annual receipts;

“(vii) a food manufacturing business having not more than 1,000 employees;

“(viii) an apparel manufacturing business having not more than 1,000 employees; or

“(ix) a travel agency having not more than \$2,000,000 in annual receipts.

“(5) AUTHORITY TO INCREASE OR WAIVE SIZE STANDARDS AND SIZE REGULATIONS.—

“(A) IN GENERAL.—At the discretion of the Administrator, the Administrator may increase or waive otherwise applicable size standards or size regulations with respect to

businesses applying for assistance under this Act in response to the terrorist attacks on September 11, 2001.

“(B) EXEMPTION FROM ADMINISTRATIVE PROCEDURES.—The provisions of subchapter II of chapter 5, of title 5, United States Code, shall not apply to any increase or waiver by the Administrator under subparagraph (A).

“(6) INCREASED LOAN CAPS.—

“(A) AGGREGATE LOAN AMOUNTS.—Except as provided in subparagraph (B), and in addition to amounts otherwise authorized by this Act, the loan amount outstanding and committed to a borrower may not exceed—

“(i) with respect to a small business concern located in the areas of New York, Virginia, or the contiguous areas designated by the President or the Administrator as a disaster area following the terrorist attacks on September 11, 2001—

“(I) \$6,000,000 in total obligations under paragraph (1); and

“(II) \$6,000,000 in total obligations under paragraph (4); and

“(ii) with respect to a small business concern that is not located in an area described in clause (i) and that is eligible for assistance under paragraph (4), \$5,000,000 in total obligations under paragraph (4).

“(B) WAIVER AUTHORITY.—The Administrator may, at the discretion of the Administrator, waive the aggregate loan amounts established under subparagraph (A).

“(7) EXTENDED APPLICATION PERIOD.—Notwithstanding any other provision of law, the Administrator shall accept applications for assistance under paragraphs (1) and (4) until September 10, 2002, with respect to applicants for such assistance as a result of the terrorist attacks on September 11, 2001.

“(8) LIMITATION ON SALES OF LOANS.—No loan under paragraph (1) or (4), made as a result of the terrorist attacks on September 11, 2001, shall be sold until 4 years after the date of the final loan disbursement.”

(b) CLERICAL AMENDMENTS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended in the undesignated matter at the end—

(1) by striking “, (2), and (4)” and inserting “and (2)”; and

(2) by striking “, (2), or (4)” and inserting “(2)”.

SEC. 5. EMERGENCY RELIEF LOAN PROGRAM.

(a) LOAN PROGRAM.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

“(31) TEMPORARY LOAN AUTHORITY FOLLOWING TERRORIST ATTACKS.—

“(A) IN GENERAL.—During the 1-year period beginning on the date of enactment of this paragraph, the Administration may make loans under this subsection to a small business concern that has been, or that is likely to be directly or indirectly adversely affected.

“(B) LOAN TERMS.—With respect to a loan under this paragraph—

“(i) for purposes of paragraph (2)(A), participation by the Administration shall be equal to 90 percent of the balance of the financing outstanding at the time of disbursement of the loan;

“(ii) the Administrator shall collect an annual fee in an amount equal to 0.25 percent of the outstanding balance of the deferred participation share of the loan, notwithstanding paragraph (23)(A);

“(iii) no fee may be collected or charged under paragraph (18);

“(iv) the applicable rate of interest shall not exceed a rate that is 2 percentage points above the prime lending rate;

“(v) no such loan shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower under this paragraph—

“(I) would exceed \$1,000,000; or

“(II) at the discretion of the Administrator, and upon notice to the Congress, would exceed \$2,000,000, as necessary to provide relief in high-cost areas or to high-cost industries that have been adversely affected; or

“(vi) no such loan shall be made if the gross amount of the loan would exceed \$3,000,000;

“(vii) upon request of the borrower, repayment of principal due on a loan made under this paragraph may be deferred during the 1-year period beginning on the date of issuance of the loan; and

“(viii) any reasonable doubt concerning the repayment ability of an applicant for a loan under this paragraph shall be resolved in favor of the applicant.

“(C) APPLICABILITY.—The loan terms described in subparagraph (B) shall apply to a loan under this paragraph notwithstanding any other provision of this subsection, and except as specifically provided in this paragraph, a loan under this paragraph shall otherwise be subject to the same terms and conditions as any other loan under this subsection.

“(D) TRAVEL AGENCIES.—For purposes of loans made under this paragraph, the size standard for a travel agency shall be \$2,000,000 in annual receipts.”

(b) CONFORMING AMENDMENT.—Section 7(a)(23)(A) of the Small Business Act (15 U.S.C. 636(a)(23)(A)) is amended by inserting “other than a loan under paragraph (31) or a loan described in paragraph (2)(E),” after “this subsection.”

SEC. 6. BUSINESS LOAN ASSISTANCE FOLLOWING TERRORIST ATTACKS.

(a) ONE-YEAR WAIVER OF SECTION 7(a) FEES.—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended by adding at the end the following:

“(C) ONE-YEAR WAIVER OF FEES FOLLOWING TERRORIST ATTACKS.—For loans approved during the 1-year period following the date of enactment of the American Small Business Emergency Relief and Recovery Act of 2001, a fee equal to not more than one half of the amount otherwise required by this paragraph shall be collected or charged under this paragraph.”

(b) ONE-YEAR INCREASE IN PARTICIPATION LEVELS.—Section 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2)) is amended—

(1) in subparagraph (A), by striking “subparagraph (B)” and inserting “subparagraphs (B) and (E)”; and

(2) by adding at the end the following:

“(E) TEMPORARY PARTICIPATION LEVELS FOLLOWING TERRORIST ATTACKS.—For loans under this subsection, other than paragraph (31), that are approved during the 1-year period following the date of enactment of the American Small Business Emergency Relief and Recovery Act of 2001—

“(i) the guarantee percentage specified by clause (i) of subparagraph (A) shall be increased to 85 percent (except with respect to loans approved under the SBA Express Pilot Program); and

“(ii) the Administrator shall collect an annual fee in an amount equal to 0.25 percent of the outstanding balance of the deferred participation share of the loan, notwithstanding paragraph (23)(A).”

(c) REDUCTION OF SECTION 504 FEES.—

(1) IN GENERAL.—Section 503 of the Small Business Investment Act of 1958 (15 U.S.C. 697) is amended—

(A) in subsection (b)(7)(A)—

(i) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and moving the margins 2 ems to the right;

(ii) by striking “not exceed the lesser” and inserting “not exceed—

“(i) the lesser”; and

(iii) by adding at the end the following:

“(ii) 50 percent of the amount established under clause (i) in the case of a loan made during the 1-year period following the date of enactment of the American Small Business Emergency Relief and Recovery Act of 2001, for the life of the loan; and”;

(B) by adding at the end the following:

“(i) ONE-YEAR WAIVER OF FEES FOLLOWING TERRORIST ATTACKS.—The Administration may not assess or collect any up front guarantee fee with respect to loans made under this title during the 1-year period following the date of enactment of the American Small Business Emergency Relief and Recovery Act of 2001.”.

(2) USE OF FUNDS FOR SECTION 504 PROGRAM.—The provisions of subsections (b)(7)(A), (d)(2), and (i) of section 503 of the Small Business Investment Act of 1958, as amended by this subsection, shall be effective only to the extent that funds are made available under appropriations Acts, which funds shall be utilized to offset the cost (as such term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of making guarantees under those amended provisions.

(d) BUDGETARY TREATMENT OF LOANS AND FINANCINGS.—Assistance made available under any loan made or approved by the Small Business Administration under section 7(a) or 7(b)(4) of the Small Business Act (15 U.S.C. 636(a)) or financings made under title III or V of the Small Business Investment Act of 1958 (15 U.S.C. 697a), during the 1-year period beginning on the date of enactment of this Act, shall be treated as separate programs of the Small Business Administration for purposes of the Federal Credit Reform Act of 1990 only.

(e) USE OF FUNDS FOR 7(a) AND 7(a) EMERGENCY RELIEF LOAN PROGRAMS.—The provisions of paragraphs (2), (18), and (31) of section 7(a) of the Small Business Act, as amended by this Act, shall be effective only to the extent that funds are made available under appropriations Acts, which funds shall be utilized to offset the cost (as such term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of making guarantees under those amended provisions.

SEC. 7. APPROVAL PROCESS.

Notwithstanding any other provision of law, the Administrator of the Small Business Administration may adopt such approval processes as the Administrator determines, after consultation with the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, to be appropriate in order to make assistance under this Act and the amendments made by this Act available to all eligible small business concerns.

SEC. 8. OTHER SPECIALIZED ASSISTANCE AND MONITORING AUTHORIZED.

(a) ADDITIONAL SBDC AUTHORITY.—

(1) IN GENERAL.—Section 21(c)(3) of the Small Business Act (15 U.S.C. 648(c)(3)) is amended—

(A) in subparagraph (S), by striking “and” at the end;

(B) in subparagraph (T), by striking the period at the end and inserting “; and”;

(C) by adding at the end the following:

“(U) providing individualized assistance with respect to financing, refinancing of existing debt, and business counseling to small business concerns adversely affected, directly or indirectly, by the terrorist attacks on September 11, 2001.”.

(2) WAIVER OF MATCHING REQUIREMENTS.—Section 21(a)(4) of the Small Business Act (15 U.S.C. 648(a)(4)) is amended by inserting before the period the following: “, except that

the matching requirements of this paragraph do not apply with respect to any assistance provided under subsection (c)(3)(U)”.

(b) ADDITIONAL SCORE AUTHORITY.—Section 8(b)(1)(B) of the Small Business Act (15 U.S.C. 637(b)(1)(B)) is amended—

(1) by inserting “(i)” after “(B)”;

(2) by adding at the end the following:

“(ii) The functions of the Service Corps of Retired Executives (SCORE) shall include the provision of individualized assistance with respect to financing, refinancing of existing debt, and business counseling to small business concerns adversely affected by the terrorist attacks on September 11, 2001.”.

(c) ADDITIONAL MICROLOAN PROGRAM AUTHORITY.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended by adding at the end the following:

“(14) ASSISTANCE AFTER TERRORIST ATTACKS OF SEPTEMBER 11, 2001.—Amounts made available under this subsection may be used by intermediaries to provide individualized assistance with respect to financing, refinancing of existing debt, and business counseling to small business concerns adversely affected by the terrorist attacks on September 11, 2001.”.

(d) ADDITIONAL WOMEN'S BUSINESS DEVELOPMENT CENTER AUTHORITY.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by striking “and” at the end;

(B) in paragraph (3), by striking the period at the end and inserting “; and”;

(C) by adding at the end the following:

“(4) individualized assistance with respect to financing, refinancing of existing debt, and business counseling to small business concerns owned and controlled by women that were adversely affected by the terrorist attacks on September 11, 2001.”;

(2) in subsection (c), by adding at the end the following:

“(5) WAIVER OF MATCHING REQUIREMENTS.—A recipient organization shall not be subject to the non-Federal funding requirements of paragraph (1) with respect to assistance provided under subsection (b)(4).”.

(e) ADDITIONAL SBIC AUTHORITY.—Section 303 of the Small Business Investment Act of 1958 (15 U.S.C. 683) is amended by adding at the end the following:

“(k) AUTHORITY AFTER TERRORIST ATTACKS OF SEPTEMBER 11, 2001.—Small business investment companies are authorized and encouraged to provide equity capital and to make loans to small business concerns pursuant to sections 304(a) and 305(a) of the Small Business Investment Act of 1958, respectively, for the purpose of providing assistance to small business concerns adversely affected by the terrorist attacks on September 11, 2001.”.

SEC. 9. STUDY AND REPORT ON EFFECTS ON SMALL BUSINESS CONCERNS.

(a) STUDY.—

(1) IN GENERAL.—The Office of Advocacy of the Small Business Administration shall conduct annual studies for a 5-year period on the impact of the terrorist attacks perpetrated against the United States on September 11, 2001, on small business concerns, and the effects of assistance provided under this Act on such small business concerns.

(2) CONTENTS.—The study conducted under paragraph (1) shall include information regarding—

(A) bankruptcies and business failures that occurred as a result of the events of September 11, 2001, as compared to those that occurred in 1999 and 2000;

(B) the loss of jobs, revenue, and profits in small business concerns as a result of those events, as compared to those that occurred in 1999 and 2000;

(C) the impact of assistance provided under this Act to small business concerns adversely affected by those attacks, including information regarding whether—

(i) small business concerns that received such assistance would have remained in business without such assistance;

(ii) jobs were saved due to such assistance; and

(iii) small business concerns that remained in business had increases in employment and sales since receiving assistance.

(b) REPORT.—The Office of Advocacy shall submit a report to Congress on the studies required by subsection (a)(1), specifically addressing the requirements of subsection (a)(2) in September of each of fiscal years 2002 through 2006.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section, \$500,000 for each of fiscal years 2002 through 2006.

SEC. 10. EMERGENCY EQUITABLE RELIEF FOR FEDERAL CONTRACTORS.

(a) GUIDANCE REQUIRED.—

(1) IN GENERAL.—Under guidance issued by the Administrator for Federal Procurement Policy in conjunction with the Administrator of the Small Business Administration, the head of a contracting agency of the United States may increase the price of a contract entered into by the agency that is performed by a small business concern (as defined in section 3 of the Small Business Act) to the extent determined equitable under this section on the basis of loss resulting from security measures taken by the Federal Government at Federal facilities as a result of the terrorist attacks on September 11, 2001.

(2) EXPEDITED ISSUANCE.—Guidance required by paragraph (1) shall be issued under expedited procedures, not later than 20 days after the date of enactment of this Act.

(b) EXPEDITED PROCEDURES.—

(1) IN GENERAL.—The Administrator for Federal Procurement Policy shall prescribe expedited procedures for considering whether to grant an equitable adjustment in the case of a contract of an agency under subsection (a).

(2) REQUIREMENTS.—The procedures required by paragraph (1) shall provide for—

(A) an initial review of the merits of a contractor's request by the contracting officer concerned with the contract;

(B) a final determination of the merits of the contractor's request, including the value of any price adjustment, by the Head of the Contracting Agency, in consultation with the Administrator of the Small Business Administration, taking into consideration the initial review under subparagraph (A); and

(C) payment from the fund established under subsection (d) for the contract's price adjustment.

(3) TIMING.—The procedures required by paragraph (1) shall require completion of action on a contractor's request for adjustment not later than 30 days after the date on which the contractor submits the request to the contracting officer concerned.

(c) AUTHORIZED REMEDIES.—In addition to making a price adjustment under subsection (a), the time for performance of a contract may be extended under this section.

(d) PAYMENT OF ADJUSTED PRICE.—

(1) FUND ESTABLISHED.—The Administrator of the Small Business Administration shall establish a fund for the payment of contract price adjustments under this section. Payments of amounts for price adjustments shall be made out of the fund.

(2) AVAILABILITY.—Notwithstanding any other provision of law, amounts in the fund under this subsection shall remain available until expended.

(e) TERMINATION OF AUTHORITY.—

(1) REQUESTS.—No request for adjustment under this section may be accepted more than 330 days after the date of enactment of this Act.

(2) TERMINATION.—The authority under this section shall terminate 1 year after the date of enactment of this Act.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Small Business Administration to carry out this section, \$100,000,000, including funds for administrative expenses and costs. Any funds remaining in the fund established under subsection (d) 1 year after the date of enactment of this Act shall be transferred to the disaster loan account of the United States Small Business Administration.

SEC. 11. REPORTS TO CONGRESS.

(a) REPORTS REQUIRED.—The Administrator of the Small Business Administration shall submit regular reports to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives regarding the implementation of this Act and the amendments made by this Act, including program delivery, staffing, and administrative expenses related to such implementation.

(b) FREQUENCY OF REPORTS.—The reports required by subsection (a) shall be submitted on November 15, 2001, and December 15, 2001, and quarterly thereafter through December 31, 2003.

SEC. 12. EXPEDITED ISSUANCE OF IMPLEMENTING GUIDELINES.

Not later than 20 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall issue interim final rules and guidelines to implement this Act and the amendments made by this Act.

SEC. 13. INCREASED AUTHORIZATIONS OF APPROPRIATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended—

(1) in subsection (h)(1)(B)—

(A) by striking “\$20,050,000,000” and inserting “\$24,050,000,000”;

(B) by striking “\$15,000,000,000” and inserting “\$17,000,000,000”; and

(C) by striking “\$4,500,000,000” and inserting “\$6,500,000,000”;

(2) in subsection (h)(1)(C)—

(A) by striking “\$3,500,000,000” and inserting “\$4,200,000,000”; and

(B) by striking “\$2,500,000,000” and inserting “\$2,700,000,000”;

(3) in subsection (i)(1)(B)—

(A) by striking “\$21,550,000,000” and inserting “\$25,550,000,000”;

(B) by striking “\$16,000,000,000” and inserting “\$18,000,000,000”; and

(C) by striking “\$5,000,000,000” and inserting “\$7,000,000,000”;

(4) in subsection (i)(1)(C)—

(A) by striking “\$4,000,000,000” and inserting “\$4,700,000,000”; and

(B) by striking “\$3,000,000,000” and inserting “\$3,200,000,000”; and

(5) by adding at the end the following:

“(j) SPECIAL AUTHORIZATIONS OF APPROPRIATIONS FOLLOWING TERRORIST ATTACKS.—In addition to any other amounts authorized by this Act for any fiscal year, there are authorized to be appropriated to the Administration, to remain available until expended—

“(1) for fiscal year 2002 and each fiscal year thereafter, such sums as may be necessary to carry out paragraph (4) of section 7(b), including necessary loan capital and funds for administrative expenses related to making and servicing loans pursuant to that paragraph;

“(2) for fiscal year 2002, \$25,000,000, to be used for activities of small business development centers pursuant to section 21(c)(3)(U)—

“(A) \$2,500,000 of which shall be used to assist small business concerns (as that term is defined for purposes of section 7(b)(4)) located in the areas of New York and the contiguous areas designated by the President as a disaster area following the terrorist attacks on September 11, 2001; and

“(B) \$1,500,000 of which shall be used to assist small business concerns located in areas of Virginia and the contiguous areas designated by the President as a disaster area following those terrorist attacks;

“(3) for fiscal year 2002, \$2,000,000, to be used under the Service Corps of Retired Executives program authorized by section 8(b)(1) for the activities described in section 8(b)(1)(B)(ii);

“(4) for fiscal year 2002, \$5,000,000 for microloan technical assistance authorized under section 7(m)(14);

“(5) for fiscal year 2002, \$2,000,000 to be used for activities of women’s business centers authorized by section 29(b)(4);

“(6) for fiscal year 2002 and each fiscal year thereafter, such sums as may be necessary to carry out paragraphs (2)(E), (18)(C), and (31) of section 7(a), including any funds necessary to offset fees and amounts waived or reduced under those provisions, necessary loan capital, and funds for administrative expenses; and

“(7) for fiscal year 2002, and each fiscal year thereafter, such sums as may be necessary to carry out the 1-year suspension of fees under subsections (b)(7)(A), (d)(2), and (i) of section 503 of the Small Business Investment Act of 1958, in response to the terrorist attacks on September 11, 2001, including any funds necessary to offset fees and amounts waived under those provisions and including funds for administrative expenses.”.

NOTICES OF HEARINGS/MEETINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HARKIN. Mr. President, I would like to announce that the Committee on Agriculture, Nutrition, and Forestry will conduct a business meeting on November 13, 2001, in SR-328A at 3 p.m. The purpose of this business meeting will be to discuss the new Federal farm bill.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HARKIN. Mr. President, I would like to announce that the Committee on Agriculture, Nutrition, and Forestry will conduct a business meeting on November 14, 2001, in SR-328A at 10 a.m. The purpose of this business meeting will be to discuss the new Federal farm bill.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HARKIN. Mr. President, I would like to announce that the Committee on Agriculture, Nutrition, and Forestry will conduct a business meeting on November 15, 2001, in SR-328A at 8:30 a.m. The purpose of this business meeting will be to discuss the new Federal farm bill.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. DODD. Mr. President, I wish to announce that the Committee on Rules and Administration will meet on Thursday, November 15, at 9 a.m., in SR-301, Russell Senate Office Building, to receive testimony from the Capitol Police Board on the Perimeter Security

Plan and on matters involving security for the Capitol complex.

For further information regarding this hearing, please contact Kennie Gill at the Rules Committee on 224-6352.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. DASCHLE. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet to conduct a business meeting during the session of the Senate on Tuesday, November 13, 2001. The purpose of this business meeting will be to discuss the new Federal farm bill.

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

SUBCOMMITTEE ON HOUSING AND TRANSPORTATIONS

Mr. DASCHLE. Mr. President, I ask unanimous consent that the Subcommittee on Housing and Transportation of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Tuesday, November 13, 2001, at 2:30 p.m., to conduct an oversight hearing on “Lead-Based Paint Poisoning: State and Local Responses.”

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

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. DASCHLE. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs be authorized to meet on Tuesday, November 13, 2001, at 9:30 a.m., for a hearing entitled “Review of INS Policy on Releasing Illegal Aliens Pending Deportation Hearing.”

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

PRIVILEGES OF THE FLOOR

Mr. REID. Mr. President, I ask unanimous consent that Luis Rivera and Gary Swilley, legislative fellows, and Scott Donnelly, Alex Rodriguez, and Jon Stewart, interns with the Committee on Finance, be granted floor privileges during the consideration of H.R. 3090, including all rollcall votes thereon.

I further ask unanimous consent that the following staff of the Joint Committee on Taxation be granted floor privileges during the consideration of H.R. 3090, including all rollcall votes thereon: Thomas A. Barthold, Ray Beeman, John H. Bloyer, Nikole Clark, Roger Colinvax, Brian Derdowski, H. Benjamin Hartley, Harold E. Hirsch, Deirdre James, Laurealee A. Matthews, Patricia McDermott, Brian Meighan, John F. Navratil, Joseph W. Nega, David Noren, Samuel Olchayk, Oren S. Penn, Cecily W. Rock, Heidi Schmid, Mary M. Schmitt, Carolyn E. Smith, and Barry L. Wood.

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

Mr. GRASSLEY. Mr. President, I ask unanimous consent that my interns, Grace Pandiphurai, Jeremy Mishler, and Brian Fitzgerald, be granted the privilege of the floor for the duration of the economic stimulus debate.

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

AUTHORIZING THE 2002 WINTER OLYMPICS TORCH RELAY TO COME ONTO THE CAPITOL GROUNDS

Mr. REID. Madam President, I ask consent the Senate proceed to S. Con. Res. 82, which is at the desk.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 82) authorizing the 2002 Winter Olympic Torch Relay to come onto the Capitol Grounds.

There being no objection, the Senate proceeded to the consideration of the concurrent resolution.

Mr. REID. I ask unanimous consent that the resolution and preamble be adopted, the motion to reconsider be laid on the table, and any statements related to the resolution be printed in the RECORD.

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

The concurrent resolution (S. Con. Res. 82) was agreed to.

The preamble was agreed to.

(The text of the resolution, with its preamble, is printed in today's RECORD under "Statements on Submitted Resolutions.")

NATIONAL DAY OF RECONCILIATION

Mr. REID. I ask unanimous consent the Senate proceed to S. Con. Res. 83, which is at the desk.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 83) providing for a National Day of Reconciliation.

There being no objection, the Senate proceeded to the consideration of the concurrent resolution.

Mr. REID. I ask unanimous consent that the resolution be agreed to, the motion to reconsider be laid on the table, and any statements relating to this resolution be printed in the RECORD.

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

The concurrent resolution (S. Con. Res. 83) was agreed to.

(The text of the resolution is printed in today's RECORD under "Statements on Submitted Resolutions.")

POLICY OF THE UNITED STATES AT MEETING OF INTERNATIONAL CONVENTION FOR CONSERVATION OF ATLANTIC TUNAS

Mr. REID. I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 180, introduced earlier today by Senators KERRY and SNOWE.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 180) expressing the sense of the Senate regarding the policy of the United States at the 17th Regular Meeting of the International Convention for the Conservation of Atlantic Tunas in Murcia, Spain.

There being no objection, the Senate proceeded to consider the resolution.

Mr. REID. I ask unanimous consent that the resolution and preamble be agreed to en bloc, the motion to reconsider be laid on the table, and any statements related thereto be printed in the RECORD.

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

The resolution (S. Res. 180) was agreed to.

The preamble was agreed to.

(The text of the resolution, with its preamble, is printed in today's RECORD under "Statements on Submitted Resolutions.")

MEASURE INDEFINITELY POSTPONED—S. 1460

Mr. REID. Madam President, I ask unanimous consent that S. 1460 be indefinitely postponed.

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

ORDERS FOR WEDNESDAY, NOVEMBER 14, 2001

Mr. REID. I ask unanimous consent when the Senate completes its business today, it adjourn until the hour of 10:30 a.m. tomorrow, Wednesday, November 14; that following the prayer and the pledge, the Journal or 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 the Senate resume consideration of the Economic Recovery and Homeland Security Act.

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

ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. REID. If there is no further business to come before the Senate, I ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:53 p.m., adjourned until Wednesday, November 14, 2001, at 10:30 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate November 13, 2001:

THE JUDICIARY

EDITH BROWN CLEMENT, OF LOUISIANA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE FIFTH CIRCUIT.