

majority. This has overwhelming support in the House of Representatives. As the Senator mentioned, the President would like this bill.

I am anxious for the Senator to propound his unanimous consent to see why we cannot move forward with this very vital piece of legislation for our national security.

Mr. COATS. Mr. President, I will now do that. I am sure the minority leader would like to comment on it. But I ask unanimous consent that we proceed immediately to the conference report to accompany H.R. 3230, the National Defense Authorization Act for fiscal year 1997.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DASCHLE. Mr. President, I appreciate very much the comments made by the distinguished Senator from Indiana and my other colleagues.

This is the bill. It is over 1,000 pages. I will not ask the distinguished Senator from Indiana whether he has read every page or not. But I daresay that I suppose that, if anybody has, he has, as thoughtful and as studious as he is. But there are very few people in this body who have read this report. It is 1,000 pages long. We got it yesterday. Two Democrats on the conference refused to sign this report because they had very serious concerns about it that they would like the opportunity to discuss.

This is the most expensive legislation that we will pass this year in one bill. I intend to vote for it, I think. I want to read it over the next couple of weeks myself. I think I will be supporting it. But I must say it wouldn't be a bad idea if we just took a little time, had a little chance to read it, and discuss whether or not it is the bill we want to vote for. That is all we are asking.

I have heard a lot of comments about how this would only take 20 minutes or 15 minutes. I must say when you have a bill like this of 1,000 pages, I can recall many times we have been on the floor—whether it was health reform or many other bills—when someone has risen, and said with indignation, "We can't pass this because we do not know what is in it." I heard that speech from my colleagues on the Republican side probably a half-dozen times in the last Congress.

So I do not think it is too much to ask, Mr. President, that we have the opportunity to look at it, read it, hopefully talk about it, have a good discussion, and analyze it. After all, it is the defense of the United States that we are talking about here. We should not minimize it. We certainly should not demean it. And I am not implying that anyone is. But this is a very critical decision. This is something we ought to be careful about.

So we just are not prepared tonight, now that everybody is gone and were told that there would be no more votes,

to bring this up under any circumstances, especially under a unanimous consent agreement without any debate or any thoughtful deliberation, and without having read this. I can't do that. Not many of my colleagues can do that.

So let us just take another breath, take another look, and we will be ready to go when we come back in September.

I yield the floor.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, first of all, I appreciate the fact that the minority leader is willing to read the bill over the August recess. I just want to let him know, as a member of the committee who has helped negotiate the bill and is familiar with all aspects of the bill, that I will leave him my phone number in case he has questions. He can track me down, and I will be happy to answer those.

But I would state to the minority leader that, as he well knows, we frequently bring a bill that comprises a great number of pages to the floor and pass them with less tribulation than would be accorded this particular bill. We do so because they have been subject to weeks, if not months, of negotiations between members of the committee, between leadership, between all of those involved, and all of those who have questions about the various issues.

So when the bill finally arrives at the floor, when it finally comes here for final passage, we are all very familiar with it, and we know what the differences are between us. In this particular instance, probably the most knowledgeable Member of the U.S. Senate as to the national defense issues facing this country is not a Republican but a Democrat—Senator SAM NUNN, chairman of the committee for many, many years, now ranking member of the committee. It was Senator NUNN that just an hour ago stood on the floor and said we have resolved all the differences here; there is no reason why this should take very long. And that was propounded not by a Republican. That was propounded by the Democrat ranking member of the committee. The distinguished chairman of the committee, Senator THURMOND, agreed. Those of us who serve on the committee, both Republicans and Democrats, indicated that we have looked at it. We have been meeting in rooms for weeks attempting to iron out the small details and the differences on this.

There really are no outstanding issues. We could talk about issues, but they have already been discussed and they are already familiar to everybody here. I would also point out to the minority leader that just today the minimum wage conference report came to us, the safe drinking water conference report came to us, the health bill came to us yesterday, defense came on Wednesday.

Now, of those four—minimum wage, safe drinking water, health, defense—defense is the one that got here first. Those other three were passed today without extended debate, with very limited debate. Why? Because all of the details had been worked out, because we have been debating the bill for months and various committees have been meeting and all of us had the opportunity to look and determine what is in the bill, to raise questions about any details we had concerns about, and to resolve the differences. All of that has been done.

So anybody who has been watching this proceeding knows that we have just passed three major pieces of legislation that have been in negotiation for months, and yet they were brought to the floor with less time to debate than the defense bill. As important as those bills are—health, safe drinking water, and minimum wage conference reports—I do not believe they stand higher priority than the national defense of the United States.

I regret that the minority leader felt constrained to object to this bill. I regret that we have to delay moving forward to the important provisions in this legislation that affect all Americans.

Mr. President, with that I yield the floor.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

#### SMALL BUSINESS JOB PROTECTION ACT

Mr. ROTH. Mr. President, parliamentary inquiry. Under the unanimous consent agreement, following the vote, we were supposed to complete the debate on the health legislation and then proceed to the legislation on the minimum wage and small business taxes. We are anxious to move ahead on the small business tax legislation.

What is necessary to get us on that?

The PRESIDING OFFICER. The Senator is correct. By a previous consent agreement, debate on the conference report to the Small Business Job Protection Act, H.R. 3448, is the pending business. The Senator from Delaware has 60 minutes under his control, the Senator from New York has 60 minutes under his control, and the Senator from Massachusetts, Mr. KENNEDY, has 30 minutes under his control.

Who yields time?

Mr. ROTH. I yield myself such time as I may take, and I will be very brief.

It is my understanding that there are no requests for time on the minority side. Is that correct?

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. That is correct. My distinguished chairman, as always, has so stated the facts. But there is a small semantic issue here. Some call this the small business relief act; others on this side call it the minimum wage bill. But

we will not resolve that tonight, nor need we.

Mr. ROTH. Could I ask the distinguished ranking member whether or not his side is willing to yield all time?

Mr. MOYNIHAN. If I may speak directly to the Senator—I ask unanimous consent to do—exactly.

Mr. ROTH. So I think both sides are willing to yield back—

Mr. MOYNIHAN. I cannot speak for the Senator from Massachusetts, who is not present.

That is the case.

Mr. ROTH. Could I ask, would it be possible to check that with the staff?

Mr. MOYNIHAN. I have just so done and am informed that is the case.

I see the Senator from Kansas is present, however.

Mrs. KASSEBAUM. Mr. President, I was going to speak, after the chairman and ranking member finish speaking, on a component I believe was important to consider along with the minimum wage and the welfare reform legislation.

Mr. ROTH. Mr. President, this has certainly been a busy month. I appreciate not only the perseverance of my colleagues, but also the willingness of the many valiant staff members who have been working around the clock—both here and on the House side.

This Congress began with great promise, and I'm pleased to say that we are drawing near conclusion with great accomplishment. With the passage of this small business legislation Americans everywhere will have tools necessary for increased opportunity, greater achievement, and more certain security. This is important. It's important for our future, for the well-being of American families, and for the strength of our communities.

And what a departure this is from the past—from the old philosophies that ran this city. It was then that Washington seemed to have only three criteria when it came to American businesses: if they moved, tax them; if they kept moving, regulate them; if they stopped moving, subsidize them.

I believe this legislation demonstrates that those days are over. This legislation demonstrates that this Congress understands that opportunity for Americans, security for our families, is directly tied to the strength of small business.

There are 22 million small business owners who provide paychecks for 6 out of 10 Americans. These risk takers provide more than half of our economy's output, and what we're demonstrating with this legislation is that this Congress is ready and willing to help create an environment where there can be greater growth, opportunity, and jobs—and environment where these small businessmen and women can hire, expand, and modernize.

Among the many important provisions offered in this legislation, first and foremost is an increase in the amount of equipment eligible for expensing. We raise the current law level

of \$17,500 per year to \$25,000 per year, beginning in 1997 and fully phased in by the year 2003.

Next, we include a package of subchapter S corporation reforms that will permit more shareholders in S corporations, the use of S corporations for estate planning purposes, and increased flexibility for subchapter S corporation business use.

We also include a package of pension simplification provisions. An important element of this package is a new pension plan directed to small business, known as SIMPLE. The SIMPLE plan developed by Senator Dole will enable small business owners to set up pensions with less record keeping and guaranteed benefits to their employees. Additionally, tax exempt organizations, as well as State and local governments, will be able to offer section 401k pension plans.

One provision in this legislation that I'm particularly proud of is the new spousal IRA. This will permit homemakers to contribute up to \$2,000 per year to an IRA, the same amount as their spouse. This represents an increase of \$1,750 over current law, and will go a long way toward creating self-reliance and retirement security for American families.

Among other important changes offered by this legislation is a 6-month delay in the effective date for electronic filing of taxes for small business. In other words, small businesses will be provided more time to become familiar with, and prepare for, the electronic filing program that was part of NAFTA.

These, Mr. President, are some of the major provisions of the Small Business Job Protection Act of 1996. In addition to these important changes, we offer a package of extensions of expiring tax provisions.

These include an extension of the tax-free treatment of employer provided education expenses. Other important extensions cover the research and development tax credit, the orphan drug tax credit, and a new work opportunity tax credit. Along with these were extend tax deductible contributions of appreciated stock to certain charities, the section 29 tax credit for alternative fuels produced from biomass and coal facilities, and a moratorium on the collection of diesel tax paid by recreational boaters at marinas.

Another very important provision in this legislation—one that is not so much associated with strong businesses as it is with strong families and a strong America—is the new credit for adoption expenses. This tax credit will provide \$6,000 for special needs adoptions and \$5,000 for other adoptions. This, Mr. President, will go a long way to helping loving parents provide homes for children who will now be raised in families.

Mr. President, these are only a few of the many components of this important legislation. One final change, I

would like to mention is that extension of the generalized system of preferences trade program, otherwise known as GSP. This extension will run through May 31, 1997, and will help our exporters better compete in the global economy.

It's important to note that this conference agreement is a bipartisan effort—a bipartisan effort that is fully paid for. It contains incentives that will go a long way toward creating an environment for growth, job creation, economic security, and real opportunity for Americans. With the changes we propose in this legislation, small business men and women will have greater incentives and resources to move our economy forward.

As I've said many times, taxation and regulation have profound influences on the ability of nations to create jobs. What we do with this legislation is take some of the burden off the backs of American small business men and women. My hope is that this is only a beginning.

Mr. President, as we complete action on the H.R. 3448, the Small Business Job Protection Act of 1996, I would like to take this opportunity to thank the many staff members who worked long and hard on this bill.

Senate Finance Committee majority staff—Lindy Paull, Frank Polk, Mark Prater, Dough Fisher, Brig Gulya, Sam Olchuk, Tom Roeser, Rosemary Becchi, Lori Peterson, Erik Autor, and Jeremy Preiss.

Senate Finance Committee minority staff—Mark Patterson, Jon Talisman, Patti McClanahan, Maury Passman, and Debbie Lamb.

Senator LOTT's staff—Annette Guarisco and Susan Connell.

Senator DASCHLE's staff—Larry Stein, Alexandra Deane Thornton, and Leslie Kramerich.

House of Representatives Ways and Means majority staff—Phil Moseley, Chris Smith, Jim Clark, Donna Steele Flynn, Paul Auster, Tim Hanford, John Harrington, Norah Moseley, Mac McKenney, Thelma Askey, and Meredith Broadbent.

House of Representatives Ways and Means minority staff—Janice Mays, John Buckley, Mildeen Worrell, Kathleen O'Connell, Beth Vance, Bruce Wilson, and Maryjane Wignot.

Joint Committee on Taxation staff—Ken Kies, Mary Schmitt, Carolyn Smith, Joe Mikrut, Cecily Rock, Ben Hartley, Mel Thomas, Harold Hirsch, Barry Wold, Steve Arkin, Tom Barthold, Tom Bowne, Barbara Angus, Brian Graff, Leon Klud, Judy Owens, Laurie Mathews, Alysa McDaniell, Joe Nega, Angela Yu, and a special thanks to Bernie Schmitt and his excellent estimating staff who worked long into the night on several occasions.

Mr. MOYNIHAN. An increase in the minimum wage is long overdue, and this legislation should be sent to the President before the August recess. The value of the minimum wage has eroded due to inflation since it was last increased in 1989.

It is true that an increase in the minimum wage will reduce demand for labor somewhat, although not significantly in my view. But if you are looking for a painless time to increase the minimum wage, it is now. The current economic expansion is in its 66th month. Unemployment is down to 5.4 percent. The Washington Post recently reported that labor shortages have developed around the country, so much so that some fast-food franchises are paying substantial signing bonuses to new employees.

In response to concerns of some on the other side that the minimum wage increase will cause hardship to small businesses, the Finance Committee took up the small business tax package last month. We worked on a bipartisan basis to craft a small business relief bill all Senators could support. It was approved unanimously by the Finance Committee on June 12, 1996. The bill passed the Senate with broad bipartisan support by a vote of 74 to 24 on July 9, 1996.

Unfortunately, many of the provisions that lent bipartisan support to the small business tax title of the bill in the Senate were dropped in conference. I will briefly mention two matters of particular importance: the tax exemption for employer-provided educational assistance, and the phase-out of the long-standing tax incentives for Puerto Rico codified in section 936 of the Internal Revenue Code.

The conference agreement inexplicably limits prospective extension of the exclusion for employer-provided educational assistance to undergraduate education. Only undergraduate education is covered prospectively here, whereas both undergraduate and graduate education were extended through 1997 in the Senate bill.

This provision is one of the most successful education programs the Federal Government sponsors. It encourages employees to upgrade their skills and thereby maintain and improve their productivity throughout their careers.

Roughly a million persons a year are assisted by their employers with higher education expenses on a tax-free basis, a quarter of them at the graduate level. Both employers and employees benefit. Many of our most successful companies know the benefits of sending valuable employees to school to learn a new field, or a field that has developed since that person had his or her education. Employers understand the opportunities for bringing a promising young person, or middle management person, to higher levels of productivity, and pay them more in the process. This is an elegant piece of unobtrusive social policy.

Second, addressing the special tax rules for Puerto Rico is a difficult subject, but the Senate approach was acceptable to the elected officials in Puerto Rico, and should have been adopted by the conference. The conference agreement fails to provide a continuing economic incentive for investment in Puerto Rico after 10 years.

Puerto Rico still has significant economic problems, such as high unemployment rates and low median incomes. The island's unemployment rate is almost 14 percent. While this rate is the lowest in 20 years, we are still talking about an economy in which unemployment has routinely approached, and exceeded, 20 percent in the last two decades. It is also an economy in which the median income of the American citizens who live there is about \$6,200, or half that of Mississippi, our poorest State.

Section 936 of the Tax Code has been in existence for 60 years, and nearly all have come to recognize that it is time to move to the next stage. However, we have a profound responsibility to that possession, which we obtained just short of 100 years ago in the aftermath of the Spanish-American War.

Under the Senate provision, adopted at the urging of this Senator, a permanent, although reduced, wage-based credit for jobs located in Puerto Rico would have remained for existing employers. This would have preserved a limited measure of Federal support for Puerto Rico after the remainder of the section 936 incentives are gone after 10 years. It was the least that should be done, given that the people of Puerto Rico—citizens of the United States—are being asked to pay for half or more of these tax cuts for small business, none of which will benefit Puerto Rico.

Understanding the responsibility we have to this island and its people, I hope that at a later time, as early in the next Congress as possible, we will return to this issue and adequately address our obligations to Puerto Rico. We must work together to provide effective economic incentives for new investment in Puerto Rico to provide new jobs and job security for Puerto Rican workers. The people of Puerto Rico—who are not represented in Congress—have the right to be respected and to have their interests advanced.

Thus, while I am disappointed by the resolution of the conference on the small business tax package, I will vote for the conference report because of the importance of the increase in the minimum wage. I will continue to pursue the issues that were not resolved to my satisfaction in the conference report.

Mr. ROTH. I will yield such time as the distinguished Senator from Kansas desires.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mrs. KASSEBAUM. Mr. President, I certainly thank the chairman of the Finance Committee, Senator ROTH. I appreciate his help and leadership on health insurance reform, and certainly as he worked with small business tax relief as a part of the minimum wage package.

I supported the conference report, Mr. President, on small business tax relief which includes, of course, an increase in the minimum wage. However, I have strong reservations about raising the minimum wage because I have believed that in many instances with small businesses, particularly the mom

and pop operations, it will mean some loss of jobs or, indeed, reduced hours. But we will have to see.

I supported the conference report overall because I believe the detrimental effects of the minimum wage increase will be offset by many of the small business tax relief provisions. However, as this minimum wage increase moves closer to becoming law, along with health care and welfare reform, I believe it is important to point out that there is still a gaping hole in our efforts to assist workers and improve their economic security. Congress has yet to act on the legislation to reform our job training system, which is, I would suggest, in drastic need of repair.

I listened with great interest to the debate that took place yesterday on welfare reform where Senator after Senator pointed out the importance of training to bring welfare recipients into the work force. As we debated the minimum wage bill through its passage and briefly the conference report, we heard the argument that this increase is needed to raise the living standards of those who are at the bottom of the economic ladder. Yet we all know that the only way to improve the long-term prospects of those at the bottom of the pay scale is to equip them with the skills and education that will allow them to compete and move upward in today's changing workplace. It is ever more competitive, ever more demanding of new skills and, unfortunately, the training infrastructure that we have now in place is woefully inadequate. In fact, it is nothing less, I would suggest, than a national disgrace.

I will not take up the time of the Senate at this point to discuss the scores of reports documenting with overwhelming evidence why the current system is broken and must be fixed. I would just like to mention one of the latest GAO reports outlining the failure of current Federal programs.

The General Accounting Office compared control groups with participants in JTPA titles II-A and II-C, both programs for the economically disadvantaged, the very people we are trying to help with the minimum wage. Amazingly, the report found that there were no statistically significant differences over time between the earnings of both groups. This was one in which they were assisting the economically disadvantaged and others where there had been no program offered.

In other words, the Federal training these disadvantaged participants received did nothing to improve their income. It had no effect. This is nothing short of a fraud on the American taxpayer and, more importantly, a cruel hoax on the disadvantaged who think they are getting help but end up no better off. I remain astounded that we should want to continue funding these ineffective programs.

I am particularly disappointed with the Secretary of Labor, who supports this increase in the minimum wage but is also responsible for these job training programs which he knows are in a state of disarray. He has done little to advance legislation to reform job training even though bills passed both Houses with wide bipartisan margins. For 3½ years now, the Secretary has stressed the critical importance of training for the closing of the wage gap for those at the bottom. We have talked often about this. He has been supportive of early efforts. Yet he has done nothing to really try to improve our Federal job training system.

Even before the ink was dry, the Secretary recommended that the President veto the job training conference report. Secretary Reich's main concern with the job training reform bill seems to be lack of accountability. But, according to the National Journal article:

When pressed, (Secretary) Reich acknowledged that his real problem with accountability concerns the legislation's failure to require participation of mayors in local boards and federal approval of state workforce development plans.

In other words, his concerns are largely political. He wants to preserve the Federal Government's control, the status quo, and business as usual. This is not going to solve the problem.

We have such an opportunity to really try to be more innovative and try to bring to the fore something that will reinforce what we are seeking to do with welfare reform and the minimum wage legislation. When it comes to job training, I suggest the status quo is unacceptable. We must move forward this year with comprehensive job training reform. After months and months of negotiations, and compromises made on all sides, we now have a conference agreement that will bring real reform to a broken system, consolidating duplicative programs over some 80 programs. They will be combined and much duplication removed, giving the States the flexibility needed to design the programs that fit their States, whether it be Kansas, Iowa, New Hampshire, New York or California, and focus the resources there where there is the greatest need—whether it would be in vocational education or a job services initiative.

The job training conference report will encourage real partnership between educators, job trainers and the business community. And it will focus accountability on real results. If we are truly concerned about raising living standards, raising the minimum wage is only half the answer. Proponents of the minimum wage have argued that you cannot support a family on \$4.25 an hour, and that is certainly correct. You cannot support a family on \$5.15 an hour either. Education and training are also needed to improve one's living standards, and right now we are wasting billions of dollars on dozens of ineffective programs that are just not de-

livering to those who need help the most. I personally cannot believe there is anything more important we could do to really enhance those who, we have argued for months, most need assistance, than by being willing to address this issue.

I want to put my colleagues on notice that I will do everything I can to ensure the job training conference report comes to a vote this year and goes to the President.

The Senator from Nebraska, Senator KERREY, and I have asked Senator LOTT and Senator DASCHLE to bring this conference report up the week that we return from recess. I tend to believe most of us are now asking the majority leader to consider legislation the week we return. But I am hopeful our request will be met. I will continue to push this conference report because I believe it is too important—and the status quo is unacceptable—not only to the American taxpayer but, more important, to those who desperately need and want training education as well.

I yield the floor.

Mr. GRASSLEY addressed the Chair. The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I am happy that the Senate is finally taking up the conference report on the Small Business Job Protection Act. The House has already overwhelmingly passed this measure in a vote of 354 to 72. Finally, we are making laws instead of rhetoric about tax relief.

Finally, American families and entrepreneurs can get a break from the tax man.

As a member of the Finance Committee, I am proud of my part in moving this legislation through the Finance Committee and through the bill's conference committee.

This bill is good, sound bi-partisan work. In my belief, great credit also goes to Finance Chairman ROTH for his leadership of the committee. To ensure that his efforts will not go unnoticed, I want to remind all Senators that Chairman ROTH completed work on three separate conference reports this week. This is no small accomplishment, and I extend my gratitude to my friend from Delaware.

For my State of Iowa, this conference report on the small business tax bill makes some vital improvements. Particularly, I want to point out the provisions enabling new loans for first time farmers. I hope that this legislation will save the future of agriculture.

#### LOANS FOR FIRST TIME FARMERS

I introduced this Aggie Bond legislation with Senators PRESSLER, BAUCUS, and MOSELEY-BRAUN. It improves the program that allows tax-exempt bonds to finance discount rate loans for beginning farmers.

Loans for beginning farmers are important because of the changing scene in agriculture and the inability of young farmers to get started in farming. Of particular importance are the

statistics of the average age of farmers. In Iowa, our farmers average in their late fifties. In 5 to 6 years, we will have 25 percent of our farmers retiring.

The U.S. Department of Agriculture has announced that my State of Iowa has 2,000 less farms today than it did only a year ago. Four other States also lost 2,000 farms each. The largest decreases were in the States of Ohio, Alabama, Georgia, and Indiana. Clearly, farming States are still feeling the effects of the agricultural recession of the 1980's.

Young people are discouraged about becoming farmers because they cannot afford to get started. Many want to continue the family farm when their parents retire and cannot.

This Aggie Bond legislation helps by lifting the present restriction that disallows the bonds from being used to finance family to family transactions. In other words, under present law, a young person cannot get a good loan to continue the family farm. This legislation fixes that problem. I am very proud to be an agent of this important change.

#### CONTRIBUTIONS IN AID OF CONSTRUCTION

Mr. President, this Conference Report also includes another unrelated important change for families trying to buy a home.

The provision is called Contributions in Aid of Construction. It repeals an indirect tax that has been imposed on families building homes since the 1986 Tax Act.

It will save families up to \$2,000 off the price of a new home. Current law requires that water utilities pass a "gross up" tax onto a family that wants to buy a home. The "gross up" tax can increase the cost of extending water services to a new home by 70 percent. This conference report repeals this unfair "gross up" tax. It will foster home ownership where it is currently out of reach.

Repealing the "gross up" tax is an outstanding addition to this Small Business Job Protection Act. I am pleased to have introduced the original bill.

#### PENSION SIMPLIFICATION

Mr. President, I want to point out that the pension simplification provisions in this bill represent a major step forward. Not much has been said about these provisions in the commentary about what we are accomplishing here this week.

But I think you can argue that these pension simplification provisions could represent one of the major accomplishments of this week of many substantial legislative accomplishments.

Their enactment should ultimately result in more pension plans being created, particularly by smaller businesses. Since it is that segment of the business community that has the greatest difficulty in offering pensions to their employees, enactment of these provisions could result in a major increase in pension coverage.

Ultimately, that means more savings and more income for retirees.

We included in the bill a number of provisions which will help clarify the treatment of church pension plans.

We included last year in the Finance Committee's portions of the Balanced Budget Act a Pryor-Grassley bill designed to deal with many of the problems the church plans were having with the rules pertaining to highly compensated employees and to non-discrimination.

Ultimately, those provisions were dropped from the legislation on the grounds that they did not meet the requirements of the Byrd Rule.

The legislation that we are considering today will go a long way toward taking care of the most serious of the problems faced by the church plans.

Mr. President, these simplification provisions have been on our Congressional agenda for several years. I understand that President Clinton has indicated support for pension simplification provisions. It is high time they were enacted.

Finally, I just want to stress again the importance that today we are making laws instead of rhetoric about tax relief. Families and small businesses not only need it, they deserve it. I encourage all of my colleagues to support this conference report.

Mr. CONRAD. Mr. President, I strongly support the legislation before us today. I am pleased that Members from both sides of the aisle rolled up their sleeves and got the job done in a bipartisan way. In particular, the ranking member, PATRICK MOYNIHAN, has done a fine job.

The positives of this legislation are many:

It benefits working families by raising the minimum wage which now hovers near a 40-year low.

It benefits orphaned and abandoned children seeking adoption by providing a tax credit to families for adoption expenses.

This bill provides many tax benefits to small businesses encouraging investment and growth.

And, finally, it simplifies dozens of pension provisions for small businesses and working families, thereby, increasing pension savings.

Tens of millions of American workers will benefit from the increase in the minimum wage and from the tax incentives for small businesses, and we have helped them by working out our differences and allowing this measure to move forward.

The current minimum wage is near a 40-year low in purchasing power, and amounts to an annual income of only \$8,800. Clearly, a family is not going to make it on \$8,800 a year. Workers deserve a living wage for their labor, and this raise in the minimum wage is well earned by those workers. In 1995, 42,000 workers in my State of North Dakota received under \$5.15 per hour for their work. This bill is an important and timely raise for them.

The minimum wage increase will also help families move off welfare and into

jobs. Welfare reform will not work until jobs that pay a decent, living wage are available. This raise increases the chances of the poorest Americans staying off welfare. It goes hand-in-hand with our efforts to reform the welfare system.

I appreciate the recognition the conference committee gave to orphaned children who are older, handicapped, or have other special needs. Families which adopt these children will be allowed a \$6,000 tax credit for adoption expenses. Families adopting nonspecial needs children will be allowed a \$5,000 credit.

We have an obligation to not only protect abused, neglected, and abandoned children, but we have a responsibility to help these vulnerable children find nurturing and stable families to adopt them.

The adoption tax credit is a good first step to help place children waiting to be adopted. Many stable and nurturing families may not have the resources to pay adoption expenses and other expenses such as building ramps and modifying a home to make it accessible for an adoptive child with special needs. This will help.

I am also very pleased with the provisions benefiting small and startup businesses. First, the increase in expensing of investment for small businesses by nearly 45 percent—from \$17,500 to \$25,000—will help thousands of small businesses in my State and around the Nation. I am pleased that this bill permanently extends that benefit to horse ranchers as well.

Second, the modifications of the law relating to subchapter S corporations will stimulate investment and growth of thousands of small businesses. The legislation expands the number of owners allowed from 35 to 75 and provides other benefits to S corporations.

Third, the pension simplification provisions will help millions of Americans working for small businesses provide for their retirement. Anyone who has ever waded through the morass that we call pension law will understand how important these simplifications are to small business owners. Owners of small businesses are too busy running their businesses and providing jobs to have to deal with the virtually incomprehensible language of the Tax Code and of the Internal Revenue Service's rules and regulations. This pension simplification is a significant step forward. We need to make more.

One of the most important pension reforms will allow a family to provide for the retirement of a spouse who chooses to stay home. Spousal individual retirement accounts of up to \$2,000 per year for qualifying families for the spouse that chooses to stay at home to take care of children ends the discrimination against families in which one parent works at home. The work of raising children is the most important job in our society.

Fourth, the extension of certain expiring tax provisions will provide in-

centives for investment in technology, for hiring hard-to-place workers, for producing clean fuels from low-rank coals and lignite, and for developing orphan drugs.

The rapid development and commercialization of new technologies is particularly important to the incomes of working people. High-technology provides better jobs at better pay for millions of Americans and helps keep this Nation competitive in the international marketplace. Additionally, the incentives to develop new technologies to turn our abundant coal resources into environmentally friendly fuels is critical if we are ever to make progress toward energy independence.

With regard to technology development, I am particularly disappointed that we did not continue the R&E tax credit uninterrupted. Our high-technology companies deserve a consistent and supportive tax policy from their government. It is my hope we can revisit this issue next year.

The revenue offsets have been greatly improved from the initial House package, although I continue to have serious reservations about some of them. Dropping the tax on court awarded damages for pain and suffering is a major improvement. Court-awarded damages for pain and suffering are meant to make the plaintiff whole and should not be considered income.

Concerning employee stock ownership plans, I believe that it may be a mistake to take away a portion of the tax benefits used by ESOP's. Employee stock ownership plans are a way for working families to buy a piece of America and to provide for their retirement needs.

I am also concerned that we are extending the airport and airway trust fund excise tax without a serious review of all the issues. While the extension is only for 6 months—until December 1996—it keeps in place a system designed prior to airline deregulation. That leftover tax clearly discriminates against smaller communities which tend to have high airline ticket prices. In addition, it makes little sense that one passenger will pay two to three times more taxes on the same flight as his or her seat-mate. The burden each passenger places on the FAA is the same. While some argue that the excise tax discourages wasteful airline spending since costs plus the tax must be passed on, this current tax also raises by ten percent the cost of every safety measure the airline undertakes.

Finally, I again want to compliment those who worked in a bipartisan fashion to achieve a result. Frankly, there are probably few Members on either side of the aisle that support every provision in this bill, but together, this package advances the Nation's interests. If enacted into law, it will have a positive effect on working families, small businesses, and adoptive families and their children. I recommend that it pass.

Ms. MOSELEY-BRAUN. Mr. President, I want to take this opportunity,

as we are about to vote on an extension of the Generalized System of Preferences, to raise a subject that is of great concern to all soybean growing States, including my State of Illinois, which is second only to Iowa in the production of soybeans. A number of countries, including Brazil and Argentina, employ a tax system that works to distort trade. It is designed to create an unfair competitive advantage for the processed agricultural exports of these countries at the expense of our exporters.

Let me briefly describe how this practice, known as a differential export tax scheme, or DET, works. Using soybeans as an example, under a DET system, a much higher export tax is imposed on raw soybeans than on processed soybean products, such as soybean meal and oil. This serves to restrain exports of raw soybeans, giving a foreign country's domestic oilseed processors a captive market, in effect, for raw soybeans at a price that is depressed below world market prices. Because these processors have artificially lower raw material costs, their costs of production are substantially less than those of U.S. oilseed processors. As a result of this government interference, those foreign oilseed processors are receiving an indirect subsidy that clearly violates the spirit of free and fair trade, and, if provided as a direct export subsidy, would be subject to World Trade Organization rules.

U.S. processors are placed at a terrible competitive disadvantage as a result of this practice: They not only must continue to pay the world price for raw soybeans, they are forced to sell their processed soybean products at world prices that are suppressed to the level of the DET-supported export prices. This DET-induced downward pressure on world price levels for these products has severely reduced revenues for the U.S. soybean processing industry. In addition, countries that rely on this trade-distorting practice have dramatically displaced U.S.-processed soybean sales in world markets.

I understand that efforts may be underway in some of these countries to end these tax schemes. I believe, however, unless we see some demonstrable progress by these countries in the coming months, the Senate Finance Committee should undertake a close review of this issue as part of its trade agenda in the next Congress.

Mr. DODD. Mr. President, more than 6 months ago, President Clinton came before the Congress and called for a modest increase in America's minimum wage—from \$4.25 to \$5.15 an hour.

And for the past nearly 6 months, 12 million Americans woke up every morning, went to work each day and continued to earn a meager \$34 a day—waiting for this Congress to uphold its responsibility to working Americans and raise the minimum wage.

Today, their wait is finally over.

Today, working Americans are finally getting a break.

Americans who were being asked to live on \$8,500 a year are receiving a much-needed helping hand from the U.S. Congress.

Due to this legislation, minimum wage workers will see an additional \$1,800 in their paychecks by the end of the year.

Raising the minimum wage will allow millions of America's working families to pay for 7 months of groceries, 1 year of health care costs, or more than a year's tuition at a 2-year college.

And today, the nearly one in five minimum wage workers who currently live in poverty will now have a genuine opportunity to make a better life for their children.

My only regret is that it took so long to reach this moment. Over the past 6½ months, my colleagues across the aisle used every possible tool to block this legislation.

They claimed that raising the minimum wage would cost jobs—even though study after study shows this to be a fallacious argument.

They raised erroneous economic arguments—even though 101 economists endorsed an increase in the minimum wage.

They proposed amendments that would have excluded 10 million minimum wage recipients from the bill's benefits.

But, in the end, the obstructionist efforts of my Republican colleagues were overwhelmed by the voices of the American people, calling for a minimum wage increase.

For the more than two-thirds of minimum wage workers above the age of 21; for the 4 in 10 who are the sole wage earner for their families; and for all the Americans trying to make ends meet and put food on the table, this vote represents a genuine victory and a first step to a better future.

Throughout America, millions of working families are struggling to get by and the votes today on the minimum wage and Kassebaum-Kennedy health insurance bill make that process just a little bit easier.

It is something we can all take great pride in and I urge all my colleagues to join me in voting on behalf of this bill.

Mr. GRASSLEY. Mr. President, as Chairman of the International Trade Subcommittee of the Senate Finance Committee, I want to point out a provision in the Small Business Job Protection Act relating to trade that I strongly support. That is the extension of the Generalized System of Preferences [GSP]. This extension is long overdue.

The GSP is important for many reasons. From a foreign relations standpoint, it allows the United States to assist the economy of developing countries without the use of direct foreign aid. But it also is of great benefit to American businesses. That is why it is most appropriate that the extension of the GSP be included in the Small Business Job Protection Act. Many Amer-

ican small businesses import raw materials or other products. The expiration of the GSP has forced these companies to pay a duty, or a tax, on some of these products. That's what a duty is: an additional tax.

By extending the GSP retroactively, these companies will not be required to pay this tax. This tax is significant and can cost U.S. businesses hundreds of millions of dollars. In fact in 1995, American businesses saved \$650 million due to the GSP. I wonder how many good, high-paying jobs will be created by cutting taxes by \$650 million? So, Mr. President, it is very important that the GSP be extended and it is very appropriate that the Senate consider it as part of this bill.

It is essential to remember, however, that since its inception in the Trade Act of 1974, the GSP program has provided for the exemption of "articles which the President determines to be import-sensitive." This is a very important directive and critical to our most import-impacted producing industries. A clear example of an import sensitive article which should not be subject to GSP and, thus, not subject to the annual petitions of foreign producers that can be filed under this program, is ceramic tile.

It is well documented that the U.S. ceramic tile market repeatedly has been recognized as extremely import-sensitive. During the past 30 years, this U.S. industry had to defend itself against a variety of unfair and illegal import practices carried out by some of our closest trading partners. Imports already dominate the U.S. ceramic tile market and have done so for the last decade. They currently provide approximately 60 percent of the largest and most important glazed tile sector according to 1995 year-end Government figures.

Moreover, one of the guiding principles of the GSP program has been reciprocal market access. Currently, GSP eligible beneficiary countries supply almost one-fourth of the U.S. ceramic tile imports, and they are rapidly increasing their sales and market shares. U.S. ceramic tile manufacturers, however, are still denied access to many of these foreign markets.

Also, previous abuses of the GSP eligible status with regard to some ceramic tile product lines have been well documented. In 1979, the USTR rejected various petitions for duty-free treatment of ceramic tile from certain GSP beneficiary countries. With the acquiescence of the U.S. industry, however, the USTR at that time created a duty-free exception for the then minuscule category of irregular edged specialty mosaic tile. Immediately thereafter, I am told that foreign manufacturers from major GSP beneficiary countries either shifted their production to specialty mosaic tile or simply identified their existing products as specialty mosaic tile on custom invoices and stopped paying duties on these products. These actions flooded the U.S.



market with duty-free ceramic tiles that apparently had been superficially restyled or mislabeled.

In light of these factors, the U.S. industry has been recognized by successive Congresses and administrations as import-sensitive dating back to the Dillon and Kennedy Rounds of the General Agreement on Tariffs and Trade (GATT). Yet during this same period, the American ceramic tile industry has been forced to defend itself from over a dozen petitions filed by various designated GSP-eligible countries seeking duty-free treatment for their ceramic tile sent into this market.

The domestic ceramic tile industry has been fortunate, to date, because both the USTR and the International Trade Commission have recognized the import-sensitivity of the U.S. market and have denied these repeated petitions. If, however, just one petitioning nation ever succeeds in gaining GSP benefits for ceramic tile, then all GSP beneficiary countries will be entitled to similar treatment. This could eliminate many American tile jobs and devastate the domestic industry. Therefore, it is my strong belief that a proven import sensitive and already import-dominated product, such as ceramic tile, should not continually be subjected to defending against repeated duty-free petitions, but should be exempted from the GSP program.

Mr. President, I would like to address one final trade issue. It is not a part of this bill but it does relate to GSP, because the problem I will discuss is a result of an inequitable tax policy put in place by some countries that are major beneficiaries of the GSP program. This tax policy, known as a differential export tax scheme or DET, is used to confer an unfair competitive advantage for these countries' exports of agricultural products, particularly soybean meal and oil, to the detriment of U.S. producers, processors, and exporters.

Mr. President, I'll briefly describe how this differential export tax scheme operates. Under a DET system, exports of a raw commodity, in this case soybeans, are taxed at a higher rate than exports of the processed derivatives of that commodity, soybean meal and oil. Since this increased tax discourages the export of soybeans, the oilseed crushers in those countries are able to purchase soybeans from their domestic growers at prices well below the world market prices paid by U.S. oilseed crushers. Because they pay a lower cost for their raw materials, these foreign crushers are then able to undercut U.S. processors in the world market for processed soybean products.

For example, the State of Rio Grande do Sul in Brazil recently changed its tax structure so that a tax of 13 percent is levied on all exports of raw soybeans, while the export tax on soybean meal and oil is only 5 percent. At current market values, this gives the Brazilian crushers an additional crushing margin of about \$22 per ton. This is essentially an indirect subsidy for these

crushers and significantly distorts free trade. I assume this practice would be subject to World Trade Organization rules if the subsidy were provided as a direct export subsidy.

The consequence of this type of practice is a drastic loss in the U.S. share of world export markets for processed soybean products, and artificial downward pressure on world price levels for these same products. This is not acceptable. As you know Mr. President, Iowa is, in any given year, either the first or second leading soybean producing state in the nation. This is a distinction we share with our neighbors in Illinois. So this unfair trade practice is of great concern to Iowa farmers and processors, and those in other states as well.

I understand that progress is being made on resolving this issue, but more work must be done. In the case of Brazil, it is my understanding that the Brazilian federal government strongly supports reform of this DET system, and in fact is considering the complete elimination of all taxes levied upon exports of agricultural products, both raw and processed. In the coming weeks and months, I will be closely watching how Brazil, Argentina, and other countries reform these practices. However, I am serving notice today that if these practices are allowed to continue, I will consider pursuing appropriate legislative or administrative measures to counter them.

Mr. President, I yield the floor.

#### A VICTORY FOR WORKING AMERICANS

Mr. KERRY. Mr. President, today—finally—we are raising the minimum wage and putting families first. We have won a major victory for every American who values work and believes in fairness. It is a victory for common sense over ideology, for bipartisanship over saber rattling.

It is a victory for 290,000 hard-working families in Massachusetts who are playing by the rules and struggling to make ends meet—who have fallen behind in the last 20 years and now have a chance to do better, to keep up, and give their children a chance at a decent life. It is a victory for the millions of Americans who were trying to make a living and raise a family on \$4.25 an hour and now will get \$1800 more a year—enough to buy groceries for 7 months.

Raising the minimum wage is a work force enhancement program and a family protection program for an investment of 90 cents an hour—a move which will strengthen the fabric of the American community and narrow the widening gap in the workforce.

For the first time in years, we are giving workers a raise. This is a down payment on our commitment to make sure that everyone in this economy can participate—that everyone can earn more, learn more, provide more for their families, and be part of an econ-

omy that works for families—that values the dignity of work for those at the bottom as well as the top.

Mr. President, raising the minimum wage is, in fact, the most basic welfare reform measure we could enact. It helps make work pay for those who will be returning to the workforce. It will allow working mothers who come off welfare to have a fighting chance to put food on the table for their children and still find enough to pay the rent.

In the last few months we have heard a lot of talk from many of my Republican colleagues that welfare recipients need to learn the dignity of work, and we would agree with them and we have passed a welfare reform package incorporating that concept. But I also believe that the dignity of a liveable minimum wage is that, as a society, we believe that if you are willing to work hard, you deserve the dignity of earning enough to at least pull yourself out of poverty and put food on the table and a roof over your children's heads.

Mr. President, this is the beginning of a new era of worker fairness, of giving a raise to those who need it most, and taking one more step toward relieving the insecurities of the American worker. There is no greater gift to a young mother who is trying to make ends meet, trying to pay the rent, buy food, pay child care, pay for health care, and save for the future than to say to her that we know how difficult the struggle is and we, as a nation, as a Congress, as a people are willing to do what we can to help.

Today, Mr. President, with this vote to increase the minimum wage and give workers a raise, we have sent a message to America that we have rejected the extreme, hard line policies of the ideological warriors who believe that the bottom line is the only line, and that if those at the top earn more then those at the bottom will be better off. We have sent a message, instead, that we are, indeed, a common sense, pro-family community that believes in fairness and in a fair wage for a day's work. And we have sent a message that we believe that if you increase the intrinsic value of work you decrease the emotional cost of welfare, and the emotional toll that hopelessness and fear take on hard working mothers and families.

Mr. President, we have done the right thing. Some have fought it. Some have argued vehemently against it. Some have found arguments to try to stop it. But in the end, we have struck an important blow for fairness, for work, for families; and in so doing we have brought two words back into the lexicon of the 104th Congress and they are "compassion" and "community". Increasing the minimum wage means that we understand that we are all in this together and that we care. That, Mr. President, is a victory for the principles for which I have fought during my tenure here, and for which I will continue to fight in the future.