

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

partial payback for certain wastewater plant transfers. Legislation is needed to address this issue in law and provide certainty to communities for planning.

Finally, the Tax Code also hinders private investments in wastewater treatment facilities. In order to stimulate public/private partnerships for wastewater treatment, it is essential to ensure that Federal tax provisions do not discourage private sector investment and long-term operation of treatment plants. The changes to the Tax Code I have in mind are appropriate for wastewater treatment facility public/private partnerships because these transactions will not alter the original public purposes served by wastewater treatment facilities—providing wastewater services to communities. I would be delighted to provide my colleagues with details of these important changes.

Legislative initiatives seeking to address some of these problems have been undertaken, but they are either trapped in a more comprehensive bill or address a broad array of public/private partnerships extending well beyond wastewater treatment. Moreover, none of the initiatives thus far addresses the significant disincentives created by provisions of the Tax Code.

The House has taken steps to address some of these points. The Clean Water Act Amendments of 1995, H.R. 961, passed by the House a year ago, includes provisions that statutorily define public owned treatment works so that regulations are based on the purpose and actual operations of a wastewater treatment facility rather than the identity of its owner. It would provide the legal certainty necessary for State and local governments to transfer wastewater treatment facilities to qualified private sector companies. In addition, it provides for a grant repayment approach whereby the State and local governments are able to recover their investment in the wastewater treatment facility, and then are only required to repay the undepreciated portion of any Federal grants. While the House provision on grant repayment is a step in the right direction, I believe that the Federal-aid Facility Privatization Act, S. 1063, of which I am a cosponsor, takes a better approach to the difficult problem faced by municipalities that are confronted with deteriorating infrastructure of all kinds, obsolete technology, tougher regulatory requirements, and a shortage of funds to finance and operate the wide variety of essential infrastructure projects that need improvement. S. 1063 improves on the House grant repayment provision by allowing total forgiveness of those grants. The local governments are really the best ones to decide how to use the money the Federal Government has given them for public purposes.

Mr. President, I would hope that my colleagues will consider this matter carefully, and that we can get together and do it soon. It should be a win-win

for everyone. Removing the Federal obstacles to public/private partnerships for wastewater treatment does not cut government service, it only cuts government restrictions and burdens—something we in America need to be doing. Doing so will also save money, yield environmental benefits, and serve as a pilot for similar challenges by fostering an innovative, market-based approach without increasing the burden on State and local governments.

FISCAL YEAR 1997 BUDGET RESOLUTION

Mr. DOLE. Mr. President, soon the Senate will act on the conference report on the fiscal year 1997 budget resolution. I had hoped that the Senate could have passed this conference report by today, but final action will occur soon.

When the Senate passes the fiscal year 1997 budget resolution, it will be doing important work because no policy is more important to the economic future of all Americans, and particularly to the future of our children, than a balanced budget.

We will also be fulfilling our promise to the American people to balance the budget by the year 2002. I am proud of our achievement in keeping our promise to the American people and I am proud of this budget.

The fiscal year 1997 budget resolution balances the Federal budget in 6 years.

It reduces overall Federal spending by more than \$700 billion over the next 6 years.

It provides family tax relief of \$122 billion for a \$500-per-child tax credit to help America's working families.

It provides for real welfare reform.

And it would prevent the Medicare program from pending bankruptcy. The Medicare trustees reported last week that Medicare is going broke more quickly and in this budget we save Medicare from bankruptcy in the year 2001.

That's why this is a good conference agreement. It represents some compromises between the House and the Senate. No one got everything they wanted. But it's the right budget for now and for putting us on strong course for the next century.

Mr. President, it is no small accomplishment that all of us now agree that the budget should be balanced by the year 2002. That's a big change from this time last year when we were debating the budget. Now it's not just Republicans saying it, but all of us, from Republicans to blue dog Democrats to the President. That in itself is good news for America.

But we're not there yet. Last year we passed the first balanced budget in a generation. But President Clinton vetoed it.

I hope all Senators will support this budget resolution to finally get the job done. This budget will help define for the American people which of us are for more Washington spending and

which of us are for less Washington spending; which of us are for more taxes and which of us are for less taxes. And most importantly, which of us are willing to do what's necessary to stop the stranglehold that the deficit places on our economic future.

Some say deficits don't matter. But the fact is that the Federal budget deficit is like a tax hike on working families.

The deficit drives up interest rates—and not by a little but by a lot. It is a stealth tax that every family with a home, every father and mother with a child in college, every young person who buys a car must pay, and pay, and pay.

What does this stealth tax cost in dollars? Over \$36,000 on a typical home mortgage. More than \$1,400 on an ordinary student loan. Nearly \$700 on a typical car loan.

Remember that in 1994, the Federal Government spent \$203 billion in interest on the Federal debt—more than it spent on education, job training, public works, and child nutrition combined. In 1994, Americans paid an average of \$800 per person in taxes just to service interest on the debt—again, not to pay off the debt or even to reduce the debt, just to pay the interest on the debt.

We simply cannot continue to mortgage America's future. If we continue current tax and spending policies, future generations will be saddled with effective tax rates of more than 80 percent.

Mr. President, let's do what's right. Let's pass the fiscal year 1997 budget resolution. Let's do everything we can this year to preserve the American dream of economic security for future generations of Americans. Our children and our grandchildren deserve no less from us.

Mr. President, I yield the floor. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, let me indicate in advance, I want to get consent in a second to proceed to some nominations. There are 34. We are still trying to clear others. I still hope we can clear some of the judges. I ask my friends on both sides of the aisle to see if they cannot come together here in the next hour or two and free up many of the judicial nominations. But we are making progress. I think this is some indication of that. I thank my colleagues and Senator DASCHLE and his colleagues.