

EC-2970. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report concerning the security measures at the Hellenikon International Airport; to the Committee on Commerce, Science, and Transportation.

EC-2971. A communication from the Secretary of Transportation, transmitting, pursuant to law, the report on products used for airport pavement maintenance and rehabilitation; to the Committee on Commerce, Science, and Transportation.

EC-2972. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the report of three rules including a rule entitled "Groundfish of the Gulf of Alaska," received on May 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2973. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the report of a rule entitled "Groundfish of the Bering Sea and Aleutian Islands Area," received on May 30, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2974. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the report of a rule entitled "Groundfish Fishery of the Bering Sea and Aleutian Islands Area," received on May 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2975. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting, pursuant to law, the report of a rule entitled "Pacific Halibut Fisheries," received on May 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2976. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of six rules including a rule entitled "Vehicle Identification Number Requirements," (RIN2127-AF69, 2127-AF46, 2137-AC66, 2115-AE46) received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2977. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of twenty-three rules including a rule entitled "Child Restraint Systems," (RIN2120-AF52, 2120-AF57, 2120-AA63, 2120-AA66, 2120-AA64) received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2978. A communication from the Program Management Officer, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Groundfish of the Gulf of Alaska," (RIN0648-AI56) received on May 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2979. A communication from the Program Management Officer, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Foreign and Domestic Fishing," (RIN0648-AC61) received on May 20, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2980. A communication from the Program Management Officer, National Marine

Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of three rules including a rule entitled "General Provisions for Domestic Fisheries," received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

EC-2981. A communication from the Program Management Officer, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Northeast Multispecies Fishery," (RIN0648-AI94) received on June 3, 1996; to the Committee on Commerce, Science, and Transportation.

## 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. FAIRCLOTH:

S. 1853. A bill to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property; to the Committee on the Judiciary.

By Mr. ASHCROFT (for Mr. DOLE (for himself, Mr. HATCH, Mr. LOTT, Mr. ASHCROFT, Mr. GRASSLEY, and Mr. INHOFE)):

S. 1854. A bill to amend Federal criminal law with respect to the prosecution of violent and repeat juvenile offenders and controlled substances, and for other purposes; to the Committee on the Judiciary.

By Mr. GRAMM (for himself and Mr. D'AMATO):

S. 1855. A bill to reduce registration fees required to be paid by issuers of securities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FAIRCLOTH:

S. 1853. A bill to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property; to the Committee on the Judiciary.

### THE CHURCH ARSON PREVENTION ACT OF 1996

Mr. FAIRCLOTH. Mr. President, over the weekend in my home State of North Carolina, a small black church—the Matthew Murkland Presbyterian Church was destroyed by fire.

This is truly a terrible act. I cannot think of a more despicable act than to burn any church. Nevertheless, this is the 30th such fire for a black church in the last 18 months. In fact, there are reports of another occurring last night.

At this time, we do not know if this is a nationwide effort by some hate group, or the acts of crazed individuals. I would suspect that some of this has been organized, and that some of these are copycat crimes.

Whatever the motivation, the legislation I am introducing would clarify that to burn any church is a Federal crime. Further, this lowers the threshold of damage necessary to make it a Federal crime from \$10,000 in damages to \$5,000 in damages.

This makes certain that those that are doing this on an organized basis across the Nation will surely be brought to justice for the crimes they are committing.

This is the same bill that Congressmen HYDE and CONYERS have introduced in the House of Representatives.

The President has announced his support for this legislation. It is my hope that the Congress can act on this bill soon and send it to the President.

By Mr. ASHCROFT (for Mr. DOLE (for himself, Mr. HATCH, Mr. LOTT, Mr. ASHCROFT, Mr. GRASSLEY, and Mr. INHOFE)):

S. 1854. A bill to amend Federal criminal law with respect to the prosecution of violent and repeat juvenile offenders and controlled substances, and for other purposes; to the Committee on the Judiciary.

### THE VIOLENT AND REPEAT JUVENILE OFFENDER REFORM ACT OF 1996

Mr. ASHCROFT. Mr. President, it seems like the latest incomprehensible tragedy is only the next newspaper away. Today we have an epidemic of juvenile crime. It means that frequently students are unable to focus on their lessons as they seek to enhance their capacity to be of service to themselves, their family, and fellow man as they are in school. They are diverted and distracted because they have concerns about their own safety. They fear they might be robbed or raped. It is not a question of someone throwing spit balls. As a matter of fact, an 8-year-old girl from St. Louis wrote me that crime is real. It has to do with weapons. It has to do with people losing their lives. Young children are afraid. Citizens are afraid to leave their homes because they fear the senseless, mindless attack of predatory youngsters who have become a major threat to the personal security and integrity of individuals in our culture.

We rejoice in the fact there has been some drop in overall crime rates. Frankly, crime rates had nowhere else to go, in general, but down. But they are coming down, and I am pleased by it. But I think it is important we not be deluded, we not be fooled. The fact that, overall, crime rates are coming down should not mask something which should alert us and should literally prompt us into significant response, and that is that, while, overall, crime rates are going down, juvenile crime rates have been skyrocketing. So those components of the crime rate which would signal what we can expect in the future are telling us to beware, to be alert, to brace ourselves, because between 1988 and 1992, juvenile arrests for violent crime increased by 47 percent while adult violent crime arrests increased only by 19 percent. So we had a 2.5-to-1 higher increase, higher explosion in growth in juvenile crime.

Juvenile murders increased by 26 percent, forcible rapes by 41 percent, juvenile robberies by 39 percent, aggravated assaults by 27 percent—an exploding,

growing, expanding threat to the safety and security and integrity of the population. Frequently, because we are talking about juveniles, we are finding these individuals are being sent back into classrooms. Teachers do not know what these individuals have done because juvenile records are most frequently sealed. Other students are not aware of the specific conduct, though they frequently know someone has been in trouble. So you get a tremendous wave of insecurity in the classroom.

I think most of us understand, when we work on legislation here, we need a secure environment. We invest substantially in a secure environment here. Yet, when we are preparing the next generation to literally lead America, we have students in our public schools, and teachers, who are having constantly to look over their shoulders, unaware, not knowing, not confident, distressed, discomfited by the fact that we have frequently sent these folks right back into our schools. And our schools are unaware.

I talked to a teacher who indicated she knew there were several people in her classroom who were being housed in a residential juvenile detention facility, sent into the school, some of them even having these electronic shackles, the bracelets they have to wear around their ankle that allows the law enforcement community to monitor their whereabouts. But these students would refuse to tell the teacher the kinds of crimes or offenses which they have been convicted of, so a teacher in the classroom looks at the student and the student says: You know I have been convicted of a crime but I am not going to tell you whether I raped someone or murdered someone or assaulted someone. You just cannot know that.

I submit to you that is not a healthy environment. But it is not just the school environment for which we must be concerned. It is the environment in which we maintain our homes. It is the streets of America, which we must literally reclaim.

I believe the Dole-Hatch bill, which I have just sent to the desk, is a much needed effort to curtail these astronomical growth numbers and to fulfill the first duty of government. We have gotten awfully expansive of government. We teach people how to raise flowers. We address a wide variety of issues—research. But the first, the fundamental duty of government, the reason for which government was initially convened, is to provide for the safety and security and the integrity, the dignity of individual human beings, so we can be free from assault, so we can have the potential of reaching the level of achievement for which God created us and for which God placed in us this potential.

I believe we have to return to that fundamental. The Dole-Hatch bill is a bill which is designed to address violent juvenile criminal activity. It is de-

signed to sweep away the sort of idea that it is something we can ignore or simply patch over. We have to address it constructively. It will remedy misguided Federal efforts to excuse juvenile behavior because people are just juveniles. It will begin to provide a basis for accountability.

I have to say I understand there are a number of juveniles who will not become career criminals. We do not want them to. We would not make that any more likely with this bill. But I think, for very serious juvenile offenders, we have to send a serious signal to them about the nature of their activity.

President Clinton yesterday warned of a potential wave of juvenile crime in the next 5 years. The truth of the matter is, it is not a wave, it is an explosion. The President recommended a so-called gentle combination of laws and prevention programs to deflect this onslaught of violent teens.

I have to say I believe a gentle combination will not get the job done. I think we have to begin to treat criminals as criminals. For those individuals who commit rape, armed robbery, murder, armed assault, major drug offenses, we cannot have any more gentle approaches. We have to say you are going to have to stand for trial as an adult.

The Federal Government's response, and President Clinton's response, his solution, is always to offer more money for social programs such as delinquency prevention, treatment, recreation. I have held hearings around my State. I know the Senator from Iowa has held hearings around his State. We have talked to juvenile officials, those who deal with the juveniles. We have talked to sheriffs. We have talked to prosecutors. We have heard them tell us how juvenile individuals who are involved in criminal acts are simply playing the system. They sometimes look forward to a juvenile detention facility. They know they can hide behind their status as juveniles, that they do not have to be really answerable for their activities.

The administration has not been active in prosecuting those who have offended the Federal laws. There have only been 233 convictions in the Clinton administration of juveniles as adults. I think for the major categories of criminal activity when juveniles are committing crimes which, if committed by adults, would be felonies, we need a serious approach.

One of the things that stunned me about the testimony of Prof. John Dilulio from Princeton, one of the leading criminologists in America, is his report that when he interviews inmates of major prisons, their main worry is about the young prisoners who are going to be sent in. They are so hardened as criminals and have been allowed to be so indiscriminate in their violence before they finally get thrown into jail that the old-time criminals are scared stiff. They are afraid of what is happening.

Those on the inside, the old-time, long-time criminal element in our Nation's prison systems, are fearful because they see what we have done by turning our heads to activity, so long as it is conducted by a juvenile, and allowing individuals to harden their approach to the safety and security and integrity of other individuals, and they are afraid. America needs to respond, and it needs to respond dramatically.

The Dole-Hatch bill, also cosponsored by Senator LOTT and myself and, I am pleased to say, Senator GRASSLEY is to be added as an original cosponsor of the bill, is a measure which would begin to focus the energy and resources of the Federal Government on this part of crime, which is exploding, this part of crime which is growing at an incredible rate: juvenile crime; violent repeat juvenile criminal behavior.

The estimated total amount of Federal appropriations used for at-risk and delinquent youth was more than \$4 billion last year. Of these billions sent to the States, a very few million were to be used for investigation, prosecution, and detention. It is time we looked carefully at how we can assist States and how we can carry our share of the load in the Federal Government as it relates to actually prosecuting those individuals who are guilty of committing acts which, if committed as adults, would be clearly and simply felonies.

They threaten the lives of people, they undermine the security of their property, they destabilize and disrupt our educational process. It is something which we cannot tolerate, it is something with which we cannot be coddling, it is something with which we must be forthwith. We can do much more, and the Dole-Hatch bill is an enormous step in the right direction.

Let me briefly give you some of the things that are important about the Dole-Hatch bill which I believe make it a very promising way to address this most serious problem.

One of the difficulties in the area of juvenile laws is the fact that juvenile records frequently have been sealed. Proceedings of juveniles are closed proceedings. Records are not available. Teachers who have to deal with these individuals in schools do not know what they have on their hands.

I talked to the sheriff—and I am sure my colleague from Iowa, Senator GRASSLEY, has talked to local officials—but I talked to the sheriff in Moniteau County, MO. The biggest town in Moniteau County is California, MO. People say they are going to California in central Missouri. People do not think you are going to the west coast, they think you are going to California, MO. It is not a big town.

I asked what his No. 1 crime problem was, and he said it was juveniles coming in from out of State trying to set up a drug operation in Moniteau County and he could not call the States from which these juveniles came and get their records, because there was a

big blanket of security, security for the criminal but not for the society, a blanket of nondisclosure over juvenile records. I think it is high time that when people commit felonious acts, when they are criminals, that we have an understanding of what they have done and then when they move on to another jurisdiction, we have to be able to find out what their history is.

I talked to a judge not too long ago. He said he was sentencing an 18-year-old for murder. He thought it was the individual's first offense. Inadvertently did he discover the individual was originally from the west coast and had a juvenile record that included other murders. I do not think it is fair to expect a judicial system to operate in relation to repeat offenders, repeat violent predators and to allow those repeat violent predators to have the presumption that they are first offenders when they have a rap sheet as long as from here to Chicago.

The truth is, if those people do criminal acts, those acts ought to be made available to law enforcement officials, judges, schoolteachers and school officials, not only because we will know how to take steps to protect the other students and the school environment—that would be enough of a reason—but we can do our best to change the way people operate, we can do our best to help them redirect their lives if they are not allowed to hide under a shield of juvenile laws that keep their records from being known.

A significant part of the Dole-Hatch proposal is that such records can be maintained and developed at Federal expense if such records are made available to law enforcement and school authorities, including those outside the State. The juvenile community in America is very mobile. The Bloods and the Crips are no longer focused on the seaboards of this country. I am sure they are in Oklahoma City, like they are in Kansas City and some, from time to time, are found in smaller cities of Missouri and across the United States of America.

It is fundamentally important that we not provide this blanket of security for criminal activity; that we expose to the light of day the acts of individuals whose conduct threatens the very security and integrity and dignity of the American public and also threatens substantially our ability to operate our public schools. I, for one, am loath to see us fail to protect our public education system.

Second, this measure provides States will get 50 percent more in funding if they prosecute as adults juveniles 14 or older who commit murder, rape, armed robbery, aggravated assault, and distribution of controlled substances. The funding will be substantially greater to States who decide to get serious.

I do not think it is unfair at all for the Federal Government to say we are not interested in providing resources just for social programs. If we are really worried about the threat to the in-

tegrity, to the security, to the safety of our citizenry, then for States who are really serious about protecting them, we will provide more funding. States who are serious enough to provide real prosecutions will get additional funding.

The bill establishes an Office of Juvenile Accountability to assist the States in the prosecution of offenders and in combating youth violence. To get funding, States would have to make reasonable efforts to ensure by 2002 that juvenile proceedings will be open to the public, that juvenile records will be made available to schools and law enforcement agencies, and that fingerprint records will be kept for all juvenile offenders.

The idea that we have repeat, serious predatory criminals who are not fingerprinted because they are juveniles and we do not have the capacity to follow their activities and to monitor what they are doing is an idea whose time has passed. It is time for us to understand that it is not spitballs in the hall and it is not just truancy. We have major criminal activity, and we should respond to it as such.

Reform of the Federal juvenile justice system would be included here. It would hold juveniles 13 or older accountable as adults for the commission of violent crimes, such as murder and robbery, drug trafficking, or if they have been adjudicated delinquent on three previous offenses which, if the activity had been committed by an adult, would have been felonies.

What we are really talking about here is focusing our attention on those juveniles who have been extremely disruptive and violent and who have decided that they can game or take advantage of the system, and, when they take advantage of the system, to hide under it as juveniles. We have to say there is no hiding place down here. We simply have to say very clearly, "If you're going to make a conscious decision to be involved in criminal activity, then you'll be treated as a criminal, not as a juvenile."

Note what we do not do here. We do not say that everyone's first encounter with the law, if it is for some kind of activity which is not serious, automatically puts them into the adult criminal system. Ninety percent of all the juveniles that encounter our system encounter it once. They have learned their lesson.

This system does not do anything to deal with those individuals unless they have committed murder, rape, armed robbery, armed assault, or major drug trafficking crimes. And you are pretty sure that is not a first encounter of someone with the system. So for the individuals in our juvenile justice system for whom the system has worked, this system does not affect them. But it begins to say, for those in the 10 percent that are involved in the serious, repeat, predatory, violent crimes of rape, armed robbery, armed assault, murder, major drug trafficking, those

individuals are to be treated as criminals because they are involved in criminal activity.

It is my judgment that it is beyond time for us to recognize that the times have changed, that criminal activity and juvenile delinquency is not what it once was. It is a new category of offense. It demands a new category of response.

The same responses that have worked in the past will not work in the future, not unless we are willing to accept the tidal wave, this explosion of countercultural crime. It is against the culture which says crime is going down overall. It is countercultural because it is going up dramatically.

We owe it to every man, woman, and child in America to do what we can to protect their integrity for their personal safety, the safety and security of their property as well as their persons. We owe it to every schoolteacher. We owe it to every schoolchild. We owe it to individuals who are trying to prepare themselves for a future in these United States of America so they can build these United States of America rather than tear down these United States of America. We owe them schools that are safe enough in which to learn.

The Dole-Hatch bill, which addresses the core problem of violent, hard-core, repeat juvenile offenders, will do exactly that. It focuses the resources on investigation and prosecution. It does not focus the resources where we have had \$4 billion spent previously, coinciding with the explosion of juvenile crime in the culture. It does not deny that effort that is being made to try to provide the right reinforcements and support for individuals who want to stay straight, but it says that effort can no longer characterize solely what we are doing.

We must be willing to get involved in investigation, prosecution, detention, and punishment for individuals involved in predatory crimes which deprive us of our security, of our integrity and our safety. And we must treat those who choose to be criminals as criminals in order to address this serious problem.

So I am pleased to have this opportunity to submit the Dole-Hatch measure addressing this serious problem of violent, repeat, hard-core juvenile offenders and to commend the majority leader and the chairman of the Judiciary Committee for this farsighted measure, which will take serious steps to curtail this threat to the liberty which all Americans have a right to enjoy.

By Mr. GRAMM (for himself and Mr. D'AMATO):

S. 1855. A bill to reduce registration fees required to be paid by issuers of securities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE SECURITIES AND EXCHANGE COMMISSION  
FEE REDUCTION ACT OF 1996

• Mr. GRAMM. Mr. President, today, I am joined by Banking Committee

Chairman D'AMATO in introducing the Securities and Exchange Commission Fee Reduction Act of 1996. This legislation is similar to a bill that was approved overwhelmingly by the House of Representatives earlier this year, and it should enjoy similar support in the Senate.

Today, so-called user fees collected by the Securities and Exchange Commission [SEC] will pay for the entire SEC budget nearly three times over. These fees have become transformed into a tax on investment and capital formation. The legislation that we are introducing today will reduce these excess fees in stages over a period of 5 years until the amounts collected are approximately in line with the budget of the SEC.

Mr. President, permit me to review the history of these fees, so that this bill, and its importance, can be placed in context. For many years a variety of user fees have been assessed to support the budget of the SEC. The most significant of these fees is assessed on new securities issues as they are registered with the Commission. A lesser fee is imposed on New York and American Stock Exchange trades.

From their inception, fees were kept minimal, closely related to the cost of actually running the SEC, and therefore could be called user fees, paid so that the SEC could guard the integrity of our securities markets, a clear benefit to everybody. That began to change with the 1990 budget. The slump in market activity following Black Monday in 1987 caused worry in some quarters that the money generated by existing fees might not keep pace with the growing budget of the SEC. So the registration fees were raised, temporarily. That not only made up for lost revenue, it inadvertently produced annual surpluses of up to \$70 million over and above the SEC's budget.

Creating a surplus by raising a fee is a dangerous precedent. Before 1992, the SEC user fees had become a cash cow. Even so, the registration fee ratio was altered again. The surplus then jumped to \$180 million and had continued to climb each year since. It will approach \$400 million this year.

It is improbable that a more destructive way to raise revenues could be found. Not unlike an increase in interest rates, the registration fees increase the cost of raising equity capital, with the unavoidable result that equity investment is lower than it would otherwise be. These fees have raised the cost of entry into the equity markets.

The cost to the economy is immense. These fees tax our economy's seed capital—the money needed to create a harvest of new jobs, goods, services, economic growth, and opportunity. Clearly, the cost of these taxes imposed on new stock issues and stock trades measured in loss of economic activity must be counted in billions of dollars.

Since a tax on new issues and equity transactions must be among the most inefficient ways to raise revenues, such

a tax should never be used to fund general government. That is why I oppose setting fees at a level higher than necessary to fund the SEC. The adoption of this bill will return us to this principle, which governed SEC fees prior to the change in 1990.

These excess fees have been recognized as a tax by the House Ways and Means Committee. This fact resulted in a near shutdown of the SEC 2 years ago in a dispute between the Appropriations and Ways and Means Committees over jurisdiction for tax legislation. To prevent a recurrence of that problem, a compromise was reached whereby the Ways and Means Committee will withhold its objections to such fees being raised in appropriations bills, but only while the excess fees are on track to their elimination. This bill implements that compromise, which also has the full support of the authorizing committee in the House and the SEC.

This legislation is revenue neutral, since the excess SEC fees have not been used for deficit reduction but rather as offsetting collections in appropriations bills. The fees collected for deficit reduction purposes remain unchanged.

Mr. President, this position finds a strong consensus in this Congress. The legislation adopted by the House of Representatives had the support of Republicans and Democrats and was carefully crafted in consultation with the Ways and Means, Commerce, and Appropriations Committees of the other body. I believe that the companion bill we are introducing today will find similar support here.

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. 1855

*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 "Securities and Exchange Commission Fee Reduction Act of 1996".

#### SEC. 2. REDUCING REGISTRATION FEES.

Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) is amended to read as follows:

"(b) REGISTRATION FEE.—

"(1) FEE PAYMENT REQUIRED.—

"(A) IN GENERAL.—At the time of filing a registration statement, the applicant shall pay to the Commission a fee that shall be equal to the sum of the amounts (if any) determined under the rates established by paragraph (3).

"(B) PUBLICATION OF FEES.—The Commission shall publish in the Federal Register notices of the fee rates applicable under this subsection for each fiscal year.

"(C) AMOUNTS OF FEES.—In no case shall a minimum fee required by this subsection be greater than \$100.

"(2) GENERAL REVENUE FEES.—

"(A) RATE.—The rate determined under this paragraph is a rate equal to—

"(i) during each fiscal year before fiscal year 2002, \$200 for each \$1,000,000 of the maximum aggregate price at which the subject securities are proposed to be offered; and

"(ii) during fiscal year 2002 and each succeeding fiscal year, \$182 for each \$1,000,000 of the maximum aggregate price at which the subject securities are proposed to be offered.

"(B) REVENUES OF TREASURY.—Fees collected during any fiscal year pursuant to this paragraph shall be deposited and credited as general revenues of the Treasury.

"(3) OFFSETTING COLLECTION FEES.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), for each \$1,000,000 of the maximum aggregate price at which the subject securities are proposed to be offered, the rate determined under this paragraph is a rate equal to—

"(i) \$103 during fiscal year 1997;

"(ii) \$70 during fiscal year 1998;

"(iii) \$38 during fiscal year 1999;

"(iv) \$17 during fiscal year 2000; and

"(v) \$0 during fiscal year 2001 or any succeeding fiscal year.

"(B) LIMITATION; DEPOSIT.—Except as provided in subparagraph (C), no amounts shall be collected pursuant to this paragraph for any fiscal year except to the extent provided in advance in appropriations Acts. Fees collected during any fiscal year pursuant to this paragraph shall be deposited and credited as offsetting collections in accordance with appropriations Acts.

"(C) LAPSE OF APPROPRIATIONS.—If, on the first day of a fiscal year, a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this paragraph at the rate in effect during the preceding fiscal year, until such a regular appropriation is enacted."

#### SEC. 3. TRANSACTION FEES.

(a) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended to read as follows:

##### "SEC. 31. TRANSACTION FEES.

"(a) EXCHANGE-TRADED SECURITIES.—

"(1) RATE.—Each national securities exchange shall pay to the Commission a fee at a rate equal to—

"(A) \$33 for each \$1,000,000 of the aggregate dollar amount of sales of securities (other than bonds, debentures, and other evidences of indebtedness) transacted on such national securities exchange during the period to which the fee relates under subsection (d); and

"(B) for fiscal year 2002 and each succeeding fiscal year, \$25 for each \$1,000,000 of such aggregate dollar amount of sales during the period to which the fee relates under subsection (d).

"(2) REVENUES OF TREASURY.—Fees collected pursuant to this subsection shall be deposited and collected as general revenue of the Treasury.

"(b) OFF-EXCHANGE-TRADES OF EXCHANGE-REGISTERED SECURITIES.—

"(1) RATES.—Each national securities association shall pay to the Commission a fee at a rate equal to—

"(A) \$33 for each \$1,000,000 of the aggregate dollar amount of sales transacted during the period to which the fee relates under subsection (d) by or through any member of such association otherwise than on a national securities exchange of securities registered on such an exchange (other than bonds, debentures, and other evidences of indebtedness); and

"(B) for fiscal year 2002 and each succeeding fiscal year, \$25 for each \$1,000,000 of the aggregate dollar amount of sales referral to in subparagraph (A) during the period to which the fee relates under subsection (d).

"(2) REVENUES OF TREASURY.—Fees collected pursuant to this subsection shall be deposited and collected as general revenue of the Treasury.

"(c) OFF-EXCHANGE-TRADES OF LAST-SALE-REPORTED SECURITIES.—

“(1) COVERED TRANSACTIONS.—Each national securities association shall pay to the Commission a fee at a rate equal to the dollar amount determined under paragraph (2) for each \$1,000,000 of the aggregate dollar amount of sales transacted during the period to which the fee relates under subsection (d) by or through any member of such association otherwise than on a national securities exchange of securities (other than bonds, debentures, and other evidences of indebtedness) subject to prompt last sale reporting pursuant to the rules of the Commission or a registered national securities association, excluding any sales for which a fee is paid under subsection (b).

“(2) FEE RATES.—Except as provided in paragraph (4), the dollar amount determined under this paragraph is—

“(A) \$12 for fiscal year 1997;  
 “(B) \$14 for fiscal year 1998;  
 “(C) \$17 for fiscal year 1999;  
 “(D) \$18 for fiscal year 2000;  
 “(E) \$20 for fiscal year 2001; and  
 “(F) \$25 for fiscal year 2002 or for any succeeding fiscal year.

“(3) LIMITATION; DEPOSIT OF FEES.—Except as provided in paragraph (4), no amounts shall be collected pursuant to this subsection for any fiscal year beginning before October 1, 2001, except to the extent provided in advance in appropriations Acts. Fees collected during any such fiscal year pursuant to this subsection shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, except that any amounts in excess of the following amounts (and any amount collected for fiscal years beginning on or after October 1, 2001) shall be deposited and credited as general revenues of the Treasury:

“(A) \$20,000,000 for fiscal year 1997.  
 “(B) \$26,000,000 for fiscal year 1998.  
 “(C) \$32,000,000 for fiscal year 1999.  
 “(D) \$32,000,000 for fiscal year 2000.  
 “(E) \$32,000,000 for fiscal year 2001.  
 “(F) \$0 for fiscal year 2002 and any succeeding fiscal year.

“(4) LAPSE OF APPROPRIATIONS.—If, on the first day of a fiscal year, a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until such a regular appropriation is enacted.

“(d) DATES FOR PAYMENT OF FEES.—The fees required by subsections (a), (b), and (c) shall be paid—

“(1) on or before March 15, with respect to transactions and sales occurring during the period beginning on the preceding September 1 and ending at the close of the preceding December 31; and

“(2) on or before September 30, with respect to transactions and sales occurring during the period beginning on the preceding January 1 and ending at the close of the preceding August 31.

“(e) EXEMPTIONS.—

“(1) COMMISSION AUTHORITY.—The Commission may, by rule, exempt any sale of securities or any class of sales of securities from any fee imposed by this section, if the Commission finds that such exemption is consistent with the public interest, the equal regulation of markets and brokers and dealers, and the development of a national market system.

“(2) LOW-VOLUME TRANSACTIONS.—No fee shall be assessed under this section for transactions involving portfolios of equity securities taking place at times of day characterized by low volume and during nontraditional trading hours, as determined by the Commission.

“(f) PUBLICATION.—The Commission shall publish in the Federal Register notices of the

fee rates applicable under this section for each fiscal year.”

(b) EFFECTIVE DATE; TRANSITION.—

(1) EFFECTIVE DATE.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply with respect to transactions in securities that occur on or after October 1, 1996.

(2) OFF-EXCHANGE TRADES OF LAST SALE REPORTED TRANSACTIONS.—The amendment made by subsection (a) shall apply with respect to transactions described in section 31(d)(1) of the Securities Exchange Act of 1934 (as amended by subsection (a) of this section) that occur on or after October 1, 1996.

(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to affect the obligation of national securities exchanges and registered brokers and dealers under section 31 of the Securities Exchange Act of 1934, as in effect on the day before the effective date of the amendment made by subsection (a), to make the payments required by such section on March 15, 1997.

#### SEC. 4. TIME FOR PAYMENT.

Section 4(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(e)) is amended by inserting before the period at the end the following: “, and the Commission may also specify the time that such fee shall be determined and paid relative to the filing of any statement or document with the Commission”.

#### SEC. 5. ELIMINATION OF UNNECESSARY FEES.

The fees authorized by the amendments made by this Act are in lieu of, and not in addition to, any fees that the Securities and Exchange Commission is authorized to impose or collect pursuant to section 9701 of title 31, United States Code.●

● Mr. D'AMATO. Mr. President, I am pleased to join my distinguished colleague and Securities Subcommittee Chairman, Senator GRAMM, in sponsoring legislation to fully and fairly fund the Securities and Exchange Commission. The Securities and Exchange Commission Fee Reduction Act of 1996 provides a long-term solution to the SEC's current funding problems.

The Securities and Exchange Commission is funded through offsetting collections to increases in its section 6(b) fees. Section 6(b) fees are paid by issuers who register their securities with the Securities and Exchange Commission. In the last several years, the section 6(b) fees assessed on issuers has resulted in fees collected by the agency that far exceeds the cost of regulation. Any fees raised over and above the Securities and Exchange Commission's budget are deposited into the General Treasury for deficit reduction. Last year, the SEC raised approximately \$750 million in fees to pay for a budget of less than \$300 million.

The section 6(b) fees have become a tax on capital formation. These user fees now raise enough money to fund the SEC three times. The proposed 1997 budget continues this trend by raising the statutory fee level and expanding the fee base. The 1997 budget proposal raises \$776 million in fees to fund the SEC's \$307 million budget.

The Securities and Exchange Commission Fee Reduction Act will stabilize the SEC's fee structure by reducing fees and increasing appropriations over a 5-year period. It will return the

section 6(b) registration fees closer to the statutory level of one-fiftieth of 1 percent and it will create a more equitable fee structure by expanding current section 31 trading fees now paid only for transactions executed on securities exchanges to include transactions on the over-the-counter market. As fees are reduced over the 5-year period, direct appropriations will be used to fund the SEC.

Mr. President, the bill Senator GRAMM and I introduce today will create a permanent funding structure for the SEC that enables the agency to pay for itself. At one point several years ago, Congress considered making the SEC a self-funded agency. The fee structure in H.R. 2972 allows the SEC to be virtually self-funded, yet gives Congress greater control over the agency.

It is critical for Congress to ensure that a stable and fair funding structure exists for the agency responsible for safeguarding our preeminent capital markets. Further, fees paid by participants in the securities markets—particularly for capital formation—should bear a rational relationship to the cost of regulation.

In the words of Securities and Exchange Commission Levitt when testifying before the Commerce, State, Judiciary Appropriations Subcommittee: “In order to continue the Commission's excellent record of effective law enforcement, market oversight, and investor protection the SEC will need a long-term funding mechanism.”

Mr. President, the bill we introduce today resolves the long-debated problem of how to provide the Securities and Exchange Commission with a permanent funding structure that allows the SEC to pay for itself. I commend my colleague from Texas for his leadership on this legislation and look forward to working with him to enact the Securities and Exchange Commission Fee Reduction Act of 1996.●

#### ADDITIONAL COSPONSORS

S. 794

At the request of Mr. LUGAR, the name of the Senator from California [Mrs. BOXER] was added as a cosponsor of S. 794, a bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act to facilitate the minor use of a pesticide, and for other purposes.

S. 800

At the request of Mr. COCHRAN, the name of the Senator from Arkansas [Mr. PRYOR] was added as a cosponsor of S. 800, a bill to provide for hearing care services by audiologists to Federal civilian employees.

S. 1166

At the request of Mr. LUGAR, the name of the Senator from Michigan [Mr. ABRAHAM] was added as a cosponsor of S. 1166, a bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act, to improve the registration of pesticides, to provide