

H.R. 1874. An act to modify the boundaries of the Talladega National Forest, Alabama.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 89. Concurrent resolution waiving provisions of the Legislative Reorganization Act of 1970 requiring adjournment of Congress by July 31.

#### ENROLLED BILL SIGNED

At 3:11 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 2017. An act to authorize an increased Federal share of the costs of the certain transportation projects in the District of Columbia for fiscal years 1995 and 1996, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

At 7:28 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2099. An act making appropriations for the Department of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for fiscal year ending September 30, 1996, and for other purposes.

The message also announced that the House has passed the following bill, without amendment:

S. 21. An act to terminate the United States arms embargo applicable to the Government of Bosnia and Herzegovina.

#### MEASURES REFERRED

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

H.R. 701. An act to authorize the Secretary of Agriculture to convey lands to the City of Rolla, Missouri; to the Committee on Agriculture, Nutrition, and Forestry.

H.R. 1874. An act to modify the boundaries of the Talladega National Forest, Alabama; to the Committee on Agriculture, Nutrition, and Forestry.

H.R. 2099. 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 fiscal year ending September 30, 1996, and for other purposes; to the Committee on Appropriations.

#### 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. GORTON:

S. 1099. A bill to provide for a change in the exemption from the child labor provisions of the Fair Labor Standards Act of 1938 for minors between 16 and 18 years of age who engage in the operation of automobiles and

trucks, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. MOYNIHAN (for himself, Mr. HATCH, Mr. BAUCUS, Mr. BINGAMAN, Mrs. BOXER, Mr. BREAUX, Mr. COCHRAN, Mr. D'AMATO, Mr. DODD, Mr. GRASSLEY, Mr. KYL, Ms. MOSELEY-BRAUN, Mr. PRYOR, and Mr. SIMPSON):

S. 1100. A bill to amend the Internal Revenue Code of 1986 to provide for the deduction of partnership investment expenses under the minimum tax; to the Committee on Finance.

By Mr. HATCH (for himself and Mr. HEFLIN) (by request):

S. 1101. A bill to make improvements in the operation and administration of the Federal courts, and for other purposes; to the Committee on the Judiciary.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GORTON:

S. 1099. A bill to provide for a change in the exemption from the child labor provisions of the Fair Labor Standards Act of 1938 for minors between 16 and 18 years of age who engage in the operation of automobiles and trucks, and for other purposes; to the Committee on Labor and Human Resources

##### CHILD LABOR LEGISLATION

Mr. GORTON. Mr. President, few experiences are more valuable to young people than part-time and summer jobs. Jobs provide teenagers with both an income and an important lesson on what it's like to be in the work force. It is unfortunate, then, that the Federal Government—ever eager to encroach upon the lives of Americans—is denying young people the opportunity to work in at least one sector of our economy, car dealership.

Let me explain. Last year, the U.S. Department of Labor started cracking down on dealerships that allowed their 16- and 17-year-old employees to drive cars for short distances, say, from one lot to another across the street, or to a nearby gas station. Why? Because of a provision in the Fair Labor Standards Act that allows for only incidental and occasional driving by teenage employees under 18. As interpreted by the Department of Labor, this provision effectively wipes out any teenage driving whatsoever.

This provision in the Fair Labor Standards Act was intended to prevent employers from over-working young people and using them to drive heavy vehicles. But what we are talking about today, Mr. President, is not exploitation, but perfectly reasonable actions.

The Department of Labor, for reasons which I cannot fathom, has imposed almost \$200,000 worth of fines on dealerships throughout Washington State, even though the dealerships did not require their 16- and 17-year-old employees to drive often, or for a long time, but only in very limited circumstances. The result of these fines? Most car dealerships no longer hire people under 18 years of age, and hundreds of teenagers are prevented from getting good jobs.

Mr. President, I cannot help but point out the irony of the Labor Department acting as a job-destroying entity. Matthew Bergman, a then-17-year-old part-time dealership worker, said last year in the *Seattle Times*,

I can have a legal state license that represents me in any state in the country, but I can't drive three blocks in a company car. It's a real bummer.

A bummer indeed, Mr. President. But it doesn't have to be that way. I believe we can reasonably modify the Fair Labor Standards Act so that teenagers can drive cars as long as it is not a primary part of their jobs. The bill I introduce today will do just that. It will be better for car dealerships, and better for kids who want to work. I urge my colleagues to support this important legislation.

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

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

S. 1099

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

#### SECTION 1. AUTHORITY FOR MINORS TO OPERATE MOTOR VEHICLES.

In the administration of the child labor provisions of the Fair Labor Standards Act of 1938, the Secretary of Labor shall issue a final rule not later than 1 year from date of enactment of this Act to amend the exemption from the child labor restrictions of such Act under section 570.52(b)(1) of title 29, Code of Federal Regulation, for minors between 16 and 18 years of age who operate automobiles or trucks not exceeding 6,000 pounds gross vehicle weight to eliminate the requirement that such operation be only occasional and incidental to the employment of a minor and to add the requirement that such operation not be the primary duty of the employment of a minor.

By Mr. MOYNIHAN (for himself, Mr. HATCH, Mr. BAUCUS, Mr. BINGAMAN, Mrs. BOXER, Mr. BREAUX, Mr. COCHRAN, Mr. D'AMATO, Mr. DODD, Mr. GRASSLEY, Mr. KYL, Ms. MOSELEY-BRAUN, Mr. PRYOR, and Mr. SIMPSON):

S. 1100. A bill to amend the Internal Revenue Code of 1986 to provide for the deduction of partnership investment expenses under the minimum tax; to the Committee on Finance.

##### TAX LEGISLATION

Mr. MOYNIHAN. Mr. President, I am introducing a bill today to eliminate a serious tax impediment to venture capital investments. It would treat the investment expenses of individuals investing in partnerships the same for alternative minimum tax [AMT] purposes as they are currently treated for regular tax purposes. No longer would individuals who are subject to the AMT and invest in venture capital funds set up as partnerships face taxation on their gross earnings, rather than their net income after deduction of expenses. This provision was included in the Tax Fairness and Economic Growth Act of 1992, H.R. 11, legislation that was passed by Congress but vetoed for reasons unrelated to this issue.

Under current law, most investors are permitted to deduct the expenses of earning investment income so that they pay tax on the net income from an investment. Individual taxpayers not subject to the AMT are permitted to deduct investment expenses against investment income, to the extent that expenses exceed 2 percent of the taxpayer's adjusted gross income. Further, individuals who invest through mutual funds effectively get a deduction for all investment expenses without regard to the 2 percent floor applicable to direct investment. Corporate taxpayers are also entitled to a tax deduction for all investment expenses.

In contrast to the general rule, the AMT as it applies to individuals denies them a deduction for any investment expenses, despite the fact that such expenses are legitimate costs of earning investment income. Denying the deduction for investment expenses is especially harsh when applied to individual partners in a venture capital partnership, because all of the partnership's expenses—for example, salaries, rent, legal and accounting services, and the costs of investigating and managing investment opportunities—are considered investment expenses that cannot be deducted under the AMT.

The goal of the AMT is to properly measure a taxpayer's income, so that the tax is paid on economic income. There is no policy justification for preventing the deduction of legitimate expenses of earning investment income.

The bill that I am introducing today would address the undesirable AMT policy in current law by treating individuals investing in partnerships and subject to the AMT the same as individuals under the regular income tax. Partners would be allowed to deduct partnership investment expenses against their partnership investment income, subject to the same 2 percent floor applied to other individual investors under the regular income tax.

These proposed tax changes should increase the flow of funds to partnerships investing in new businesses by eliminating a substantial tax barrier that currently exists. The vast majority of venture capital funds are organized as partnerships. Further, this proposed legislation should improve the efficiency of capital markets by bringing the AMT rules for partnership investments into conformity with those applicable under the regular income tax rules, and closer to those applicable to investors in mutual funds.

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

S. 1100

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

**SECTION 1. TREATMENT OF PARTNERSHIP INVESTMENT EXPENSES UNDER MINIMUM TAX.**

(a) GENERAL RULE.—Subparagraph (A) of section 56(b)(1) of the Internal Revenue Code of 1986 (relating to limitation on deductions) is amended to read as follows:

“(A) DISALLOWANCE OF CERTAIN DEDUCTIONS.—

“(i) IN GENERAL.—No deduction shall be allowed—

“(I) for any miscellaneous itemized deduction (as defined in section 67(b)), or

“(II) for any taxes described in paragraph (1), (2), or (3) of section 164(a).

“(ii) TREATMENT OF PARTNERSHIP INVESTMENT EXPENSES.—Subclause (I) of clause (i) shall not apply to the taxpayer's distributive share of the expenses described in section 212 of any partnership; except that the aggregate amount allowed as a deduction by reason of this sentence shall not exceed the lesser of (I) the aggregate adjusted investment income of the taxpayer from partnerships, or (II) the excess of the aggregate of the taxpayer's distributive shares of such expenses over 2 percent of adjusted gross income. For purposes of the preceding sentence, the term ‘adjusted investment income’ means investment income (as defined in section 163(d)(4)(B) without regard to clause (ii)(I) or clause (iii) reduced by investment interest (as defined in section 163(d)(3)).

“(iii) TREATMENT OF CERTAIN TAXES.—Subclause (II) of clause (i) shall not apply to any amount allowable in computing adjusted gross income.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 3, 1994.

Mr. HATCH. Mr. President, I am pleased to join with my distinguished colleague, Senator MOYNIHAN, in introducing legislation to ease the burden of the alternative minimum tax [AMT] on investors. I commend Senator MOYNIHAN and my other colleagues for the work they have done to help bring this bill to introduction in the Senate and to secure the strong bipartisan support that it enjoys.

Mr. President, changes to this area of the tax law are long overdue. Congress has attempted to correct this problem several times within the past few years. In fact, this bill was passed in its exact present form by both houses of Congress in 1992 as part of H.R. 11. My colleagues will recall that H.R. 11 was vetoed by President Bush for reasons unrelated to this provision.

Under current law, individuals who incur investment expenses may deduct them for regular tax purposes, subject to a 2-percent gross income floor. This includes expenses passed through to individuals from partnerships. While these legitimate investment expenses are deductible under the regular tax system, the alternative minimum tax system completely disallows their deductibility.

In the case of venture capital partnerships, investment expenses are often quite substantial. These partnerships spend a great deal of time and resources exploring possibilities for new investments to make sure that the products and companies will be successful before committing venture capital funding. The expenses required to explore and begin such investments include hiring support staff, renting office space, obtaining computers and other equipment, hooking up utilities, and legal and accounting fees.

Partners in these partnerships are generally successful and active

businesspeople. Activities such as running other businesses, serving on boards of other companies, and investing heavily in other areas of the economy, often subjects their income to the alternative minimum tax. Even though their investment expenses from partnerships are completely legitimate, if the partners are subject to the AMT, these investment expenses are non-deductible and the partners, in effect, are punished for daring to invest.

The fact that these men and women are successful business people in other areas of their lives is the only reasons that the AMT kicks in to punish their investment activity. Mr. President, don't we want successful people to be the ones developing the products of tomorrow? In our view, there is simply no justification for disallowing legitimate expenses for reasons not even related to the venture capital investments.

Even the Treasury has acknowledged that the AMT's treatment of investment expenses is conceptually flawed. According to a recent report, this disparity in treatment results in the incorrect measurement of the economic income of investors subject to the AMT. The problem is not just conceptual. Real money, desperately needed by small businesses, is being diverted by a flawed tax policy.

Investors are often simply unwilling to make investments in emerging businesses that not only carry the highest risks in the investment world, but also carry the highest possible tax rates.

Mr. President, our bill will help stop the flow of capital away from entrepreneurial investments by allowing a partner in an investment partnership, filing as an individual, to deduct certain investment expenses for both regular tax and alternative minimum tax purposes. The strong disincentive to invest that the AMT has imposed on such partnerships would thus be eliminated.

Mr. President, this bill is pro-economy and pro-jobs. Allowing the deductibility of investment expenses will enhance the critical role that private sector investment plays in advancing our Nation's growth and development goals. This bill will affect the economic growth and vitality of our Nation in such industries as health care, biotechnology, pharmaceuticals, and high technology.

Small firms with venture capital support contribute significantly to the overall job growth of our economy. Such firms contribute greatly to the creation of jobs, and these are generally high quality jobs. In fact, 59 percent of the labor force in businesses created by venture capital are high-skill, high-wage workers such as engineers, scientists, and managers.

With an average annual growth rate of 25 percent, venture capital financed firms outpace almost all other sectors of our economy. As we remove this burden of the AMT, millions of dollars in entrepreneurial capital will be attracted that can provide a vital source

of funding for the jobs created by such start-up businesses.

In my home State of Utah, venture capital has contributed an estimated \$100 million dollars to high growth industries. In fact, several of Utah's medical device and computer software companies owe their very existence to the capital that these partnerships provide.

Our bill would eliminate the AMT's financial impediment to the development of new, innovative products. Benefactors of this legislation include companies like Anefta, a Utah company which recently created the first pre-operating room anesthetic specifically designed for children. With the aid of a venture capital group, Anefta created an anesthetic in the form of a lollypop that hospitals across the country now give to children going into surgery.

Mr. President, it is time to stop punishing those willing to invest in America's future, in companies like Anefta. We need to remove the burden of the AMT on the entrepreneurial sector of our economy. I urge my colleagues to join Senator MOYNIHAN and myself in sponsoring this important legislation.

By Mr. HATCH (for himself and Mr. HEFLIN) (by request):

S. 1101. A bill to make improvements in the operation and administration of the Federal courts, and for other purposes; to the Committee on the Judiciary.

THE FEDERAL COURTS IMPROVEMENT ACT OF 1995

Mr. HATCH. Mr. President, at the request of the Administrative Office of the United States Courts, today I introduce the Federal Courts Improvement Act of 1995.

The Administrative Office prepared this legislation, and I am pleased to introduce it on that office's behalf. While I have reservations about some provisions of the bill, I believe that, out of comity to the judicial branch, the Senate should have the judiciary's specific proposals on record so that we can give those suggestions a full and fair hearing.

As for content, the bill is lengthy and includes both technical and substantive changes in the law. Some of its substantive changes do raise concern. For example, section 201 of the bill provides authorization for judicial branch reimbursement out of civil forfeiture funds for expenses incurred in connection with asset forfeiture proceedings. This might have a harmful effect on law enforcement and related programs, which currently receive reimbursement from civil forfeiture funds, and on other recipients of residual forfeiture funds.

A number of provisions relax rules pertaining to senior judges. Section 401 of the bill, for instance, changes the service requirements governing when judges may take senior status. Under the current rule, the earliest time a judge may take senior status is at 65 years of age, with 15 or more years of service. Under the new provision, a

judge would be permitted to take senior status as early as age 60, so long as that judge's combined age and years of service equal at least 80.

Section 402 loosens requirements for senior judges' work certification to permit senior judges to obtain retroactive credit. Under that provision, a senior judge's work could be credited toward a prior year in which the judge did not complete the minimum work requirements. That would enable senior judges to remain eligible for salary increases for which they otherwise would not be qualified.

I have some concern that those provisions would increase costs to the Federal Government. With judges taking senior status earlier, a greater number of active judges would have to be appointed to handle the heavy Federal court caseload. Enabling senior judges to maintain senior status without meeting the already reduced work requirements could increase salary costs unnecessarily.

I mention these simply to highlight some concerns I have with this detailed and broad-ranging bill. The bill contains many other provisions that I hope to support. At this point, however, I must reserve my complete endorsement of it.

Mr. HEFLIN. Mr. President, I am joining with my colleague Senator ORRIN HATCH, chairman of the Judiciary Committee, to introduce at the request of the Administrative Office of the U.S. Courts the Federal Courts Improvement Act of 1995.

This bill contains some proposals carried over from previous Congresses, but it also contains some new proposals which the Federal judiciary believes will enhance and improve its operation. Section 101 would provide Federal authority for probation and pre-trial service officers to carry firearms under rules prescribed by the Director of the Administrative Office of the Courts, if approved by the appropriate district court.

Section 202 would increase the civil filing fee from \$120 to \$150.

Section 304 would eliminate in-State plaintiff diversity jurisdiction.

Section 309 would raise the jurisdictional amount in diversity cases from \$50,000 to \$75,000 and index such amount for inflation to be adjusted at the end of each year evenly divisible by five.

Section 409 would authorize Federal judges to carry firearms for purposes of personal security.

Section 410 would change the date of temporary judgeships created in the 101st Congress under Public Law 101-650. Under current law, the 5 year term, after which new vacancies are not filled, began to run on the date of enactment of the public law. Under the proposed revision, the 5-year period would not begin until the confirmation date of the judge filling the temporary position.

Section 504 repeals a provision in a continuing appropriation resolution that bars annual cost-of-living adjust-

ments in pay for Federal judges except as specifically authorized by Congress.

Section 603 would amend the Criminal Justice Act to delegate authority to the Judicial Conference to establish compensation rates and case compensation maximum amounts which are paid to attorneys who provide services under CJA.

The foregoing are just some of the provisions of the legislation we are introducing by request today. I do not agree with each and every proposal in the bill we are introducing, and I reserve the right to look at each specific proposal on its merits. I am confident that the Judiciary Committee will give this bill careful consideration and look forward to working with my colleagues on the committee in the weeks ahead.

#### ADDITIONAL COSPONSORS

S. 47

At the request of Mr. SARBANES, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 47, a bill to amend certain provisions of title 5, United States Code, in order to ensure equality between Federal firefighters and other employees in the civil service and other public sector firefighters, and for other purposes.

S. 112

At the request of Mr. DASCHLE, the name of the Senator from Wisconsin [Mr. KOHL] was added as a cosponsor of S. 112, a bill to amend the Internal Revenue Code of 1986 with respect to the treatment of certain amounts received by a cooperative telephone company.

S. 254

At the request of Mr. LOTT, the names of the Senator from Kansas [Mr. DOLE] and the Senator from Virginia [Mr. WARNER] were added as cosponsors of S. 254, a bill to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.

S. 400

At the request of Mrs. HUTCHISON, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of S. 400, a bill to provide for appropriate remedies for prison conditions, and for other purposes.

S. 434

At the request of Mr. KOHL, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 434, a bill to amend the Internal Revenue Code of 1986 to increase the deductibility of business meal expenses for individuals who are subject to Federal limitations on hours of service.

S. 487

At the request of Mr. MCCAIN, the name of the Senator from Colorado [Mr. CAMPBELL] was added as a cosponsor of S. 487, a bill to amend the Indian Gaming Regulatory Act, and for other purposes.