H.R. 1976. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1996, and for other purposes.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent and referred as indicated:

H.R. 1976. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and related agencies programs for the fiscal year ending September 30, 1996, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mrs. KASSEBAUM, from the Committee on Labor and Human Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 143. A bill to consolidate Federal employment training programs and create a new process and structure for funding the programs, and for other purposes (Rept. No. 104–118).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

H.R. 402. A bill to amend the Alaska Native Claims Settlement Act, and for other purposes (Rept. No. 104–119).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mrs. KASSEBAUM, from the Committee on Labor and Human Resources:

Mary S. Furlong, of California, to be Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1999, vice Daniel W. Casey, term expired.

Lynne C. Waihee, of Hawaii, to be a member of the National Institute for Literacy Advisory Board for a term of three years. (New Position)

Richard J. Stern, of Illinois, to be a Member of the National Council on the Arts for a term expiring September 3, 2000, vice Catherine Yi-yu Cho Woo, term expired.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. SIMON (for himself and Mr. JEFFORDS):

S. 1065. A bill to provide procedures for the contribution of volunteer United States military personnel to international peace operations; to amend title 10, United States Code, to provide for participation of the Armed Forces in peacekeeping activities, humanitarian activities, and refugee assistance, and for other purposes; to the Committee on Foreign Relations.

By Mr. BRADLEY (for himself and Mr. NICKLES):

S. 1066. A bill to amend the Internal Revenue Code of 1986 to phase out the tax subsidies for alcohol fuels involving alcohol produced from feed stocks eligible to receive Federal agricultural subsidies; to the Committee on Finance.

By Mr. COHEN (for himself and Ms. SNOWE):

S. 1067. A bill to amend the Internal Revenue Code of 1986 to provide an excise tax exemption for transportation on certain ferries; to the Committee on Finance.

By Mr. LAUTENBERG (for himself and Mr. SIMON):

S. 1068. A bill to amend title 18, United States Code, to permanently prohibit the possession of firearms by persons who have been convicted of a violent felony, and for other purposes; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SIMON (for himself and Mr. JEFFORDS):

S. 1065. A bill to provide procedures for the contribution of volunteer U.S. military personnel to international peace operations; to amend title 10, United States Code, to provide for participation of the Armed Force in peacekeeping activities, humanitarian activities, and refugee assistance, and for other purposes; to the Committee on Foreign Relations.

THE INTERNATIONAL PEACE OPERATIONS SUPPORT ACT OF 1995

Mr. SIMON. Mr. President, Senator JEFFORDS and I are introducing today a bill entitled ''The International Peace Operations Support Act of 1995.'' The bill would enhance the U.S. military's ability to contribute to international peace operations, and is similar to legislation we introduced in the last Congress.

The Simon-Jeffords bill requires the President to report to Congress on a plan to earmark within the Armed Forces a contingency force that could be used for peace and humanitarian operations, and could be deployed on 24-hour notice. The force would include up to 3,000 active-duty personnel from any of the services, who would volunteer to serve in international peace operations. The soldiers would receive extra compensation for their participation, and would get special training for such operations.

Additionally, the bill augments the mission statements of the Army, Navy, and Air Force by affirming that their responsibilities include participation in ''international peacekeeping operations, humanitarian activities, and refugee assistance activities, when determined by the President to be in the national interest.''

Senator JEFFORDS and I designed this legislation to help the U.S. military meet some of the emerging threats in the post-cold-war era: ethnic conflicts and civil wars that cause regional instability, humanitarian disasters, and aggressors that threaten our interests overseas. Just as the military was used to confront the threat of the cold war, it will be called upon to address the threats of today and tomorrow. This has been evident in recent years in Bangladesh, Somalia, Macedonia, Rwanda, and Haiti, where the United States military has been asked to perform missions beyond the scope of traditional war-fighting, generally called peace operations.

Some reject categorically these kinds of roles for our military. I believe that is a mistake, and a denial of reality. That point of view implies that our military planners should prepare only for the big ones like World War II on the gulf war. That notion is not realistic, and would not serve our national security interests. Regional conflicts and instability are inevitable, and humanitarian disasters are inescapable. Peace operations will be needed, and the U.S. military—the most capable in the world—will be called upon to respond, so long as our Nation rejects isolationism.

Simon-Jeffords bill would help us respond to emergencies and crises by consolidating up to 3,000 soldiers with both the will and the training to undertake peace operations, who could react on short, perhaps 24-hour, notice. Let me give an example of why this is important:

In May 1994, when the situation in Rwanda was going from worse to horrific, Senator JEFFORDS and I called the Canadian general in charge of the small U.N. force there. General Daullaire made it clear that the quick infusion of 5,000–8,000 troops could stabilize the situation. Unfortunately, the United Nations did not have the troops, nor were nations willing to provide them, and we subsequently witnessed the deaths of hundreds of thousands. Rapid deployment of a contingency force as envisioned in this bill, in conjunction with similar forces in other countries, may have been able to help General Daullaire prevent some of the tragedy in Rwanda.

The concept of rapid reaction capability is neither new nor is it revolutionary. The first U.N. Secretary General, Trygve Lie, raised the idea in 1948, and there is a growing interest among the international community in enhanced military responsiveness. In fact, the United States is far behind our allies on new thinking in these areas. Canada is studying proposals to have nations designate contingency forces for peace operations, which would be coordinated by a central headquarters in some location. Our bill would fit into that plan very well. Denmark and the Netherlands are also formulating plans on quick reaction forces.

The U.S. military realizes that we will have to deal with regional crises, and I give credit to the services for incorporating peace and humanitarian

operations into their mission statements, strategy and planning. The National Military Strategy prepared by the Joint Chiefs finds that peacetime engagement activities are a primary military task—activities such as peacekeeping, humanitarian operations and democratic assistance. Senator JEFFORDS and I believe our bill complements these efforts already underway.

I noted before that the contingency force would be made of volunteers, who would be given added compensation. This is all volunteers, who would be given added compensation. This is an important component. We must recall that despite the difficulties with our operations in Somalia and Haiti, our soldiers expressed a sense of pride and accomplishment in their missions to help the people in these troubled lands. I imagine that it would not be difficult to find soldiers who would like to join this force.

The burden of world leadership is on the United States—we are the richest, the most influential, and the most militarily capable nation. Our soldiers will inevitably be called on to respond to world crises. The Simon-Jeffords bill can improve our response capability by providing for a contingency force of specially trained troops for quick deployment.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1065

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 ''International Peace Operations Support Act of 1995''.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) With the end of the Cold War, the United States is clearly the undisputed world economic and military leader and as such bears major international responsibilities.

(2) Threats to the long-term security and well-being of the United States no longer derive primarily from the risk of external military aggression against the United States or its closest treaty allies but in large measure derive from instability from a variety of causes: population movements, ethnic and regional conflicts including genocide against ethnic and religious groups, famine, terrorism, narcotics trafficking, and proliferation of weapons of mass destruction.

(3) To address such threats, the United States has increasingly turned to the United Nations and other international peace operations, which at times offer the best and most cost-effective way to prevent, contain, and resolve such problems.

(4) In numerous crisis situations, such as the massacres in Rwanda, the United Nations has been unable to respond with peace operations in a swift manner.

(5) The Secretary-General of the United Nations has asked member states to identify in advance units which are available for contribution to international peace operations under the auspices of the United Nations in order to create a rapid response capability.

(6) United States participation and leadership in the initiative of the Secretary-General is critical to leveraging contributions from other nations and, in that way, limiting the United States share of the burden and helping the United Nations to achieve success.

SEC. 3. DEFINITIONS.

For purposes of this Act—

(1) the term ''appropriate congressional consultation'' means consultation as described in section 3 of the War Powers Resolution; and

(2) the term ''international peace operations'' means any such operation carried out under chapter VI or chapter VII of the United Nations Charter or under the auspices of the Organization of American States.

SEC. 4. REPORT ON PLAN TO ORGANIZE VOLUNTEER UNITS.

Not later than 180 days after the date of enactment of this Act, the President shall submit a report to the Congress setting forth—

(1) a plan for—

(A) organizing into units of the Armed Forces a contingency force of up to 3,000 personnel, comprised of current active-duty military personnel, who volunteer additionally and specifically to serve in international peace operations and who receive added compensation for such service;

(B) recruiting personnel to serve in such units; and

(C) providing training to such personnel which is appropriate to such operations; and

(2) proposed procedures to implement such plan.

SEC. 5. AUTHORIZATION.

(a) IN GENERAL.—Upon approval by the United Nations Security Council of an international peace operation, the President, after appropriate congressional consultation, is authorized to make immediately available for such operations those units of the Armed Forces of the United States which are organized under section 4(1)(A).

(b) TERMINATION OF USE OF UNITED STATES ARMED FORCES.—(1) Subject to paragraph (2), the President may terminate United States participation in international peace operations at any time and take whatever actions he deems necessary to protect United States forces.

(2) Notwithstanding section 5(b) of the War Powers Resolution, not later than 180 days after a Presidential report is submitted or required to be submitted under section 4(a) of the War Powers Resolution in connection with the participation of the Armed Forces of the United States in an international peace operation, the President shall terminate any use of the Armed Forces with respect to which such report was submitted or required to be submitted, unless the Congress has extended by law such 180-day period.

SEC. 6. AVAILABILITY OF FUNDS.

Funds available to the Department of Defense are authorized to be available to carry out section 5(a).

SEC. 7. WAR POWERS RESOLUTION REQUIREMENTS.

Except as otherwise provided, this Act does not supersede the requirements of the War Powers Resolution.

SEC. 8. MISSION STATEMENTS FOR ARMED FORCES.

(a) ARMY.—Section 3062(a) of title 10, United States Code, is amended—

(1) by striking out ''and'' at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof ''; and''; and

(3) by adding at the end the following:

''(5) participating in international peacekeeping activities, humanitarian activities, and refugee assistance activities when determined by the President to be in the national interests of the United States.''.

(b) NAVY.—Section 5062(a) of such title is amended—

(1) by inserting ''(1)'' after ''(a)'';

(2) by striking out the second sentence; and

(3) by adding at the end the following new paragraph:

''(3) The Navy is responsible for the preparation of naval forces necessary for the following activities:

''(A) Effective prosecution of war except as otherwise assigned and, in accordance with integrated joint mobilization plans, for the expansion of the peacetime components of the Navy to meet the needs of war.

''(B) Participation in international peacekeeping activities, humanitarian activities, and refugee assistance activities when determined by the President to be in the national interests of the United States.''.

(c) AIR FORCE.—Section 8062(a) of such title is amended—

(1) by striking out ''and'' at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof ''; and''; and

(3) by adding at the end the following:

''(5) participating in international peacekeeping activities, humanitarian activities, and refugee assistance activities when determined by the President to be in the national interests of the United States.''.

Mr. JEFFORDS. Mr. President, today I join Senator SIMON in introducing the Simon-Jeffords International Peace Operations Support Act of 1995.

The altogether natural and necessary focus in American politics on our domestic problems should not blind us to the monumental responsibilities of the United States as a leader of the world community. The very real dangers of the post-cold war world, as well as the equally real opportunities, are ignored only at our peril.

When civil strife or naked aggression threaten the stability of countries or whole regions and threaten the lives of whole populations, it is clearly in the world community's interest to try to do something. This response could take many forms, and a U.S. contribution might appropriately consist of political support, logistics or intelligence assistance, or provision of equipment. But there surely will be times when it will be in the U.S. national interest to respond to acute peacekeeping and other humanitarian needs with a contribution of troops.

We are severely hamstrung today in our ability to respond to these types of problems. With the most capable military establishment in the world, we find ourselves often unable to contribute troops to international peacekeeping efforts because of unclear political guidance to our military as to whether peacekeeping is part of its mission and a reluctance to train a designated cadre of troops to perform the tasks of peacekeeping, refugee assistance, and other humanitarian operations.

Our legislation addresses this problem. It sharpens one of our tools of foreign and security policy by providing

clearer guidelines for U.S. troop contributions to United Nations or other international peace activities. It specifically makes this activity a formal mission of the U.S. military in cases where U.S. national interests are served by a peacekeeping deployment. It also calls for the identification of a specific unit or units consisting of service personnel who have volunteered for such service and who would be given specialized training for the unique circumstances of such missions.

The preeminent position of the United States in the world, and our far-flung commercial and security interests do not always dictate that we contribute troops to address particular problems, but they do dictate that we be prepared to do so if necessary. As in other areas of international endeavor, U.S. leadership means that our contributions leverage contributions by other states that follow our lead. Thus, greater U.S. contributions to U.N. peacekeeping might, as the result of a multiplier effect, prove to be the most cost-effective method of increasing worldwide peacekeeping capabilities.

We are rightly proud of the dedication, skills, and bravery of our Armed Forces. They are the world's most effective fighting force, and their skills and dedication have successfully been applied to humanitarian activities in, for example, Operations Provide Comfort in Iraq and Restore Democracy in Haiti. Not all international crises will result in U.S. troop deployments. Indeed, our experience in Somalia has brought home quite clearly to us the limits of international action in the face of massive civil strife. But when the international community decides to act, and when we decide that it is appropriate to offer as our contribution the finest, most capable men and women in uniform in the world, we must be ready.

By Mr. BRADLEY (for himself and Mr. NICKLES):

S. 1066. A bill to amend the Internal Revenue Code of 1986 to phase out the tax subsidies for alcohol fuels involving alcohol produced from feedstocks eligible to receive Federal agricultural subsidies; to the Committee on Finance.

THE CLEAN FUELS EQUITY ACT OF 1995

Mr. BRADLEY. Mr. President, I rise today to introduce legislation aimed at restoring some level of financial equity in the marketplace for clean automotive fuels. My bill will phase out certain targeted tax subsidies given to an industry that has too long received unique and favorable treatment under the Tax Code: The domestic ethanol industry. In this effort, I am very pleased to be joined in this effort by Senator NICKLES as an original cosponsor of this legislation.

The Clean Fuels Equity Act will phase out the ethanol tax subsidy for ethanol produced from feedstocks that already receive other subsidies through the Department of Agriculture's price and income support programs. The phaseout would occur over 3 years to allow the existing industry an orderly transition to a less-sheltered marketplace. My legislation would continue to allow the tax credits for special energy crops, waste products, and other biomass that do not benefit from the USDA price supports. These energy crops hold some promise of environmental and energy benefits. Furthermore, they still represent a technically immature industry, for which additional Federal support might be justified.

As most people know, the bulk of the ethanol produced in the United States is derived from corn, and processed and sold in the Midwest; 20 years ago, there was no fuel ethanol industry. But, born from the crisis concerns of the late 1970's, this business grew from nothing, built by an array of special and substantial tax privileges. However, unlike many of the questionable policies developed during that period of energy crisis—from the Synfuels Corp. to the Fuel Use Act and plans for gas rationing—the ethanol subsidies continue to survive.

When the credits were initiated over 15 years ago, they were intended to jumpstart an industry that would not otherwise exist. This policy has obviously succeeded. The ethanol industry is no longer a small, fledgling industry. It now produces in excess of a billion gallons of ethanol per year and consumes roughly one-half billion bushels of corn yearly. It is an industry that now benefits from special tax credits and exemptions worth roughly $700 million per year—a number that is growing. These tax subsidies are in addition to the millions of dollars in benefits the industry receives each year from the USDA price support programs.

In light of recent ethanol industry efforts to obtain regulatory expansions of their subsidies, it seems the ethanol industry's attitude can be characterized by the phrase ''never enough.'' Why worry what it costs to produce a product when you get a targeted tax credit, soon to be worth nearly $1 billion per year? Why worry about competition when you receive millions more through price supports?

The cost to taxpayers and the cost to consumers are real. These subsidies take money out of Americans' pockets. In the face of billions of dollars in cuts in Medicare, Medicaid, and education programs for children, I question a continued, substantial tax break to a single, well-established industry. By handing out subsidies to ethanol, the Government is passing along a bill worth hundreds of millions of dollars to taxpayers and consumers.

Ethanol competes in the marketplace with other chemicals that have no special tax break. These alternatives must compete based on price and performance. This legislation is not intended to be punitive to ethanol. Rather, it is an attempt to allow the markets a better chance to work for the benefit of all consumers, taxpayers, and the environment. Furthermore, it is acknowledgment that you cannot have it both ways. If ethanol already benefits from price supports, there is no need for a tax credit to keep an industry afloat. It is that simple.

I urge my colleagues to consider this legislation carefully. Last year the Joint Tax Committee estimated that this bill would raise almost $3 billion over a 5-year period; since then, the cost of subsidizing the ethanol industry has only gone up. In these times when we are struggling to reduce the deficit as well as the tax burden on the American middle class it makes sense to reduce unneeded subsidies whenever possible.

Mr. President, I ask unanimous consent that the text of the bill and additional material be printed in the RECORD.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PHASE-OUT OF TAX SUBSIDIES FOR ALCOHOL FUELS PRODUCED FROM FEEDSTOCKS ELIGIBLE TO RECEIVE FEDERAL AGRICULTURAL SUBSIDIES.

(a) ALCOHOL FUELS CREDIT.—Section 40 of the Internal Revenue Code of 1986 (relating to credit for alcohol used as a fuel) is amended by adding at the end the following new subsection:

''(i) PHASE-OUT OF CREDIT FOR ALCOHOL PRODUCED FROM FEEDSTOCKS ELIGIBLE TO RECEIVE FEDERAL AGRICULTURAL SUBSIDIES.—

''(1) IN GENERAL.—No credit shall be allowed under this section with respect to any alcohol, or fuel containing alcohol, which is produced from any feedstock which is a subsidized agricultural commodity.

''(2) PHASE-IN OF DISALLOWANCE.—In the case of taxable years beginning in 1996 and 1997, paragraph (1) shall not apply and the credit determined under this section with respect to alcohol or fuels described in paragraph (1) shall be equal to 67 percent (33 percent in the case of taxable years beginning in 1997) of the credit determined without regard to this subsection.

''(3) SUBSIDIZED AGRICULTURAL COMMODITY.—For purposes of this subsection, the term 'subsidized agricultural commodity' means any agricultural commodity which is supported, or is eligible to be supported, by a price support or production adjustment program carried out by the Secretary of Agriculture.''

(b) EXCISE TAX REDUCTION.—

(1) PETROLEUM PRODUCTS.—Section 4081(c) of the Internal Revenue Code of 1986 (relating to taxable fuels mixed with alcohol) is amended by redesignating paragraph (8) as paragraph (9) and by adding after paragraph (7) the following new paragraph:

''(8) PHASE-OUT OF SUBSIDY FOR ALCOHOL PRODUCED FROM FEEDSTOCKS ELIGIBLE TO RECEIVE FEDERAL AGRICULTURAL SUBSIDIES.—

''(A) IN GENERAL.—This subsection shall not apply to any qualified alcohol mixture containing alcohol which is produced from any feedstock which is a subsidized agricultural commodity.

''(B) PHASE-IN OF DISALLOWANCE.—In the case of calendar years 1996 and 1997, the rate of tax under subsection (a) with respect to any qualified alcohol mixture described in subparagraph (A) shall be equal to the sum of—

''(i) the rate of tax determined under this subsection (without regard to this paragraph), plus

''(ii) 33 percent (67 percent in the case of 1997) of the difference between the rate of tax under subsection (a) determined with and without regard to this subsection.

''(C) SUBSIDIZED AGRICULTURAL COMMODITY.—For purposes of this paragraph, the term 'subsidized agricultural commodity' means any agricultural commodity which is supported, or is eligible to be supported, by a price support or production adjustment program carried out by the Secretary of Agriculture.''

(2) SPECIAL FUELS.—Section 4041 (relating to tax on special fuels) is amended by adding at the end the following new subsection:

''(n) PHASE-OUT OF SUBSIDY FOR ALCOHOL PRODUCED FROM FEEDSTOCKS ELIGIBLE TO RECEIVE FEDERAL AGRICULTURAL SUBSIDIES.—

''(1) IN GENERAL.—Subsections (b)(2), (k), and (m) shall not apply to any alcohol fuel containing alcohol which is produced from any feedstock which is a subsidized agricultural commodity.

''(2) PHASE-IN OF DISALLOWANCE.—In the case of calendar years 1996 and 1997, the rate of tax determined under subsection (b)(2), (k), or (m) with respect to any alcohol fuel described in paragraph (1) shall be equal to the sum of—

''(A) the rate of tax determined under such subsection (without regard to this subsection), plus

''(B) 33 percent (67 percent in the case of 1997) of the difference between the rate of tax under this section determined with and without regard to subsection (b)(2), (k), or (m), whichever is applicable.

''(3) SUBSIDIZED AGRICULTURAL COMMODITY.—For purposes of this subsection, the term 'subsidized agricultural commodity' means any agricultural commodity which is supported, or is eligible to be supported, by a price support or production adjustment program carried out by the Secretary of Agriculture.''

(3) AVIATION FUEL.—Section 4091(c) (relating to reduced rate of tax for aviation fuel in alcohol mixture) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) PHASE-OUT OF SUBSIDY FOR ALCOHOL PRODUCED FROM FEEDSTOCKS ELIGIBLE TO RECEIVE FEDERAL AGRICULTURAL SUBSIDIES.—

''(A) IN GENERAL.—This subsection shall not apply to any mixture of aviation fuel containing alcohol which is produced from any feedstock which is a subsidized agricultural commodity.

''(B) PHASE-IN OF DISALLOWANCE.—In the case of calendar years 1996 and 1997, the rate of tax under subsection (a) with respect to any mixture of aviation fuel described in subparagraph (A) shall be equal to the sum of—

''(i) the rate of tax determined under this subsection (without regard to this paragraph), plus

''(ii) 33 percent (67 percent in the case of 1997) of the difference between the rate of tax under subsection (a) determined with and without regard to this subsection.

''(C) SUBSIDIZED AGRICULTURAL COMMODITY.—For purposes of this paragraph, the term 'subsidized agricultural commodity' means any agricultural commodity which is supported, or is eligible to be supported, by a price support or production adjustment program carried out by the Secretary of Agriculture.''

(c) EFFECTIVE DATES.—

(1) CREDIT.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1995.

(2) EXCISE TAXES.—

(A) IN GENERAL.—The amendments made by subsection (b) shall take effect on January 1, 1996.

(B) FLOOR STOCK TAX.—

(i) IN GENERAL.—In the case of any alcohol fuel in which tax was imposed under section 4041, 4081, or 4091 of the Internal Revenue Code of 1986 before any tax-increase date, and which is held on such date by any person, then there is hereby imposed a floor stock tax on such fuel equal to the difference between the tax imposed under such section on such date and the tax so imposed.

(ii) LIABILITY FOR TAX AND METHOD PAYMENT.—A person holding an alcohol fuel on any tax-increase date shall be liable for such tax, shall pay such tax no later than 90 days after such date, and shall pay such tax in such manner as the Secretary may prescribe.

(iii) EXCEPTIONS.—The tax imposed by clause (i) shall not apply—

(I) to any fuel held in the tank of a motor vehicle or motorboat, or

(II) to any fuel held by a person if, on the tax-increase date, the aggregate amount of fuel held by such person and any related persons does not exceed 2,000 gallons.

(iv) TAX-INCREASE DATE.—For purposes of this subparagraph, the term ''tax-increase date'' means January 1, 1996, January 1, 1997, and January 1, 1998.

(v) OTHER LAWS APPLICABLE.—All provisions of law, including penalties applicable with respect to the taxes imposed by sections 4041, 4081, and 4091 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subparagraph, apply with respect to the floor stock taxes imposed by clause (i).

THE CLEAN FUELS EQUITY ACT OF 1995

Senator BRADLEY's legislation would phase out the existing tax credits for ethanol produced from certain feedstocks. The tax will be phased out for ethanol if it is produced from feedstocks, such as corn, that are eligible for various price and income supports under the programs of the U.S. Department of Agriculture. If the ethanol feedstock is a specialized energy crop, not supported by USDA, or a waste product, the tax credit will still be allowed.

The phase-out will occur over 3 years. Unless exempt, ethanol would be allowed: the full tax credits for calendar year 1995; 67 percent of the existing credits for 1996; and 33 percent of the existing credits for 1997. No special tax subsidies would be allowed for ethanol, unless exempt, after December 31, 1997.

The principal Federal incentive for ethanol is a 54-cent exemption from the Federal motor fuel excise tax. Each gallon of gasoline blended with at least 10 percent ethanol is eligible for the exemption. Using a blend, each gallon of ethanol can be blended with nine gallons of gasoline to make ten gallons of a blended fuel. All ten gallons are eligible for the exemption, which equates to a total exemption of 54 cents on each gallon of ethanol.

Also, an equivalent 5.4-cent-per-gallon federal blenders' income tax credit or refund is available to fuel distributors that blend ethanol into motor fuels, The tax credit or refund can be taken in lieu of the excise tax exemption described above.

Because of these tax subsidies, ethanol can be offered at a dramatically lower price than would be the case otherwise. The U.S. ethanol industry produces approximately 1.2 billion gallons of ethanol for blending into fuel each year. This equates to a total subsidy value in excess of $700 million annually. Last year's effort by EPA to mandate a market set-aside for ethanol would have added at least another $300 million annually to the tax subsidy total.

Ethanol is produced today almost exclusively from feedstocks that are eligible for USDA support.

Mr. NICKLES. Mr. President, I am pleased to join my friend from New Jersey, Senator BRADLEY, in the introduction of legislation to phase-out tax subsidies for the ethanol industry. If enacted, our legislation will reduce the Federal budget deficit by nearly $3 billion over the next 5 years.

For 15 years the Federal Government has provided substantial tax breaks to subsidize the development and use of ethanol as a clean, renewable fuel. Those subsidies have proven very effective, as the U.S. ethanol industry will produce over 1 billion gallons of ethanol for blending into fuel this year, costing the government over $700 million in lost tax revenue.

However as with most government programs, even though the need for ethanol tax subsidies has ended, the subsidies themselves live on. In fact, the ethanol industry and their friends in the legislative and executive branches are continually seeking to expand those subsidies.

We believe the time has come to stop subsidizing a healthy industry. Other clean fuels offer the same benefits as ethanol, but struggle to compete against ethanol's massive tax advantage.

Our legislation will even the playing-field by phasing-out the excise tax exemption and income tax credit over 3 years for ethanol produced from crops which are also eligible for U.S. farm program subsidies. This prevents the double-subsidization of some farm production, while allowing continued ethanol tax breaks for alcohol produced from non-subsidized crops or waste products.

Mr. President, as we seek to eliminate our budget deficit, it is important that we examine all forms of Federal spending, including specialized tax expenditures. We should not allow our tax code to subsidize healthy businesses, especially when those subsidies create an unfair competitive advantage over others. I am pleased to join Senator BRADLEY in this initiative.

By Mr. COHEN (for himself and Ms. SNOWE):

S. 1067. A bill to amend the Internal Revenue Code of 1986 to provide an excise tax exemption for transportation on certain ferries; to the Committee on Finance.

TAX ON TRANSPORTATION BY WATER

Mr. COHEN. Mr. President, I am introducing legislation today to clarify an interpretation of a section in the Internal Revenue Code that imposes a $3 departure tax on ship passengers aboard vessels that travel outside the U.S. The provision was intended to apply to passengers on cruise ships and gambling voyages. The language of the statute reaches further, however, and the International Revenue Service has

been interpreting the law to apply to a broader class of passenger ship traffic, including ferry services that operate between the United States and Canada.

Section 4471 of the Internal Revenue Code was added to the Internal Revenue Code in the Omnibus Reconciliation Act of 1989. The provision originated in the Senate Commerce Committee as a means of that Committee fulfilling its reconciliation instructions. The tax writing committees assumed jurisdiction once it became clear that the provision was more in the nature of a tax than a fee. The fee, as envisioned by the Commerce Committee, was intended to apply to overnight passenger cruises that do not travel between two U.S. ports, and to gambling boats providing gambling entertainment to passengers outside the territorial waters of the U.S.

Unfortunately, the statutory language of the 1989 Act was not drafted in accordance with the intent of Congress. As a result, the tax appears to apply to commercial ferry operations traveling between the United States and Canada. Two such ferries operate between Maine and Nova Scotia. The Maine ferries carry commercial and passenger vehicles to Nova Scotia in the warmer months as a more direct means of transportation between Maine and eastern Canada. As such they are an extension of the highway system, carrying commercial traffic and vacationers. The lengths of the voyages are approximately 11 hours and almost all passengers traveling on the outbound voyages do not return on the inbound voyages of the two ferries. Because the trips are of some length, the ferries provide entertainment for the passengers, including some gaming tables that bring in minimal income.

This is not a voyage for the purpose of gambling and the great majority of the passengers, including children, do not gamble. Clearly, these ferries are not the kind of overnight passenger cruises or gambling boats intended to be covered by the law. However, the IRS has been interpreting the statute to apply this tax to ferries.

The statute establishes a dual test for determining if the tax applies. First, the tax applies to voyages of passenger vessels which extend over more than one night. As a factual matter, the Maine ferries do not travel over more than one night but the IRS interprets that they do because it takes into account both the outward and inward voyage of the vessel. The IRS considers both portions of the trip to be one voyage even though virtually no passengers are the same.

Second, the tax applies to commercial vessels transporting passengers engaged in gambling. Although the intent was to apply the tax to gambling boats, the wording of the statute applies to all passengers on vessels that carry any passengers who engage in gambling, no matter how minor that gambling. That interpretation subjects the Maine ferries to the tax because they earn a minimal amount of income from providing gambling entertainment to some passengers.

The legislation I am introducing clarifies the statute by exempting ferries which are defined as vessels where no more than half of the passengers typically return to the port where the voyage began.

This legislation is not intended to give a special break to a certain class of passenger ships. It is instead intended to clarify the statute so that it achieves its original intent: To tax passengers on cruise ships and gambling voyages, not passengers on ferry boats.

The imposition of the tax to ferries is particularly unfair. First, because Congress did not intend to tax such ferries. Second, because the burden of the tax relative to the price of the ticket, is greater on ferries. Their ticket prices are much lower than tickets for cruise ships so the tax is considerably more burdensome for ferry operations and interferes to a greater extent with their operations.

Similar legislation addressing this issue has been approved by the Finance Committee in the past but the underlying bills were not enacted into law.

I ask unanimous consent that a copy of the introduced legislation be included in the RECORD.

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

S. 1067

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXEMPTION FOR TRANSPORTATION ON CERTAIN FERRIES.

(a) GENERAL RULE.—Subparagraph (B) of section 4472(1) of the Internal Revenue Code of 1986 (relating to exception for certain voyages on passenger vessels) is amended to read as follows:

''(B) EXCEPTION FOR CERTAIN VOYAGES.—The term 'covered voyage' shall not include—

''(i) a voyage of a passenger vessel of less than 12 hours between 2 ports in the United States, and

''(ii) a voyage of less than 12 hours on a ferry between a port in the United States and a port outside the United States.

For purposes of the preceding sentence, the term 'ferry' means any vessel if normally no more than 50 percent of the passengers on any voyage of such vessel return to the port where such voyage bean on the 1st return of such vessel to such port.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to voyages beginning after December 31, 1989; except that—

(1) no refund of any tax paid before the date of the enactment of this Act shall be made by reason of such amendment, and

(2) any tax collected from the passenger before the date of the enactment of this Act shall be remitted to the United States.

By Mr. LAUTENBERG (for himself and Mr. SIMON):

S. 1068. A bill to amend title 18, United States Code, to permanently prohibit the possession of firearms by persons who have been convicted of a violent felony, and for other purposes; to the Committee on the Judiciary.

STOP ARMING FELONS (SAFe) ACT

Mr. LAUTENBERG. Mr. President, today Senator SIMON and I are introducing legislation, the Stop Arming Felons, or SAFe, Act, to close two loopholes in current law that allow convicted violent felons to possess and traffic in firearms.

The legislation would repeal an existing provision that automatically restores the firearms privileges of convicted violent felons and drug offenders when States restore certain civil rights. In addition, the bill would abolish a procedure by which the Bureau of Alcohol, Tobacco and Firearms can waive Federal restrictions for individuals otherwise prohibited from possessing firearms or explosives.

As a general matter, Mr. President, Federal law probibits any person convicted of a felony from possessing firearms or explosives. However, there are two gaping loopholes.

I call the first the ''State guns for felons loophole.'' Under this provision, if a felon's criminal record has been expunged, or his basic civil rights have been restored under State law—that is, rights like the right to vote, the right to hold public office, and the right to sit on a jury—then the conviction is wiped out and all Federal firearm privileges are restored.

Many States automatically expunge the records or restore the civil rights of even the most dangerous felons. Sometimes this happens immediately after the felon serves his or her sentence. Sometimes, the felon must wait a few years. The restoration of rights or expungement often is conferred automatically by statute—not based on any individualized determination that a given criminal has reformed.

As a result of this loophole, which was added with little debate in 1986, even persons convicted of horrible, violent crimes can legally obtain firearms.

Mr. President, I think most Americans would agree that this guns for felons loophole makes no sense. Given the severity of our crime problem, we should be looking for ways to get tougher, not easier, on convicted felons. How can the government claim to be serious about crime, and then turn around and give convicted violent felons their firearms back?

I recognize that, according to some theories, the criminal justice system is supposed to rehabilitate convicted criminals. But in reality, many of those released from prison soon go back to their violent ways. According to the Justice Department, of State prisoners released from prison in 1983, 62.5 percent were arrested within only 3 years. Knowing that, how many Americans would want convicted violent felons carrying firearms around their neighborhood?

This guns for felons loophole also is creating a major obstacle for Federal law enforcement.

The Justice Department reports that many hardened criminals are escaping