

"Whereas, attempts to curtail federal spending, confine expenditures to available revenues, and reduce the annual deficit have met with only limited success; and

"Whereas, fiscal irresponsibility at the federal level, with the inflation that can result from this policy, is the greatest threat which faces our nation; and

"Whereas, the requirement to balance the budget and a presidential line-item veto are two measures which will promote responsibility at the federal level, provide checks against unnecessary and costly appropriations, and reinforce efforts to bring about fiscal integrity; and

"Whereas, the Constitution of this Commonwealth provides for both a balanced budget and gubernatorial line-item veto, and these provisions have reinforced the inherent fiscal common sense of spending only funds available and have contributed to the Commonwealth's outstanding reputation for sound fiscal management and policy; now, therefore, be it

*"Resolved by the House of Delegates, the Senate concurring,* That Congress be urged to hereby express its vigorous and continuing support for amendments to the Constitution of the United States to require a balanced budget and provide a line-item veto power for the President; and, be it

*"Resolved further,* That a copy of this resolution be sent to the President of the United States, the Speaker of the House of Representatives, the President of the United States Senate, and to each member of the Virginia Congressional Delegation in order that they may be apprised of the sentiment of the General Assembly of Virginia."

POM-86. A joint resolution adopted by the Legislature of the Commonwealth of Virginia; to the Committee on the Judiciary.

#### "SENATE JOINT RESOLUTION NO. 279

"Whereas, all thirty-three amendments proposed to the United States Constitution since 1788, including the twenty-seven amendments adopted, have been initiated by the Congress; and

"Whereas, more than 400 petitions from the several states requesting a constitutional convention to propose amendments have been filed with Congress but have never resulted in the calling of a convention or adoption of an amendment; and

"Whereas, there should be a careful balance of national and state power in a federal system, and the present mechanisms for the amendment of the Constitution have proven to be incapable of affording the proper balance between the national and state governments in their abilities to propose amendments to the Constitution; and

"Whereas, the envisioned and desirable equipoise between national and state powers requires a means for the several states to be able to propose and adopt amendments to the Constitution; and

"Whereas, the Commonwealth, in 1990, joined with other states to propose an amendment to the United States Constitution to enable three-fourths of the states to amend the Constitution subject to congressional veto and, in 1995, confirms its support for that proposal, 1990 House Joint Resolution No. 140; and

"Whereas, it is proper that alternative proposals to address the issue of how best to restore the desired balance between the states and the national government should be considered; and

"Whereas, the agreement by three-fourths of the legislatures of the several states to the same proposed amendment within a seven-year span should provide assurance that a proposed amendment is the will of the people, and that agreement should result in

the adoption of the proposed amendment without the necessity of action by the Congress; now, therefore, be it

*"Resolved by the Senate, the House of Delegates concurring,* That the General Assembly of Virginia request the Congress of the United States to propose an amendment to Article V of the Constitution of the United States which provides for state-initiated amendments to the Constitution. The amendment provides for the deletion of the language shown as stricken and the insertion of the italicized language, in essence, as follows:

#### "ARTICLE V—AMENDMENT OF THE CONSTITUTION

"The Congress, whenever two-thirds of both houses shall deem it necessary, shall propose amendments to this Constitution, or, on the applications of the legislatures of two-thirds of the several states, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes, as part of this Constitution, when ratified by the legislatures of three-fourths of the several states, or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by the Congress.

"In addition, whenever the legislatures of three-fourths of the several states shall propose and adopt an identical amendment to this Constitution, related to but one subject, that amendment shall be valid as a part of this Constitution, without any action being required by the Congress, upon receipt by the Clerk of the Supreme Court of certified copies of that amendment from states which represent three-fourths of the several states; provided that the Clerk receives such certified copies within a seven-year period beginning on the date he receives the first certified copy of the proposed amendment; and provided that each state shall retain the power to rescind its action to propose and adopt the amendment until the expiration of the seven-year period or the date of receipt by the Clerk of certified copies of the same amendment from three-fourths of the several states whichever first occurs.

"Upon receipt from the first ten states of the identical proposed amendment, the Supreme Court shall within sixty days thereafter rule whether the amendment is, in fact, related to one subject only if the Supreme Court rules that the amendment is related to but one subject, or if the Supreme Court fails to rule on the issue within the sixty days, the amendment shall be conclusively presumed to meet the one-subject standard. If the Supreme Court rules that the amendment fails to meet the one-subject standard, the proposed amendment shall be invalid.

"However, no state, without its consent, shall be deprived of its equal suffrage in the Senate; and, be it

*"Resolved further,* That the General Assembly request the legislatures of the several states to apply to Congress for the proposal of this amendment to the Constitution of the United States; and, be it

*"Resolved finally,* That the Clerk of the Senate transmit copies of this resolution to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, the Archivist of the United States at the National Archives and Records Administration of the United States, the members of the Virginia delegation to the United States Congress, and the legislatures of each of the several states, attesting the adoption of this resolution."

## 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. DOMENICI:

S. 657. A bill to amend the Internal Revenue Code of 1986 to repeal the 1993 Federal income tax rate increases on trusts established for the benefit of individuals with disabilities or for college education costs of a beneficiary; to the Committee on Finance.

By Mr. BINGAMAN:

S. 658. A bill to expand the boundary of the Santa Fe National Forest, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. FEINGOLD:

S. 659. A bill to amend the Food, Agriculture, Conservation, and Trade Act of 1990 to replace the prohibition on higher State make allowances for the processing of milk with a requirement that the support purchase price for milk be reduced if a person collects a State make allowance that is higher than the Federal make allowance and the milk is purchased by the Commodity Credit Corporation, and for other purposes; 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 Mr. KENNEDY:

S. Res. 98. A resolution relating to tax avoidance by certain American citizens; ordered to lie over, under the rule.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DOMENICI:

S. 657. A bill to amend the Internal Revenue Code of 1986 to repeal the 1993 Federal income tax rate increases on trusts established for the benefit of individuals with disabilities or for college education costs of a beneficiary; to the Committee on Finance.

### THE PERSONS WITH DISABILITIES TRUSTS TAX RATE RESTORATION ACT

• Mr. DOMENICI. Mr. President, things aren't always as they seem—especially in the world of tax legislation. Included in the same section that raised the tax rates for higher income individuals were provisions increasing the tax rate for trusts with meager incomes as low as \$1,500.

President Clinton campaigned that he wouldn't raise taxes on anyone earning less than \$200,000, yet in the law the President signed in 1993, tax bracket increases begin for trusts that have income of \$1,500.

This isn't really a tax on trusts. It is a tax on people who are mentally ill and people with disabilities. It is also a tax on education.

The legislation I am introducing today would repeal that tax increase.

Trusts, at first blush, are faceless entities associated with the idle rich. But the vast majority of trusts are long-

term financial planning tools for people with simple goals and very special needs.

Trusts are set up to save for college or to provide a living allowance for people with disabilities or mental illness. It is a way that parents can plan for the time when they have passed on. These are "worthy purpose" trusts that are taking a heavy tax hit under the 1993 law.

Increasing the tax rates on these faceless entities called trusts sounds appealing until we stop to realize that the money comes out of the living allowances of individuals with disabilities, or mental illnesses.

I have experienced personally the agony a family faces as they try to adequately plan and provide for the future comfort and financial management of the affairs of a person with a disability or mental illness. Parents of children with special needs feel an indescribable vulnerability and responsibility as they contemplate, "How can we best provide for our child who has a disability or mental illness when we are gone?" "How can we insure that he/she will have an adequate living allowance?" It is an inescapable worry that shouldn't be compounded by misguided and ever changing tax policy.

The problems are complex. It isn't just having enough money. Money isn't the issue. Taxes aren't the issue. It is a management and caring dilemma. Some loved ones who are mentally ill are not suited to have immediate access to the financial resources that their parents saved for their economic security. A trust is a mechanism to provide the financial resources that parents would provide if they were still alive.

These trusts are not set up because wealthy people are trying to avoid taxes. Most of the tax avoidance schemes were written out of the Tax Code in 1986 anyway. The type of trust I am talking about is set up to provide for a loved one. Our tax policy should encourage family responsibility. Only the family can be counted on to provide financial support.

This is a terrible deed that we did to raise the rates on these trusts. Some of these trusts were set up decades ago to provide an adequate living allowance. They are irrevocable trusts. Once they are set up they cannot be changed.

These trusts are vulnerable to interest rate fluctuations and other economic variables. It is wrong to also subject them to an ever increasing tax burden.

Parents and grandparents like to set up education trusts for their children and grandchildren. It teaches children to save. But under the current law, trust income is taxed much more steeply than in the past. In fact, these tax provisions really clobber these trusts, too.

Under the old law, taxable trusts for college or for the care and maintenance of a person who is disabled or suffers from a mental illness paid a top

rate of 31 percent on taxable income of more than \$11,250. That was quite steep.

But under current law, it became much, much worse. They pay 39.6 percent on income of more than \$7,500.

This means that a very small trust under prior law with income of \$2,750 would have paid \$562 in Federal income taxes. Under the current law, the trust pays \$862—a 53-percent increase.

The bill I am introducing today would repeal that 53-percent rate increase.

Under the new tax law, trusts would pay 31 percent on income between \$3,500 and \$5,500; 36 percent on income over \$5,500 and 10 percent surcharge on income over \$7,500 leading to a marginal rate of 39.6 percent.

For a country with a miserable savings rate, this is the wrong tax policy and the wrong message to our children about responsibility, savings and investment.

I would like to think the rate increase for these trusts was an unintended consequence of the tax law. Regardless, it is one provision that should be repealed.

I hope my colleagues will join me in cosponsoring this bill. I ask unanimous consent that a copy of the legislation be printed in the RECORD.

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

S. 657

*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 "Persons With Disabilities Trusts Tax Rate Restoration Act".

#### SEC. 2. REPEAL OF 1993 RATE INCREASES ON TRUSTS FOR INDIVIDUALS WHO ARE DISABLED OR FOR COLLEGE EDUCATIONS.

(a) IN GENERAL.—Section 1(e) of the Internal Revenue Code of 1986 (relating to tax imposed on estates and trusts) is amended to read as follows:

“(e) ESTATES AND TRUSTS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), there is hereby imposed on the taxable income of—

“(A) every estate, and

“(B) every trust,

taxable under this subsection a tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$1,500 .....	15% of taxable income.
Over \$1,500 but not over \$3,500 .....	\$225, plus 28% of the excess over \$1,500.
Over \$3,500 but not over \$5,500 .....	\$785, plus 31% of the excess over \$3,500.
Over \$5,500 but not over \$7,500 .....	\$1,405, plus 36% of the excess over \$5,500.
Over \$7,500 .....	\$2,125, plus 39.6% of the excess over \$7,500.

“(2) SPECIAL RULE FOR CERTAIN TRUSTS.—

“(A) IN GENERAL.—There is hereby imposed on the taxable income of an eligible trust taxable under this subsection a tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$3,300 .....	15% of taxable income.
Over \$3,300 but not over \$9,900 .....	\$495, plus 28% of the excess over \$3,300.
Over \$9,900 .....	\$2,343, plus 31% of the excess over \$9,900.

“(B) ELIGIBLE TRUST.—For purposes of subparagraph (A), the term ‘eligible trust’ means a trust which is established exclusively for the purpose of providing reasonable amounts for—

(i) the support and maintenance of 1 or more beneficiaries each of whom is an individual who is mentally ill or has a disability (within the meaning of section 3(2) of the Americans With Disabilities Act of 1990 (42 U.S.C. 12102(2)) at the time the trust is established,

(ii) the support and maintenance of 1 or more beneficiaries each of whom is under 21 years of age and whose custodial parent or parents are deceased, or

(iii) the payment of qualified higher education expenses (as defined in section 135(c)(2)) of the grantor's children or grandchildren.

A trust shall not fail to meet the requirements of this subparagraph merely because the corpus of the trust may revert to the grantor or a member of the grantor's family upon the death of the beneficiary.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1994.●

By Mr. BINGAMAN:

S. 658. A bill to expand the boundary of the Santa Fe National Forest, and for other purposes; to the Committee on Energy and Natural Resources.

#### THE SANTA FE NATIONAL FOREST BOUNDARY ADJUSTMENT ACT

● Mr. BINGAMAN. Mr. President, today I am introducing legislation on behalf of myself and Senator DOMENICI to authorize the Forest Service to acquire land and easements adjacent to the Santa Fe National Forest in New Mexico. The purpose of this legislation is to preserve the Atalaya Mountain area, east of the city of Santa Fe, NM. The tracts of land in question comprise a portion of the eastern scenic backdrop of Santa Fe which provide the physical and visual edge of the city. They are logical additions to the Santa Fe Forest.

The expanded boundary will adjoin existing city-owned lands, and will connect with and contribute to the city's open space plan. This boundary adjustment will provide a more logical exterior boundary for the Santa Fe National Forest, thereby also facilitating management and administration of these Federal lands.

This property possesses outstanding scenic qualities that are presently enjoyed by the general public traveling in the vicinity. In addition, these lands are crossed by historic wood gathering trails, used by Santa Fe residents for over 300 years, and could provide permanently protected public access corridors.

Over the last several months, broad community concern has been expressed over the prospect of development of the west face of Atalaya Mountain. There is strong public support for preserving this property in an undeveloped state for public use and enjoyment. The purpose of this legislation is to protect Atalaya Mountain through acquisition of land and conservation easements by the Forest Service, thus returning the land to the public as open space. This

legislation specifically prohibits the Forest Service from selling this land and endangering it to development in the future. It is our intent that this legislation spur Forest Service acquisition and provide the extra protection that the mountain so richly deserves.

This effort represents a high level of cooperation and compromise among several parties—the current owners of the land in question, Santa Feans concerned about the preservation of open space, and local and Federal governments. I am pleased to support this effort through introduction of this legislation, which will ensure that Atalaya Mountain, one of Santa Fe's natural treasures, will be protected. Let me take this opportunity to thank my colleague, Senator DOMENICI, for his sponsorship of this legislation. Congressman RICHARDSON has introduced companion legislation in the House of Representatives. It is my hope that we will be able to move swiftly to pass this legislation, and I urge my colleagues to support this bill.

Thank you, Mr. President. I ask that the full text of this legislation be printed in the RECORD.

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

S. 658

*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 "Santa Fe National Forest Boundary Adjustment Act of 1995".

#### SEC. 2. BOUNDARY MODIFICATION.

The boundary of the Santa Fe National Forest is modified and expanded as generally depicted on a map entitled "Santa Fe National Boundary Expansion 1994", dated July 19, 1994. The map shall be on file and available for public inspection in the office of the Chief of the Forest Service.

#### SEC. 3. ATALAYA PEAK EXCHANGES.

(a) IN GENERAL.—The Secretary of the Interior may exchange public land and interests in land managed by the Director of the Bureau of Land Management for private land and interests in land depicted on the map described in section 2.

(b) WITHDRAWAL.—Upon the acquisition of land under subsection (a) by the Secretary of the Interior, and subject to valid existing rights, such land is withdrawn from—

(1) all forms of entry, appropriation, or disposal under the public land laws;

(2) location, entry, and patent under the mining laws; and

(3) disposition under all laws pertaining to mineral and geothermal leasing.

#### SEC. 4. EXCHANGE OF FEDERAL LANDS IN NEW MEXICO.

(a) IDENTIFICATION OF LANDS.—In conjunction with the exchange of lands under section 3, the Secretary of Agriculture and the Secretary of the Interior shall identify federally owned lands and interests in land that are within the boundary of the Santa Fe National Forest on the date of enactment of this Act and are suitable for transfer to and administration by the Bureau of Land Management. The identification of National Forest System land available for transfer shall be made under criteria that are mutually agreeable to the Secretaries.

(b) LANDS ACQUIRED FOR THE BUREAU OF LAND MANAGEMENT.—

(1) TRANSFER BY SECRETARY OF AGRICULTURE.—The Secretary of Agriculture shall transfer to the Secretary of the Interior, acting through the Director of the Bureau of Land Management, lands and interests in land identified under subsection (a). The transfer shall be effective on publication in the Federal Register of notice of the transfer that identifies the lands and interests in land.

(2) BOUNDARY MODIFICATION.—The boundary of the Santa Fe National Forest shall be modified as of the date of notice under paragraph (1) to exclude lands and interests in land that are transferred to the Secretary of the Interior.

(3) MANAGEMENT.—Lands transferred under paragraph (1) shall be administered by the Director of the Bureau of Land Management as part of the public lands (as defined in section 103(e) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702(e))).

(c) LANDS ACQUIRED FOR THE FOREST SERVICE.—

(1) Addition to Santa Fe National Forest.—Lands and Interests in Land—

(A) acquired by the Secretary of the Interior under section 3; or

(B) acquired by the Secretary of Agriculture within the areas identified as "potential acquisition" on the map described in section 2,

shall, upon acquisition, be added to and administered as part of the Santa Fe National Forest in accordance with the laws relating to the National Forest System.

(2) MANAGEMENT.—The Secretary of Agriculture shall manage lands and interest in land described in paragraph (1) primarily to preserve open space and scenic values and to preclude development.

(3) AVAILABILITY OF CERTAIN FUNDS.—For the purposes of section 7(a)(1) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-9(a)(1)), the boundary of the Santa Fe National Forest, as modified under this Act, shall be treated as if it had been the boundary as of January 1, 1965.

#### SEC. 5. SAVINGS PROVISION.

(a) IN GENERAL.—Nothing in this Act shall affect the authority of the Secretary of Agriculture to acquire lands in New Mexico by purchase or exchange.

(b) MANAGEMENT.—Notwithstanding the Act of June 15, 1926 (16 U.S.C. 471a), all lands acquired before, on, or after the date of enactment of this Act by the exchange of National Forest lands shall be managed as a part of the National Forest System.

#### SEC. 6. IMPLEMENTATION.

The procedures used in carrying out the land transfers under this Act shall be the procedures agreed to between the Secretary of the Interior and the Secretary of Agriculture.●

By Mr. FEINGOLD:

S. 659. A bill to amend the Food, Agriculture, Conservation, and Trade Act of 1990 to replace the prohibition on higher State make-allowances for the processing of milk with a requirement that the support purchase price for milk be reduced if a person collects a State make-allowance that is higher than the Federal make-allowance and the milk is purchased by the Commodity Credit Corporation, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

ELIMINATION OF DOUBLE SUBSIDY TO DAIRY PROCESSORS

Mr. FEINGOLD. Mr. President, today I am introducing the legislation that will restore some fairness to the Dairy Price Support Program. Previous legislative and administrative attempts to correct the problem in the system have been unsuccessful. It is time to try a new approach.

Under the Dairy Price Support Program, USDA set Commodity Credit Corporation purchase prices for manufactured daily products in order to indirectly support the price of milk. Rather than requiring the processors to pay dairy producers the support price, the Dairy Price Support Program sets the support price for the individual manufactured products at levels sufficient to achieve plant returns that in turn, allow processors to pay farmers the specified support price. This requires a determination by USDA as to the appropriate plant margin. This margin is more commonly known as a "make allowance."

Despite changes in the 1990 farm bill, some States in this country, are still able to set prices for milk used to make cheese, butter, and nonfat dry milk such that processing plants are guaranteed a higher profit margin—or make allowance—for their products than allowed under the dairy price support system. That allowance provides companies in those States with an artificial competitive advantage. At the same time, processors in those States sell significant amounts of surplus dairy products to the Federal Government.

The bill I am introducing today sends a clear message to those States—it says "You can't have it both ways."

While the specifics of this issue are complex, the fundamentals are clear and understandable. If States create pricing structures to give their milk processors a leg up, they cannot do so at taxpayers expense.

That is exactly what is happening in the State of California today. Because of the California State pricing system, cheese, butter, and dry milk processors are provided such a high make allowance that they can sell their products competitively on the east coast even with the high cost of transportation. Meanwhile, other States must abide by the manufacturing margin set by the Department of Agriculture.

Currently, the State of California provides their plants with a make allowance that is 57 cents per hundredweight higher than the national make allowance for cheese, and nearly 60 cents per hundredweight higher than the national make allowance for the processing of butter and milk powder.

California processors pay their dairy farmers less for the milk they need to make cheese, butter, and powder, and let farmers absorb the market risk, while taxpayers absorb the cost.

Meanwhile, processors elsewhere in the country who are playing by the

rules, paying at least Minnesota-Wisconsin base price or an associated minimum price for milk used in dry milk production, are forced to compete with California's products in the grocery store's dairy case. If we don't change this inequity, processors and dairy farmers outside of California will continue to lose.

The growth in the California dairy processing industry in the last 10 years has been dramatic—and it is due—at least in part—to the higher make allowance. The higher profitability of the plants drives the need to operate plants at capacity and build even more plants creating a demand for milk that spurs on the growth of milk production. The lack of risk for processors makes dairy manufacturing even more attractive to investors. As one might expect, Mr. President, the sales of surplus dairy product to the Federal Government from California have been dramatic as well.

Between 1990 and 1994 marketing years, one State—the State of California—sold 35 percent of all of the surplus butter purchased by the Federal Government and 42 percent of all the nonfat dry milk purchased by the Government.

Not only does the higher make allowance provide California dairy product manufacturers with an artificial competitive advantage in the market place, it encourages milk production and increases surpluses, driving down national milk prices to farmers.

Congress recognized the importance of this issue in the 1990 farm bill when we prohibited any State from having a higher make allowance than the Federal make allowance. Five years later, the law has not been implemented. The Secretary's attempt to implement the law has already been the subject of seven lawsuits. Complaints about the Department's proposed rule have at the same time charged the rule will have no impact whatsoever or be wholly devastating on both the California processing industry and the national dairy industry. Well, Mr. President, I doubt that both could simultaneously be true, but it is hard to know which will be the final outcome.

It is time to restore some reason to this drawn out administrative process. My bill does that. It simplifies the law by removing the overall prohibition on States having higher make allowances. It eliminates the existing statutory requirements for penalties and it removes the burden from the producer to bring a complaint against his processor to USDA.

My bill simply requires the Commodity Credit Corporation to reduce the price it pays to any plant or person selling surplus dairy products to the Government operating in a state with a pricing system that provides a higher make allowance, by an amount that is equal to the difference between the State and Federal make allowance. Regardless of the point of sale of the dairy products, if they were produced

by a plant in a state with a higher make allowance, the CCC purchase price must be reduced.

This bill also explicitly includes cooperatives which have been exempted from the proposed USDA rules. Since dairy cooperatives market most of the milk in California, it is essential that they be compelled to comply with the requirements of this bill.

This bill is based upon a proposal by the Lakeshore Federated Dairy Cooperative in Wisconsin and their member-producers who are fed up with USDA's inability to implement current law, the artificial competitive disadvantages they face in the dairy case, and the bald-faced abuse of the dairy price support system that has gone unfettered for the last 15 years.

The appeal of this approach is obvious. It allows an individual State to have its own pricing structures, but forces them to play by the rules of the Federal dairy price support program if they wish to take advantage of it. States should not be allowed to increase the cost of the dairy price support program to taxpayers and depress national prices to other producers in the process, while providing their own dairy industry with an additional processing subsidy.

The legislation I am proposing not only makes more sense than the current proposal, it also saves money. It has less of an impact on California producer prices and will not lead to significant increases in milk production. In fact, preliminary CBO estimates indicate that this legislation, if enacted, would save upwards of \$40 million over 5 years.

I think this is a solid compromise to a long-standing problem that will persist if Congress fails to act. I encourage my colleagues to support this legislation.

I ask unanimous consent that a letter from the Lakeshore Federated Dairy Cooperative be included in the RECORD, and that the text of the bill also be printed in the RECORD.

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

S. 659

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

#### **SECTION 1. MILK MANUFACTURING MARKETING ADJUSTMENT.**

Subsections (a) and (b) of section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1446e-1) are amended to read as follows:

“(a) DEFINITIONS.—In this section:

“(1) FEDERAL MAKE ALLOWANCE.—The term ‘Federal make allowance’ means the allowance for the processing of milk that is permitted under a Federal program to establish a Grade A price for manufacturing butter, nonfat dry milk, or cheese.

“(2) PERSON.—The term ‘person’ includes a cooperative.

“(3) STATE MAKE ALLOWANCE.—The term ‘State make allowance’ means the allowance for the processing of milk that is permitted by a State for manufacturing butter, nonfat dry milk, or cheese.

“(b) MILK MANUFACTURING MARKETING ADJUSTMENT.—Notwithstanding any other provision of law, if a person collects a State make allowance that is higher than the Federal make allowance and the milk or product of milk that is subject to the allowance is purchased by the Commodity Credit Corporation, regardless of the point of sale, the Corporation shall reduce the support purchase price for the milk and each product of the milk by an amount that is equal to the difference between the State make allowance and the Federal make allowance for the milk and product, as determined by the Secretary of Agriculture.”.

LAKESHORE FEDERATED

DAIRY COOPERATIVE,

Rockford, IL, March 31, 1995.

Hon. RUSS FEINGOLD,

U.S. Senate,

Washington, DC.

DEAR SENATOR FEINGOLD: Lakeshore Federated Dairy Cooperative supports your adjustments to “Milk Manufacturing Marketing Adjustment” in your proposed legislation.

The major impact of implementing the “Milk Manufacturing Marketing Adjustment” would be on cheese sales to the Commodity Credit Cooperation. The current California make allowance for cheese per hundredweight is \$1.94. This compares to the \$1.37 per hundredweight used by the CCC in calculating the block cheddar cheese purchase price. This section will eliminate a \$0.57 make allowance advantage California has over cheese manufacturing plants in 42 other states.

California's Class 4b make allowance has resulted in the cost of milk to California cheesemakers to fall below the M-W price, which represents the minimum cost of milk to cheesemakers regulated under federal orders in 42 states. This allows California cheese plants to produce cheese at a lower raw milk cost than plants in most other states, because of a government loop-hole.

California has had this windfall for the past 10 years and is using politics and the court system to delay any new regulations.

The dairy industry in California had an opportunity to take care of the California make allowance provision that had come to the attention of the U.S. Congress and USDA in February 1992. California chose to ignore the U.S. Congress and Section 102 of the 1990 Farm Bill. They chose to add 70 cents per cwt. on milk used in Class I and Class II as a surcharge, through an emergency price relief bill passed in 1991.

This price relief bill allowed the California department of Food and Agriculture to increase the cost of milk utilized in Class I and Class II and the fluid milk consumers subsidized the California milk producer and continued to allow a high make allowance to the milk manufacturing industry. This emergency price relief bill was just another California State milk pricing scheme to allow the California milk manufacturing industry to continue to use high state “make allowance.”

Congress recognized this make allowance issue in the 1990 Farm Bill and instructed USDA to correct the problem. USDA failed to honor the request, as they have done prior to the 1990 Farm Bill. Our cooperative filed briefs with Secretary of Agriculture, Mike Espy, in 1994 on the make allowance issue and as of today, nothing has been done.

The California Department of Food and Agriculture has denied a petition to hold hearings on whether the state's Class 4-A and 4-B milk pricing formulas should be replaced with the Minnesota-Wisconsin price within the past month. There is no doubt

that the California dairy industry has no respect for the U.S. Congress or USDA's internal politics. They had a chance to correct the make allowance inequity this past month and thumbed their nose at the rest of the United States.

Lakeshore Federated Dairy Cooperative is made up of three Capper-Volstead Cooperatives: Manitowoc Milk Producers Cooperative, Milwaukee Cooperative Milk Producers, Brookfield, WI, and Mid-West Dairymens Co., Rockford, IL. The combined membership of the three cooperatives includes 6,200 farm families located in Wisconsin, Illinois, Michigan, Minnesota and Iowa.

The cost to administrate this new section in the 1995 Farm Bill is zero. The CCC will make a calculation once for the States with milk pricing schemes and use the same reduction on the price per pound of products purchased by the CCC. This price per pound reduction will also reduce spending by USDA.

Members of our cooperatives feel there is little downside to your proposed legislation. There have been scenarios as to the shift of milk from cheese to NFDM production or the shift of milk from NFDM production to cheese production. These are unpublished studies with questionable assumptions and conclusions.

We would like to thank you and your staff for supporting this make allowance issue. If our cooperatives can be of any assistance to you, please let us know.

Sincerely,

DENNIS DONOHUE,  
Manitowoc Milk  
Producers Cooperative.

JAMES BIRD,  
Milwaukee Cooperative  
Milk Producers.

JOHN TREI,  
Mid-West Dairymens Company.

#### ADDITIONAL COSPONSORS

S. 240

At the request of Mr. DOMENICI, the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of S. 240, a bill to amend the Securities Exchange Act of 1934 to establish a filing deadline and to provide certain safeguards to ensure that the interests of investors are well protected under the implied private action provisions of the act.

S. 252

At the request of Mr. LOTT, the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of S. 252, a bill to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

S. 254

At the request of Mr. LOTT, the name of the Senator from California [Mrs. BOXER] was added as a cosponsor of S. 254, a bill to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the U.S. merchant marine during World War II.

S. 256

At the request of Mr. BRADLEY, his name was added as a cosponsor of S. 256, a bill to amend title 10, United States Code, to establish procedures for determining the status of certain missing members of the Armed Forces and

certain civilians, and for other purposes.

#### SENATE RESOLUTION 83

At the request of Mr. FEINGOLD, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of Senate Resolution 83, a resolution expressing the sense of the Senate regarding tax cuts during the 104th Congress.

#### AMENDMENT NO. 430

At the request of Mr. McCONNELL his name was added as a cosponsor of amendment No. 430 proposed to H.R. 1158, a bill making emergency supplemental appropriations for additional disaster assistance and making rescissions for the fiscal year ending September 30, 1995, and for other purposes.

#### SENATE RESOLUTION 98—RELATING TO TAX AVOIDANCE BY CERTAIN AMERICAN CITIZENS

Mr. KENNEDY submitted the following resolution; ordered to lie over, under the rule:

S. RES. 98

*Resolved*, it is the sense of the Senate that—

(1) the Congress of the United States should act as quickly as possible to amend the Internal Revenue Code to end the tax avoidance by United States citizens who relinquish their United States citizenship; and  
(2) The effective date of such amendment to the Internal Revenue Code should be February 6, 1995.

#### AMENDMENTS SUBMITTED

#### EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT OF 1995

#### EXON AMENDMENT NO. 442

(Ordered to lie on the table.)

Mr. EXON submitted an amendment intended to be proposed by him to amendment No. 420 proposed by Mr. HATFIELD to the bill (H.R. 1158) making emergency supplemental appropriations for additional disaster assistance and making rescissions for the fiscal year ending September 30, 1995, and for other purposes; as follows:

At the appropriate place in the pending substitute amendment add the following:

#### SEC. . LIMITATION ON FUNDING OF ABORTIONS.

None of the funds appropriated under Public Laws 103-112 and 103-333 shall be expended for any abortion except when it is made known to the Federal entity or official to which funds are appropriated under such Act that such procedure is necessary to save the life of the mother or that the pregnancy is the result of an act of rape or incest: *Provided*, That, effective October 1, 1993, and notwithstanding any other law, each State is and remains free not to fund abortions to the extent that the State in its sole discretion deems appropriate, except where the life of the mother would be endangered if the fetus were carried to term.

#### PRESSLER AMENDMENT NO. 443

(Ordered to lie on the table.)

Mr. PRESSLER submitted an amendment intended to be proposed by him

to amendment No. 420 proposed by Mr. HATFIELD to the bill H.R. 1158, *supra*; as follows:

Beginning on page 41, line 21, strike “: *Provided*” and all that follows through page 42, line 3, and insert a period.

#### PRESSLER (AND OTHERS) AMENDMENT NO. 444

(Ordered to lie on the table.)

Mr. PRESSLER (for himself, Mr. D'AMATO, and Mr. WARNER) submitted an amendment intended to be proposed by him to amendment No. 420 proposed by Mr. HATFIELD to the bill H.R. 1158, *supra*; as follows:

On page 33, strike lines 1 through 5.

On page 12, line 25, strike “\$5,000,000” and insert “\$21,293,000”.

#### DASCHLE (AND OTHERS) AMENDMENT NO. 445

Mr. DASCHLE (for himself, Mr. KENNEDY, Mr. DORGAN, Mr. HARKIN, Mr. CAMPBELL, and Mr. KOHL) proposed an amendment to amendment No. 420 proposed by Mr. HATFIELD to the bill H.R. 1158, *supra*; as follows:

In the pending amendment strike all after the first word and insert the following:

“the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to provide additional supplemental appropriations and rescissions for the fiscal year ending September 30, 1995, and for other purposes, namely:

#### TITLE I—SUPPLEMENTALS AND RESCISSIONS

##### CHAPTER I

DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

#### DEPARTMENT OF AGRICULTURE AGRICULTURAL RESEARCH SERVICE (TRANSFER OF FUNDS)

For an additional amount for necessary expenses of the Agricultural Research Service, \$2,218,000, to be derived by transfer from “Nutrition Initiatives”, Food and Consumer Service.

#### FOOD SAFETY AND INSPECTION SERVICE

For an additional amount for salaries and expenses of the Food Safety and Inspection Service, \$9,082,000.

#### COMMODITY CREDIT CORPORATION FUND

##### FOOD FOR PROGRESS

Notwithstanding any other provision of law, no funds of the Commodity Credit Corporation in excess of \$50,000,000 for fiscal year 1995 (exclusive of the cost of commodities in the fiscal year) may be used to carry out the Food for Progress Act of 1985 (7 U.S.C. 1736o) with respect to commodities made available under section 416(b) of the Agricultural Act of 1949: *Provided*, That of this amount not more than \$20,000,000 may be used without regard to section 110(g) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(g)). The additional costs resulting from this provision shall be financed from funds credited to the Corporation pursuant to section 426 of Public Law 103-465.

#### RURAL ELECTRIFICATION ADMINISTRATION RURAL ELECTRIFICATION AND TELEPHONE LOANS PROGRAM ACCOUNT

The second paragraph under this heading in Public Law 103-330 (108 Stat. 2441) is amended by inserting before the period at