

applying to all forms of work and investment, ensures that effort and capital are steered to the most productive activities in the economy instead of those activities that the Government deems most important through targeted tax credits or deductions.

It is also the fairest way to provide tax relief. Everyone would be treated the same; tax rates would be cut 15 percent across the board, boosting take-home pay and relieving a major source of anxiety among people with middle and low incomes.

Notably, a 15-percent rate cut would take revenues as a share of GDP back to where they were before Clinton took office—to 19.2 percent from the current 20.4 percent—effectively repealing the Clinton tax increase.

Therefore, I think it would be a very wise thing for Majority Leader BOB DOLE in his quest for the Presidency—and, frankly, for President Bill Clinton, as he seeks reelection—to embrace the concept that the American people could not only do well individually as a result of a reduction in income tax rates, but also that this would help to stimulate the economy and, ironically, or paradoxically, as I said, end up providing more revenues to the Treasury to help us with deficit reduction and the financing of all of the important things that we want to finance as a result of the Federal Government's efforts.

Mr. President, I hope that as this debate continues, we will be able to discuss the concept of tax rate reductions. I hope to cosponsor legislation to that effect, and I hope we can begin the debate with the American people so that a consensus can be developed and, as a result of this election, we will have a mandate to reduce marginal income tax rates across the board.

REPUBLICAN PROPOSAL ON MEDICAL SAVINGS ACCOUNTS AND THE HEALTH INSURANCE REFORM BILL

Mr. KENNEDY. Mr. President, yesterday, House and Senate Republicans announced a compromise on medical savings accounts. In reality, this compromise is a capitulation to House Republicans who are more interested in creating an issue and serving a special interest constituency than in passing a bill.

Medical savings accounts have become the Trojan horse that could destroy health insurance reform. This untried and dangerous proposal does not belong in the consensus insurance reform bill. It has already been rejected by the Senate. A bill containing it cannot be enacted into law and signed by the President.

Democrats and the White House have offered a fair compromise, which would provide for a controlled and limited test of the MSA concept to see if it should be expanded. But the House Republican leadership has said that it will be their way or no way. As Major-

ity Leader ARMEY said on Sunday, "I will not give up medical savings accounts," and he dared the President to veto the bill. The latest proposal clearly reflects this partisan strategy.

The Republican leadership pretends their proposal is a fair attempt to deal with concerns about medical savings accounts. But it is nothing of the kind. Under their proposal, medical savings accounts could be sold to all small businesses and the self-employed immediately. This opens MSA's to a massive market consisting of more than 40 million workers—one-third of the Nation's entire labor force. This is hardly a controlled, limited test.

Even more serious, experts agree that the small business sector of the health insurance market is the most vulnerable to the disruption that medical savings accounts would cause. The Joint Tax Committee concluded that sales of medical savings accounts would be concentrated in small- and medium-sized firms.

The proposal would clearly go beyond the bounds of what is acceptable, even if it stopped there. But it does not. After 3 years in which medical savings accounts are sold to this vast market, the accounts would be expanded to everyone. Only if both the House and Senate voted to stop the expansion would it be prevented. This is not a test. It is a travesty.

The great danger of medical savings accounts is that they are likely to raise health insurance premiums through the roof and make insurance unaffordable for large numbers of citizens. They will discourage preventive care and raise health care costs. They are a multibillion-dollar tax giveaway to the wealthy at the expense of working families and the sick. Their cost could balloon the deficit by tens of billions of dollars.

The most troubling aspect of medical savings accounts is the risk that they will destroy the health insurance pool, and price conventional insurance out of the reach of most American families. Medical savings accounts will raise premiums for the vast majority of Americans—especially those who are sick and need coverage the most—by siphoning the healthiest people out of the insurance pool. As premiums rise for everyone else, more and more working families will be forced to drop comprehensive coverage. In the words of the Congressional Budget Office, medical savings accounts "could threaten the existence of standard health insurance." Mary Nell Lenhardt, senior vice president of Blue Cross and Blue Shield concluded that MSA's destroy "the whole principle of insurance."

The leading proponents of medical savings accounts are insurance companies like the Golden Rule Co., which have been the worst abusers of the current system. The strongest opponents of medical savings accounts are organizations representing working families, senior citizens, consumers, and the disabled, who have the most to lose if the

current system of comprehensive insurance is destroyed. We know whose voice should be heard when Congress decides this issue—not the voices of greedy special interests, but the voices of those who depend on adequate insurance to get the care they need at a price they can afford.

The Kassebaum-Kennedy bill passed the Senate by a bipartisan vote of 100 to 0, without medical savings accounts. It passed unanimously, because it contained the noncontroversial, important insurance reforms that everyone agreed on. The American people deserve to see those reforms enacted, not jeopardized by the last-minute addition of a partisan poison pill.

House Republicans should not turn a bipartisan bill that could be passed by both Houses today and signed by the President tomorrow into just another election year issue. The American people deserve a fair compromise on this highly controversial issue, and I continue to be hopeful that we can find a satisfactory compromise to save this needed bill.

To those who genuinely believe that medical savings accounts offer an improvement in the health care system, I say let us work together to devise a fair test of the concept that will not put millions of American families at risk. The American people's hopes for insurance reform should not be held hostage to a partisan, special interest agenda.

Mr. President, I yield the floor.

Mr. GRAHAM addressed the Chair.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from Florida.

Mr. GRAHAM. Mr. President, I ask unanimous consent to speak for 10 minutes for purposes of introducing two bills.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GRAHAM. Mr. President, thank you.

(The remarks of Mr. GRAHAM pertaining to the introduction of S. 1859 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. ROTH addressed the Chair.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from Delaware.

TRIBUTE TO SENATOR BOB DOLE

Mr. ROTH. Mr. President, it is difficult, if not impossible, to adequately address the congressional career of our departing majority leader in a 5-minute floor statement. His accomplishments in his 35 years as a Congressman and Senator—his successes achieved while serving 11 years as Republican leader—could fill volumes.

Indeed, hours could be spent rehearsing BOB DOLE's impressive record: His heroism in World War II; his early political career in the Kansas House of Representatives, followed by his successes here in Washington; his efforts

in 1964 to secure passage of the Civil Rights Act; his historic work with Senator MOYNIHAN in 1983 to save the Social Security trust fund; his engineering the vote in 1991 to authorize U.S. forces to turn back Saddam Hussein's tyranny in the Middle East; his support for Kemp-Roth and the 22-percent reduction in income taxes that ushered America into the longest peacetime economic expansion in history; his staunch stand against President Clinton's 1993 record-setting \$241 billion tax increase.

These are only a few of the milestones in BOB DOLE's journey from modest beginnings in America's heartland to his noble objective today. Time will not permit us to go beyond a few random milestones. But then again, Mr. President, the truth is that the greatest leaders need the least amount of praise. They have written their stories in the hearts and minds of the people they serve.

Senator BOB DOLE has done just that.

His story is one of courage, persistence, character, discipline, and determination—the determination to overcome odds that would have vanquished a lesser individual. He is a man of deep convictions and proven abilities. And everyone who has had the opportunity to serve with him understands that just as solid as his past record, is his vision for the future. He has outlined that vision in absolute terms. And with BOB DOLE there are no surprises. As long as I have known him, his words have been exceeded by his deeds.

I believe that at the center of BOB DOLE's vision is his economic message, that we "deal with the deficit, and * * * couple that with tax cuts." Toward this end, Senator DOLE is both tenacious and pragmatic. He knows the correlation between low taxes and economic growth, and he has proposed serious tax cuts.

BOB DOLE has been an effective leader during a time when this body addressed some of the most critical issues in history: The need for a balanced budget amendment; the need to strengthen and preserve Medicare; the need to provide effective, portable, and affordable health care coverage for Americans; the need to guarantee the future of Social Security; the need to keep a strong defense—a defense marked by high morale and the best, most effective materiel available. He understands these issues intimately—as well as anyone—and he knows what must be done to see that these needs are met.

Mr. President, I will miss BOB DOLE. And though I wish him all the best in his new endeavors, I will miss his daily leadership here on the Senate floor. I will miss his quick wit; his sense of humor. I will miss his deliberate style, and his uncanny ability to turn assertive and aggressively intellectual into a cohesive team.

On a personal note, I am grateful for the chance I have had to serve with BOB DOLE. I am grateful for our friendship, for our years working together on

this floor. Like other great majority leaders who have gone before, Senator DOLE leaves his mark on this institution. As the Congressional Quarterly recently pointed out, " * * * as majority leader, [Bob Dole] proved a point that badly needed proving * * *. The Senate could be led."

PUBLIC/PRIVATE PARTNERSHIPS FOR WASTEWATER TREATMENT FACILITIES

Mr. LOTT. Mr. President, I rise today to urge action to foster public/private partnerships for wastewater treatment facilities. Today, Federal regulations and the tax code inhibit the ability of State and local governments to create public/private partnerships. By getting Washington out of the way, local governments can acquire the much needed freedom to better manage competing demands for scarce governmental resources, and to make infrastructure and servicing decisions that are best for their citizens and the environment.

What, my colleagues might ask, are public/private partnerships, and why do they make good sense for wastewater treatment?

The answer is that public/private partnerships are voluntary, cooperative arrangements between a State or local government and a private sector entity whereby that private sector entity agrees to perform a public purpose service that would otherwise require the government to perform as well as pay for the service. In the wastewater treatment context, for example, it involves a private entity building, improving, maintaining, and operating, under long-term lease or as owner, sewage treatment plants. The private entity invests private sector capital to build or upgrade a plant to meet Clean Water Act standards and other legal requirements. The State or local government and the Federal Government are spared the need to spend scarce public funds on these plants, while retaining the ability and authority to ensure compliance with all laws and reliable, fairly priced service to their citizens.

Such public/private partnerships cut costs and improve services. The private owner/operator is held accountable by local government to the citizens it services, to ensure that it maintains quality service and competitive pricing. Studies have shown that private operation of public purpose facilities can result in a savings to State and local taxpayers of between 16 and 77 percent because of the superior expertise and specialization of private firms as well as the built-in incentives that are created through competition. As EPA has recognized, private companies often can also construct, improve, and maintain facilities more cost effectively than can the government by taking advantage of economies of scale and cost-reducing advances in technology long before their public counterparts. Transferring a wastewater treatment facility to a private entity

can also generate cash for local governments to use to finance other necessary improvement projects. Furthermore, if impediments to these and other public/private partnerships were removed, it is estimated that as much as \$7.7 billion per year in new revenues could be generated through Federal income taxes paid by the private owners of facilities that would be exempt under public ownership.

In addition to these fiscal considerations, public/private partnerships in the wastewater treatment area also further environmental goals that might otherwise be indefinitely delayed. EPA estimates that existing and additional publicly owned treatment works and other wastewater infrastructure needs will require approximately \$137 billion in capital investment over the next 20 years to comply with Clean Water Act requirements. Even the most optimistic scenarios give no reason for blithe confidence that such enormous sums will be readily available from Federal or State and local treasuries. Given that qualified, experienced private companies can finance, build, own and operate wastewater treatment facilities in a cost-effective and reliable manner, we should take advantage of this opportunity to encourage State and local governments to look to the private sector to meet the needs of their communities, use scarce dollars to meet other pressing needs, and simultaneously achieve the environmental goals of the Clean Water Act.

In light of these benefits of public/private partnerships for wastewater, one might ask: What's the problem; why have they not gone forward in more of the many communities that see them as desirable; and why is legislation needed?

Federal legislation is needed because three aspects of current law either impede or fail to provide adequate incentives and certainty for these partnerships.

First, Federal regulations discriminate against private entities owning public purpose wastewater treatment works by denying them the domestic sewage exemption available to a public owned treatment work [POTW] under the Clean Water Act. It is impossible for a private entity to own and operate a plant under a partnership agreement unless that plant is considered a POTW.

Second, there is no Federal statutory assurance that local governments may transfer existing treatment plants to private firms without having to pay back to the Federal Government the Federal grant money originally used to build or improve the plant. The Clean Water Act contains no such requirement, but Federal regulations require total repayment for transfers of wastewater and other infrastructure to a private entity. Recognizing the counterproductive effects of those requirements, Presidents Bush and Clinton issued Executive order requiring only