ANSWERED ''PRESENT''—13

Becerra	Hastings (FL)	Owens
Brown (FL)	Johnson, E. B.	Pelosi
Carson	Kaptur	Torres
Flake	Lewis (GA)	
Furse	Lofgren	

NOT VOTING—15

Barton	Lowey	Schiff
Cox	McHugh	Smith (NJ)
Delahunt	Nadler	Stokes
Dunn	Neumann	Waxman
Fazio	Obey	Yates

☐ 1137

Mr. JACKSON of Illinois changed his vote from ''yea'' to '' nay.''

So (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. NADLER. Mr. Speaker, earlier today I was unavoidably out of the Chamber when a couple of rollcall votes were taken. Had I been present, I would have voted ''no'' on rollcall 235, ''no'' on rollcall 236 and ''no'' on rollcall 237.

PROVIDING FOR CONSIDERATION OF H.R. 2015, BALANCED BUDGET ACT OF 1997, AND H.R. 2014, TAXPAYER RELIEF ACT OF 1997

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 174 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 174

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 2015) to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998. The bill shall be considered as read for amendment. The amendment printed in the Congressional Record and numbered 1 pursuant to clause 6 of rule XXIII shall be considered as adopted. All points of order against provisions in the bill, as amended, are waived. The previous question shall be considered as ordered on the bill, as amended, to final passage without intervening motion except: (1) three hours of debate equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget; and (2) one motion to recommit with or without instructions.

SEC. 2. At any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill and against provisions in the bill, as amended by this resolution, are waived. General debate shall be confined to the bill and shall not exceed three hours equally divided and controlled by the chairman and ranking minority member of the Committee on the Ways and Means. After general debate the bill shall be considered for amendment under the five-minute rule. The amendment printed in the Congressional Record and numbered 2 pursuant to clause 6 of rule XXIII shall be considered as adopted in the House and in the Committee of the Whole. The bill, as amended, shall be considered as the original bill for the purpose of further amendment and shall be considered as read. No other amendment shall be in order except the further amendment printed in the Congressional Record and numbered 1 pursuant to clause 6 of rule XXIII, which may be offered only by Representative Rangel of New York or his designee, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against that amendment are waived. At the conclusion of consideration of the bill, as amended, for amendment the Committee shall rise and report the bill, as amended, to the House with such further amendment as may have been adopted. The previous question shall be considered as ordered on the bill, as amended, and any further amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. COMBEST). The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for the purposes of debate only, I yield 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume. During consideration of the resolution, all time yielded is for the purposes of debate only.

(Mr. SOLOMON asked and was given permission to revise and extend his remarks and to include extraneous material.)

Mr. SOLOMON. Mr. Speaker, House Resolution 174 is the customary structured rule for the consideration of a budget reconciliation bill. In this case, the rule provides for the consideration of reconciliation legislation in two parts, which reflects the bipartisan budget agreement reached between Congress and the White House on May 2, 1997.

Mr. Speaker, this rule first waives all points of order against the consideration of the legislation, the Balanced Budget Act. The rule provides 3 hours of debate on the entitlement reform bill, equally divided and controlled by the chairman and ranking member of the Committee on the Budget.

The rule also considers the amendment printed in the CONGRESSIONAL RECORD and numbered 1 as adopted upon the adoption of this rule. This amendment by the gentleman from Ohio [Mr. KASICH] reflects hours of negotiations between Democrats and Republicans and between the White House and this Congress, both bodies of this Congress.

This amendment attempts to resolve many of the outstanding issues related to our bipartisan efforts to reform the Nation's out-of-control entitlement spending. And we all know that it is totally out of control.

The rule further waives all points of order against the provisions of the bill as amended by the rule. After the conclusion of the 3 hours of debate, the rule provides for one motion to recommit, with or without instructions.

Yesterday, we informed the minority members of the Committee on Rules that we were prepared to grant a rule allowing one Democrat substitute to be offered by the minority leader or his designee. However, we were informed yesterday that such a substitute would not be offered, even though we were willing to make that amendment in order.

☐ 1145

In addition, section 2 of the rule provides for consideration of the second part of this reconciliation product, the Taxpayer Relief Act. The rule waives all points of order against consideration of this bill and against its provisions as amended by the rule. The rule further provides another 3 hours of general debate on this tax cutting measure, equally divided and controlled by the chairman and the ranking member of the Committee on Ways and Means. The rule also considers the amendment printed in the CONGRESSIONAL RECORD and numbered 2 as adopted in the House and in the Committee of the Whole. This amendment, drafted by the gentleman from Texas [Mr. ARCHER], reflects further negotiations between the various interested parties involved in the implementation of the tax portion of this bipartisan agreement with the White House.

Furthermore, the rule provides for the consideration of a substitute amendment printed in the CONGRESSIONAL RECORD and numbered 1 only if offered by the gentleman from New York [Mr. RANGEL] or his designee.

Mr. Speaker, this amendment is debatable for 1 hour equally divided and controlled by the proponent and an opponent, and is not subject to amendment or to a demand for a division of the question in the House or in the Committee of the Whole and all points of order are waived against the amendment. This amendment, offered by the gentleman from New York [Mr. RANGEL], the ranking Democrat on the Committee on Ways and Means, represents the minority substitute to the tax bill.

Finally, the rule provides for one motion to recommit, with or without instructions.

Mr. Speaker, after hearing testimony up in the Committee on Rules yesterday for more than 5 hours and from more than 40 witnesses, the Committee on Rules has produced a rule that is very similar to that used on reconciliation bills going all the way back to the 96th Congress, over two decades. Furthermore, after consultation with the minority and our committee, we actually extended the total debate time on the two bills from 5 hours to 7

hours. We have made every effort to make this a bipartisan rule to consider this bipartisan balanced budget agreement. I would urge all my colleagues to support it.

Mr. Speaker, as to the contents of these bills, I can sum up their significance in two short statements:

First, the first balanced budget in 30 years. Second, the first major tax cut in 16 years.

While these two bills before us contain a variety of provisions, I want to focus on one in particular. In introducing his tax cut plan to the American people back in 1962, then President John F. Kennedy stated:

> Prosperity is the real way to balance the budget. By lowering taxes, by increasing jobs and incomes, we can expand tax revenues and finally bring our budget into balance.

President Kennedy was right then and the bill before us today represents those truths.

Mr. Speaker, over the past two decades, this Congress has held this same debate over and over and over again. How can we reduce the tax burden, reduce the deficit and balance the budget at the same time? Today's budget agreement is quite a different approach than has been tried in previous budget agreements. For instance, in 1990, Congress and the President, and at that time the President was George Bush, negotiated a bipartisan budget agreement in an effort to reduce the deficit only to result in a $100 billion tax increase and an unbalanced budget. That is what happened under a Republican President and a Democrat Congress back in 1990.

Three years later, in 1993, the President, that is Bill Clinton, and congressional Democrats, who were in control of this place at that time, gathered together and negotiated another budget deal to reduce the deficit. This time the result was a $200 billion tax increase, the largest tax increase in the history of this Nation, and still no balanced budget.

A year later, in 1994, the American people called on their government to try a new approach, to take a new look at an old approach used in previous decades under Presidents such as John F. Kennedy and Ronald Reagan. At the very beginning of the 104th Congress, the new Republican majority, in full agreement with President John F. Kennedy's assertion back in 1962, sought to provide the American family with meaningful tax cuts and a balanced budget. We are all very familiar with the extensive debates over tax relief in the past Congress. Despite all the talk, the American family still remains overtaxed and overburdened by its Government. That is this Government that we stand in here today.

Some of my colleagues may chuckle a little over this statement, exclaiming there goes JERRY SOLOMON again with his Reaganomics outlook on the world, but it is a fact that in the past 16 years, this Congress has raised our Nation's taxes over 5 times and by hundreds of billions of dollars. We have not cut taxes, we have raised taxes right here in this body. As a result, it is no exaggeration for me to say that the American family pays a much higher percentage of its hard-earned income in taxes right now today than at any time in recent history.

Today we have before us a budget bill that represents the first major tax cut in 16 years. Mr. Speaker, it is major. While we have had much larger tax relief packages before this House over the past few years, the probability that this tax relief bill will receive bipartisan support and be signed into law is much, much higher than those previously before us and that should be recognized here today. This is going to become law.

Furthermore, contrary to what we are going to hear from the other side today, from some Members of the other side because many Members on the Democrat side are going to support this measure, the majority of this tax relief, 72 percent of it, will go to middle-income wage-earning families making between $20,000 and $70,000. This will better enable all of America's families to care for their children and their communities and represents a good first step in rolling back the high level of the Government's financial interference in the lives of these hard-working families.

Finally, Mr. Speaker, it should be noted that these two bills before us today actually carry changes in the underlying laws that deliver the tax cuts and the spending cuts. This is very, very important, especially to some of the younger Members because in years past we have adopted budgets that put us on a glide path to a balanced budget, but when it came to making the hard votes, we did not do it, we abandoned it, and that is why the deficits continued. It is easy to vote for legislation that actually calls for these cuts to be done as we did in the budget agreement, and everybody sent out their press releases on it. It is quite something different to actually vote for these cuts. I urge all of the Members here today to support these bills and then follow through on the 13 appropriation bills that will follow, because that is where it is going to count.

Members have my pledge that I am going to vote for every one of these cuts represented in this agreement with the Republicans and Democrats in this House, with the Senate, and with the President. These are the kind of bills that actually make a difference. I applaud all of my colleagues on both sides of the aisle.

Mr. Speaker, I include the following extraneous material for the RECORD:

HOUSE RECONCILIATION RULES 1980–1996

Congress and year	Bill No.	Rule No.	Terms of rule
96th (1980)	H.R. 7765	H. Res. 776	10-hours general debate (1-hr. ea. To 8 comms., 2-hrs. Ways and Means); 4 amendments allowed; (1) Budget Comm.; (2) Strike subtitle; (3) Rep. Vanik (D); (4) Rep. Bauman (R); one motion to recommit.
97th (1981)	H.R. 3982	H. Res. 169	8-hrs. General debate, comms. of juris.; amendment in the nature of substitute by chairman of Budget Comm.; 6 amendments by Rep. Latta; 1-hr.; one motion to recommit.
98th (1983)	H.R. 4169	H. Res. 344	1-hr. gen. debate, Budget Comm.; amendment in nature of substitute made in 1 amendment by chmn. Budget Comm.; one motion to recommit, with or without instructions.
98th (1984)	H.R. 5394	H. Res. 483	6-hrs. gen. debate, Budget Comm.; (1) amend. by W&M Comm., 1-hr; (2) amend. by Rep. Pepper, 30-mins.; one motion to recommit.
99th (1985)	H.R. 3500	H. Res. 296	4-hrs. gen. debate, Budget Comm.; self-execute amend.; (1) Rep. Fazio, 30-mins.; Rep. Latta, 1-hr.; (3) Rep. Florio, 30-mins; one motion to recommit.
99th (1986)	H.R. 5300	H. Res. 558	3-hrs. gen. debate, Budget Comm.; self-execute amend.; (1) Rep. Rodino, 30-mins.; (2) Rep. Rodino, 30-mins.; (3) Rep. Wylie, 3-mins.; one motion to recommit without instructions.
100th (1987)	H.R. 3545	H. Res. 296/298	3-hrs. gen. debate, Budget Comm.; self-execute amend.; (1) Rep Michel, 1-hr.; one motion to recommit without instructions.
101st (1989)	H.R. 3299	H. Res. 245/249	6-hrs. gen. debate, Budget Comm.; self-execute amend.; 10 amendments (D–7; R–3), debate from 30-mins. to 2-hrs. ea. (varies by amendment); one motion to recommit.
101st (1990)	H.R. 5835	H. Res. 509	3-hrs. gen. debate, Budget Comm.; self-execute amends.; (1) Rep. Rostenkowski, 1-hr.; one motion to recommit without instructions.
103d (1993)	H.R. 2264	H. Res. 186	2-hrs. gen. debate; self-execute amend. (54 page); (1) Rep. Kasich substitute, (290 pages), 1-hr.; one motion to recommit without instructions.
104th (1995)	H.R. 2491	H. Res. 245	3-hrs. gen. debate (via. u.c. request); an additional 3-hrs. gen. debate, Budget Committee; self execute amendment in the nature of a substitute; 1 substitute amendment if offered by the Minority Leader or his designee, debatable for 1 hour; one motion to recommit which may contain instructions if offered by the Minority Leader or his designee.
104th (1996)	H.R. 3734	H. Res. 482	2-hrs. gen. debate, Budget Comm.; self execute amendment in nature of substitute; 1 amendment if offered by the chairman of the Budget Committee or his designee, debatable for 20 minutes.; one motion to recommit, with or without instructions.

REPORT LAYOVER PERIOD FOR RECONCILIATION BILLS, 1980–1996

Congress and year	Bill no.	Report filed	Bill considered	Layover period (days)
96th (1980)	H.R. 7765	7/21/80	9/4/80	45
97th (1981)	H.R. 3982	6/19/81	6/25/81	6
98th (1983)	H.R. 4169	10/20/83	10/25/83	5
98th (1984)	H.R. 5394	[1]	4/12/84	NA
99th (1985)	H.R. 3500	10/3/85	10/23/85	20
99th (1986)	H.R. 5300	7/31/86	8/24/86	24
100th (1987)	H.R. 3545	10/26/85	10/29/85	3
101st (1989)	H.R. 3299	9/20/89	9/26/89	6
101st (1990)	H.R. 5835	10/15/90	10/16/90	1
103rd (1993)	H.R. 2264	5/25/93	5/27/93	2
104th (1995)	H.R. 2491	10/17/95	10/25/95	8
104th (1996)	H.R. 3734	6/27/96	7/17/96	10

[1] Not reported.

Notes: The dates of bill consideration is the first day of consideration and is based on the date on which the rule was adopted. The layover period is based on the assumption that the report was available to Members on the first day after the report was filed (which may not always have been the case). Under clause 2(1)(6) of rule XI, it is in order to consider a bill on the third day the report is available to Members. All reconciliation rules, however, have routinely waived all points of order against consideration of the bill, even if the three-day availability requirement was complied with.

Sources: House Calendars.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON], the chairman of the Committee on Rules, for yielding me the customary half-hour, and I yield myself such time as I may consume.

Mr. Speaker, the reconciliation bills we are considering this week show very clearly the difference between Democrats and Republicans. To put it simply, on one hand, my Republican colleagues want to help people who make enormous amounts of money and inherit more money on top of that. On the other hand, Mr. Speaker, my Democratic colleagues and I want to help middle-class working families and small business owners.

When these bills come up for votes, we can take our pick. I think the choice is obvious. More than half the tax cuts in the Republican tax bill are for people making over $250,000 a year. Three-quarters of the tax cuts in the Democratic alternative are for people making less than $58,000 a year.

The Republican tax bill helps only richer families send their kids to college. The Democratic alternative gives a full $1,500 tax credit for college students. The Republican tax bill takes the $500 per child credit away from low-income working families. The Democratic alternative makes sure that every low- and middle-income working family gets the $500 per child tax credit.

The Republican tax bill, Mr. Speaker, gives huge tax breaks to rich people who sell stocks and bonds. The Democratic alternative gives tax breaks to the middle-class people who sell homes, who sell their farms or small businesses.

The Republican bill also marks a serious departure from the budget agreement. My Republican colleagues did not keep their word to provide the education tax credits they promised or to preserve the rights of legal immigrants that they also promised. The Republican reconciliation bill hands the richest 1 percent an additional $27,000 each, while it takes $63 away from each family in the bottom 20 percent.

Mr. Speaker, the Republican bill will mean serious trouble to our teaching hospitals. The Boston teaching hospitals alone will lose more than $700 million over a 5-year budget period.

Mr. Speaker, I do not know if our teaching hospitals can survive this kind of cut. They have already made huge changes, drastic changes, undergone complicated mergers and cut costs to save money, but the fact remains that last year Boston Medical Center saw 58,000 patients for nothing, 58,000 patients for free. Yet today my Republican colleagues are asking hospitals to make do with even less, and it is the same for teaching hospitals all over the country.

Mr. Speaker, the United States is lucky to have the best hospitals, the best medical care in the entire world. Take it from me, personally, I know this.

Mr. Speaker, I believe we should be doing all we can to keep American health care not only the best in the world but also keep it accessible to everyone. This bill does not do that.

In the Committee on Rules last night, my Republican colleagues rejected an amendment offered by the gentleman from Massachusetts [Mr. KENNEDY] to change the funding for children's health insurance so the States with children's health care laws already on the books like Massachusetts, like New York, like Florida are not penalized.

Mr. Speaker, I urge my colleagues to join me in defeating the previous question to make in order 22 amendments that were rejected in the Committee on Rules last night, including the Barton-Minge amendment on enforcing the budget agreement and the Taylor amendment to let veterans keep their veterans health care regardless of how old they are. I want to add, Mr. Speaker, that this veterans health issue has been cosponsored by nine of my colleagues on the Committee on Rules.

I urge my colleagues to defeat the previous question.

Mr. Speaker, I reserve the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume, briefly to just repeat my favorite hero's line, ''Well, here we go again,'' talking about the rich.

In the Hudson Valley where I live, it is about 200 miles long and 50 miles wide and has the Catskill Mountains on one end and the Adirondack Mountains on the other and a valley in between, there are very few rich people there. They are all hard-working people. They have worked all their lives. They have saved a little bit even under hard times.

Let me just give my colleagues one example, a couple I know that worked for Sears Roebuck. They worked for Sears Roebuck, both of them together, for 38 years. Sears Roebuck does not pay the highest salaries but they have a pretty good little pension plan and have a great stock option plan for people that work for them. For these 38 years, this couple has been taking advantage of those options, living with a wage scale much lower than their peers, but they managed to save the money and buy that stock and they have had it now for 35, 40 years. Do my colleagues know what that stock is worth today?

□ 1200

It is a nest egg that they can now retire on. They can, if they want to, move out of the cold north country where I live, and they can move to Florida, and they can buy themselves a little home, and they can live pretty decently for the rest of their lives.

Now my good friend the gentleman from Massachusetts [Mr. MOAKLEY] thinks those people are rich because they are going to take advantage of the capital gains tax cut. Well, I do not think that is rich at all. Those people have incomes of way under $70,000 combined, and they are going to be able to take advantage of this capital gains tax cut.

I also represent in that valley hundreds and hundreds of farmers; most of them are dairy farmers; and those people over the years have gotten up at 4 o'clock in the morning when it was 30 below zero.

I did a piece on public television last year in which we brought public television up there, and they saw these people out there at 5 o'clock in the morning milking these cows when it was 31 below zero. And, as my colleagues know, those people have paid the taxes on that farm, on those several hundred acres of land, and sure they are land rich, but they are cash poor. And now, if they pass away and their sons or daughters have worked on that same farm for all the time they were growing up, when they were 4, 5, and 6-years-old up to maybe 20 or 25, and now when they die the Federal Government is going to make them sell that land to pay the estate tax.

Mr. Speaker, that just is not right. As my colleagues know, they paid taxes on that land, they paid the income taxes all those years, and now they are going to be penalized and they cannot keep that farm in the family. It is happening all over Texas, it is happening all over America, but especially up in the north country where I live where it is doggone tough to make a living especially in the winter time.

So let us have enough of this rich talk, and let us get on to give meaningful tax cuts to all of the American people. That is what America is all about.

Mr. Speaker, having said that, I yield such time as he may consume to the gentleman from Florida [Mr. GOSS] one of those northerners that moved to Florida many years ago. He is the chairman of the Permanent Select Committee on Intelligence, but he is also a very valuable member of the Committee on Rules, and I yield to him to get some of his sage advice.

(Mr. GOSS asked and was given permission to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, I thank the distinguished gentleman from New York [Mr. SOLOMON] for yielding this time to me, and I obviously rise in strong support of this fair and I think very appropriate rule for what we are about, which permits consideration of 2 important measures, the Balanced Budget Act and the Taxpayer Relief Act, in fact probably one of the most important things we will do in this session of Congress.

Today, we take another major step toward the first balanced budget in over a generation, as the gentleman from New York [Mr. SOLOMON] said, and the first actual relief for American taxpayers in almost a generation. Despite this indisputable progress, we continue to hear this same tired rhetoric, we have already heard it, this class warfare from the defenders of the status quo. As usual they claim they have a study or they will get one that proves that the majority of the tax cuts are going to go to the, quote, rich. Of course, they define rich to suit their own purpose.

Mr. Speaker, if someone earns $40,000 a year, the big Government crowd is going to consider them rich, and this is how they are going to do it: artificially inflate their income through the addition of their future pension as well as the potential rental value of their home. I am sure this is going to be news to thousands of new-found rich people in my district, and I imagine they are going to be a little shocked by it, as the rest of America will be as they discover they have been elevated to rich.

Mr. Speaker, actually the definition of rich is, ''If you're not on welfare, you're rich.''

Given these partisan distortions it is important to let the American people know that what we are doing today is important work and it is going to affect them, and it is going to affect them positively.

We are taking the necessary steps to save the Medicare Program, and it is facing impending bankruptcy. But instead of resorting to the tax increases and the draconian provider cutbacks that we have talked about in the past, we achieve our savings through patient choice. Americans want choice in their medical care, and we are providing choice, and we are using free market competition, and we believe Americans will have better access, better choice, better medical service in the end, and we think we will end up with a stronger Medicare program as a result.

We are also providing overdue relief to families through the child tax credit and reform of the punitive death tax. I do not understand why we do not all understand that any American who works hard, saves little and wants to provide for his wife and his kids after he is gone, or his grandkids, should be able to do that. Why should the Government come in and take all of his hard work? After all I think what propels a great amount of the work in this country is the responsibility individuals have to go to work and provide for their families.

As a father of four I certainly feel that way. I think most Americans do. I think I owe it to my family and to my community and to my country to look out for my family and provide for them. I do not go for this new mantra that Uncle Sam has been replaced by Father Government. Government is not my daddy, and it is not anyone else's either. I think we need to get away from that and remember that the people who work in this country work with the sense of responsibility to their family and should be able to provide for them after they are gone.

We will furnish responsible Americans with more ways to save for their future by expanding IRA's, and we will promote economic growth by slicing the punitive capital gains tax.

But most important, today we will send a message to our children and our grandchildren that their future is not going to be mortgaged for Washington's profligate spending habits, and we all know what they are. The last time this Congress balanced the budget our national debt stood at $368 billion, and $368 billion is a lot of money. Today that national debt is at $54 trillion, trillion, and it is still climbing. With this package Congress has finally acknowledged what most American have known for a very, very long time:

Uncle Sam is obese, Uncle Sam needs a diet, and it is time.

Mr. Speaker, today is about historic progress; slow and steady, yes, but it is progress. This package is not perfect, but it is very good work, and it is bipartisan, and it is multibranch. And, yes, there is more to do, and there always will be if we are going to have jobs up here in Washington representing the people of this country, and that is the form of Government we have.

But above all this package represents a hard-earned victory, I think, for the American taxpayer, the middle-income earner, the hard worker, the people out there worrying about the future of their families and their kids. And I think it is a victory for our kids, too, because we are going to rein in taxing and not send the bill to them any more.

I very passionately urge for a ''yes'' vote on this rule and for the important reconciliation bills that it carries. This is the work we are about; this is what we are asked to do.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, I voted for the balanced budget resolution, and I know that both Democrats and Republicans in this House believe strongly in a balanced budget. But this proposal the Republicans have put forward today is not fair to working class, middle-class, people; it is not fair to seniors, and it is not fair to children, and I want to tell my colleagues why.

These tax cuts that the Republicans have proposed, they are for the wealthy, wealthy individuals and corporations. They are not helping the working middle class person. The person who needs that child tax credit in many cases is not going to get it even though they are working, sometimes two parents working. The person who needs that college credit, either a tuition tax deduction or a hope scholarship program, that money is not going to be fulfilled. What the President promised is not in this. The Republicans have broken the deal, and they are not giving middle-class and working-class people that college tuition break that they were expecting as part of this deal.

And Medicare, Medicare for seniors, we were promised this was going to be solvent and we were going to work toward the solvency. They have put in, the Republicans, provisions that will break the Medicare Program.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] has 12 minutes remaining, and the gentleman from Massachusetts [Mr. MOAKLEY] has 24 remaining.

Mr. SOLOMON. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, the gentleman from New York, Mr. SOLOMON's, speech was so soothing and charming, I did not realize he used all that time.

Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. MILLER].

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, today is the day when we begin the process where we rearrange the priorities of this Nation, where we rearrange the priorities of this Nation that for many years has taken care of the senior citizens of this country by providing them Medicare healthcare coverage for their elderly years, where we rearrange the priorities of this Nation where we have tried to make sure that children had coverage of health care, where we have tried to provide families the means by which they could pay for the college education of their children.

What we now see in the budget plan that we will debate this afternoon and in the tax bill that we will debate tomorrow is that all of those goals, all of those ideals of this Nation, are threatened because we have to have a tax bill that gives $27,000 in relief to people making more than $250,000 a year.

Twenty-seven thousand dollars in tax relief, which is more than many families make all year long, must go to the wealthiest 1 percent in this country, and how do we pay for it? We pay for it by reneging on the promise to provide health care coverage for children. In the Senate they now talk about making 8 million elderly people who are between the ages of 65 and 67 wait 2 more years before they would have Medicare coverage by increasing the cost of the Medicare to those individuals.

As my colleagues know, the interesting thing is that after the vote we took in 1993 where no Republicans voted for President Clinton's plan, we have dramatically reduced the deficit. The deficit is on its way to a balanced budget. If we did nothing, the budget would be balanced and we could take care of the problems in Medicare and Medicaid.

But the Republicans have chosen another path. They have chosen the path to try to again return to the days where corporations that make millions of dollars in profit every year, as they did before 1986, would pay no taxes. They want to return to the days where people who can clip coupons pay a 20 percent tax rate while hard-working Americans pay a 28 percent tax rate.

It is not fair, it is not equitable, and it is not right.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, the Federal budget should be a statement of our national values. How we spend the public's money should reflect what is important to us in our country, and surely we all agree that the health and well-being of our people should be a national priority. Indeed the American people continue to believe that access to quality health care should be a national priority.

Unfortunately, the reconciliation bill does not expand access to health insurance. Indeed, this bill makes access to health care more difficult. Why are we moving toward covering fewer people than more people?

Under this bill and actions taken by the Senate, an American baby born today would not have access to quality health care insurance until she is 67 years old. The bill before us today does not live up to the promise of expanding health care insurance to 5 billion of the 10 billion uninsured children in the United States. The way the Republicans have structured the bill, the child health block grant, there is no guarantee that even one additional child will have health insurance coverage.

The Medicaid cuts in this bill threaten children's hospitals and other safety net health care providers. Why would we target children's hospitals and county hospitals caring for the uninsured as a place to make an enormous spending cut to fund the tax breaks for the wealthy? Forcing public hospitals to close their doors will further reduce access to care, particularly for uninsured children. When we combine these changes with provisions in the bill to exempt even more health care plans from State consumer guidelines, we have a total package that weakens access to quality health care insurance for all Americans.

The American people do not again want us moving backward on access to health care.

Again, the Republican bill does not deliver on the promise of health insurance for uninsured children. Indeed, the Republican bill violates the goals of the budget agreement. On that basis alone we should reject the rule and kill the bill.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, we are going to debate the tax bill tomorrow, and we will show how their bill on the majority side would blow a hole in the budget, and we will show how they are using phony figures. But today we are debating the spending resolution.

I voted for the budget resolution. Trouble with this spending resolution is it violates the budget agreement, purely and simply. It does so on legal immigrants. It draws an irrational and inhumane line, contrary to what they agreed to. It also goes beyond the budget agreement, and it withdraws from people moving from welfare to work the protections of the Fair Labor Standards Act. All they put back is a minimum wage standard, but there is no Federal protection to be sure that that is paid, and they do not provide against sexual harassment and employment discrimination.

Mr. Speaker, second class citizenship is not the answer for people moving from welfare to work.

We ask the Committee on Rules to grant us amendments to cure these, they turned us down. We should turn down this budget resolution.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I might consume.

Mr. Speaker, I am somewhat confused. If my colleagues read this morning's paper or if they talk to those that attended a Democratic caucus, it is quite clear that the administration attended that Democratic caucus and is urging them to support this reconciliation bill that is before us today, that most of the problems that they had with, especially the OMB Director, Mr. Raines, had been worked out, there were some glitches, but they could be solved in conference.

□ 1215

So I am really surprised to hear some of the statements being brought up here today.

Mr. BARTON of Texas. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Texas.

Mr. BARTON of Texas. Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON], chairman of the Committee on Rules, for yielding.

I think the chairman understands that a number of us, on a bipartisan basis for several years, have been trying to do something to put some enforcement mechanism into the existing Budget Acts that govern our Nation.

We have a piece of legislation, H.R. 2003, the bipartisan Budget Enforcement Act, that is pending before the Committee on Rules, the Committee on Ways and Means, and the Committee on the Budget. There have been a series of meetings and discussions this morning.

It is my understanding that as chairman of the Committee on Rules, the gentleman from New York [Mr. SOLOMON] has agreed to an expedited procedure whereas this piece of legislation, perhaps as amended, will be brought to the floor for an up or down vote no later than July 24.

Is that the understanding of the chairman of the Committee on Rules?

Mr. SOLOMON. Mr. Speaker, reclaiming my time, yes, it is my understanding, and that is an ad hoc agreement, which, after meeting with the gentleman from Texas [Mr. BARTON] and members of the gentleman's group, along with Members of the Republican leadership, we have agreed that the three committees of jurisdiction, the Committee on Rules, the Committee on Ways and Means, and the Committee on the Budget, would have an opportunity to look at the legislation.

Mr. BARTON of Texas. Mr. Speaker, the number is H.R. 2003, the bipartisan Budget Enforcement Act. The gentleman from Texas [Mr. STENHOLM] and the gentleman from Minnesota [Mr. MINGE] and the gentleman from Indiana [Mr. VISCLOSKY] and several others.

Mr. SOLOMON. Mr. Speaker, certainly the Committee on the Budget has agreed, and so has the Committee on Rules. Now the gentleman understands that the gentleman from Texas [Mr. ARCHER], who has jurisdiction as well, will agree as long as he has time to consider in his committee.

I just want to make this understanding clear, that the agreement in no way prejudices the ability of the Committee on Rules and the Committee on the Budget who share jurisdiction over budget process to report a budget process reform bill on their own at a later time.

Mr. BARTON of Texas. Mr. Speaker, that is my understanding. This does not fence off any other legislation on the same subject, but it does commit the chairman of the Committee on Rules, the Speaker of the House, the majority leader, the majority whip, and the chairmen of the committees of jurisdiction to work in an expeditious fashion to bring this particular bill, perhaps as amended, to the floor, and perhaps at the same time other bills that deal with the same subject.

Mr. SOLOMON. Mr. Speaker, I think we are in full agreement. Let me just say to the gentleman I appreciate his understanding.

As the gentleman knows, on the Republican side there were some 31 Members that had concerns with both the tax bill and the spending cut bill. We had asked them not to come before us and ask for changes to be made because it would disrupt the agreement that we might have with the White House, and there were a number of Democrats on

the other side of the aisle requesting the same thing. We did not allow them, as we did not allow the gentleman.

So the gentleman is being very reasonable and I appreciate it, and we are committed to bringing this to the floor by July 24.

Mr. BARTON of Texas. Mr. Speaker, I want to express my commitment to the chairman of the Committee on Rules that I will vote for this rule and I will encourage all of the Republican Members who I have been discussing this issue with to also vote for the rule, so that we can bring this reconciliation package to the floor.

Mr. SOLOMON. Mr. Speaker, I certainly thank the gentleman for being so reasonable.

Mr. CASTLE. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Delaware.

Mr. CASTLE. Mr. Speaker, I would just like to say that the leadership of the Republican Party in total was involved in this. I think that is very important to understand. They were very accommodating.

It has always been agreed that if this were able to be passed on the floor of the House of Representatives, and by the way, there is no commitment to actually support this bill from any of the leadership, but if it did pass, it would become part of the House conference package in terms of dealing with the reconciliation bill with the Senate which I think is important as well.

Mr. WAMP. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Tennessee.

Mr. WAMP. Mr. Speaker, I commend all that have been involved in a very bipartisan way, and just for the people whom I think we so adequately represent here in this body across the country that are wondering maybe what this is all about, this is a group of a few Members on both sides of the aisle that have gotten together and said that the discipline needs to be integrated into this budget agreement. There is a panacea out there that this is a great thing, and I think it has the potential of being a great thing if we follow through on it, and if we do not allow certain predictions that are part of our assessment today that might not come true to blow the thing apart later on. That is what this is about, enforcement provisions.

Frankly, neither party has an exclusive on ideas or integrity, and much of this comes from the Blue Dog Coalition on the other side and very accurately, they have assessed that we need some discipline written into this agreement, and many on our side, led by the gentleman from Texas [Mr. BARTON] and the gentleman from Delaware [Mr. CASTLE] and myself, have agreed to this, and now our leadership is accommodating our request that we have an opportunity to bring to this floor the details of how we need to enforce this provision as we go forward.

I think that is important for the people to know, and people who have suspicion about this budget agreement can know that we are working to improve it before we finally report it out.

I thank the gentleman for yielding.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman for his comments.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

I would like to tell the gentleman from Texas [Mr. BARTON] that we thought his amendment was a great one and we brought it forward for a vote, but we were outvoted. We have another chance, because if we defeat the previous question, we are going to put the Barton amendment in. So the gentleman still has a chance to get his amendment passed.

Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. BENTSEN].

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I voted for this budget agreement and a number of Members from 13 of the 50 States voted for this budget agreement, but I do not think they voted to agree that their States would be cut disproportionately under the Medicaid program, under the Disproportionate Share Program that is in this bill.

This bill before us today, the spending bill, will treat States like Texas, Colorado, Connecticut, Louisiana, Tennessee, that the gentleman just spoke from, and several others twice as badly as all the other States and 100 times as badly as some of the other States.

This bill says that those 13 States will have their disproportionate share of funding cut by 40 percent by the year 2002. That is not the budget agreement that this Member voted for and I do not see how any Member from any of those States could vote for this rule.

Now, if we defeat the previous question, included in the amendments that the gentleman from Massachusetts intends to offer is to correct this. We are not talking about dollars, we are talking about equity among the States.

Mr. SOLOMON. Mr. Speaker, I yield 2½ minutes to the gentleman from Ohio [Mr. KASICH], the distinguished chairman of the Committee on the Budget.

Mr. KASICH. Mr. Speaker, let me just suggest that everybody in the House is concerned about the formula whereby we help those hospitals that have a disproportionate share of poor people who they attend to. It is interesting to note that Texas is one of the largest recipients of DSH money and they have a concern about how this agreement is going to affect them, based on the formula that distributes this money.

I have a concern about it not only as it applies to the State of Texas, but to the State of Ohio, to the State of New Jersey and the State of New York and every State in the country. Writing a formula that affects the DSH payments, the disproportionate share of payments, is going to be like, well, it will be a rougher fight than Tyson-Holyfield this weekend.

The fact is that in the conference committee we are going to have to create a new formula. We cannot write a formula on the House floor. We should not even try to write a formula on the House floor. We should not want to write a formula on the House floor.

What we should do, if I could be so presumptuous to give this advice, is to indicate the fact that we do not have it right yet and that we should go to the conference committee and we ought to get it right, as right as we can. I can promise my colleagues, it is just like reform of the IRS or the tax system, at the end of the day, nobody is going to be happy with the way we pay taxes, and at the end of the day, no one is going to be happy with the way in which we distribute money to help hospitals pay for the poor. But what we do intend to do is to get it as right as human beings can, representing 50 States around the country.

So the point is, I feel your pain when it comes to my colleagues' concern about DSH payments. So the fact is, let us not try to say that we are trying to shut somebody off or having a formula debate on the House floor. We cannot fix it here. It would not be right to fix it here. We would not get it right here and we would end up hurting poor people in the final analysis.

So let us just stay cool, let us adopt the rule, let us make an effort to get the formula fixed in conference, and I am willing to work with all of the Members of the House to participate to come up with something that is as fair and equitable as we can among the 50 States.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. VISCLOSKY].

Mr. VISCLOSKY. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise today in strong opposition to the rule because it does not make in order an important bipartisan enforcement amendment proposed by our colleagues, the gentleman from Texas [Mr. BARTON] and the gentleman from Minnesota [Mr. MINGE]. The Barton-Minge takes a common sense approach to enforcing the budget reconciliation bill. It acknowledges that our best hope of actually balancing the budget is to put every section of the budget on the table, including entitlements and revenues, and that we must hold the President and the Congress accountable.

Enforcement is important. The lessons of previous budget resolutions is that agreeing to a balanced budget does not guarantee it will be. No fewer than four times over the last 15 years Congress and Presidents have approved budget-balancing amendments, but they have not led to a balanced budget because they were not enforceable.

We have been told repeatedly that enforcement mechanisms should be addressed. We have been told by the Committee on the Budget, enforcement should be addressed. We have been told by the Committee on Rules, enforcement should be addressed. It has not been addressed in this rule.

Mr. Speaker, I rise today in strong opposition to the rule because it does not make in order an important bipartisan enforcement amendment proposed by our colleagues, Mr. BARTON and Mr. MINGE.

The Barton-Minge amendment takes a common sense approach to enforcing the budget reconciliation bill. It acknowledges that our best hope of actually balancing the budget is to put every section of the budget on the table—including entitlements and revenues—and that we must hold the President and the Congress accountable if we do not live up to the budget targets agreed to earlier this month.

While I voted for the budget resolution earlier this month, I did so with serious reservations. One of my most serious concerns is the lack of meaningful enforcement procedures to ensure that the budget is balanced as projected by the year 2002.

The lesson of previous budget resolutions is that agreeing to balance the budget does not guarantee that the budget will actually be balanced. No fewer than four times over the past 15 years Congress has approved budget agreements that were supposed to get us to a balanced budget, but failed to actually do so.

For example, in 1982, the budget resolution called for a balanced budget in 1984. Yet, the budget was not balanced by that date. In 1985, under Gramm-Rudman I, we were told that the budget would be balanced in 1991. It was not.

In 1987, under Gramm-Rudman II, we were told that the budget would be balanced in 1993, but it was not. In 1990, under the Budget Enforcement Act, we were told that, finally, the budget would be balanced in 1994. Again, it was not.

The common thread in these failed attempts to balance the budget was the lack of a meaningful enforcement mechanism.

I would also like to point out that enforcement is not a new or transitory issue. In the last two Congresses I sponsored important legislation designed to bring strong enforcement procedures to the budget process. This legislation, the Balanced Budget Enforcement Act, was originally introduced by then-chairman of the Budget Committee Leon Panetta and, after that, our former colleague from Minnesota, Tim Penny.

I have appeared before both the Rules Committee and the Budget Committee asking that comprehensive enforcement mechanisms be included in the budget process. So far, however, no action has been taken by either committee.

Leading up to consideration of the budget reconciliation bill, we were told that enforcement would be addressed as part of the legislation. Unfortunately, however, the Rules Committee did not make the Barton-Minge enforcement amendment in order, and we again find ourselves with a major budget bill that contains no serious enforcement language.

Mr. Speaker, I am extremely disappointed that this rule does not make language on enforcement in order, and I urge my colleagues to oppose it.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Speaker, for those of us who are truly committed to achieving a balanced budget that will remain balanced, this first effort to implement the balanced budget agreement represents a true setback. They call this bill that we have under consideration today the reconciliation bill. Really, it is the wreckonciliation because it wrecks this budget agreement, and the first area in which it wrecks the budget agreement is by not having an adequate enforcement provision.

Mr. Speaker, there is nothing new about promising a balanced budget in Washington. It is the guarantee of a balanced budget that really has some meaning, and around here a promise never seems to be a guarantee. We do not need more promises of a balanced budget, we need a guarantee, and we need it in this proposal. Rather than wrecking the budget agreement, we ought to be guaranteeing a truly balanced budget.

What does this reconciliation bill say to the young American family that is out there struggling to make ends meet? Well, if we listen to the Republicans here in Washington, it says to that young American family, when you reach age 65, do not count on having any health protection because your Medicare coverage will not be there. We are going to escalate the age to 67 before you ever get Medicare coverage.

□ 1230

What does it say to the children of that working American family, not people on welfare, but where perhaps both parents are struggling to climb up that economic ladder? It says no health insurance.

Surely this must be the only modern industrialized country in the world where we have 10 million children who have no health insurance, and no hope from this reconciliation bill that it is going to get any better, from zero to age 67. No guarantee, is the goal of this Republican Congress for health insurance coverage.

It is time not to wreck the budget agreement, deny enforcement provisions, and deny the guarantee of health insurance that so many people need in their youngest age and in the oldest age. Vote ''no'' on this rule.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Speaker, I rise in strong opposition to this rule, because here we go again. Passage of a reconciliation bill that is projected to balance the budget by the year 2002 does not guarantee the budget will actually be balanced. Americans are tired of Congress and the President making unfulfilled promises about balancing our budget.

Mr. Speaker, I appreciate the work the gentleman from Texas [Mr. BARTON], the gentleman from Delaware [Mr. CASTLE], and the gentleman from Tennessee [Mr. WAMP] have done, but I am a great believer that a bird in the hand is worth two in the bush. Today is the time for us to deal with enforcement. I was sincerely disappointed that the Committee on Rules chose to report a rule that would not allow the House to consider the Barton-Minge balanced budget agreement.

Our only request of the Committee on Rules is that we be given a fair shot to offer our proposal for an up or down vote. Members from the left and right oppose our amendment. Why not let it be considered at the appropriate time, when we have the best chance of getting it done?

Whether Members support the balanced budget agreement and the reconciliation bill, which I do, I strongly encourage all Members who are committed to achieving a balanced budget to vote against the rule. If we do not deal with the matter today, it will not be dealt with.

Mr. Speaker, I rise in strong opposition to this rule. I do so as one who supports the bipartisan budget agreement because this rule prevents consideration of an amendment that would ensure that this budget agreement lives up to all the promises being made by those of us who support the agreement. Joe Barton and David Minge submitted an amendment on behalf of a bipartisan group of more than two dozen members who believe that this budget agreement must include strong budget enforcement procedures to make this a credible balanced budget plan. Unfortunately, this rule does not make the Barton-Minge amendment in order.

While passage of a reconciliation bill that is projected to achieve balance by 2002 is a significant accomplishment, I would remind my colleagues that history has taught us that passage of a reconciliation bill that is projected to balance the budget by 2002 does not guarantee that the budget will actually be balanced in 2002. We need only look to the experience of the 1990 budget summit to be reminded how quickly a balanced budget plan can fall off course. Americans are tired of unfulfilled promises about balancing our budget. The Barton-Minge amendment will prevent this budget from repeating the failed promises of past balanced budget plans by putting teeth in the budget agreement.

The Barton-Minge enforcement amendment would establish a comprehensive enforcement mechanism that would require Congress and the President to ensure that actual spending and revenues over the next 5 years meet the goals of the budget agreement. It would enforce all portions of the budget—spending and revenues—without exceptions to ensure that everyone has a stake in keeping the budget on a path to balance. Critics who complain about the harmful effects of triggering sequestration or delaying the phase-in of tax cuts are missing the point. The goal of any enforcement mechanism is to establish a hammer with severe consequences to give Congress and the President the incentive to take action immediately when the budget falls off the glidepath to balance to avoid triggering enforcement.

The Barton-Minge amendment has bipartisan support because enforcement would be targeted to the portion of the budget that causes a problem. Spending programs that grow faster than this budget assumes would be sequestered; the phase-in of tax cuts would be delayed if revenues are lower than assumed under this budget. Tax cuts will not be affected because spending grows too fast; and spending will not be cut if taxes are below projections.

I was sincerely disappointed that the Rules Committee chose to report a rule that would not allow the House to consider the Barton-Minge balanced budget enforcement amendment. Our only request was that we be given a fair shot to offer our proposal for an up or down vote. I understand that many committee chairman oppose this effort to enforce the budget agreement and that Members from the left and right have concerns that our amendment is too strong and would vote against it. I welcome the opportunity to respond to these criticisms and debate the issue on the merits. Unfortunately, this rule prevents us from having that debate.

Whether or not you support the budget agreement and the reconciliation bill that the House will consider today, I strongly encourage all Members who are committed to actually achieving a balanced budget to vote against this rule so that the House may consider legislation that makes this balanced budget plan meaningful.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Mr. Speaker, I want to second what the gentleman from Texas [Mr. STENHOLM] and the gentleman from Indiana [Mr. VISCLOSKY] said. I am not interested in being a party to a balanced budget agreement that does not translate itself from an idea to a reality.

There have been well-intentioned people in this town since 1980 who have tried mightily to balance the budget. This enforcement mechanism that was denied a vote on by this body, by the Committee on Rules, itself I think warrants a ''no'' vote, because, Mr. Speaker, this is the mechanism that translates the idea of a balanced budget, which most of us embrace, to actual reality. Without it, we are, I think, going down the same path as those that were here before us. We cannot afford that path again.

We are spending over $250 billion a year in interest now. The future is bleak, indeed, for the young people if we do not put an enforcement mechanism in this agreement. I wish we would vote ''no'' on the rule.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. TURNER].

Mr. TURNER. Mr. Speaker, I rise in opposition to the rule for the reason that the committee failed to acknowledge the importance of including enforcement language in this budget reconciliation bill. The truth of the matter is that the American people believe that when we, in great fanfare, just a few weeks ago announced a balanced budget agreement, they believe the balanced budget agreement is something that has meaning to it, not an empty promise.

I think we in this Congress all need to tell the American people that a budget agreement resolution is no more than a New Year's resolution, and it is no more than a promise that can be broken without effective enforcement language put into the law.

The bipartisan Barton-Minge budget enforcement amendment needs to be in the budget reconciliation bill that this Congress will adopt. A promise to consider it later is not enough. The American people expect and deserve that we in the Congress will keep our promises for a balanced budget by 2002.

Mr. SOLOMON. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. ENGLISH].

(Mr. ENGLISH of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I rise in support of the rule.

Mr. Speaker, I rise in strong support of several reconciliation changes contained in the proposed manager's amendment that will be self-executed in this rule.

The amendment contains an additional $1 billion in relief for low-income seniors from the cost of their part B Medicare premiums. This change will further strengthen our bipartisan plan to save Medicare.

the amendment also provides credible protections for participants in workfare programs. Specifically, it would strengthen minimum wage requirements, clarify the 40-hour work week, and adopt strong nondiscrimination provisions relating to age, race, gender, and disability. It also protects other workers with strong nondisplacement language.

The amendment contains other improvements, especially its designation of $100 million to empower states and extend Medicaid benefits for children affected by Social Security eligibility changes. This is a useful and balanced amendment, and I urge adoption of the rule.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. Mr. Speaker, I urge a no vote on the rule. There is a crisis of faith in this country. People every 2 years run for office and ask for the privilege to serve in Congress. They say they are going to do things, and when the time comes to do those things, they find a reason to see to it that they do not. All across the country people ran for Congress and said, we are going to restore the promise of lifetime health benefits to those people who served in our military honorably for 20, 25, 30 or more years.

There are 181 people who cosponsored a bill to do just that, including the chairman of the Committee on Rules: the gentlewoman from Ohio [Ms. PRYCE], the gentleman from Georgia [Mr. LINDER], the gentleman from Florida [Mr. DIAZ-BALART], the gentleman from Colorado [Mr. MCINNIS], and the gentleman from Washington [Mr. HASTINGS]. Yet, yesterday when the opportunity came before them to bring this measure to the House floor so we could restore that, so we could give the only people in America who were promised free health care for life, to fulfill that promise for them, those people voted against it.

They will not give the majority the chance to vote for it, to take care of our military retirees, the same people who went to Korea, the people who went to Vietnam, the people who went to the desert, the people who are in Colombia today. They said, these people do not count.

We ought to defeat this rule. We ought to vote ''no'' on the previous question, and we ought to allow the Hefley bill, which is cosponsored by 181 Members of Congress, to fulfill the promise of lifetime health care to our military retirees, to be voted on up-or-down, so we can see whether those people who went back home and said they were for our military retirees really are, or whether it was just another empty promise.

Mr. Speaker, there is a crisis of faith in this country because people are not doing what they said they would do. We have a chance to correct that today, we really do.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Mrs. TAUSCHER].

Mrs. TAUSCHER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in strong opposition to the rule. I object to the decision by the Committee on Rules to refuse to allow the Barton-Minge amendment, of which I am an original cosponsor, which would add strong budget enforcement language to the legislation. While I strongly support this historic budget agreement, I am concerned that without proper enforcement mechanisms, spending will run out of control and tax cuts will balloon, thereby voiding the balanced budget agreement.

A bipartisan group of Members has developed a proposed amendment to ensure that, when actual spending exceeds spending targets, Congress would have to take action by December 15 or automatic cuts would go into effect. Similarly, if revenues failed to meet the expected level, any phase-in of tax cuts would be delayed.

There have been numerous attempts to instill fiscal responsibility in the budget process, but those attempts have failed because they were unenforceable. Let us not allow this agreement to fall prey to the same shortcomings. I urge my colleagues to defeat the rule.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, I thank the ranking member for yielding time to me.

Mr. Speaker, I rise in opposition to the rule. I would say that there is no higher purpose for those who have been called to this House than to stop the

practice of borrowing money to run the U.S. Government and sending the bill to our children.

I do not doubt for one minute the good intentions of those who put this budget agreement together, but I sure do doubt what might happen as a result of those intentions if we do not have the enforcement language of the Barton-Minge amendment.

Here is what it says without it. If Congress spends more than we planned under this agreement, do Members know what happens? Nothing. If the Tax Code does not bring in as much money as we thought it would because of the tax cut, do Members know what happens? Nothing. Without this amendment the deficit will rise, the balanced budget will be in jeopardy, and we will continue the practice we all came here to stop.

I urge my colleagues to oppose this rule, and when we get a chance vote for the Barton-Minge amendment when it comes to the floor.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in opposition to the rule. As the ranking member on the Subcommittee on Health and the Environment of the Committee on Commerce, I, with my Democratic colleagues, offered several amendments to improve the Medicare-Medicaid and children's health care expansion provisions in the Budget Reconciliation Act.

Most important, perhaps, of these would have reduced the number of Medicare MSA policies which could be issued from 500,000 to 100,000, thus saving approximately $1 billion over 5 years. These savings would be used to cover the copay for beneficiaries who will be covered for annual mammographies, bone mass testing, colorectal and prostate cancer screening, and a portion of the cost of test strips for diabetes under Medicare.

Last week a similar bipartisan amendment was offered and passed bipartisanly in the Senate Finance Committee which would scale back the demonstration project to 100,000 policies. Unfortunately, Republicans on the Committee on Rules neglected to allow us to offer this amendment, even though we only lost it in committee by one vote. It was part of the budget agreement originally. It makes sense, Mr. Speaker.

I urge my colleagues to oppose the rule when it comes before the House.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. JOHN].

Mr. JOHN. Mr. Speaker, I thank the gentleman from Massachusetts for yielding time to me.

Mr. Speaker, I rise in strong opposition to the rule. What are we afraid of? Are we afraid of keeping our promises? That is what we are talking about. We are talking about enforcing a balanced budget agreement that only 2 weeks ago everybody was praising. Everybody was talking about how great it is. But it is only worth the paper it is written on without some kind of enforcement.

What are the opponents of enforcement scared of? They are scared of keeping our promises? I would hope not. I would hope that the American people will support us in putting enforcement in a budget that could explode if we are off on some of our economic figures.

Mr. SOLOMON. Mr. Speaker, I yield 30 seconds to the distinguished gentleman from Texas [Mr. BARTON].

Mr. BARTON of Texas. Mr. Speaker, I strongly appreciate the support that the Barton-Minge amendment has on both sides of the House, and I want to point out that under the colloquy agreement, we will get that vote on enforcement no later than July 24. If we win on the floor, it will be in the reconciliation package in the conference. So I would hope we would vote for the rule.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I cannot believe the gentleman from Texas would not vote against the previous question so he can get immediate recognition of this provision.

Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. LEWIS], the minority whip.

Mr. LEWIS of Georgia. Mr. Speaker, I rise to urge my colleagues to defeat this rule. This bill that the Republicans are bringing to this floor breaks the budget deal the Republicans made with the President. On issue after issue this bill is in violation of the budget agreement.

Mr. Speaker, how can the President negotiate if they will not deal in good faith, if they will not keep their word? On children's health care, this bill breaks the deal. On protecting disabled legal immigrants, the bill breaks the deal. On providing worker protection for people moving from welfare to work, this bill is not in keeping with the spirit of the deal.

Mr. Speaker, this bill violates both the spirit and the letter of a balanced budget agreement. Defeat the rule, defeat the bill. It is not the deal made with the President. It is not the deal made with the American people.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. BOYD].

□ 1245

Mr. BOYD. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I am a strong supporter of tax relief for American families that is fair and fiscally responsible. I am a strong supporter of the balanced budget agreement. I voted for that. I rise today in opposition to this rule because this bill that we are addressing today does not meet the criteria that is necessary to see that we have both of those things.

I am deeply concerned that this reconciliation bill, as it is written without very important necessary enforcement language, that is, the Barton-Minge language that should have been included, will blow a hole in the deficit past the year 2002. Look back at history and exactly what happened with the other balanced budget plans that this U.S. Congress passed in the past.

We worked too hard to get this far. We have a unique opportunity to get this budget balanced and establish an economic policy that will guarantee long-term balance for the U.S. Government.

The tax cuts that we have in here, especially indexing of capital gains and the very long 10-year phase-in of estate taxes, is bad. I implore Members to vote against the rule.

Mr. MOAKLEY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I urge Members to defeat the previous question. If that previous question is defeated, I will offer an amendment to the rule which will make in order 22 amendments, including the amendment by the gentlewomen from Florida, Mrs. MEEK and Ms. ROS-LEHTINEN that would preserve Social Security and Medicaid payments for elderly or disabled legal immigrants as amended by the gentleman from Mississippi, Mr. TAYLOR, which gives guaranteed health coverage to military retirees when they become Medicare eligible, an amendment by the gentleman from Texas, Mr. BARTON, and the gentleman from Minnesota, Mr. MINGE, which incorporates budget targets into the law and holds the President and the Congress accountable if the actual budget outcomes do not meet the budget agreement goals.

Mr. Speaker, these are all very important amendments and the House should have an opportunity to consider them. I urge no on the previous question and defeat the rule.

The SPEAKER pro tempore (Mr. COMBEST). The gentleman from Massachusetts [Mr. MOAKLEY] has 3 minutes remaining.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the very distinguished gentlewoman from Columbus, OH [Ms. PRYCE], a member of the Committee on Rules.

Ms. PRYCE of Ohio. Mr. Speaker, I thank the distinguished chairman of the Committee on Rules for yielding me the time.

I rise in strong support of this rule and the reconciliation package and I am very encouraged by the compromise to address the enforcement issue.

Mr. Speaker, even without that in this bill, boy, have we come a long way. Mr. Speaker, the growth in the 1980's showed us what can happen when we give the American people the tools that they need to grow and prosper. The same is true today. Government does not create new jobs. Government does not build stable families. Our challenge is to restore growth and opportunity and to sustain it for future

generations. This reconciliation package holds the beginning of an answer to that challenge. Nobody calls it perfect, but it is a start and it is sure about time.

It combines budget restraint with progrowth tax policy. By preserving and strengthening Medicare, it honors our commitment to older Americans. By including a child tax credit and new savings incentives it will help families to keep more of their hard-earned money to spend on things they need most of their lives.

This package is an honest bipartisan attempt to help those who will create tomorrow's growth and prosperity, the earners, the savers, the taxpayers who work hard; those people that get up earlier, stay at the office a little later, the ones that play by the rules, take a few risks and strive to build a better future for their families and communities.

Mr. Speaker, after years of unbalanced budgets, deficit spending and high taxes, the chance to begin restoring the American dream is finally within our grasp. Let us seize it. Let us not miss this historic opportunity to give our children and grandchildren the bright economic future they deserve. I urge my colleagues to support this fair, this balanced rule and to vote for this reconciliation package.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute and 10 seconds to the gentleman from Oklahoma [Mr. COBURN].

Mr. COBURN. Mr. Speaker, I thank the gentleman from Massachusetts for yielding me this time.

I think it is important for people in this country to know what this rule does. If you are poor and you are on Medicaid, this bill takes away the right of your physician to determine when you should be discharged from the hospital. We put that in in committee. We did that on purpose, because you have a right to have quality care and the profits of a health insurance industry should not come above that. This rule does not take it out of Medicare. We put it in Medicare, too.

But AARP is such a strong force that we did not have the courage to take it out in the Medicare portion of this bill. So if you are poor, you are blown away. If you are protected by Medicare, you are protected for right now. When it gets to conference, your ability to have quality medical care determining your discharge based on what is best for your health is going to be eliminated in conference. That is the plan.

So, America, wake up; this bill determines your health care and your quality not by your physician but by the insurance company that is running the managed care program.

I thank the gentleman very much for yielding me the time.

Mr. MOAKLEY. Mr. Speaker, will the gentleman yield?

Mr. COBURN. I yield to the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Speaker, is the gentleman opposed to the rule?

Mr. COBURN. Mr. Speaker, I am not voting for this rule.

Mr. MOAKLEY. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I yield the balance of my time to the gentlewoman from Connecticut [Ms. DELAURO].

The SPEAKER pro tempore. The gentlewoman from Connecticut [Ms. DELAURO] is recognized for 2 minutes.

Ms. DELAURO. Mr. Speaker, I rise today to urge my colleagues to vote against this rule. This bill breaks the balanced budget agreement and it hurts average middle-class families in this country. I voted for the balanced budget agreement. This is not the bill that I voted for. I did not vote for a bill that hurts the middle class by denying working families help in providing health coverage for their kids. I did not vote for a bill that refuses to provide important basic worker protections in this country, protections like family and medical leave and protection against sexual harassment. I did not vote for a bill that hurts children's hospitals in my State. I did not vote for a bill that infringes on a woman's right to choose and I did not vote for a bill that does not promise to protect legal immigrants in this country.

Today's Republican bill violates the budget agreement that was so carefully put together and so hard that we worked on. And it shortchanges middle-class American families so that tomorrow's Republican tax cut bill will be able to provide the richest 5 percent of Americans in this country with the biggest tax cuts in the bill. It is wrong. Working families are scrambling every single day, every day to pay their bills, to be able to send their kids to school, to protect themselves for a secure retirement and be able to have affordable health care coverage. The bill that we will vote for today will deny those protections to people. We should vote against this rule and tomorrow we should vote against the Republican tax cut bill. I urge a ''no'' vote on the rule.

Mr. MOAKLEY. Mr. Speaker, I include the following information for the RECORD:

TEXT OF PREVIOUS QUESTION AMENDMENT TO H. RES. 174, FY 98 BUDGET RECONCILIATION AND TAX BILLS

At the end of the resolution add the following new section:

''Section 3. Notwithstanding any other provision of this resolution, it shall be in order without intervention of any point of order to consider the following amendments:

The amendment offered by Representative Ros-Lehtinen and Representative Meek or their designee.

The amendment offered by Representative Brown of Ohio or his designee.

The amendment offered by Representative Brown of Ohio or his designee.

The amendment offered by Representative Brown of Ohio or his designee.

The amendment offered by Representative Gekas and Representative Frost or their designee.

The amendment offered by Representative Barton and Representative Minge, or their designee.

The amendment offered by Representative Taylor of Mississippi or his designee.

The amendment offered by Representative Kennedy of Massachusetts or his designee.

The amendment offered by Representative McDermott and Representative Matsui or their designee.

The amendment offered by Representative McDermott or his designee.

The amendment offered by Representative Hinchey or his designee.

The amendment offered by Representative Peterson of Minnesota or his designee.

The amendment offered by Representative Nadler or his designee.

The amendment offered by Representative Nadler, Representative Maloney, and Representative Schumer or their designee.

The amendment offered by Representative Levin or his designee.

The amendment offered by Representative Levin or his designee.

The amendment offered by Representative Levin or his designee.

The amendment offered by Representative Conyers or his designee.

The amendment offered by Representative Conyers or his designee.

The amendment offered by Representative Roukema and Representative Pomeroy or their designee.

The amendment offered by Representative Pallone or his designee.

The amendment offered by Representative Davis and Representative Norton or their designee.

The amendment offered by Representative Berman or his designee.

The amendment offered by Representative Thurman or his designee.

The amendment offered by Representative Becerra or his designee.

The amendment offered by Representative Eshoo and Representative Pallone or their designee.

The amendment offered by Representative Bentsen or his designee.

AMENDMENTS TO H.R. 2014: BUDGET RECONCILIATION TAX ACT

AMENDMENT RELATING TO TAX RECONCILIATION PROVISIONS OFFERED BY MR. MCDERMOTT OF WASHINGTON

Add at the end of subtitle F of title IX the following new section:

SEC. 967. INCREASE OF STANDARD DEDUCTION FOR JOINT RETURNS TO END MARRIAGE PENALTY.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to basic standard deduction) is amended to read as follows:

''(2) BASIC STANDARD DEDUCTION.—For purposes of paragraph (1), the basic standard deduction is—

''(A) $8,500 in the case of—

''(i) a joint return, or

''(ii) a surviving spouse (as defined in section 2(a)),

''(B) $6,250 in the case of a head of household (as defined in section 2(b)),

''(C) $4,250 in the case of an individual who is not married and who is not a surviving spouse or head of household, or

''(D) $4,250 in the case of a married individual filing a separate return.''

(b) PHASEIN OF INCREASE.—Section 63(c) is amended by adding at the end the following new paragraph:

''(7) 10-YEAR PHASEIN OF INCREASE IN STANDARD DEDUCTION FOR JOINT RETURNS.—

''(A) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1997 and before 2007, the basic standard deduction under paragraph (2)(A) (determined after the application of paragraph (4)) shall not exceed the sum of—

''(i) the base amount, and

''(ii) the applicable percentage of the excess of—

''(I) twice the amount in effect under paragraph (2)(C) (determined after the application of paragraph (4)), over

''(II) the base amount.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the term 'applicable percentage' means the percentage determined under the following table:

''For taxable years beginning in calendar year—	The applicable percentage is—
1998	10
1999	20
2000	30
2001	40
2002	50
2003	60
2004	70
2005	80
2006	90 .''

''(C) BASE AMOUNT.—For purposes of this paragraph, the term 'base amount' means, for any taxable year, the amount which would apply for such year under paragraph (2)(A), as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1997 (determined after the application of paragraph (4), as so in effect).

''(D) STANDARD DEDUCTION FOR MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of any taxable year beginning in a calendar year after 1997 and before 2007, the basic standard deduction under paragraph (2)(D) (determined after the application of paragraph (4)) shall not exceed one-half of the amount in effect under paragraph (2)(A) for such taxable year (determined after the application of this paragraph and paragraph (4)).''

(b) INFLATION ADJUSTMENT.—Paragraph (4) of section 63(c) is amended to read as follows:

''(4) ADJUSTMENTS FOR INFLATION.—

''(A) ADJUSTMENT OF BASIC STANDARD DEDUCTION.—In the case of any taxable year beginning in a calendar year after 1998, each dollar amount contained in paragraph (2) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

''(B) ADJUSTMENT OF OTHER AMOUNTS.—In the case of any taxable year beginning in a calendar year after 1988, each dollar amount contained in paragraph (5)(A) or subsection (f) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins by substituting 'calendar year 1987' for 'calendar year 1992' in subparagraph (B) thereof.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

Strike section 312, part II of subtitle B of title III, and sections 403 and 1102 of the bill.

AMENDMENT TO H.R. , AS REPORTED
OFFERED BY MR. HINCHEY OF NEW YORK

Strike section 403 (relating to repeal of adjustment for depreciation under alternative minimum tax).

Strike section 202(C) (relating to repeal of tax exemption for remitted tuition provided to children of university faculty and staff).

Strike section 1055 (relating to repeal of tax exemption for pensions provided by Teachers Insurance and Annuity Association College Retirement Equity Fund).

AMENDMENT TO THE RECONCILIATION PROVISIONS
REPORTED BY THE COMMITTEE ON WAYS AND MEANS
OFFERED BY MR. PETERSON OF MINNESOTA

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Revenue Reconciliation Act of 1997''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

TITLE I—REDUCTION IN CAPITAL GAINS TAX FOR NONCORPORATE TAXPAYERS

SEC. 101. REDUCTION IN CAPITAL GAINS TAX FOR NONCORPORATE TAXPAYERS.

(a) GENERAL RULE.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by adding at the end thereof the following new section:

''SEC. 1203. REDUCTION IN CAPITAL GAINS TAX FOR NONCORPORATE TAXPAYERS.

''(a) IN GENERAL.—If a taxpayer other than a corporation has a net capital gain for any taxable year, there shall be allowed as a deduction an amount equal to the sum of—

''(1) 50 percent of the qualified 5-year capital gain,

''(2) 40 percent of the qualified 4-year capital gain,

''(3) 30 percent of the qualified 3-year capital gain,

''(4) 20 percent of the qualified 2-year capital gain, plus

''(5) 10 percent of the net capital gain, reduced by the sum of the amounts taken into account under the preceding paragraphs.

''(b) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED 5-YEAR CAPITAL GAIN.—The term 'qualified 5-year capital gain' means the lesser of—

''(A) the amount of long-term capital gain which would be computed for the taxable year if only gain from the sale or exchange of property held by the taxpayer for more than 5 years were taken into account, or

''(B) the net capital gain.

''(2) QUALIFIED 4-YEAR CAPITAL GAIN.—The term 'qualified 4-year capital gain' means the lesser of—

''(A) the amount of long-term capital gain which would be computed for the taxable year if only gain from the sale or exchange of property held by the taxpayer for more than 4 years but not more than 5 years were taken into account, or

''(B) the net capital gain reduced by the qualified 5-year capital gain.

''(3) QUALIFIED 3-YEAR CAPITAL GAIN.—The term 'qualified 3-year capital gain' means the lesser of—

''(A) the amount of long-term capital gain which would be computed for the taxable year if only gain from the sale or exchange of property held by the taxpayer for more than 3 years but not more than 4 years were taken into account, or

''(B) the net capital gain reduced by the qualified 5-year capital gain and the qualified 4-year gain.

''(4) QUALIFIED 2-YEAR CAPITAL GAIN.—The term 'qualified 2-year capital gain' means the lesser of—

''(A) the amount of long-term capital gain which would be computed for the taxable year if only gain from the sale or exchange of property held by the taxpayer for more than 2 years but not more than 3 years were taken into account, or

''(B) the net capital gain reduced by the qualified 5-year capital gain, the qualified 4-year capital gain, and the qualified 3-year capital gain.

''(c) ESTATES AND TRUSTS.—In the case of an estate or trust, the deduction under this section shall be computed by excluding the portion (if any) of the gains for the taxable year from sales or exchanges of capital assets which, under sections 652 and 662 (relating to inclusions of amounts in gross income of beneficiaries of trusts), is includible by the income beneficiaries as gain derived from the sale or exchange of capital assets.

''(d) SPECIAL RULES FOR COLLECTIBLES.—

''(1) IN GENERAL.—Solely for purposes of this section, any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

''(2) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of paragraph (1), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

''(3) COLLECTIBLE.—For purposes of this subsection, the term 'collectible means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof).

''(e) TRANSITION RULES.—

''(1) GAIN MUST BE FOR PERIODS ON OR AFTER MAY 6, 1997.—Gain may be taken into account under subsection (a) only if such gain is properly taken into account on or after May 6, 1997.

''(2) SPECIAL RULE FOR PASS-THRU ENTITIES.—

''(A) IN GENERAL.—In applying this subsection with respect to any pass-thru entity, the determination of when gain is properly taken into account shall be made at the entity level.

''(B) PASS-THRU ENTITY DEFINED.—For purposes of subparagraph (A), the term 'pass-thru entity' means—

''(i) a regulated investment company,

''(ii) a real estate investment trust,

''(iii) an S corporation,

''(iv) a partnership,

''(v) an estate or trust, and

''(vi) a common trust fund.

''(f) TREATMENT OF RECAPTURE OF NET ORDINARY LOSS UNDER SECTION 1231.—For purposes of this section, if any amount is treated as ordinary income under section 1231(c) for any taxable year—

''(1) the amount so treated shall be allocated proportionately among the section 1231 gains (as defined in section 1231(a)) for such taxable year, and

''(2) the amount so allocated to any such gain shall reduce the amount of such gain.''

(b) TREATMENT OF CERTAIN PASS-THRU ENTITIES.—

(1) CAPITAL GAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.—

(A) Subparagraph (B) of section 852(b)(3) is amended to read as follows:

''(B) TREATMENT OF CAPITAL GAIN DIVIDENDS BY SHAREHOLDERS.—A capital gain dividend shall be treated by the shareholders as gain from the sale or exchange of a capital asset held for more than 1 year but not more than 2 years; except that—

''(i) the portion of any such dividend designated by the company as allocable to qualified 5-year capital gain of the company shall be treated as gain from the sale or exchange of a capital asset held for more than 5 years,

''(ii) the portion of any such dividend designated by the company as allocable to qualified 4-year capital gain of the company shall be treated as gain from the sale or exchange of a capital asset held for more than 4 years but not more than 5 years,

''(iii) the portion of any such dividend designated by the company as allocable to qualified 3-year capital gain of the company shall be treated as gain from the sale or exchange of a capital asset held for more than 3 years but not more than 4 years, and

''(iv) the portion of any such dividend designated by the company as allocable to qualified 2-year capital gain of the company shall be treated as gain from the sale or exchange of a capital asset held for more than 2 years but not more than 3 years.

Rules similar to the rules of subparagraph (C) shall apply to any designation under this subparagraph.''

(B) Clause (i) of section 851(b)(3)(D) is amended by adding at the end thereof the following new sentence: ''Rules similar to the rules of subparagraph (B) shall apply in determining character of the amount to be so included by any such shareholder.''

(2) CAPITAL GAIN DIVIDENDS OF REAL ESTATE INVESTMENT TRUSTS.—Subparagraph (B) of section 857(b)(3) is amended to read as follows:

''(B) TREATMENT OF CAPITAL GAIN DIVIDENDS BY SHAREHOLDERS.—A capital gain dividend shall be treated by the shareholders or holders of beneficial interests as gain from the sale or exchange of a capital asset held for more than 1 year but not more than 2 years; except that—

''(i) the portion of any such dividend designated by the real estate investment trust as allocable to qualified 5-year capital gain of the trust shall be treated as gain from the sale or exchange of a capital asset held for more than 5 years,

''(ii) the portion of any such dividend designated by the trust as allocable to qualified 4-year capital gain of the trust shall be treated as gain from the sale or exchange of a capital asset held for more than 4 years but not more than 5 years,

''(iii) the portion of any such dividend designated by the trust as allocable to qualified 3-year capital gain of the trust shall be treated as gain from the sale or exchange of a capital asset held for more than 3 years but not more than 4 years, and

''(iv) the portion of any such dividend designated by the trust as allocable to qualified 2-year capital gain of the trust shall be treated as gain from the sale or exchange of a capital asset held for more than 2 years but not more than 3 years.

Rules similar to the rules of subparagraph (C) shall apply to any designation under this subparagraph.''

(3) COMMON TRUST FUNDS.—Subsection (c) of section 584 is amended—

(A) by inserting ''not more than 2 years'' after ''1 year'' each place it appears in paragraph (2),

(B) by striking ''and'' at the end of paragraph (2), and

(C) by redesignating paragraph (3) as paragraph (7) and inserting after paragraph (2) the following new paragraphs:

''(3) as part of its gains and losses from sales or exchanges of capital assets held for more than 2 years but less than 3 years, its proportionate share of the gains and losses of the common trust fund from sales or exchanges of capital assets held for more than 2 years but not more than 3 years,

''(4) as part of its gains and losses from sales or exchanges of capital assets held for more than 3 years but less than 4 years, its proportionate share of the gains and losses of the common trust fund from sales or exchanges of capital assets held for more than 3 years but not more than 4 years,

''(5) as part of its gains and losses from sales or exchanges of capital assets held for more than 4 years but less than 5 years, its proportionate share of the gains and losses of the common trust fund from sales or exchanges of capital assets held for more than 4 years but not more than 5 years,

''(6) as part of its gains and losses from sales or exchanges of capital assets held for more than 5 years, its proportionate share of the gains and losses of the common trust fund from sales or exchanges of capital assets held for more than 5 years, and''.

(c) REPEAL OF MAXIMUM RATE OF TAX ON CAPITAL GAINS.—Section 1 is amended by striking subsection (h).

(d) CONFORMING AMENDMENTS.—

(1) Section 62(a) is amended by inserting after paragraph (18) the following new paragraph:

''(19) CAPITAL GAINS DEDUCTION.—The deduction allowed by section 1203.''

(2) Clause (ii) of section 163(d)(4)(B) is amended by inserting '', reduced by the amount of any deduction allowable under section 1203 attributable to gain from such property'' after ''investment''.

(3) Section 170(e)(1)(B) is amended by inserting ''(or, in the case of a taxpayer other than a corporation, the percentage of such gain equal to 100 percent minus the percentage applicable to of such gain under section 1203(a))'' after ''the amount of gain''.

(4)(A) Section 172(d)(2) (relating to modifications with respect to net operating loss deduction) is amended to read as follows:

''(2) CAPITAL GAINS AND LOSSES OF TAXPAYERS OTHER THAN CORPORATIONS.—In the case of a taxpayer other than a corporation—

''(A) the amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includible on account of gains from sales or exchanges of capital assets; and

''(B) the deduction provided by section 1203 shall not be allowed.''

(B) Subparagraph (B) of section 172(d)(4) is amended by inserting '', (2)(B),'' after ''paragraph (1)''.

(5)(A) Section 221 (relating to cross reference) is amended to read as follows:

''SEC. 221. CROSS REFERENCES.

''(1) For deduction for net capital gains in the case of a taxpayer other than a corporation, see section 1203.

''(2) For deductions in respect of a decedent, see section 691.''

(B) The table of sections for part VII of subchapter B of chapter 1 is amended by striking ''reference'' in the item relating to section 221 and inserting ''references''.

(6) Paragraph (4) of section 642(c) is amended to read as follows:

''(4) ADJUSTMENTS.—To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain from the sale or exchange of capital assets held for more than 1 year, proper adjustment shall be made for any deduction allowable to the estate or trust under section 1203 (relating to deduction for net capital gain). In the case of a trust, the deduction allowed by this subsection shall be subject to section 681 (relating to unrelated business income).''

(7) Paragraph (3) of section 643(a) is amended by adding at the end thereof the following new sentence: ''The deduction under section 1203 (relating to deduction for net capital gain) shall not be taken into account.''

(8) Paragraph (4) of section 691(c) is amended by striking ''1201, and 1211'' and inserting ''1201, 1203, and 1211''.

(9) The second sentence of paragraph (2) of section 871(a) is amended by inserting ''such gains and losses shall be determined without regard to section 1203 (relating to deduction for net capital gain) and'' after ''except that''.

(10) Section 1402(i)(1) is amended to read as follows:

''(1) IN GENERAL.—In determining the net earnings from self-employment of any options dealer or commodities dealer—

''(A) notwithstanding subsection (a)(3)(A), there shall not be excluded any gain or loss (in the normal course of the taxpayer's activity of dealing in or trading section 1256 contracts) from section 1256 contracts or property related to such contracts, and

''(B) the deduction provided by section 1203 shall not apply.''

(11)(A) Subparagraph (A) of section 7518(g)(6) is amended by striking the last sentence and inserting the following: ''With respect to any portion of any nonqualified withdrawal made out of the capital gain account during any taxable year, the rate of tax taken into account under the preceding sentence in the case of a taxpayer other than a corporation shall not exceed 19.8 percent (or, in the case of a corporation, 35 percent).''

(B) Subparagraph (A) of section 607(h)(6) of the Merchant Marine Act, 1936, is amended by striking the last sentence and inserting the following: ''With respect to any portion of any nonqualified withdrawal made out of the capital gain account during any taxable year, the rate of tax taken into account under the preceding sentence in the case of a taxpayer other than a corporation shall not exceed 19.8 percent (or, in the case of a corporation, 35 percent).''

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

''Sec. 1203. Reduction in capital gains tax for noncorporate taxpayers.''

(f) EFFECTIVE DATES.—The amendments made by this section shall apply to taxable years ending after May 6, 1997.

SEC. 102. ONE-TIME EXCLUSION OF GAIN ON SALE OF PRINCIPAL RESIDENCE INCREASED AND ALLOWABLE WITHOUT REGARD TO AGE OF TAXPAYER.

(a) EXCLUSION ALLOWABLE WITHOUT REGARD TO AGE OF TAXPAYER.—The section heading and subsection (a) of section 121 are amended to read as follows:

"SEC. 121. ONE-TIME EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE BY INDIVIDUAL.

''(a) GENERAL RULE.—At the election of the taxpayer, gross income does not include gain from the sale or exchange of property if, during the 5-year period ending on the date of the sale or exchange, such property has been owned and used by the taxpayer as the taxpayer's principal residence for periods aggregating 3 years or more.''

(b) INCREASE IN LIMITATION.—

(1) IN GENERAL.—Paragraph (1) of section 121(b) is amended by striking ''$125,000 ($62,500'' and inserting ''$250,000 ($125,000''.

(2) ADDITIONAL ELECTION PERMITTED.—Paragraph (3) of section 121(b) is amended to read as follows:

''(3) ADDITIONAL ELECTION IF PRIOR SALE WAS MADE BEFORE JANUARY 1, 1998.—In the case of any sale or exchange on or after January 1, 1998, this section shall be applied by not taking into account any election made with respect to a sale or exchange before such date; except that the dollar limitation applicable under paragraph (1) shall be reduced by the aggregate amount excluded under this section on all prior sales and exchanges of the taxpayer.''

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 121(d) is amended by striking ''age, holding, and use'' each place it appears and inserting ''holding and use''.

(2) Paragraphs (2), (3), and (9) of section 121(d) are each amended by striking ''subsection (a)(2)'' each place it appears and inserting ''subsection (a)''.

(3) Sections 1033(k)(3), 1034(l), 1038(e)(1)(A), 1250(d)(7)(B), and 6012(c) are each amended by striking ''who has attained age 55''.

(4) The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 121 and inserting the following:

''Sec. 121. One-time exclusion of gain from sale of principal residence by individual.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and exchanges after December 31, 1997.

TITLE II—INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT

SEC. 201. INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.

(a) ESTATE TAX CREDIT.—

(1) Subsection (a) of section 2010 (relating to unified credit against estate tax) is amended by striking ''$192,800'' and inserting ''the applicable credit amount''.

(2) Section 2010 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) APPLICABLE CREDIT AMOUNT.—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount determined in accordance with the following table:

"In the case of estates of decedents dying, and gifts made, during:	**The applicable exclusion amount is:**
1998	$ 700,000
1999	$ 800,000
2000	$ 850,000
2001	$ 900,000
2002	$1,000,000
2003	$1,100,000
2004 or thereafter	$1,200,000.''

(b) UNIFIED GIFT TAX CREDIT.—Paragraph (1) of section 2505(a) is amended by striking ''$192,800'' and inserting ''the applicable credit amount under section 2010(c)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying, and gifts made, after December 31, 1997.

SEC. 202. FAMILY-OWNED BUSINESS EXCLUSION.

(a) IN GENERAL.—Part III of subchapter A of chapter 11 (relating to gross estate) is amended by inserting after section 2033 the following new section:

"SEC. 2033A. FAMILY-OWNED BUSINESS EXCLUSION.

''(a) IN GENERAL.—In the case of an estate of a decedent to which this section applies, the value of the gross estate shall not include the lesser of—

''(1) the adjusted value of the qualified family-owned business interests of the decedent otherwise includible in the estate, or

''(2) $1,000,000.

''(b) ESTATES TO WHICH SECTION APPLIES.—

''(1) IN GENERAL.—This section shall apply to an estate if—

''(A) the decedent was (at the date of the decedent's death) a citizen or resident of the United States,

''(B) the sum of—

''(i) the adjusted value of the qualified family-owned business interests described in paragraph (2), plus

''(ii) the amount of the gifts of such interests determined under paragraph (3),

exceeds 50 percent of the adjusted gross estate, and

''(C) during the 8-year period ending on the date of the decedent's death there have been periods aggregating 5 years or more during which—

''(i) such interests were owned by the decedent or a member of the decedent's family, and

''(ii) there was material participation (within the meaning of section 2032A(e)(6)) by the decedent or a member of the decedent's family in the operation of the business to which such interests relate.

''(2) INCLUDIBLE QUALIFIED FAMILY-OWNED BUSINESS INTERESTS.—The qualified family-owned business interests described in this paragraph are the interests which—

''(A) are included in determining the value of the gross estate (without regard to this section), and

''(B) are acquired by any qualified heir from, or passed to any qualified heir from, the decedent (within the meaning of section 2032A(e)(9)).

''(3) INCLUDIBLE GIFTS OF INTERESTS.—The amount of the gifts of qualified family-owned business interests determined under this paragraph is the excess of—

''(A) the sum of—

''(i) the amount of such gifts from the decedent to members of the decedent's family taken into account under subsection 2001(b)(1)(B), plus

''(ii) the amount of such gifts otherwise excluded under section 2503(b),

to the extent such interests are continuously held by members of such family (other than the decedent's spouse) between the date of the gift and the date of the decedent's death, over

''(B) the amount of such gifts from the decedent to members of the decedent's family otherwise included in the gross estate.

''(c) ADJUSTED GROSS ESTATE.—For purposes of this section, the term 'adjusted gross estate' means the value of the gross estate (determined without regard to this section)—

''(1) reduced by any amount deductible under paragraph (3) or (4) of section 2053(a), and

''(2) increased by the excess of—

''(A) the sum of—

''(i) the amount of gifts determined under subsection (b)(3), plus

''(ii) the amount (if more than de minimis) of other transfers from the decedent to the decedent's spouse (at the time of the transfer) within 10 years of the date of the decedent's death, plus

''(iii) the amount of other gifts (not included under clause (i) or (ii)) from the decedent within 3 years of such date, other than gifts to members of the decedent's family otherwise excluded under section 2503(b), over

''(B) the sum of the amounts described in clauses (i), (ii), and (iii) of subparagraph (A) which are otherwise includible in the gross estate.

For purposes of the preceding sentence, the Secretary may provide that de minimis gifts to persons other than members of the decedent's family shall not be taken into account.

''(d) ADJUSTED VALUE OF THE QUALIFIED FAMILY-OWNED BUSINESS INTERESTS.—For purposes of this section, the adjusted value of any qualified family-owned business interest is the value of such interest for purposes of this chapter (determined without regard to this section), reduced by the excess of—

''(1) any amount deductible under paragraph (3) or (4) of section 2053(a), over

''(2) the sum of—

''(A) any indebtedness on any qualified residence of the decedent the interest on which is deductible under section 163(h)(3), plus

''(B) any indebtedness to the extent the taxpayer establishes that the proceeds of such indebtedness were used for the payment of educational and medical expenses of the decedent, the decedent's spouse, or the decedent's dependents (within the meaning of section 152), plus

''(C) any indebtedness not described in clause (i) or (ii), to the extent such indebtedness does not exceed $10,000.

''(e) QUALIFIED FAMILY-OWNED BUSINESS INTEREST.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified family-owned business interest' means—

''(A) an interest as a proprietor in a trade or business carried on as a proprietorship, or

''(B) an interest in an entity carrying on a trade or business, if—

''(i) at least—

''(I) 50 percent of such entity is owned (directly or indirectly) by the decedent and members of the decedent's family,

''(II) 70 percent of such entity is so owned by members of 2 families, or

''(III) 90 percent of such entity is so owned by members of 3 families, and

''(ii) for purposes of subclause (II) or (III) of clause (i), at least 30 percent of such entity is so owned by the decedent and members of the decedent's family.

''(2) LIMITATION.—Such term shall not include—

''(A) any interest in a trade or business the principal place of business of which is not located in the United States,

''(B) any interest in an entity, if the stock or debt of such entity or a controlled group (as defined in section 267(f)(1)) of which such

entity was a member was readily tradable on an established securities market or secondary market (as defined by the Secretary) at any time within 3 years of the date of the decedent's death,

''(C) any interest in a trade or business not described in section 542(c)(2), if more than 35 percent of the adjusted ordinary gross income of such trade or business for the taxable year which includes the date of the decedent's death would qualify as personal holding company income (as defined in section 543(a)),

''(D) that portion of an interest in a trade or business that is attributable to—

''(i) cash or marketable securities, or both, in excess of the reasonably expected day-to-day working capital needs of such trade or business, and

''(ii) any other assets of the trade or business (other than assets used in the active conduct of a trade or business described in section 542(c)(2)), the income of which is described in section 543(a) or in subparagraph (B), (C), (D), or (E) of section 954(c)(1) (determined by substituting 'trade or business' for 'controlled foreign corporation').

''(3) RULES REGARDING OWNERSHIP.—

''(A) OWNERSHIP OF ENTITIES.—For purposes of paragraph (1)(B)—

''(i) CORPORATIONS.—Ownership of a corporation shall be determined by the holding of stock possessing the appropriate percentage of the total combined voting power of all classes of stock entitled to vote and the appropriate percentage of the total value of shares of all classes of stock.

''(ii) PARTNERSHIPS.—Ownership of a partnership shall be determined by the owning of the appropriate percentage of the capital interest in such partnership.

''(B) OWNERSHIP OF TIERED ENTITIES.—For purposes of this section, if by reason of holding an interest in a trade or business, a decedent, any member of the decedent's family, any qualified heir, or any member of any qualified heir's family is treated as holding an interest in any other trade or business—

''(i) such ownership interest in the other trade or business shall be disregarded in determining if the ownership interest in the first trade or business is a qualified family-owned business interest, and

''(ii) this section shall be applied separately in determining if such interest in any other trade or business is a qualified family-owned business interest.

''(C) INDIVIDUAL OWNERSHIP RULES.—For purposes of this section, an interest owned, directly or indirectly, by or for an entity described in paragraph (1)(B) shall be considered as being owned proportionately by or for the entity's shareholders, partners, or beneficiaries. A person shall be treated as a beneficiary of any trust only if such person has a present interest in such trust.

''(f) TAX TREATMENT OF FAILURE TO MATERIALLY PARTICIPATE IN BUSINESS OR DISPOSITIONS OF INTERESTS.—

''(1) IN GENERAL.—There is imposed an additional estate tax if, within 10 years after the date of the decedent's death and before the date of the qualified heir's death—

''(A) the material participation requirements described in section 2032A(c)(6)(B) are not met with respect to the qualified family-owned business interest which was acquired (or passed) from the decedent,

''(B) the qualified heir disposes of any portion of a qualified family-owned business interest (other than by a disposition to a member of the qualified heir's family or through a qualified conservation contribution under section 170(h)),

''(C) the qualified heir loses United States citizenship (within the meaning of section 877) or with respect to whom an event described in subparagraph (A) or (B) of section 877(e)(1) occurs, and such heir does not comply with the requirements of subsection (g), or

''(D) the principal place of business of a trade or business of the qualified family-owned business interest ceases to be located in the United States.

''(2) ADDITIONAL ESTATE TAX.—

''(A) IN GENERAL.—The amount of the additional estate tax imposed by paragraph (1) shall be equal to—

''(i) the applicable percentage of the adjusted tax difference attributable to the qualified family-owned business interest (as determined under rules similar to the rules of section 2032A(c)(2)(B)), plus

''(ii) interest on the amount determined under clause (i) at the underpayment rate established under section 6621 for the period beginning on the date the estate tax liability was due under this chapter and ending on the date such additional estate tax is due.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined under the following table:

''If the event described in paragraph (1) occurs in the following year of material participation	**The applicable percentage is:**
1 through 6	100
7	80
8	60
9	40
10	20.

''(g) SECURITY REQUIREMENTS FOR NONCITIZEN QUALIFIED HEIRS.—

''(1) IN GENERAL.—Except upon the application of subparagraph (F) or (M) of subsection (h)(3), if a qualified heir is not a citizen of the United States, any interest under this section passing to or acquired by such heir (including any interest held by such heir at a time described in subsection (f)(1)(C)) shall be treated as a qualified family-owned business interest only if the interest passes or is acquired (or is held) in a qualified trust.

''(2) QUALIFIED TRUST.—The term 'qualified trust' means a trust—

''(A) which is organized under, and governed by, the laws of the United States or a State, and

''(B) except as otherwise provided in regulations, with respect to which the trust instrument requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation.

''(h) OTHER DEFINITIONS AND APPLICABLE RULES.—For purposes of this section—

''(1) QUALIFIED HEIR.—The term 'qualified heir'—

''(A) has the meaning given to such term by section 2032A(e)(1), and

''(B) includes any active employee of the trade or business to which the qualified family-owned business interest relates if such employee has been employed by such trade or business for a period of at least 10 years before the date of the decedent's death.

''(2) MEMBER OF THE FAMILY.—The term 'member of the family' has the meaning given to such term by section 2032A(e)(2).

''(3) APPLICABLE RULES.—Rules similar to the following rules shall apply:

''(A) Section 2032A(b)(4) (relating to decedents who are retired or disabled).

''(B) Section 2032A(b)(5) (relating to special rules for surviving spouses).

''(C) Section 2032A(c)(2)(D) (relating to partial dispositions).

''(D) Section 2032A(c)(3) (relating to only 1 additional tax imposed with respect to any 1 portion).

''(E) Section 2032A(c)(4) (relating to due date).

''(F) Section 2032A(c)(5) (relating to liability for tax; furnishing of bond).

''(G) Section 2032A(c)(7) (relating to no tax if use begins within 2 years; active management by eligible qualified heir treated as material participation).

''(H) Section 2032A(e)(10) (relating to community property).

''(I) Section 2032A(e)(14) (relating to treatment of replacement property acquired in section 1031 or 1033 transactions).

''(J) Section 2032A(f) (relating to statute of limitations).

''(K) Section 6166(b)(3) (relating to farmhouses and certain other structures taken into account).

''(L) Subparagraphs (B), (C), and (D) of section 6166(g)(1) (relating to acceleration of payment).

''(M) Section 6324B (relating to special lien for additional estate tax).

''(4) COORDINATION WITH OTHER ESTATE TAX BENEFITS.—If there is a reduction in the value of the gross estate under this section—

''(A) the dollar limitation applicable under section 2032A(a)(2), and

''(B) the $1,000,000 amount under section 6601(j)(3) (as adjusted),

shall each be reduced (but not below zero) by the amount of such reduction.''.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter A of chapter 11 is amended by inserting after the item relating to section 2033 the following new item:

''Sec. 2033A. Family-owned business exclusion.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 1997.

TITLE III—CHILD TAX CREDIT

SEC. 301. CHILD TAX CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 23 the following new section:

''SEC. 24. CHILD TAX CREDIT.

''(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 23 the following new section:

'SEC. 24. CHILD TAX CREDIT.

'(a) ALLOWANCE OF CREDIT.—

'(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to $500 multiplied by the number of eligible children of the taxpayer for the taxable year.

'(2) PHASE-IN OF CREDIT.—In the case of taxable years beginning after December 31, 1996, and before January 1, 2000, paragraph (1) shall be applied by substituting '$300' for '$500'.

'(b) PHASEOUT OF CREDIT.—

'(1) IN GENERAL.—The amount of the credit allowed under subsection (a) shall be reduced (but not below zero) by the amount determined under paragraph (2).

'(2) AMOUNT OF REDUCTION.—The amount determined under this paragraph equals the amount which bears the same ratio to the credit (determined without regard to this subsection) as—

'(A) the excess of—

'(i) the taxpayer's adjusted gross income for such taxable year, over

'(ii) $60,000, bears to

'(B) $15,000.

Any amount determined under this paragraph which is not a multiple of $10 shall be rounded to the next lowest $10.

'(3) ADJUSTED GROSS INCOME.—For purposes of this subsection, adjusted gross income of any taxpayer shall be increased by any amount excluded from gross income under section 911, 931, or 933.

'(c) ELIGIBLE CHILD.—For purposes of this section, the term 'eligible child' means any child (as defined in section 151(c)(3)) of the taxpayer—

(1) who has not attained age 13 as of the close of the calendar year in which the taxable year of the taxpayer begins,

'(2) who is a dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151 for such taxable year, and

'(3) whose TIN is included on the taxpayer's return for such taxable year.

'(d) SPECIAL RULES.—

'(1) AMOUNT OF CREDIT MAY BE DETERMINED UNDER TABLES.—The amount of the credit allowed by this section may be determined under tables prescribed by the Secretary.

'(2) CERTAIN OTHER RULES APPLY.—Rules similar to the rules of subsections (c)(1)(E) and (F), (d), and (e) of section 32 shall apply for purposes of this section.'''

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 23 the following new item:

''Sec. 24. Families with young children.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 23 the following new item:

''Sec. 24. Child tax credit.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

TITLE IV—INCENTIVES FOR HIGHER EDUCATION

SEC. 401. CREDIT FOR HIGHER EDUCATION EXPENSES.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 24 the following new section:

''SEC. 24. HIGHER EDUCATION TUITION AND FEES.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year the amount of qualified higher education expenses paid by the taxpayer during such taxable year for education furnished during any academic period beginning in such year.

''(b) LIMITATIONS.—The amount allowed as a credit under subsection (a) for any taxable year with respect to the qualified higher education expenses of any 1 individual shall not exceed $1,500.

''(2) CREDIT ALLOWED ONLY FOR 2 TAXABLE YEARS.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified higher education expenses of an individual unless the taxpayer elects to have this section apply with respect to such individual for such year. An election under this paragraph shall not take effect with respect to an individual for any taxable year if an election under this paragraph (by the taxpayer or any other individual) is in effect with respect to such individual for any 2 prior taxable years.

''(3) CREDIT ALLOWED FOR YEAR ONLY IF INDIVIDUAL IS AT LEAST ½ TIME STUDENT FOR PORTION OF YEAR.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified higher education expenses of an individual unless such individual is an eligible student for at least one academic period which begins during such year.

''(4) CREDIT ALLOWED ONLY FOR FIRST TWO YEARS OF POSTSECONDARY EDUCATION.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified higher education expenses of an individual if the individual has completed (before the beginning of such taxable year) the first 2 years of postsecondary education at an institution of higher education.

''(c) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(1) IN GENERAL.—The amount which would (but for this subsection) be taken into account under subsection (a) for the taxable year shall be reduced (but not below zero) by the amount determined under paragraph (2).

''(2) AMOUNT OF REDUCTION.—The amount determined under this paragraph is the amount which bears the same ratio to the amount which would be so taken into account as—

''(A) the excess of—

''(i) the taxpayer's modified adjusted gross income for such taxable year, over

''(ii) $50,000 ($80,000 in the case of a joint return), bears to

''(B) $20,000.

''(3) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year—

''(A) determined without regard to section 221, and

''(B) increased by any amount excluded from gross income under section 911, 931, or 933.

''(d) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition and fees required for the enrollment or attendance of—

''(i) the taxpayer,

''(ii) the taxpayer's spouse, or

''(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151,

at an institution of higher education.

''(B) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—Such term does not include expenses with respect to any course or other education involving sports, games, or hobbies, unless such course or other education is part of the individual's degree program.

''(C) EXCEPTION FOR NONACADEMIC FEES.—Such term does not include student activity fees, athletic fees, insurance expenses, or other expenses unrelated to an individual's academic course of instruction.

''(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution—

''(A) which is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

''(B) which is eligible to participate in a program under title IV of such Act.

''(3) ELIGIBLE STUDENT.—The term 'eligible student' means, with respect to any academic period, a student who—

''(A) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

''(B) is carrying at least ½ the normal full-time work load for the course of study the student is pursuing.

''(4) OTHER TERMS RELATING TO THE HIGHER EDUCATION ACT.—The following terms shall have the meanings prescribed in regulations under section 481(g) of the Higher Education Act of 1965 (20 U.S.C. 1088(g)), as added by the Student Financial Aid Improvements Act of 1997:

''(A) Academic period.

''(B) Normal full-time workload.

''(C) First two years of postsecondary education.

''(D) Job skills and new job skills.

''(e) TREATMENT OF EXPENSES PAID BY DEPENDENT.—If a deduction under section 151 with respect to an individual is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins—

''(1) no credit shall be allowed under subsection (a) to such individual for such individual's taxable year, and

''(2) qualified higher education expenses paid by such individual during such individual's taxable year shall be treated for purposes of this section as paid by such other taxpayer.

''(f) TREATMENT OF CERTAIN PREPAYMENTS.—If qualified higher education expenses are paid by the taxpayer during a taxable year for an academic period which begins during the first 3 months following such taxable year, such academic period shall be treated for purposes of this section as beginning during such taxable year.

''(g) SPECIAL RULES.—

''(1) DENIAL OF CREDIT IF INDIVIDUAL CONVICTED OF DRUG OFFENSE.—No credit shall be allowed under subsection (a) with respect to the qualified higher education expenses of an individual for any taxable year if the individual has been convicted before the end of such year of a Federal or State felony offense consisting of the possession or distribution of a controlled substance.

''(2) NO DOUBLE BENEFIT.—No credit shall be allowed under subsection (a) for any taxable year for any expense—

''(A) with respect to an individual if a deduction is allowed under section 221 for the taxable year for any expense with respect to such individual, or

''(B) for which a deduction is allowed under any other provision of this chapter.

''(3) IDENTIFICATION REQUIREMENT.—No credit shall be allowed under subsection (a) to a taxpayer with respect to the qualified higher education expenses of an individual unless the taxpayer includes the name and taxpayer identification number of such individual on the return of tax for the taxable year.

''(4) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS.—The amount of qualified higher education expenses otherwise taken into account under subsection (a) with respect to an individual for an academic period shall be reduced (before the application of subsections (b) and (c)) by the sum of—

''(A) any amounts paid for the benefit of such individual which are allocable to such period as—

''(i) a qualified scholarship which is excludable from gross income under section 117,

''(ii) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or under chapter 1606 of title 10, United States Code,

''(iii) a payment which is excludable from gross income under section 127, or

''(iv) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for such individual's educational expenses, or attributable to such individual's enrollment at an institution of higher education, which is excludable from gross income under any law of the United States, and

''(B) the amount excludable from gross income under section 135 which is allocable to such expenses with respect to such individual for such period.

''(5) NO CREDIT FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

''(6) NONRESIDENT ALIENS.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

''(h) INFLATION ADJUSTMENTS.—

''(1) DOLLAR LIMITATION ON AMOUNT OF CREDIT.—

''(A) IN GENERAL.—In the case of a taxable year beginning after 1997, the $1,500 amount in subsection (b)(1) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1996' for 'calendar year 1992' in subparagraph (B) thereof.

''(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

''(2) INCOME LIMITS.—

''(A) IN GENERAL.—In the case of a taxable year beginning after 2000, the $50,000 and $80,000 amounts in subsection (c)(2), section 221(b)(2)(B)(i)(II), and section 222(b)(2)(A) shall each be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

''(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.

''(i) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations providing for a recapture of credit allowed under this section in cases where there is a refund in a subsequent taxable year of any amount which was taken into account in determining the amount of such credit.''

(b) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2) of section 6213(g) (relating to the definition of mathematical or clerical errors) is amended by striking ''and'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', and'', and by inserting after subparagraph (H) the following new subparagraph:

''(I) an omission of a correct TIN required under section 24(g)(3) or under section 221(d)(2)(A) (relating to higher education tuition and fees) to be included on a return.''

(c) RETURNS RELATING TO HIGHER EDUCATION EXPENSES.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by inserting after section 6050R the following new section:

''SEC. 6050S. RETURNS RELATING TO HIGHER EDUCATION EXPENSES.

''(a) IN GENERAL.—Any person—

''(1) which is an institution of higher education which receives payments for qualified higher education expenses with respect to any individual for any calendar year, or

''(2) which is engaged in a trade or business which, in the course of such trade or business makes payments during any calendar year to any individual which constitute reimbursements or refunds (or similar amounts) of qualified higher education expenses of such individual,

shall make the return described in subsection (b) with respect to the individual at such time as the Secretary may by regulations prescribe.

''(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

''(1) is in such form as the Secretary may prescribe,

''(2) contains—

''(A) the name, address, and TIN of the individual with respect to whom payments described in subsection (a) were received from (or were paid to),

''(B) the name, address, and TIN of any individual certified by the individual described in subparagraph (A) as the taxpayer who will claim the individual as a dependent for purposes of the deduction allowable under section 151 for any taxable year ending with or within the calendar year,

''(C) the—

''(i) aggregate amount of payments for qualified higher education expenses received with respect to the individual described in subparagraph (A) during the calendar year, and

''(ii) aggregate amount of reimbursements or refunds (or similar amounts) paid to such individual during the calendar year, and

''(D) such other information as the Secretary may prescribe.

''(c) APPLICATION TO GOVERNMENTAL UNITS.—For purposes of this section—

''(1) a governmental unit or any agency or instrumentality thereof shall be treated as a person, and

''(2) any return required under subsection (a) by such governmental entity shall be made by the officer or employee appropriately designated for the purpose of making such return.

''(d) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return under subparagraph (A) or (B) of subsection (b)(2) a written statement showing—

''(1) the name, address, and phone number of the information contact of the person required to make such return, and

''(2) the aggregate amounts described in subparagraphs (C) and (D) of subsection (b)(2).

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

''(e) DEFINITIONS.—For purposes of this section, the terms 'institution of higher education' and 'qualified higher education expenses' have the meanings given such terms by section 24.

''(f) RETURNS WHICH WOULD BE REQUIRED TO BE MADE BY 2 OR MORE PERSONS.—Except to the extent provided in regulations prescribed by the Secretary, in the case of any amount received by any person on behalf of another person, only the person first receiving such amount shall be required to make the return under subsection (a).

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section. No penalties shall be imposed under section 6724 with respect to any return or statement required under this section until such time as such regulations are issued.''

(2) ASSESSABLE PENALTIES.—Section 6724(d) (relating to definitions) is amended—

(A) by redesignating clauses (x) through (xv) as clauses (xi) through (xvi), respectively, in paragraph (1)(B) and by inserting after clause (ix) of such paragraph the following new clause:

''(x) section 6050S (relating to returns relating to payments for qualified higher education expenses),'', and

(B) by striking ''or'' at the end of the next to last subparagraph, by striking the period at the end of the last subparagraph and inserting '', or'', and by adding at the end the following new subparagraph:

''(Z) section 6050S(d) (relating to returns relating to qualified higher education expenses).''

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050R the following new item:

''Sec. 6050S. Returns relating to higher education expenses.''

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 24 the following new item:

''Sec. 24. Higher education tuition and fees.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid after December 31, 1997 (in taxable years ending after such date).

SEC. 402. DEDUCTION FOR HIGHER EDUCATION EXPENSES.

(a) DEDUCTION ALLOWED.— Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 221 as section 222 and by inserting after section 220 the following new section:

''SEC. 221. HIGHER EDUCATION TUITION AND FEES.

''(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction the amount of qualified higher education expenses paid by the taxpayer during the taxable year for education furnished to the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151, as an eligible student at an institution of higher education during any academic period beginning in such year.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—

''(A) IN GENERAL.—The amount allowed as a deduction under subsection (a) for any taxable year shall not exceed $10,000.

''(B) PHASE-IN.—In the case of taxable years beginning in 1997 or 1998, subparagraph (A) shall be applied by substituting '$5,000' for '$10,000'.

''(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(A) IN GENERAL.—The amount which would (but for this paragraph) be allowed as a deduction under subsection (a) shall be reduced (but not below zero) by the amount determined under subparagraph (B).

''(B) AMOUNT OF REDUCTION.—The amount determined under this subparagraph equals the amount which bears the same ratio to the deduction (determined without regard to this paragraph) as—

''(i) the excess of—

''(I) the taxpayer's modified adjusted gross income for the taxable year, over

''(II) $50,000 ($80,000 in the case of a joint return), bears to

''(ii) $20,000.

''(C) MODIFIED ADJUSTED GROSS INCOME.—For purposes of subparagraph (B), the term 'modified adjusted gross income' means the

adjusted gross income of the taxpayer for the taxable year determined—

''(i) without regard to this section and sections 911, 931, and 933, and

''(ii) after the application of sections 86, 135, 219, and 469.

For purposes of sections 86, 135, 219, and 469, adjusted gross income shall be determined without regard to the deduction allowed under this section.

''(D) CROSS REFERENCE.—

''For inflation adjustment of $50,000 and $80,000 amounts, see section 24(h).

''(c) DEFINITIONS.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), terms used in this section which are also used in section 24 have the respective meanings given such terms in section 24.

''(2) DEDUCTION AVAILABLE FOR EDUCATION TO ACQUIRE OR IMPROVE JOB SKILLS.—For purposes of applying this section, the requirement of section 24(d)(3) shall be treated as met if—

''(A) the individual is enrolled in a course which enables the individual to improve the individual's job skills or to acquire new job skills, and

''(B) the individual is not enrolled in an elementary or secondary school.

''(d) SPECIAL RULES.—

''(1) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under subsection (a) for any expense for which a deduction is allowed to the taxpayer under any other provision of this chapter.

''(2) CERTAIN RULES TO APPLY.—Rules similar to the rules of subsections (e) and (f) of section 24, and the following rules of section 24(g), shall apply for purposes of this section:

''(A) Paragraph (3) (relating to identification requirement).

''(B) Paragraph (4) (relating to adjustment for certain scholarships).

''(C) Paragraph (5) (relating to no benefit for married individuals filing separate returns).

''(D) Paragraph (6) (relating to nonresident aliens).

''(3) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section.''

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a) is amended by inserting after paragraph (16) the following new paragraph:

''(17) HIGHER EDUCATION TUITION AND FEES.—The deduction allowed by section 221.''

(c) CONFORMING AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the item relating to section 221 and inserting:

''Sec. 221. Higher education tuition and fees.
''Sec. 222. Cross reference.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid after December 31, 1997.

TITLE V—EXTENSION AND MODIFICATION OF AIRPORT AND AIRWAY TRUST FUND TAXES

SEC. 501. EXTENSION AND MODIFICATION OF AIRPORT AND AIRWAY TRUST FUND TAXES.

(a) FUEL TAXES.—

(1) AVIATION FUEL.—Paragraph (3) of section 4091(b) is amended by striking subparagraph (A).

(2) AVIATION GASOLINE.—Subsection (d) of section 4081 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(3) NONCOMMERCIAL AVIATION.—Subsection (c) of section 4041 is amended by striking paragraph (3).

(b) TICKET TAXES.—

(1) PERSONS.—Section 4261 is amended by striking subsection (g).

(2) PROPERTY.—Section 4271 is amended by striking subsection (d).

(c) MODIFICATIONS.—

(1) USE OF INTERNATIONAL TRAVEL FACILITIES.—Subsection (c) of section 4261 is amended to read as follows:

''(c) USE OF INTERNATIONAL TRAVEL FACILITIES.—

''(1) IN GENERAL.—There is hereby imposed a tax of $8 on any amount paid (whether within or without the United States) for any transportation of any person by air, if such transportation begins or ends in the United States.

''(2) EXCEPTION FOR TRANSPORTATION ENTIRELY TAXABLE UNDER SUBSECTION (a).—This subsection shall not apply to any transportation all of which is taxable under subsection (a) (determined without regard to sections 4281 and 4282).

''(3) SPECIAL RULE FOR ALASKA AND HAWAII.—In any case in which the tax imposed by paragraph (1) applies to a segment between the continental United States and Alaska or Hawaii or between Alaska and Hawaii, such tax shall apply only to departures and shall be at the rate of $6.''

(2) SPECIAL RULES.—Section 4261 is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

''(e) APPLICATION OF SUBSECTION (a) TO DOMESTIC SEGMENTS OF INTERNATIONAL TRANSPORTATION.—

''(1) IN GENERAL.—In the case of taxable transportation described in section 4262(a)(2), the tax imposed by subsection (a) shall be applied by taking into account only an amount which bears the same ratio to the amount paid for such transportation as the number of specified miles in the domestic segments of such transportation bears to the total number of specified miles in such transportation.

''(2) SPECIFIED MILES.—For purposes of paragraph (1), the term 'specified miles' means the great circle miles (as specified by the Secretary) between the 2 points of each segment. The Secretary may specify mileage which shall apply in lieu of the mileage determined under the preceding sentence with respect to any 2 points if the Secretary determines that the mileage on the route customarily traveled by air between such points is different from the mileage determined under the preceding sentence.

''(3) DOMESTIC SEGMENT.—For purposes of this section, the term 'domestic segment' means any segment which is taxable transportation described in section 4262(a)(1).''

(3) CONFORMING AMENDMENTS.—

(A) Paragraph (2) of section 4262(a) is amended by striking ''United States, but'' and all that follows and inserting ''United States.''.

(B) Subsection (c) of section 4262 is amended by striking paragraph (3).

(d) EFFECTIVE DATES.—

(1) FUEL TAXES.—The amendments made by subsection (a) shall apply take effect on October 1, 1997.

(2) TICKET TAXES.—

(A) IN GENERAL.—The amendments made by subsections (b) and (c) shall apply to transportation beginning on or after October 1, 1997.

(B) TREATMENT OF AMOUNTS PAID FOR TICKETS PURCHASED BEFORE DATE OF ENACTMENT.—The amendments made by subsection (c) shall not apply to amounts paid for a ticket purchased before the date of the enactment of this Act for a specified flight beginning on or after October 1, 1997.

TITLE VI—ENFORCING REVENUE TARGETS

SEC. 601. ESTIMATES OF NECESSITY TO SUSPEND REVENUE REDUCTIONS.

(a) ESTIMATE OF NECESSITY TO SUSPEND NEW REVENUE REDUCTIONS.—The Director of the Office of Management and Budget shall issue a report to the President and the Congress on December 15 of any calendar year in which such statement identifies actual or projected revenues in the current or immediately preceding fiscal years lower than the applicable total revenue target in subsection (b) by more than 1 percent of the applicable total revenue target for such year. The report shall include—

(1) all existing laws and policies enacted as part of any reconciliation legislation in calendar 1997 which would cause revenues to decline in the calendar year which begins January 1, compared to laws and policies in effect on December 15;

(2) the amounts by which revenues would be reduced by implementation of the provisions of law described in paragraph (1) compared to provisions of law in effect on December 15; and

(3) whether delaying implementation of the provisions of law described in paragraph (1) would cause the total for revenues in the projected revenues in the current fiscal year and actual revenues in the immediately preceding fiscal year to equal or exceed the total of the targets for the applicable years.

(b) TOTAL REVENUE TARGETS.—For purposes of subsection (a), the total revenue targets shall be—

(1) for fiscal year 1998, $1,601,800,000,000;
(2) for fiscal year 1999, $1,664,200,000,000;
(3) for fiscal year 2000, $1,728,100,000,000;
(4) for fiscal year 2001, $1,805,100,000,000; and
(5) for fiscal year 2002, $1,890,400,000,000.

SEC. 602. SUSPENSION OF CHILD TAX CREDIT AND INCREASES IN UNIFIED ESTATE AND GIFT TAX CREDIT IF REVENUE TARGETS NOT MET.

(a) CHILD CARE CREDIT.—Section 24 of the Internal Revenue Code of 1986 (relating to child tax credit), as added by this Act, shall not apply to taxable years beginning in a tax benefit suspension year.

(b) UNIFIED ESTATE AND GIFT TAX CREDIT.—If, under section 2010 of the Internal Revenue Code of 1986, as amended by this Act, there is an increase in the credit which would (but for this section) take effect with respect to any tax benefit suspension year, then—

(1) any increase in such credit with respect to such year and each subsequent calendar year shall be delayed 1 calendar year, and

(2) the level of credit under such section with respect to the prior calendar year shall apply to the calendar year.

(c) TAX BENEFIT SUSPENSION YEAR.—For purposes of this section, the term ''tax benefit suspension year'' means any calendar year if the statement issued under section 601 during the preceding calendar year indicates that—

(1) for the fiscal year ending in such preceding calendar year, actual revenues were lower than the applicable total revenue target in section 601(b) for such fiscal year by more than 1 percent of such target, or

(2) for the fiscal year beginning in such preceding calendar year, projected revenues (determined without regard to this section) are estimated to be lower than the applicable total revenue target in section 601(b) for such fiscal year by more than 1 percent of such target.

(d) PERCENTAGE SUSPENSION WHERE FULL SUSPENSION UNNECESSARY TO ACHIEVE REVENUE TARGET.—If the application of subsections (a) and (b) to any tax benefit suspension year would (but for this subsection) result in revenues above the applicable revenue target described in section 601(b), such

subsections shall be applied such that the amount of each benefit which is denied is only the percentage of such benefit which is necessary to result in revenues equal to such target. Such percentage shall be determined by the Director of the Office of Management and Budget, and the same percentage shall apply to such benefits.

AMENDMENTS TO H.R. 2015: BUDGET RECONCILIATION SPENDING ACT

AMENDMENT TO THE RECONCILIATION BILL, AS APPROVED BY THE COMMITTEE ON WAYS AND MEANS ON JUNE 10, 1997, OFFERED BY MRS. MEEK AND MS. ROS-LEHTINEN

In section 9302 strike subsection (a) and insert the following:

(a) IN GENERAL.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 8 U.S.C. 1612(A)(2)) is amended by adding after subparagraph (D) the following new subparagraph:

''(E) QUALIFIED ALIEN ON AUGUST 22, 1996.—With respect to eligibility for benefits for the program defined in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to an alien who on August 22, 1996, was a qualified alien.''.

AMENDMENT TO H.R. — (RECONCILIATION) OFFERED BY MRS. MEEK OF FLORIDA

At the end of section 9103(a), add the following:

(3) ADDITIONAL MANDATORY STATE PAYMENTS.—

(A) DUTIES OF THE SOCIAL SECURITY ADMINISTRATION.—For each of fiscal years 1998 through 2002, the Commissioner of Social Security shall—

(i) estimate the difference between—

(I) the total cost to the Federal Government of providing to qualified aliens (as defined in section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) supplemental security income benefits under title XVI of the Social Security Act and medical assistance benefits under title XIX of such Act; and

(II) $2,300,000,000 for fiscal year 1998, $2,100,000,000 for fiscal year 1999, $1,800,000,000 for fiscal year 2000, $1,400,000,000 for fiscal year 2001, and $1,500,000,000 for fiscal year 2002; and

(ii) collect from each State (other than the Commonwealth of Puerto Rico, the Virgin Islands, or Guam) an amount equal to—

(I) the ratio of the number of all persons in the State receiving supplemental security income benefits under title XVI of the Social Security Act to the number of all persons in the United States receiving such benefits; multiplied by

(II) the difference estimated under clause (i).

(B) PAYMENT.—In order for any State (other than the Commonwealth of Perto Rico, the Virgin Islands, or Guam) to be eligible for payments pursuant to title XIX with respect to expenditures for any quarter in fiscal year 1998 through 2002, the State shall pay to the Commissioner of Social Security the amount required to be collected from the State under subparagraph (A)(ii) for the fiscal year.

(C) USE OF AMOUNTS COLLECTED.—For fiscal year 1998 and each subsequent fiscal year, the sums collected from each State pursuant to subparagraph (A)(ii) shall be credited to a special fund established in the Treasury of the United States for State administrative payment fees. Amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out title XVI of the Social Security Act and related laws.

AMENDMENT OFFERED BY MR. BROWN OF OHIO TO THE MEDICARE RECONCILIATION PROVISIONS

Page 8, line 6, strike ''500,000'' and insert ''100,000''.

Page 131, after line 36, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(c) WAIVER OF COINSURANCE.—Section 1833(a)(1) (42 U.S.C. 13951(a)(1)) is amended by—

(A) striking ''and'' at the end of clause (O), and

(B) inserting before the semicolon at the end the following: '', and with respect to screening mammography (as defined in section 1861(jj), the amount paid shall be 100 percent of the fee schedule amount provided under section 1848''.

Page 132, line 7, before the period insert the following:

'', except that the amendments made by subsection (c) shall apply to items and services furnished on or after January 1, 2000''.

Page 133, after line 8, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(c) WAIVER OF COINSURANCE.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)) is amended by—

(A) striking ''and'' at the end of clause (O), and

(B) inserting before the semicolon at the end the following: '', and with respect to screening pap smear and screening pelvic exam (as defined in section 1861(nn)), the amount paid shall be 100 percent of the fee schedule amount provided under section 1848''.

Page 133, line 15, before the period insert the following:

'', except that the amendments made by subsection (c) shall apply to items and services furnished on or after January 1, 2000''.

Page 134, after line 14, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(c) WAIVER OF COINSURANCE.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)) is amended by—

(A) striking ''and'' at the end of clause (O), and

(B) inserting before the semicolon at the end the following: '', and with respect to prostate cancer screening tests (as defined in section 1861(oo)), the amount paid shall be 100 percent of the fee schedule amount provided under section 1848''.

Page 134, line 31, before the period insert the following:

'', except that the amendments made by subsection (e) shall apply to items and services furnished on or after January 1, 2000''.

Page 140, after line 33, insert the following new subsection (and redesignate the succeeding subsections accordingly):

(e) WAIVER OF COINSURANCE.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1) is amended by—

(A) striking ''and'' at the end of clause (O), and

(B) inserting before the semicolon at the end the following: '', and with respect to colorectal cancer screening test (as defined in section 1861(pp)), the amount paid shall be 100 percent of the fee schedule amount provided under section 1848''.

Page 141, line 26, before the period insert the following:

'', except that the amendments made by subsection (c) shall apply to items and services furnished on or after January 1, 2000''.

Page 143, strike lines 24 through 30.

Page 145, after line 22, insert the following new subsection (and redesignate the succeeding subsection accordingly):

(c) WAIVER OF COINSURANCE.—Section 1833(a)(1) (42 U.S.C. 13951(a)1)) is amended by—

(A) striking ''and'' at the end of clause (O), and

(B) inserting before the semicolon at the end the following:'', and with respect to bone mass measurement (as defined in section 1861(rr)), the amount paid shall be 100 percent of the fee schedule amount provided under section 1848''.

Page 141, line 26, before the period insert the following:

'', except that the amendments made by subsection (c) shall apply to items and services furnished on or after January 1, 2000''.

AMENDMENT OFFERED BY MR. BROWN OF OHIO TO THE CHILD HEALTH RECONCILIATION PROVISIONS

Add to the end the following new section:

SEC. 3504. CONTINUATION OF MEDICAID ELIGIBILITY FOR DISABLED CHILDREN WHO LOSE SSI BENEFITS

(a) IN GENERAL.—Section 1902(a)(10)(A)(i)(II) (42 U.S.C. 1396(a)(10)(A)(i)(II) is amended by inserting ''or were being paid as of the date of enactment of section 211(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104–193) and would continue to be paid but for enactment of that section'' after ''title XVI''.

(b) EFFECTIVE DATE.—The amendment made by Sub-Section (a) applies to medical assistance furnished on or after July 1, 1997.

AMENDMENT OFFERED BY MR. BROWN OF OHIO TO THE CHILD HEALTH RECONCILIATION PROVISIONS

(Page & line nos. refer to Committee Print of 6/11/97, KIDCARE.006)

Page 2, amend lines 19 and 20 to read as follows:

''(3) Other methods specified under the plan other than direct purchase of services from providers.

AMENDMENT TO H.R. —, AS REPORTED, OFFERED BY MR. GEKAS OF PENNSYLVANIA AND MR. FROST OF TEXAS

Insert after section 966 of the bill the following (and conform the table of contents accordingly):

SEC. 967. EXEMPTION FROM REPORTING REQUIREMENTS FOR CERTAIN AMOUNTS PAID TO ELECTION OFFICIALS AND ELECTION WORKERS.

(A) IN GENERAL.—Section 6051 is amended by adding at the end the following new subsection:

''(g) EXCEPTION FOR CERTAIN AMOUNTS PAID TO ELECTION OFFICIALS AND ELECTION WORKERS.—Notwithstanding any other provision of this title, the Secretary may not require a statement described in this section to include any amount paid as remuneration for service performed by an election official or election worker (within the meaning of section 3121(b)(F)(iv)) if it is reasonable to believe that such remuneration is not subject to tax under chapter 21 (relating to Federal Insurance Contributions Act).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to remuneration paid after December 31, 1996, in taxable years ending after such date.

AMENDMENT TO H.R.—, AS REPORTED OFFERED BY MR. BARTON OF TEXAS AND MR. MINGE

At the end of the bill, add the following new title:

TITLE XI—BUDGET PROCESS ENFORCEMENT

SEC. 11001. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the ''Balanced Budget Assurance Act of 1997''.

(b) TABLE OF CONTENTS.—

SEC. 11002. DEFINITIONS.

For purposes of this title:

(1) ELIGIBLE POPULATION.—The term ''eligible population'' shall mean those individuals to whom the United States is obligated to make a payment under the provisions of a law creating entitlement authority. Such term shall not include States, localities, corporations or other nonliving entities.

(2) SEQUESTER AND SEQUESTRATION.—The terms ''sequester'' and ''sequestration'' refer to or mean the cancellation of budgetary resources provided by discretionary appropriations or direct spending law.

(3) BREACH.—The term ''breach'' means, for any fiscal year, the amount (if any) by which outlays for that year (within a category of direct spending) is above that category's direct spending cap for that year.

(4) BASELINE.—The term ''baseline'' means the projection (described in section 11207) of current levels of new budget authority, outlays, receipts, and the surplus or deficit into the budget year and the outyears.

(5) BUDGETARY RESOURCES.—The term ''budgetary resources'' means new budget authority, unobligated balances, direct spending authority, and obligation limitations.

(6) DISCRETIONARY APPROPRIATIONS.—The term ''discretionary appropriations'' means budgetary resources (except to fund direct spending programs) provided in appropriation Acts. If an appropriation Act alters the level of direct spending or offsetting collections, that effect shall be treated as direct spending. Classifications of new accounts or activities and changes in classifications shall be made in consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate and with CBO and OMB.

(7) DIRECT SPENDING.—The term ''direct spending'' means—

(A) budget authority provided by law other than appropriation Acts, including entitlement authority;

(B) entitlement authority; and

(C) the food stamp program.

If a law other than an appropriation Act alters the level of discretionary appropriations or offsetting collections, that effect shall be treated as direct spending.

(8) ENTITLEMENT AUTHORITY.—The term ''entitlement authority'' means authority (whether temporary or permanent) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.

(9) CURRENT.—The term ''current'' means, with respect to OMB estimates included with a budget submission under section 1105(a) of title 31 U.S.C., the estimates consistent with the economic and technical assumptions underlying that budget.

(10) ACCOUNT.—The term ''account'' means an item for which there is a designated budget account designation number in the President's budget.

(11) BUDGET YEAR.—The term ''budget year'' means the fiscal year of the Government that starts on the next October 1.

(12) CURRENT YEAR.—The term ''current year'' means, with respect to a budget year, the fiscal year that immediately precedes that budget year.

(13) OUTYEAR.—The term ''outyear'' means, with respect to a budget year, any of the fiscal years that follow the budget year.

(14) OMB.—The term ''OMB'' means the Director of the Office of Management and Budget.

(15) CBO.—The term ''CBO'' means the Director of the Congressional Budget Office.

(16) BUDGET OUTLAYS AND OUTLAYS.—The terms ''budget outlays'' and ''outlays'' mean, with respect to any fiscal year, expenditures of funds under budget authority during such year.

(17) BUDGET AUTHORITY AND NEW BUDGET AUTHORITY.—The terms ''budget authority'' and ''new budget authority'' have the meanings given to them in section 3 of the Congressional Budget and Impoundment Control Act of 1974.

(18) APPROPRIATION ACT.—The term ''appropriation Act'' means an Act referred to in section 105 of title 1 of the United States Code.

(19) CONSOLIDATED DEFICIT.—The term ''consolidated deficit'' means, with respect to a fiscal year, the amount by which total outlays exceed total receipts during that year.

(20) SURPLUS.—The term ''surplus'' means, with respect to a fiscal year, the amount by which total receipts exceed total outlays during that year.

(21) DIRECT SPENDING CAPS.—The term ''direct spending caps'' means the nominal dollar limits for entitlements and other mandatory spending pursuant to section 11105 (as modified by any revisions provided for in this Act).

Subtitle A—Ensure That the Bipartisan Balanced Budget Agreement of 1997 Achieves Its Goal

SEC. 11101. TIMETABLE.

On or before:	Action to be completed:
January 15	CBO economic and budget update.
First Monday in February.	President's budget update based on new assumptions.
August 1	CBO and OMB updates.
August 15	Preview report.
Not later than November 1 (and as soon as practical after the end of the fiscal).	OMB and CBO Analyses of Deficits, Revenues and Spending Levels and Projections for the Upcoming Year.
November 1–December 15	Congressional action to avoid sequestration.
December 15	OMB issues final (look back) report for prior year and preview for current year.
On or before:	Action to be completed:
December 15	Presidential sequester order or order delaying new/additional revenues reductions scheduled to take effect pursuant to reconciliation legislation enacted in calendar year 1997.

SEC. 11102. PROCEDURES TO AVOID SEQUESTRATION OR DELAY OF NEW REVENUE REDUCTIONS.

(a) SPECIAL MESSAGE.—If the OMB Analysis of Actual Spending Levels and Projections for the Upcoming Year indicates that—

(1) deficits in the most recently completed fiscal year exceeded, or the deficits in the budget year are projected to exceed, the deficit targets in section 11104;

(2) revenues in the most recently completed fiscal year were less than, or revenues in the current year are projected to be less than, the revenue targets in section 11104; or

(3) outlays in the most recently completed fiscal year exceeded, or outlays in the current year are projected to exceed, the caps in section 11104;

the President shall submit to Congress with the OMB Analysis of Actual Spending Levels and Projections for the Upcoming Year a special message that includes proposed legislative changes to—

(A) offset the net deficit or outlay excess;

(B) offset any revenue shortfall; or

(C) revise the deficit or revenue targets or the outlay caps contained in this Act;

through any combination of—

(i) reductions in outlays;

(ii) increases in revenues; or

(iii) increases in the deficit targets or expenditure caps, or reductions in the revenue targets, if the President submits a written determination that, because of economic or programmatic reasons, none of the variances from the balanced budget plan should be offset.

(b) INTRODUCTION OF THE PRESIDENT'S PACKAGE.—Not later than November 15, the message from the President required pursuant to subsection (a) shall be introduced as a joint resolution in the House of Representatives or the Senate by the chairman of its Committee on the Budget. If the chairman fails to do so, after November 15, the joint resolution may be introduced by any Member of that House of Congress and shall be referred to the Committee on the Budget of that House.

(c) HOUSE BUDGET COMMITTEE ACTION.—The Committee on the Budget of the House of Representatives shall, by November 15, report a joint resolution containing—

(1) the recommendations in the President's message, or different policies and proposed legislative changes than those contained in the message of the President, to ameliorate or eliminate any excess deficits or expenditures or any revenue shortfalls, or

(2) any changes to the deficit or revenue targets or expenditure caps contained in this Act, except that any changes to the deficit or revenue targets or expenditure caps cannot be greater than the changes recommended in the message submitted by the President.

(d) PROCEDURE IF THE COMMITTEES ON THE BUDGET OF THE HOUSE OF REPRESENTATIVES OR SENATE FAILS TO REPORT REQUIRED RESOLUTION.—

(1) AUTOMATIC DISCHARGE OF COMMITTEES ON THE BUDGET OF THE HOUSE.—If the Committee on the Budget of the House of Representatives fails, by November 20, to report a resolution meeting the requirements of subsection (c), the committee shall be automatically discharged from further consideration of the joint resolution reflecting the President's recommendations introduced pursuant

to subsection (a), and the joint resolution shall be placed on the appropriate calendar.

(2) CONSIDERATION OF DISCHARGE RESOLUTION IN THE HOUSE.—If the Committee has been discharged under paragraph (1) above, any Member may move that the House of Representatives consider the resolution. Such motion shall be highly privileged and not debatable. It shall not be in order to consider any amendment to the resolution except amendments which are germane and which do not change the net deficit impact of the resolution.

(e) CONSIDERATION OF JOINT RESOLUTION IN THE HOUSE.—Consideration of resolution reported pursuant to subsection (c) or (d) shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (d).

(f) TRANSMITTAL TO SENATE.—If a joint resolution passes the House of Representatives pursuant to subsection (e), the Clerk of the House of Representatives shall cause the resolution to be engrossed, certified, and transmitted to the Senate within 1 calendar day of the day on which the resolution is passed. The resolution shall be referred to the Senate Committee on the Budget.

(g) REQUIREMENTS FOR SPECIAL JOINT RESOLUTION IN THE SENATE.—The Committee on the Budget of the Senate shall report not later than December 1—

(1) a joint resolution reflecting the message of the President; or

(2) the joint resolution passed by the House of Representatives, with or without amendment; or

(3) a joint resolution containing different policies and proposed legislative changes than those contained in either the message of the President or the resolution passed by the House of Representatives, to eliminate all or part of any excess deficits or expenditures or any revenue shortfalls, or

(4) any changes to the deficit or revenue targets, or to the expenditure caps, contained in this Act, except that any changes to the deficit or revenue targets or expenditure caps cannot be greater than the changes recommended in the message submitted by the President.

(h) PROCEDURE IF THE SENATE BUDGET COMMITTEE FAILS TO REPORT REQUIRED RESOLUTION.—

(1) AUTOMATIC DISCHARGE OF SENATE BUDGET COMMITTEE.—In the event that the Committee on the Budget of the Senate fails, by December 1, to report a resolution meeting the requirements of subsection (g), the committee shall be automatically discharged from further consideration of the joint resolution reflecting the President's recommendations introduced pursuant to subsection (a) and of the resolution passed by the House of Representatives, and both joint resolutions shall be placed on the appropriate calendar.

(2) CONSIDERATION OF DISCHARGE RESOLUTION IN THE SENATE.—(A) If the Committee has been discharged under paragraph (1), any member may move that the Senate consider the resolution. Such motion shall be highly privileged and not debatable. It shall not be in order to consider any amendment to the resolution except amendments which are germane and which do not change the net deficit impact of the resolution.

(B) Consideration of resolutions reported pursuant to subsections (c) or (d) shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (d).

(C) If the joint resolution reported by the Committees on the Budget pursuant to subsection (c) or (g) or a joint resolution discharged in the House of Representatives or the Senate pursuant to subsection (d)(1) or (h)(1) would eliminate less than—

(i) the entire amount by which actual or projected deficits exceed, or revenues fall short of, the targets in this Act; or

(ii) the entire amount by which actual or projected outlays exceed the caps contained in this Act;

then the Committee on the Budget of the Senate shall report a joint resolution, raising the deficit targets or outlay caps, or reducing the revenue targets for any year in which actual or projected spending, revenues or deficits would not conform to the deficit and revenue targets or expenditure caps in this Act.

(k) CONFERENCE REPORTS SHALL FULLY ADDRESS DEFICIT EXCESS.—It shall not be in order in the House of Representatives or the Senate to consider a conference report on a joint resolution to eliminate all or part of any excess deficits or outlays or to eliminate all or part of any revenue shortfall compared to the deficit and revenue targets and the expenditure caps contained in this Act, unless—

(1) the joint resolution offsets the entire amount of any overage or shortfall; or

(2) the House of Representatives and Senate both pass the joint resolution reported pursuant to subsection (j)(2).

The vote on any resolution reported pursuant to subsection (j)(2) shall be solely on the subject of changing the deficit or revenue targets or the expenditure limits in this Act.

SEC. 11103. EFFECT ON PRESIDENTS' BUDGET SUBMISSIONS; POINT OF ORDER.

(a) BUDGET SUBMISSION.—Any budget submitted by the President pursuant to section 1105(a) of title 31, United States Code, for each of fiscal years 1998 through 2007 shall be consistent with the spending, revenue, and deficit levels established in sections 11104 and 11105 or it shall recommend changes to those levels

(b) POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any concurrent resolution on the budget unless it is consistent with the spending, revenue, and deficit levels established in sections 11104 and 11105.

SEC. 11104. DEFICIT AND REVENUE TARGETS.

(a) CONSOLIDATED DEFICIT (OR SURPLUS) TARGETS.—For purposes of sections 11102 and 11107, the consolidated deficit targets shall be—

(1) for fiscal year 1998, $90,500,000,000;
(2) for fiscal year 1999, $89,700,000,000;
(3) for fiscal year 2000, $83,000,000,000;
(4) for fiscal year 2001, $53,300,000,000; and
(5) for fiscal year 2002, there shall be a surplus of not less than $1,400,000,000.

(b) CONSOLIDATED REVENUE TARGETS.—For purposes of sections 11102, 11107, 11201, and 11204, the consolidated revenue targets shall be—

(1) for fiscal year 1998, $1,601,800,000,000;
(2) for fiscal year 1999, $1,664,200,000,000;
(3) for fiscal year 2000, $1,728,100,000,000;
(4) for fiscal year 2001, $1,805,100,000,000; and
(5) for fiscal year 2002, $1,890,400,000,000.

SEC. 11105. DIRECT SPENDING CAPS.

(a) IN GENERAL.—Effective upon submission of the report by OMB pursuant to subsection (c), direct spending caps shall apply to all entitlement authority except for undistributed offsetting receipts and net interest outlays. For purposes of enforcing direct spending caps under this Act, each separate program shown in the table set forth in subsection (d) shall be deemed to be a category.

(b) BUDGET COMMITTEE REPORTS.—Within 30 days after enactment of this Act, the Budget Committees of the House of Representatives and the Senate shall file with their respective Houses identical reports containing account numbers and spending levels for each specific category.

(c) REPORT BY OMB.—Within 30 days after enactment of this Act, OMB shall submit to the President and each House of Congress a report containing account numbers and spending limits for each specific category.

(d) CONTENTS OF REPORTS.—All direct spending accounts not included in these reports under separate categories shall be included under the heading ''Other Entitlements and Mandatory Spending''. These reports may include adjustments among the caps set forth in this Act as required below, however the aggregate amount available under the ''Total Entitlements and Other Mandatory Spending'' cap shall be identical in each such report and in this Act and shall be deemed to have been adopted as part of this Act. Each such report shall include the actual amounts of the caps for each year of fiscal years 1998 through 2002 consistent with the concurrent resolution on the budget for FY 1998 for each of the following categories:

Earned Income Tax Credit,
Family Support,
Federal retirement:
Civilian/other,
Military,
Medicaid,
Medicare,
Social security,
Supplemental security income,
Unemployment compensation,
Veterans' benefits,
Medicare,
Other entitlements and mandatory spending, and
Aggregate entitlements and other mandatory spending.

(e) ADDITIONAL SPENDING LIMITS.—Legislation enacted subsequent to this Act may include additional caps to limit spending for specific programs, activities, or accounts with these categories. Those additional caps (if any) shall be enforced in the same manner as the limits set forth in such joint explanatory statement.

SEC. 11106. ECONOMIC ASSUMPTIONS.

Subject to periodic reestimation based on changed economic conditions or changes in eligible population, determinations of the direct spending caps under section 11105, any breaches of such caps, and actions necessary to remedy such breaches shall be based upon the economic assumptions set forth in the joint explanatory statement of managers accompanying the concurrent resolution on the budget for fiscal year 1998 (House Concurrent Resolution 84, 105th Congress).

SEC. 11107. REVISIONS TO DEFICIT AND REVENUE TARGETS AND TO THE CAPS FOR ENTITLEMENTS AND OTHER MANDATORY SPENDING.

(a) AUTOMATIC ADJUSTMENTS TO DEFICIT AND REVENUE TARGETS AND TO CAPS FOR ENTITLEMENTS AND OTHER MANDATORY SPENDING.—When the President submits the budget under section 1105(a) of title 31, United States Code, for any year, OMB shall calculate (in the order set forth below), and the budget and reports shall include, adjustments to the deficit and revenue targets, and to the direct spending caps (and those limits as cumulatively adjusted) for the current year, the budget year, and each outyear, to reflect the following:

(1) CHANGES TO REVENUE TARGETS.—

(A) CHANGES IN GROWTH.—For Federal revenues and deficits under laws and policies enacted or effective before July 1, 1997, growth adjustment factors shall equal the ratio between the level of year-over-year growth measured for the fiscal year most recently completed and the applicable estimated level for that year as described in section 11105.

(B) CHANGES IN INFLATION.—For Federal revenues and deficits under laws and policies enacted or effective before July 1, 1997, inflation adjustment factors shall equal the ratio between the level of year-over-year growth measured for the fiscal year most recently

completed and the applicable estimated level for that year as described in section 11105.

(2) ADJUSTMENTS TO DIRECT SPENDING CAPS.—

(A) CHANGES IN CONCEPTS AND DEFINITIONS.—The adjustments produced by changes in concepts and definitions shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions minus those levels using the concepts and definitions in effect before such changes. Such changes in concepts and definitions may only be made in consultation with the Committees on Appropriations, the Budget, and Government Reform and Oversight and Governmental Affairs of the House of Representatives and the Senate.

(B) CHANGES IN NET OUTLAYS.—Changes in net outlays for all programs and activities exempt from sequestration under section 11204.

(C) CHANGES IN INFLATION.—For direct spending under laws and policies enacted or effective on or before July 1, 1997, inflation adjustment factors shall equal the ratio between the level of year-over-year inflation measured for the fiscal year most recently completed and the applicable estimated level for that years as described in section 11105 (relating to economic assumptions). For direct spending under laws and policies enacted or effective after July 1, 1997, there shall be no adjustment to the direct spending caps (for changes in economic conditions including inflation, nor for changes in numbers of eligible beneficiaries) unless—

(i) the Act or the joint explanatory statement of managers accompanying such Act providing new direct spending includes economic projections and projections of numbers of beneficiaries; and

(ii) such Act specifically provides for automatic adjustments to the direct spending caps in section 11105 based on those projections.

(D) CHANGES IN ELIGIBLE POPULATIONS.—For direct spending under laws and policies enacted or effective on or before July 1, 1997, the basis for adjustments under this section shall be the same as the projections underlying Table A–4, CBO Baseline Projections of Mandatory Spending, Including Deposit Insurance (by fiscal year, in billions of dollars), published in An Analysis of the President's Budgetary Proposals for Fiscal Year 1998, March 1997, page 53. For direct spending under laws and policies enacted or effective after July 1, 1997, there shall be no adjustment to the direct spending caps for changes in numbers of eligible beneficiaries unless—

(i) the Act or the joint explanatory statement of managers accompanying such Act providing new direct spending includes economic projections and projections of numbers of beneficiaries; and

(ii) such Act specifically provides for automatic adjustments to the direct spending caps in section 11105 based on those projections.

(E) INTRA-BUDGETARY PAYMENTS.—From discretionary accounts to mandatory accounts. The baseline and the discretionary spending caps shall be adjusted to reflect those changes.

(c) CHANGES TO DEFICIT TARGETS.—The deficit targets in section 11104 shall be adjusted to reflect changes to the revenue targets or changes to the caps for entitlements and other mandatory spending pursuant to subsection (a).

(d) PERMISSIBLE REVISIONS TO DEFICIT AND REVENUE TARGETS AND DIRECT SPENDING CAPS.—Deficit and revenue targets and direct spending caps as enacted pursuant to sections 11104 and 11105 may be revised as follows: Except as required pursuant to section 11105(a), direct spending caps may only be amended by recorded vote. It shall be a matter of highest privilege in the House of Representatives and the Senate for a Member of the House of Representatives or the Senate to insist on a recorded vote solely on the question of amending such caps. It shall not be in order for the Committee on Rules of the House of Representatives to report a resolution waiving the provisions of this subsection. This subsection may be waived in the Senate only by an affirmative vote of three-fifths of the Members duly chosen and sworn.

Subtitle B—Enforcement Provisions

SEC. 11201. REPORTING EXCESS SPENDING.

(a) ANALYSIS OF ACTUAL DEFICIT, REVENUE, AND SPENDING LEVELS.—As soon as practicable after any fiscal year, OMB shall compile a statement of actual deficits, revenues, and direct spending for that year. The statement shall identify such spending by categories contained in section 11105.

(b) ESTIMATE OF NECESSARY SPENDING REDUCTION.—Based on the statement provided under subsection (a), the OMB shall issue a report to the President and the Congress on December 15 of any year in which such statement identifies actual or projected deficits, revenues, or spending in the current or immediately preceding fiscal years in violation of the revenue targets or direct spending caps in section 11104 or 11105, by more than one percent of the applicable total revenues or direct spending for such year. The report shall include:

(1) All instances in which actual direct spending has exceeded the applicable direct spending cap.

(2) The difference between the amount of spending available under the direct spending caps for the current year and estimated actual spending for the categories associated with such caps.

(3) The amounts by which direct spending shall be reduced in the current fiscal year so that total actual and estimated direct spending for all cap categories for the current and immediately preceding fiscal years shall not exceed the amounts available under the direct spending caps for such fiscal years.

(4) The amount of excess spending attributable solely to changes in inflation or eligible populations.

SEC. 11202. ENFORCING DIRECT SPENDING CAPS.

(a) PURPOSE.—This subtitle provides enforcement of the direct spending caps on categories of spending established pursuant to section 11105. This section shall apply for any fiscal year in which direct spending exceeds the applicable direct spending cap.

(b) GENERAL RULES.—

(1) ELIMINATING A BREACH.—Each non-exempt account within a category shall be reduced by a dollar amount calculated by multiplying the baseline level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to eliminate a breach within that category.

(2) PROGRAMS, PROJECTS, OR ACTIVITIES.—Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects and activities within a budget account.

(3) INDEFINITE AUTHORITY.—Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage or percentages.

(4) CANCELLATION OF BUDGETARY RESOURCES.—Budgetary resources sequestered from any account other than an trust, special or revolving fund shall revert to the Treasury and be permanently canceled.

(5) IMPLEMENTING REGULATIONS.—Notwithstanding any other provision of law, administrative rules or similar actions implementing any sequestration shall take effect within 30 days after that sequestration.

SEC. 11203. SEQUESTRATION RULES.

(a) GENERAL RULES.—For programs subject to direct spending caps:

(1) TRIGGERING OF SEQUESTRATION.—Sequestration is triggered if total direct spending subject to the caps exceeds or is projected to exceed the aggregate cap for direct spending for the current or immediately preceding fiscal year.

(2) CALCULATION OF REDUCTIONS.—Sequestration shall reduce spending under each separate direct spending cap in proportion to the amounts each category of direct spending exceeded the applicable cap.

(3) UNIFORM PERCENTAGES.—In calculating the uniform percentage applicable to the sequestration of all spending programs or activities within each category, or the uniform percentage applicable to the sequestration of nonexempt direct spending programs or activities, the sequestrable base for direct spending programs and activities is the total level of outlays for the fiscal year for those programs or activities in the current law baseline.

(4) PERMANENT SEQUESTRATION OF DIRECT SPENDING.—Obligations in sequestered direct spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years. Notwithstanding any other provision of this section, after the first direct spending sequestration, any later sequestration shall reduce direct spending by an amount in addition to, rather than in lieu of, the reduction in direct spending in place under the existing sequestration or sequestrations.

(5) SPECIAL RULE.—For any direct spending program in which—

(A) outlays pay for entitlement benefits;

(B) a current-year sequestration takes effect after the 1st day of the budget year;

(C) that delay reduces the amount of entitlement authority that is subject to sequestration in the budget; and

(D) the uniform percentage otherwise applicable to the budget-year sequestration of a program or activity is increased due to the delay;

then the uniform percentage shall revert to the uniform percentage calculated under paragraph (3) when the budget year is completed.

(6) INDEXED BENEFIT PAYMENTS.—If, under any entitlement program—

(A) benefit payments are made to persons or governments more frequently than once a year; and

(B) the amount of entitlement authority is periodically adjusted under existing law to reflect changes in a price index (commonly called ''cost of living adjustments'');

sequestration shall first be applied to the cost of living adjustment before reductions are made to the base benefit. For the first fiscal year to which a sequestration applies, the benefit payment reductions in such programs accomplished by the order shall take effect starting with the payment made at the beginning of January following a final sequester. For the purposes of this subsection, veterans' compensation shall be considered a program that meets the conditions of the preceding sentence.

(7) LOAN PROGRAMS.—For all loans made, extended, or otherwise modified on or after any sequestration under loan programs subject to direct spending caps—

(A) the sequestrable base shall be total fees associated with all loans made extended or otherwise modified on or after the date of sequestration; and

(B) the fees paid by borrowers shall be increased by a uniform percentage sufficient to produce the dollar savings in such loan programs for the fiscal year or years of the sequestrations required by this section.

Notwithstanding any other provision of law, in any year in which a sequestration is in effect, all subsequent fees shall be increased by the uniform percentage and all proceeds from such fees shall be paid into the general fund of the Treasury.

(8) INSURANCE PROGRAMS.—Any sequestration of a Federal program that sells insurance contracts to the public (including the Federal Crop Insurance Fund, the National Insurance Development Fund, the National Flood Insurance fund, insurance activities of the Overseas Private Insurance Corporation, and Veterans' Life insurance programs) shall be accomplished by increasing premiums on contracts entered into extended or otherwise modified, after the date a sequestration order takes effect by the uniform sequestration percentage. Notwithstanding any other provision of law, for any year in which a sequestration affecting such programs is in effect, subsequent premiums shall be increased by the uniform percentage and all proceeds from the premium increase shall be paid from the insurance fund or account to the general fund of the Treasury.

(9) STATE GRANT FORMULAS.—For all State grant programs subject to direct spending caps—

(A) the total amount of funds available for all States shall be reduced by the amount required to be sequestered; and

(B) if States are projected to receive increased funding in the budget year compared to the immediately preceding fiscal year, sequestration shall first be applied to the estimated increases before reductions are made compared to actual payments to States in the previous year—

(i) the reductions shall be applied first to the total estimated increases for all States; then

(ii) the uniform reduction shall be made from each State's grant; and

(iii) the uniform reduction shall apply to the base funding levels available to states in the immediately preceding fiscal year only to the extent necessary to eliminate any remaining excess over the applicable direct spending cap.

(10) SPECIAL RULE FOR CERTAIN PROGRAMS.—Except matters exempted under section 11204 and programs subject to special rules set forth under section 11205 and notwithstanding any other provisions of law, any sequestration required under this Act shall reduce benefit levels by an amount sufficient to eliminate all excess spending identified in the report issued pursuant to section 11201, while maintaining the same uniform percentage reduction in the monetary value of benefits subject to reduction under this subsection.

(b) WITHIN-SESSION SEQUESTER.—If a bill or resolution providing direct spending for the current year is enacted before July 1 of that fiscal year and causes a breach within any direct spending cap for that fiscal year, 15 days later there shall be a sequestration to eliminate that breach within that cap.

SEC. 11204. ENFORCING REVENUE TARGETS.

(a) PURPOSE.—This section enforces the revenue targets established pursuant to section 11104. This section shall apply for any year in which actual revenues were less than the applicable revenue target in the preceding fiscal year or are projected to be less than the applicable revenue target in the current year.

(b) ESTIMATE OF NECESSITY TO SUSPEND NEW REVENUE REDUCTIONS.—Based on the statement provided under section 11201(a), OMB shall issue a report to the President and the Congress on December 15 of any year in which such statement identifies actual or projected revenues in the current or immediately preceding fiscal years lower than the applicable revenue target in section 11104, as adjusted pursuant to section 11106, by more than 1 percent of the applicable total revenue target for such year. The report shall include—

(1) all laws and policies described in subsection (c) which would cause revenues to decline in the calendar year which begins January 1 compared to the provisions of law in effect on December 15;

(2) the amounts by which revenues would be reduced by implementation of the provisions of law described in paragraph (1) compared to provisions of law in effect on December 15; and

(3) whether delaying implementation of the provisions of law described in paragraph (1) would cause the total for revenues in the projected revenues in the current fiscal year and actual revenues in the immediately preceding fiscal year to equal or exceed the total of the targets for the applicable years.

(c) NO CREDITS, DEDUCTIONS, EXCLUSIONS, PREFERENTIAL RATE OF TAX, ETC.—If any provision of the Internal Revenue Code of 1986 added by the Revenue Reconciliation Act of 1997 would (but for this section) first take effect in a tax benefit suspension year, such provision shall not take effect until the first calendar year which is not a tax benefit suspension year.

(d) END OF SUSPENSION.—If the OMB report issued under subsection (a) following a tax benefit suspension year indicates that the total of revenues projected in the current fiscal year and actual revenues in the immediately preceding year will equal or exceed the applicable targets the President shall sign an order ending the delayed phase-in of new tax cuts effective January 1. Such order shall provide that the new tax cuts shall take effect as if the provisions of this section had not taken effect.

(e) SUSPENSION OF BENEFITS BEING PHASED IN.—If, under any provision of the Internal Revenue Code of 1986, there is an increase in any benefit which would (but for this section) take effect with respect to a tax benefit suspension year, in lieu of applying subsection (c)—

(1) any increase in the benefit under such section with respect to such year and each subsequent calendar year shall be delayed 1 calendar year, and

(2) the level of benefit under such section with respect to the prior calendar year shall apply to such tax benefit suspension year.

(f) PERCENTAGE SUSPENSION WHERE FULL SUSPENSION UNNECESSARY TO ACHIEVE REVENUE TARGET.—If the application of subsections (c), (d), and (e) to any tax benefit suspension year would (but for this subsection) cause revenues to decline in the calendar year which begins January 1 compared to the provisions of law in effect on December 15; subsections (c) (d) and (e) shall be applied such that the amount of each benefit which is denied is only the percentage of such benefit which is necessary to result in revenues equal to such target. Such percentage shall be determined by OMB, and the same percentage shall apply to such benefits.

(g) TAX BENEFIT SUSPENSION YEAR.—For purposes of this section, the term ''tax benefit suspension year'' means any calendar year if the statement issued under subsection (b) during the preceding calendar year indicates that—

(1) for the fiscal year ending in such preceding calendar year, actual revenues were lower than the applicable revenue target in section 11104, as adjusted pursuant to section 11106, for such fiscal year by more than 1 percent of such target, or

(2) for the fiscal year beginning in such preceding calendar year, projected revenues (determined without regard to this section) are estimated to be lower than the applicable revenue target in section 11104, as adjusted pursuant to section 11106, for such fiscal year by more than 1 percent of such target.

SEC. 11205. EXEMPT PROGRAMS AND ACTIVITIES.

The following budget accounts, activities within accounts, or income shall be exempt from sequestration—

(1) net interest;

(2) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;

(3) offsetting receipts and collections;

(4) all payments from one Federal direct spending budget account to another Federal budget account;

(5) all intragovernmental funds including those from which funding is derived primarily from other Government accounts;

(6) expenses to the extent they result from private donations, bequests, or voluntary contributions to the Government;

(7) nonbudgetary activities, including but not limited to—

(A) credit liquidating and financing accounts;

(B) the Pension Benefit Guarantee Corporation Trust Funds;

(C) the Thrift Savings Fund;

(D) the Federal Reserve System; and

(E) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

(8) payments resulting from Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

(9) the following accounts, which largely fulfill requirements of the Constitution or otherwise make payments to which the Government is committed—

Bureau of Indian Affairs, miscellaneous trust funds, tribal trust funds (14–9973–0–7–999);

Claims, defense;

Claims, judgments and relief act (20–1895–0–1–806);

Compact of Free Association, economic assistance pursuant to Public Law 99-658 (14–0415–0–1–806);

Compensation of the President (11–0001–0–1–802);

Customs Service, miscellaneous permanent appropriations (20–9992–0–2–852);

Eastern Indian land claims settlement fund (14–2202–0–1–806);

Farm Credit System Financial Assistance Corporation, interest payments (20–1850–0–1–351);

Internal Revenue collections of Puerto Rico (20–5737–0–2–852);

Payments of Vietnam and USS Pueblo prisoner-of-war claims (15–0104–0–1–153):

Payments to copyright owners (03–5175–0–2–376);

Salaries of Article III judges (not including cost of living adjustments);

Soldier's and Airman's Home, payment of claims (84–8930–0–7–705);

Washington Metropolitan Area Transit Authority, interest payments (46–0300–0–1–401);

(10) the following noncredit special, revolving, or trust-revolving funds—

Exchange Stabilization Fund (20–4444–0–3–155); and

Foreign Military Sales trust fund (11–82232–0–7–155).

(j) OPTIONAL EXEMPTION OF MILITARY PERSONNEL.—

(1) The President may, with respect to any military personnel account, exempt that account from sequestration or provide for a

lower uniform percentage reduction that would otherwise apply.

(2) The President may not use the authority provided by paragraph (1) unless he notifies the Congress of the manner in which such authority will be exercised on or before the initial snapshot date for the budget year.

SEC. 11206. SPECIAL RULES.

(a) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in payments under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under the program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

(b) COMMODITY CREDIT CORPORATION.—

(1) EFFECTIVE DATE.—For the Commodity Credit Corporation, the date on which a sequestration order takes effect in a fiscal year shall vary for each crop of a commodity. In general, the sequestration order shall take effect when issued, but for each crop of a commodity for which 1-year contracts are issued as an entitlement, the sequestration order shall take effect with the start of the sign-up period for that crop that begins after the sequestration order is issued. Payments for each contract in such a crop shall be reduced under the same terms and conditions.

(2) DAIRY PROGRAM.—

(A) As the sole means of achieving any reduction in outlays under the milk price-support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk in the United States and marketed by producers for commercial use.

(B) That price reduction (measured in cents per hundred-weight of milk marketed) shall occur under subparagraph (A) of section 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued, and shall not exceed the aggregate amount of the reduction in outlays under the milk price-support program, that otherwise would have been achieved by reducing payments made for the purchase of milk or the products of milk under this subsection during that fiscal year.

(3) EFFECT OF DELAY.—For purposes of subsection (b)(1), the sequestrable base for Commodity Credit Corporation is the current-year level of gross outlays resulting from new budget authority that is subject to reduction under paragraphs (1) and (2).

(4) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this Act shall restrict the Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, or limit or reduce in any way any appropriation that provides the Corporation with funds to cover its realized losses.

(c) EARNED INCOME TAX CREDIT.—

(1) The sequestrable base for earned income tax credit program is the dollar value of all current year benefits to the entire eligible population.

(2) In the event sequestration is triggered to reduce earned income tax credits, all earned income tax credits shall be reduced, whether or not such credits otherwise would result in cash payments to beneficiaries, by a uniform percentage sufficient to produce the dollar savings required by the sequestration.

(d) REGULAR AND EXTENDED UNEMPLOYMENT COMPENSATION.—

(1) A State may reduce each weekly benefit payment made under the regular and extended unemployment benefit programs for any week of unemployment occurring during any period with respect to which payments are reduced under any sequestration order by a percentage not to exceed the percentage by which the Federal payment to the State is to be reduced for such week as a result of such order.

(2) A reduction by a State in accordance with paragraph (1) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1986.

(e) FEDERAL EMPLOYEES HEALTH BENEFITS FUND.— For the Federal Employees Health Benefits Fund, a sequestration order shall take effect with the next open season. The sequestration shall be accomplished by annual payments from that Fund to the General Fund of the Treasury. Those annual payments shall be financed solely by charging higher premiums. The sequestrable base for the Fund is the current-year level of gross outlays resulting from claims paid after the sequestration order takes effect.

(f) FEDERAL HOUSING FINANCE BOARD.— Any sequestration of the Federal Housing Board shall be accomplished by annual payments (by the end of each fiscal year) from that Board to the general fund of the Treasury, in amounts equal to the uniform sequestration percentage for that year times the gross obligations of the Board in that year.

(g) FEDERAL PAY.—

(1) IN GENERAL.— New budget authority to pay Federal personnel from direct spending accounts shall be reduced by the uniform percentage calculated under section 11203(c)(3), as applicable, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system (as increased by any amount payable under section 5304 of title 5, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5303 of title 5, United States Code, section 1109 of title 37, United States Code, or any other provision of law.

(2) DEFINITIONS.—For purposes of this subsection—

(A) the term ''statutory pay system'' shall have the meaning given that term in section 5302(1) of title 5, United States Code;

term ''elements of military pay'' means—

(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code;

(ii) allowances provided members of the uniformed services under sections 403(a) and 405 of such title; and

(iii) cadet pay and midshipman pay under section 203(c) of such title; and

(B) the term ''uniformed services'' shall have the same meaning given that term in section 101(3) of title 37, United States Code.

(h) MEDICARE.—

(1) TIMING OF APPLICATION OF REDUCTIONS.—

(A) IN GENERAL.— Except as provided in subparagraph (B), if a reduction is made in payment amounts pursuant to sequestration order, the reduction shall be applied to payment for services furnished after the effective date of the order. For purposes of the previous sentence, in the case of inpatient services furnished for an individual, the services shall be considered to be furnished on the date of the individual's discharge from the inpatient facility.

(B) PAYMENT ON THE BASIS OF COST REPORTING PERIODS.— In the case in which payment for services of a provider of services is made under title XVIII of the Social Security Act on a basis relating to the reasonable cost incurred for the services during a cost reporting period of the provider, if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for costs for such services incurred at any time during each cost reporting period of the provider any part of which occurs after the effective date of order, but only (for each such cost reporting period) in the same proportion as the fraction of the cost reporting period that occurs after the effective date of the order.

(2) NO INCREASE IN BENEFICIARY CHARGES IN ASSIGNMENT-RELATED CASES.—If a reduction in payment amounts is made pursuant to a sequestration order for services for which payment under part B of title XVIII of the Social Security Act is made on the basis of an assignment described in section 1842(b)(3)(B)(ii), in accordance with section 1842(b)(6)(B), or under the procedure described in section 1870(f)(1) of such Act, the person furnishing the services shall be considered to have accepted payment of the reasonable charge for the services, less any reduction in payment amount made pursuant to a sequestration order, as payment in full.

(3) PART B PREMIUMS.—In computing the amount and method of sequestration from part B of title XVIII of the Social Security Act—

(A) the amount of sequestration shall be calculated by multiplying the total amount by which Medicare spending exceeds the appropriate spending cap by a percentage that reflects the ratio of total spending under Part B to total Medicare spending; and

(B) sequestration in the Part B program shall be accomplished by increasing premiums to beneficiaries.

(4) NO EFFECT ON COMPUTATION OF AAPCC.—In computing the adjusted average per capita cost for purposes of section 1876(a)(4) of the Social Security Act, the Secretary of Health and Human Services shall not take into account any reductions in payment amounts which have been or may be effected under this part.

(i) POSTAL SERVICE FUND.— Any sequestration of the Postal Service Fund shall be accomplished by annual payments from that Fund to the General Fund of the Treasury, and the Postmaster General of the United States and shall have the duty to make those payments during the first fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each annual payment shall be—

(1) the uniform sequestration percentage, times

(2) the estimated gross obligations of the Postal Service Fund in that year other than those obligations financed with an appropriation for revenue forgone that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Within 30 days after the sequestration order is issued, the Postmaster General shall submit to the Postal Rate Commission a plan for financing the annual payment for that fiscal year and publish that plan in the Federal Register. The plan may assume efficiencies in the operation of the Postal Service, reductions in capital expenditures, increases in the prices of services, or any combination, but may not assume a lower Fund surplus or higher Fund deficit and shall follow the requirements of existing law governing the Postal Service in all other respects. Within 30 days of the receipt of that plan, the Postal Rate Commission shall approve the plan or modify it in the manner that modifications are allowed under current law. If the Postal Rate Commission does not respond to the plan within 30 days, the plan submitted by the Postmaster General shall go into effect. Any plan may be later revised by the submission of a new plan to the Postal Rate Commission, which may approve or modify it.

(j) POWER MARKETING ADMINISTRATIONS AND T.V.A.— Any sequestration of the Department of Energy power marketing administration funds or the Tennessee Valley Authority fund shall be accomplished by annual payments from those funds to the General Fund of the Treasury, and the administrators of those funds shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each payment by a fund shall be—

(1) the direct spending uniform sequestration percentage, times

(2) the estimated gross obligations of the fund in that year other than those obligations financed from discretionary appropriations for that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Annual payments by a fund may be financed by reductions in costs required to produce the pre-sequester amount of power (but those reductions shall not include reductions in the amount of power supplied by the fund), by reductions in capital expenditures, by increases in tax rates, or by any combination, but may not be financed by a lower fund surplus, a higher fund deficit, additional borrowing, delay in repayment of principal on outstanding debt and shall follow the requirements of existing law governing the fund in all other respects. The administrator of a fund or the TVA Board is authorized to take the actions specified in this subsection in order to make the annual payments to the Treasury.

(k) BUSINESS-LIKE TRANSACTIONS.—Notwithstanding any other provision of law, for programs which provide a business-like service in exchange for a fee, sequestration shall be accomplished through a uniform increase in fees (sufficient to produce the dollar savings in such programs for the fiscal year of the sequestration required by section 11201(a)(2), all subsequent fees shall be increased by the same percentage, and all proceeds from such fees shall be paid into the general fund of the Treasury, in any year for which a sequester affecting such programs are in effect.

SEC. 11207. THE CURRENT LAW BASELINE.

(a) SUBMISSION OF REPORTS.—CBO and OMB shall submit to the President and the Congress reports setting forth the budget baselines for the budget year and the next nine fiscal years. The CBO report shall be submitted on or before January 15. The OMB report shall accompany the President's budget.

(b) DETERMINATION OF THE BUDGET BASELINE.—(1) The budget baseline shall be based on the common economic assumptions set forth in section 11106, adjusted to reflect revisions pursuant to subsection (c).

(2) The budget baseline shall consist of a projection of current year levels of budget authority, outlays, revenues and the surplus or deficit into the budget year and the relevant outyears based on current enacted laws as of the date of the projection.

(3) For discretionary spending items, the baseline shall be the spending caps in effect pursuant to section 601(a)(2) of the Congressional Budget Act of 1974. For years for which there are no caps, the baseline for discretionary spending shall be the same as the last year for which there were statutory caps.

(4) For all other expenditures and for revenues, the baseline shall be adjusted by comparing unemployment, inflation, interest rates, growth and other economic indicators-and changes ineligible population-for the most recent period for which actual data are available, compared to the assumptions contained in section 11106.

(c) REVISIONS TO THE BASELINE.—The baseline shall be adjusted for up-to-date economic assumptions when CBO submits its Economic and Budget Update and when OMB submits its budget update, and by August 1 each year, when CBO and OBM submit their midyear reviews.

SEC. 11208. LIMITATIONS ON EMERGENCY SPENDING.

(a) IN GENERAL.—(1) Within the discretionary caps for each fiscal year contained in this Act, an amount shall be withheld from allocation to the appropriate committees of the House of Representatives and of the Senate and reserved for natural disasters and other emergency purposes.

(2) Such amount for each such fiscal year shall not be less than 1 percent of total budget authority and outlays available within those caps for that fiscal year.

(3) The amounts reserved pursuant to this subsection shall be made available for allocation to such committees only if—

(A) the President has made a request for such disaster funds;

(B) the programs to be funded are included in such request; and

(C) the projected obligations for unforeseen emergency needs exceed the 10-year rolling average annual expenditures for existing programs included in the Presidential request for the applicable fiscal year.

(4) Notwithstanding any other provision of law—

(A) States and localities shall be required to maintain effort and ensure that Federal assistance payments do not replace, subvert or otherwise have the effect of reducing regularly budgeted State and local expenditures for law enforcement, refighting, road construction and maintenance, building construction and maintenance or any other category of regular government expenditure (to ensure that Federal disaster payments are made only for incremental costs directly attributable to unforeseen disasters, and do not replace or reduce regular State and local expenditures for the same purposes);

(B) the President may not take administrative action to waive any requirement for States or localities to make minimum matching payments as a condition or receiving Federal disaster assistance and prohibit the President from taking administrative action to waive all or part of any repayment of Federal loans for the State or local matching share required as a condition of receiving Federal disaster assistance, and this clause shall apply to all matching share requirements and loans to meet matching share requirements under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) and any other Acts pursuant to which the President may declare a disaster or disasters and States and localities otherwise qualify for Federal disaster assistance; and

(C) a two-thirds vote in each House of Congress shall be required for each emergency to reduce or waive the State matching requirement of to forgive all or part of loans for the State matching share as required under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

(b) EFFECT BUDGET RESOLUTIONS.—(1) All concurrent resolutions on the budget (including revisions) shall specify the amount of new budget authority and outlays within the discretionary spending cap that shall be withheld from allocation to the committees and reserved for natural disasters, and a procedure for releasing such funds for allocation to the appropriate committee. The amount withheld shall be equal to 1 percent of the total discretionary spending cap for fiscal year covered by the resolution, unless additional amounts are specified.

(2) The procedure for allocation of the amounts pursuant to paragraph (1) shall ensure that the funds are released for allocation only pursuant to the conditions contained in subsection (a)(3)(A) through (C).

(c) RESTRICTION ON USE OF FUNDS.—Notwithstanding any other provision of law, the amount reserved pursuant to subsection (a) shall not be available for other than emergency funding requirements for particular natural disasters or national security emergencies so designated by Acts of Congress.

(d) NEW POINT OF ORDER.—(1) Title IV of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

''POINT OF ORDER REGARDING EMERGENCIES

''SEC. 408. It shall not be in order in the House of Representatives or the Senate to consider any bill or joint resolution, or amendment thereto or conference report thereon, containing an emergency designation for purposes of section 251(b)(2)(D) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 or of section 11207 of the Balanced Budget Assurance Act of 1997 if it also provides an appropriation or direct spending for any other item or contains any other matter, but that bill or joint resolution, amendment, or conference report may contain rescissions of budget authority or reductions of direct spending, or that amendment may reduce amounts for that emergency.''.

(2) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 407 the following new item:

''Sec. 408. Point of order regarding emergencies.''.

AMENDMENT TO H.R. 2015, AS REPORTED

OFFERED BY MR. TAYLOR OF MISSISSIPPI

At the end of title IV, add the following new subtitle:

Subtitle J—Uniformed Services Medicare Subvention

SEC. 4901. DEFINITIONS.

For purposes of this subtitle:

(1) MEDICARE-ELIGIBLE COVERED MILITARY BENEFICIARY.—The term ''medicare-eligible covered military beneficiary'' means a beneficiary under chapter 55 of title 10, United States Code, who—

(A) is entitled to hospital insurance benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.); and

(B) is enrolled in the supplementary medical insurance program under part B of such title (42 U.S.C. 1395j et seq.).

(2) TRICARE PROGRAM.—The term ''TRICARE program'' means the managed health care program that is established by the Secretary of Defense under the authority of chapter 55 of title 10, United States Code, principally section 1097 of such title, and includes the competitive selection of contractors to financially underwrite the delivery of health care services under the Civilian Health and Medical Program of the Uniformed Services.

(3) SUBVENTION PROGRAM.—The term ''subvention program'' means the program established under section 4902 to reimburse the Department of Defense, from the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), for health care services provided to medicare-eligible covered military beneficiaries through the managed care option of the TRICARE program.

(4) SECRETARIES.—The term ''Secretaries'' means the Secretary of Defense and the Secretary of Health and Human Services acting jointly.

SEC. 4902. ESTABLISHMENT OF SUBVENTION PROGRAM.

(a) ESTABLISHMENT REQUIRED.—The Secretary of Defense and the Secretary of Health and Human Services shall jointly establish a program to provide the Department of Defense with reimbursement, beginning October 1, 1997, in accordance with section 4903, from the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) for health care services provided to medicare-eligible covered military beneficiaries who agree to receive the health care services through the managed care option of the TRICARE program.

(b) VOLUNTARY ENROLLMENT.—For purposes of the subvention program, enrollment of medicare-eligible covered military beneficiaries in the managed care option of the TRICARE program shall be voluntary, except that the total number of medicare-eligible covered military beneficiaries so enrolled shall be subject to the capacity and funding limitations specified in section 4903.

(c) EFFECT OF ENROLLMENT.—In the case of a medicare-eligible covered military beneficiary who enrolls in the managed care option of the TRICARE program, payments may not be made under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) other than under the subvention program for health care services provided through the managed care option, except that the Secretaries may provide exceptions for emergencies or other situations as the Secretaries consider appropriate.

(d) TRICARE PROGRAM ENROLLMENT FEE WAIVER.—The Secretary of Defense shall waive the enrollment fee applicable to any medicare-eligible covered military beneficiary enrolled in the managed care option of the TRICARE program for whom reimbursement may be made under section 4903.

(e) MODIFICATION OF TRICARE CONTRACTS.—In carrying out the subvention program, the Secretary of Defense may amend existing TRICARE program contracts as may be necessary to incorporate provisions specifically applicable to medicare-eligible covered military beneficiaries who enroll in the managed care option of the TRICARE program.

(f) COST SHARING.—The Secretary of Defense may establish cost sharing requirements for medicare-eligible covered military beneficiaries who enroll in the managed care option of the TRICARE program and for whom reimbursement may be made under section 4903.

(g) EXPANSION OF SUBVENTION PROGRAM.—The Secretaries may expand the subvention program to incorporate health care services provided to medicare-eligible covered military beneficiaries under the fee-for-service options of the TRICARE program if, in the report submitted under section 713 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–106; 110 Stat. 2591), the Secretaries determined that such expansion is feasible and advisable.

SEC. 4903. DETERMINATION OF REIMBURSEMENT AMOUNTS.

(a) REIMBURSEMENT OF DEPARTMENT OF DEFENSE.—

(1) BASIS OF PAYMENTS.—Beginning October 1, 1997, monthly payments to the Department of Defense under the subvention program shall be made from the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) on the basis that payments are made under section 1876(a) of the such Act (42 U.S.C. 1395mm(a)).

(2) AMOUNT OF PAYMENTS.—The Secretary of Health and Human Services shall make payments to the Department of Defense from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund (allocated by the Secretary of Health and Human Services between each trust fund based on the relative weight that each trust fund contributes to the required payment) at a per capita rate equal to 93 percent of the applicable adjusted average per capita cost for each medicare-eligible covered military beneficiary enrolled in the managed care option of the TRICARE program in excess of the number of such beneficiaries calculated under subsection (b) for the Department of Defense maintenance of health care effort.

(b) MAINTENANCE OF DEFENSE HEALTH CARE EFFORT.—

(1) MAINTENANCE OF EFFORT REQUIRED.—The Secretary of Defense shall maintain the Department of Defense health care efforts for medicare-eligible covered military beneficiaries so as to avoid imposing on the medicare program those costs that the Department of Defense would be expected to incur to provide health care services to medicare-eligible covered military beneficiaries in the absence of the subvention program.

(2) ESTIMATE OF PRIOR EFFORT.—For the first fiscal year of the subvention program, the Secretaries shall estimate the amount expended by the Department of Defense for fiscal year 1997 for providing health care items and services (other than pharmaceuticals provided to outpatients) to medicare-eligible covered military beneficiaries. For subsequent fiscal years, the amount so estimated shall be adjusted for inflation, for differences between estimated and actual amounts expended, and for changes in the Department of Defense health care budget that exceed $100,000,000.

(3) TARGET FOR DEFENSE EFFORT.—On the basis of the estimate made under paragraph (2), the Secretaries shall establish monthly targets of the number of medicare-eligible covered military beneficiaries for whom reimbursement will not be provided to the Department of Defense under subsection (a).

(c) PROTECTION OF MEDICARE PROGRAM AGAINST INCREASED COSTS.—

(1) PURPOSE.—The purpose of this subsection is to protect the medicare program against costs incurred under subsection (a) in connection with the provision of health care services to medicare-eligible covered military beneficiaries that would not have been incurred by the medicare program in the absence of the reimbursement requirement.

(2) REVIEW BY COMPTROLLER GENERAL.—Not later than December 31 of each year, the Comptroller General shall determine and submit to the Secretaries and Congress a report on the extent, if any, to which the costs of the Secretary of Defense under the TRICARE program and the costs of the Secretary of Health and Human Services under the medicare program have increased as a result of the subvention program.

(3) ACTIONS TO PREVENT INCREASED COSTS.—If the Secretaries determine that the trust funds under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) still incur excess costs as a result of the subvention program, the Secretaries shall take such steps as may be necessary to offset those excess costs (and prevent future excess costs), including suspension or termination of the subvention program, adjustment of the payment rate under subsection (a)(2), or an adjustment of the maintenance of effort requirements of the Department of Defense under subsection (b).

AMENDMENT TO H.R. —, AS REPORTED, OFFERED BY MR. KENNEDY OF MASSACHUSETTS.

(Amendment to Child Health Budget Reconciliation Provision)

In section 3502, in the section 2103(b)(2) of the Social Security Act as added by such section, insert before the period at the end the following: '', plus the average number of low-income children who have such coverage in the fiscal year, as estimated by the Secretary, only pursuant to a State-only funded health coverage program or pursuant to an optional expansion of coverage under the State's medicaid plan under title XIX''.

AMENDMENT TO TAX RECONCILIATION PROVISIONS OFFERED BY MR. MCDERMOTT OF WASHINGTON AND MR. MATSUI

Strike section 934 of the bill (relating to standards for determining whether individuals are not employees).

AMENDMENT TO H.R.— , AS REPORTED, OFFERED BY MR. NADLER OF NEW YORK

(Offered to Medicare Reconciliation Provisions)

In section 3461(a)(3), in the paragraph (64)(A)(i) inserted by such section, by inserting before the semicolon at the end the following: ''and so that coverage of services and treatment is not denied if they are determined to be medically necessary in the professional opinion of the treating health care provider, in consultation with the individual''.

In sections 4001 and 10001, in the section 1852(d)(1) inserted by each such section, amend subparagraph (D) to read as follows:

''(D) the organization provides coverage of services and treatment of appropriate providers, including credentialed specialists when such treatment and services are determined to be medically necessary in the professional opinion of the treating health care provider, in consultation with the individual; and

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AMENDMENT TO H.R.—, AS REPORTED, OFFERED BY MR. NADLER OF NEW YORK, MS. MALONEY OF NEW YORK, AND MR. SCHUMER

Strike section 7002 (relating to the sale of Governor's Island, New York) and redesignate subsequent sections of title VII accordingly.

Subtitle B of title III is amended by adding at the end the following:

SEC. 3102. SALE OF PETROLEUM PRODUCTS FROM WEEKS ISLAND FACILITY.

In fiscal year 2002, the Secretary of Energy shall sell 73,000,000 barrels of petroleum product from the Weeks Island facility of the Strategic Petroleum Reserve.

AMENDMENT TO THE BUDGET RECONCILIATION BILL OFFERED BY REPRESENTATIVE SANDER M. LEVIN

Strike subtitle D of title IX and insert the following:

Subtitle D—Restricting Welfare and Public Benefits for Aliens

SEC. 9301. EXCEPTION FOR CERTAIN DISABLED INDIVIDUALS FROM RESTRICTIONS ON SUPPLEMENTAL SECURITY INCOME AND MEDICAID PROGRAM PARTICIPATION BY QUALIFIED ALIENS.

(a) SSI EXCEPTION.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by redesignating subparagraph (D) as subparagraph (E), and by inserting after subparagraph (C) the following new subparagraph:

''(D) SSI EXCEPTION FOR CERTAIN DISABLED ALIENS.—With respect to the program specified in paragraph (3)(A), paragraph (1) shall not apply to a qualified alien—

''(i) who is blind or disabled within the meaning of section 1614(a)(2) or 1614(a)(3), respectively, of the Social Security Act; and

''(ii) who, prior to August 23, 1996, was lawfully admitted for permanent residence or

had otherwise obtained an immigration status included in the definition of 'qualified alien' under section 431.''.

(b) MEDICAID EXCEPTION.—Section 402(b)(2) of such Act is amended by redesignating subparagraph (D) as subparagraph (E), and by inserting after subparagraph (C) the following new subparagraph:

''(D) MEDICAID EXCEPTION FOR CERTAIN DISABLED ALIENS.—With respect to the program specified in paragraph (3)(C), paragraph (1) shall not apply to a qualified alien who is an individual described in subsection (a)(2)(D).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as though they had been included in the enactment of section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9302. 2-YEAR EXTENSION OF 5-YEAR EXCEPTIONS FOR REFUGEES AND CERTAIN OTHER QUALIFIED ALIENS FROM BANS ON ELIGIBILITY FOR SSI AND MEDICAID.

(a) SSI.—Section 402(a)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended in the matter preceding clause (i) by inserting '', in the case of the Federal program specified in paragraph (3)(B), and 7 years, in the case of the Federal program specified in paragraph (3)(A),'' after ''5 years''.

(b) MEDICAID.—Section 402(b)(2)(A) of such Act is amended in each of clauses (i), (ii), and (iii) by inserting ''(or 7 years, in the case of the program specified in paragraph (3)(C))'' after ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as though they had been included in the enactment of section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9303. EXEMPTIONS FROM RESTRICTIONS ON SUPPLEMENTAL SECURITY INCOME PROGRAM PARTICIPATION BY PERMANENT RESIDENT ALIENS WHO ARE MEMBERS OF AN INDIAN TRIBE.

(a) IN GENERAL.—

(1) SPECIAL RESTRICTION APPLICABLE TO SSI.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by redesignating subparagraph (E) (as previously redesignated by section 9301(a) of this Act) as subparagraph (F), and by inserting after subparagraph (D) the following new subparagraph:

''(E) SSI EXCEPTION FOR PERMANENT RESIDENT ALIENS WHO ARE MEMBERS OF AN INDIAN TRIBE.—With respect to the program specified in paragraph (3)(A), paragraph (1) shall not apply to any alien who is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act and who is a member of an Indian tribe (as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).''.

(2) FIVE-YEAR RESTRICTION APPLICABLE TO NEW ENTRANTS.—Section 403(b) of such Act is amended by adding at the end the following new paragraph:

''(3) SSI EXCEPTION FOR PERMANENT RESIDENT ALIENS WHO ARE MEMBERS OF AN INDIAN TRIBE.—An alien described in section 402(a)(2)(E), but only with respect to the program specified in section 402(a)(3)(A).''.

(b) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) of subsection (a) shall take effect as though they had been included in the enactment of sections 402 and 403, respectively, of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9304. EXEMPTION FROM RESTRICTION ON SUPPLEMENTAL SECURITY INCOME PROGRAM PARTICIPATION BY CERTAIN RECIPIENTS ELIGIBLE ON THE BASIS OF VERY OLD APPLICATIONS.

(a) IN GENERAL.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by redesignating subparagraph (F) (as previously redesignated by section 9303(a)(1) of this Act) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) SSI EXCEPTION FOR CERTAIN RECIPIENTS ELIGIBLE ON THE BASIS OF VERY OLD APPLICATIONS.—With respect to the program specified in paragraph (3)(A), paragraph (1) shall not apply to any individual (i) who is eligible for benefits under such program for months after July 1996 on the basis of an application filed before January 1, 1979, and (ii) with respect to whom the Commissioner lacks clear and convincing evidence that such individual is an alien ineligible for such benefits as a result of the application of this section.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as though it had been included in the enactment of section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9305. EXTENSION OF DEADLINES FOR SSI REDETERMINATION PROVISIONS.

(a) IN GENERAL.—Section 402(a)(2)(G)(i) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (as redesignated by section 9304(a) of this Act) is amended—

(1) in subclause (I), by striking ''the date which is 1 year after such date of enactment'' and inserting ''March 31, 1998 or, if later, the date which is 255 days after the date of the enactment of [INSERT SHORT TITLE OF THE ACT CONTAINING THIS AMENDMENT]''; and

(2) in subclause (III)—

(A) by striking ''the date of the redetermination with respect to such individual'' and inserting ''March 31, 1998 or, if later, the date which is 255 days after the date of the enactment of [INSERT SHORT TITLE OF THE ACT CONTAINING THIS AMENDMENT]''; and

(B) by inserting '', and the provisions of section 1614(a)(4) and clauses (i) and (ii) of section 1631(a)(7)(A) of the Social Security Act shall not apply to such individual'' before the period.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as though they had been included in the enactment of section 402 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

SEC. 9306. REALLOCATION OF DISABILITY DETERMINATION WORKLOADS RELATING TO ALIENS.

In any State making disability determinations in accordance with section 221 of the Social Security Act, the Commissioner of Social Security may, notwithstanding the provisions of such section specifying the circumstances under which the Commissioner may assume the disability determination function in such State, elect to make the determination of disability with respect to some or all of the individuals in such State who are described in section 402(a)(2)(D) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (as added by section 9301(a) of this Act) or to transfer responsibility for such function to another State that the Commissioner determines is willing and able to perform such function, if the Commissioner determines that such action is necessary to comply with the deadline specified in section 402(a)(2)(G)(i)(I) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (as redesignated by section 9304(a) of this Act).

SEC. 9307. PRESUMPTION OF DISABILITY FOR PURPOSES OF THE SUPPLEMENTAL SECURITY INCOME PROGRAM IN THE CASE OF CERTAIN QUALIFIED ALIENS RESIDING IN CERTAIN FACILITIES OR RECEIVING HOSPICE CARE.

For the purpose of determining whether a qualified alien (as defined in section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) meets the requirement contained in clause (i) of section 402(a)(2)(D) of such Act (as added by section 9301(a) of this Act), a qualified alien—

(1) who—

(A) has attained the age of 65; and

(B) resides in an institution (or distinct part of an institution) that is primarily engaged in providing medical, custodial, or other care to residents who, because of their mental or physical condition, require such care; or

(2) who is terminally ill and receiving hospice care,

shall be presumed to be blind or disabled within the meaning of section 1614(a)(2) or 1614(a)(3), respectively, of the Social Security Act. Such presumption may be rebutted only if the Commissioner of Social Security receives clear and convincing evidence to the contrary.

SEC. 9308. RELIANCE ON INFORMATION FROM OTHER AGENCIES.

(a) RELIANCE.—Notwithstanding any other provision of law, in determining whether a qualified alien (as defined in section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) meets the requirement respecting blindness or disability contained in clause (i) of section 402(a)(2)(D) of such Act (as added by section 9301(a) of this Act), the Commissioner of Social Security may rely on information from a State or Federal agency respecting the medical condition of such individual in any case where such information indicates to the Commissioner's satisfaction that such individual is blind or disabled within the meaning of section 1614(a)(2) or section 1614(a)(3), respectively, of the Social Security Act.

(b) PROVISION OF INFORMATION.—Notwithstanding any other provision of law other than section 6103 of the Internal Revenue Code of 1986, the Department of Health and Human Services, the Immigration and Naturalization Service, an agency of any State, or any other governmental agency may disclose to the Social Security Administration information respecting the medical condition of an individual that the Commissioner of Social Security requests for the purpose of making the determination described in subsection (a).

(c) TEMPORARY EXEMPTION FROM COMPUTER MATCHING REQUIREMENTS.—The provisions of subsections (e)(12), (o), (p), (q), and (u) of section 552a of title 5, United States Code, shall not apply to any computer matching program conducted during the one-year period following the date of the enactment of [INSERT SHORT TITLE OF THE ACT CONTAINING THIS PROVISION] for the purpose of making the determinations described in subsection (a).

SEC. 9309. TREATMENT OF CERTAIN AMERASIAN IMMIGRANTS AS REFUGEES.

(a) AMENDMENTS TO EXCEPTIONS FOR REFUGEES/ASYLEES.—

(1) FOR PURPOSES OF SSI AND FOOD STAMPS.—Section 402(a)(2)(A) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended—

(A) by striking ''; or'' at the end of clause (ii);

(B) by striking the period at the end of clause (iii) and inserting ''; or''; and

(C) by adding after clause (iii) the following new clause:

''(iv) an alien is admitted to the United States as an Amerasian immigrant pursuant to section 584 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988, as incorporated into section 101(e) of the joint resolution making further continuing appropriations for the fiscal year 1988, Public Law 100–202, and amended by the 9th proviso under Migration and Refugee Assistance in title II of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991, Public Law 101–513.''.

(2) FOR PURPOSES OF TANF, SSBG, AND MEDICAID.—Section 402(b)(2)(A) of such Act is amended—

(A) by striking ''; or'' at the end of clause (ii);

(B) by striking the period at the end of clause (iii) and inserting ''; or''; and

(C) by adding after clause (iii) the following new clause:

''(iv) an alien described in subsection (a)(2)(A)(iv) until 5 years (or 7 years, in the case of the program specified in paragraph (3)(C)) after the date of such alien's entry into the United States.''.

(3) FOR PURPOSES OF EXCEPTION FROM 5-YEAR LIMITED ELIGIBILITY OF QUALIFIED ALIENS.—Section 403(b)(1) of such Act is amended by adding after subparagraph (C) the following new subparagraph:

''(D) An alien described in section 402(a)(2)(A)(iv).''.

(4) FOR PURPOSES OF CERTAIN STATE PROGRAMS.—Section 412(b)(1) of such Act is amended by adding after subparagraph (C) the following new subparagraph:

''(D) An alien described in section 402(a)(2)(A)(iv).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to periods beginning on or after October 1, 1997.

SEC. 9310. 5-YEAR LIMITED ELIGIBILITY FOR MEANS-TESTED PUBLIC BENEFITS: SPECIAL RULE FOR CUBAN AND HAITIAN ENTRANTS.

(a) CORRECTION OF REFERENCE.—Section 403(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by striking ''section 501(e)(2)'' and inserting ''section 501(e)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective with respect to periods beginning on or after October 1, 1997.

AMENDMENT TO H.R.—, AS REPORTED, OFFERED BY MR. LEVIN OF MICHIGAN

Strike sections 5004 and 9004, and redesignate succeeding sections and amend the table of contents, accordingly.

AMENDMENT TO H.R.—, AS REPORTED, OFFERED BY MR. LEVIN OF MICHIGAN

Strike section 9102, and redesignate succeeding sections and amend the table of contents, accordingly.

AMENDMENT TO H.R.—, AS REPORTED (RELATING TO RECONCILIATION), OFFERED BY MR. CONYERS OF MICHIGAN

In section 9004(a) (Committee on Ways and Means print), and in section 5004(a) (Education and Labor print) strike the close marks and the period at the end.

In section 407(j) of the Social Security Act, as amended by Section 9004(a) of the bill, and in section 407(k) of the Social Security Act, as amended by Section 5004(a) of the bill, add the following at the end:

''(6) RULE OF CONSTRUCTION.—Nothing in this title shall be construed to deny recipients of assistance engaging in work, work experience, or community service under this title protection under title VII of the Civil Rights Act of 1964.''

AMENDMENT TO H.R.—, AS REPORTED, OFFERED BY MR. CONYERS OF MICHIGAN (MALPRACTICE)

Strike sections 4801 through 4812 (Committee on Commerce) and 10801 through 10812 (Committee on Ways and Means), redesignate succeeding sections, and conform the table of contents.

AMENDMENT OFFERED BY REPRESENTATIVE ROUKEMA AND REPRESENTATIVE POMEROY

Strike sections 5301 through 5307 of subtitle D of Title V.

AMENDMENT OFFERED BY MR. WAXMAN TO THE MEDICAID RECONCILIATION PROVISIONS

At the end of the text, add the following new chapter:

CHAPTER 4—EXTENSION OF PREMIUM PROTECTION FOR LOW-INCOME MEDICARE BENEFICIARIES

SEC. 3481. EXTENSION OF SLMB PROTECTION.

(a) IN GENERAL.—Section 1902(a)(10)(E)(iii) (42 U.S.C. 1396a(a)(10)(E)(iii)) is amended by striking ''and 120 percent in 1995 and years thereafter'' and inserting '', 120 percent in 1995 through 1997, 130 percent in 1998, 140 percent in 1999, and 150 percent in 2000 and years thereafter''.

(b) 100 PERCENT FMAP.—Section 1905(b) (42 U.S.C. 1396d(b)) is amended by adding at the end the following: ''Notwithstanding the first sentence of this section, the Federal medical assistance percentage shall be 100 percent with respect to amounts expended as medical assistance for medical assistance described in section 1902(a)(10(E)(iii) for individuals described in such section whose income exceeds 120 percent of the official poverty line referred to in such section''.

''(ii) in the manner and through the written instrumentalities such MedicarePlus organization deems appropriate, makes available information on its policies regarding such service to prospective enrollees before or during enrollment and to enrollees within 90 days after the date that the organization or plan adopts a policy regarding such a counseling or referral service.

AMENDMENT OFFERED BY REPRESENTATIVE DAVIS OF VIRGINIA AND REPRESENTATIVE NORTON OF THE DISTRICT OF COLUMBIA

The amendment consists of the text of H.R. 1963.

AMENDMENT TO H.R. —, AS REPORTED (RELATING TO RECONCILIATION) OFFERED BY MR. BERMAN OF CALIFORNIA

At an appropriate place, insert the following (and make such technical and conforming changes as may be appropriate):

SEC. . AMENDMENT TO PRESERVE FOOD STAMP ELIGIBILITY OF MIGRANT AND SEASONAL AGRICULTURAL WORKERS.

Subtitle D of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by adding at the end the following:

''SEC. 435. PRESERVATION OF ELIGIBILITY OF MIGRANT AND SEASONAL AGRICULTURAL WORKERS TO RECEIVE FOOD STAMP BENEFITS.

''(a) EXCLUSION OF MIGRANT AND SEASONAL AGRICULTURAL WORKERS.—Notwithstanding any other provision of this title, a migrant or seasonal agricultural worker who is eligible, as determined under the Food Stamp Act of 1977 (7 U.S.C. 2012(h)), to participate in the food stamp program (as defined in section 3(h) of such Act) shall not be determined, by reason of the operation of this title, to be ineligible to participate in such program.

''(b) DEFINITION.—For purposes of subsection (a), the term 'migrant or seasonal agricultural worker'—

''(1) has the meaning given the term 'migrant agricultural worker' in section 3(8) of Public Law 97–470 (29 U.S.C. 1802(8)), and

''(2) has the meaning given the term 'seasonal agricultural worker' in section 3(10) of Public Law 97–470 (29 U.S.C. 1802(10)).''.

AMENDMENT TO H.R.—, AS REPORTED OFFERED BY MRS. THURMAN OF FLORIDA

[(Amendment to Medicare Reconciliation Provisions)]

At the end of subtitle D of title X (relating to Anti-Fraud and Abuse Provisions), add the following (and conform the table of contents of such title accordingly):

SEC. 10311. EXTENSION OF SUBPOENA AND INJUNCTION AUTHORITY.

(a) SUBPOENA AUTHORITY.—Section 1128A(j)(1) (42 U.S.C. 1320a–7a(j)(1)) is amended by inserting ''and section 1128'' after ''with respect to this section''.

(b) INJUNCTION AUTHORITY.—Section 1128A(k) (42 U.S.C. 1320a–7a(k)) is amended by inserting ''or an exclusion under section 1128,'' after ''subject to a civil monetary penalty under this section,''.

(c) CLARIFYING AMENDMENTS.—Section 1128A(j) (42 U.S.C. 1320a–7a(j)) is amended—

(1) in paragraph (1)—

(A) by inserting '', except that, in so applying such sections, any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively'' after ''with respect to title II''; and

(B) by striking the second sentence; and

(2) in paragraph (2), to read as follows:

''(2) The Secretary may delegate to the Inspector General of the Department of Health and Human Services any or all authority granted under this section or under section 1128.''.

(d) CONFORMING AMENDMENT.—Section 1128 (42 U.S.C. 1320a–7) is amended by adding at the end the following new subsection:

''(j) REFERENCE TO LAWS DIRECTLY AFFECTING THIS SECTION.—For provisions of law concerning the Secretary's subpoena and injunction authority under this section, see section 1128A(j) and (k).''.

SEC. 10312. KICKBACK PENALTIES FOR KNOWING VIOLATIONS.

Section 1128B(b) (42 U.S.C. 1320a–7b(b)) is amended by striking ''and willfully'' each place it occurs.

SEC. 10313. ELIMINATION OF EXCEPTION OF FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM FROM DEFINITION OF FEDERAL HEALTH CARE PROGRAM.

Section 1128B(f)(1) (42 U.S.C. 1320a–7b(f)(1)) is amended by striking ''(other than the health insurance program under chapter 89 of title 5, United States Code)''.

SEC. 10314. LIABILITY OF PHYSICIANS IN SPECIALTY HOSPITALS.

Section 1867(d)(1)(B) (42 U.S.C. 1395dd(d)(1)(B)) is amended—

(1) by inserting ''or a physician working at or on-call at a hospital that is subject to the requirements of subsection (g),'' after ''physician on-call for the care of such an individual,'';

(2) by striking ''or'' at the end of clause (i); and

(3) by adding after clause (ii) the following new clauses:

''(iii) fails or refuses to appear within a reasonable time at a hospital subject to the requirements of subsection (g) in order to provide an appropriate medical screening examination as required by subsection (a), or

necessary stabilizing treatment as required by subsection (b), or

''(iv) fails or refuses to accept an appropriate transfer of a patient to a hospital that has specialized capabilities or facilities as defined in subsection (g),''.

SEC. 10315. EXPANSION OF CRIMINAL PENALTIES FOR KICKBACKS.

(a) APPLICATION OF CRIMINAL PENALTY AUTHORITY TO ALL HEALTH CARE BENEFIT PROGRAMS.—Section 1128B(b) (42 U.S.C. 1320a–7b(b)) is amended by striking ''Federal health care program'' each place it appears and inserting ''health care benefit program''.

(b) ATTORNEY GENERAL'S AUTHORITY TO SEEK CIVIL PENALTIES.—Section 1128B (42 U.S.C. 1320a–7b) is further amended by adding at the end the following new subsection:

''(g)(1) The Attorney General may bring an action in the district courts to impose upon any person who carries out any activity in violation of this section with respect to a Federal health care program a civil penalty of $25,000 to $50,000 for each such violation, and damages of three times the total remuneration offered, paid, solicited, or received.

''(2) A violation exists under paragraph (1) if one or more purposes of the remuneration is unlawful, and the damages shall be the full amount of such remuneration.

''(3) The procedures for actions under paragraph (1) with regard to subpoenas, statute of limitations, standard of proof, and collateral estoppel shall be governed by 31 U.S.C. 3731, and the Federal Rules of Civil Procedure shall apply to actions brought under this section.

''(4) This provision does not affect the availability of other criminal and civil remedies for such violations.''.

(c) ATTORNEY GENERAL'S INJUNCTION AUTHORITY.—Section 1128B (42 U.S.C. 1320a–7b) is further amended by adding at the end the following new subsection:

''(h) If the Attorney General has reason to believe that a person is engaging in conduct constituting an offense under subsection (b) or (g), the Attorney General may petition an appropriate United States district court for an order prohibiting that person from engaging in such conduct. The court may issue an order prohibiting that person from engaging in such conduct if the court finds that the conduct constitutes such an offense. The filing of a petition under this section does not preclude any other remedy which is available by law to the United States or any other person.''.

(d) DEFINITION.—Section 1128B(f) (42 U.S.C. 1320a–7b(f)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B);

(2) by striking ''(f)'' and inserting ''(f)(1)''; and

(3) by adding at the end the following new paragraph:

''(2) For purposes of this section, the term ''health care benefit program'' has the meaning given such term in 18 U.S.C. 24(b).''.

(e) CONFORMING AMENDMENTS.—

(1) Section 1128A(a) (42 U.S.C. 1320a–7a(a)) is amended in the final sentence by striking ''1128B(f)(1)'' and inserting ''1128B(f)(1)(A)''; and

(2) Section 24(a) of title 18 of the United States Code is amended—

(A) by striking the period at the end of paragraph (2) and adding a semicolon; and

(B) by adding after paragraph (2) the following new paragraph:

''(3) section 1128B of the Social Security Act.''.

SEC. 10316. REPEAL OF HIPAA ADVISORY OPINION AUTHORITY.

Section 1128D (42 U.S.C. 1320a–7d) is amended by striking subsection (b).

SEC. 10317. REPEAL EXPANDED EXCEPTION FOR RISK-SHARING CONTRACT TO ANTI-KICKBACK PROVISIONS.

Section 1128B(b)(3) (42 U.S.C. 1320a–7b(b)(3)), as amended by section 216(a) of the Health Insurance Portability and Accountability Act of 1996, is amended—

(1) by adding ''and'' at the end of subparagraph (D);

(2) by striking ''; and'' at the end of subparagraph (E) and inserting a period; and

(3) by striking subparagraph (F).

SEC. 10318. ADMINISTRATIVE FEES FOR MEDICARE OVERPAYMENT COLLECTION.

(a) ADMINISTRATIVE FEES FOR PROVIDERS OF SERVICES UNDER PART A.—Section 1815(d) (42 U.S.C. 1395g(d)) is amended by inserting ''(1)'' after ''(d)'' and by adding at the end the following new paragraph:

''(2)(A) Except as provided in subparagraph (B), if the payment of the excess described in paragraph (1) is not made (or effected by offset) within 30 days of the date of the determination, an administrative fee of 1 percent of the outstanding balance of the excess (after application of paragraph (1)), or such lower amount as an Administrative Law Judge may determine upon an appeal of the initial determination of the excess, shall be imposed on the provider, for deposit into the Trust Fund under this part.

''(B) The administrative fee shall be imposed under subparagraph (A) on a provider of services paid on a prospective basis only if such provider's cost report with respect to the payment determined to be in excess of the payment due under this part indicates that the provider's projected costs exceeded its actual costs by 30 percent or more.''.

(b) ADMINISTRATIVE FEES FOR PROVIDERS OF SERVICES OR OTHER PERSONS UNDER PART B.—Section 1833(j) (42 U.S.C. 1395*l*(j)) is amended by inserting ''(1)'' after ''(j)'' and by adding at the end the following new paragraph:

''(2) If the excess described in paragraph (1) is not made (or effected by offset) within 30 days of the date of the determination, an administrative fee of 1 percent of the outstanding balance of the excess (after application of paragraph (1)), or such lower amount as an Administrative Law Judge may determine upon an appeal of the initial determination of the excess, shall be imposed on the provider, or other person receiving the excess, for deposit into the Trust Fund under this part.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to final determinations made on or after the date of enactment of this Act.

SEC. 10319. AUTOMATED PREPAYMENT SCREENING REQUIREMENT.

(a) DETERMINATION BY ADMINISTRATOR.—By September 1 of each year (beginning with 1998), the Administrator of the Health Care Financing Administration, after consultation with the Comptroller General of the United States, shall determine—

(1) the medical diagnoses by providers of services under title XVIII of the Social Security Act which frequently result in overpayments to such providers under such title; and

(2) the percentage of claims involving the diagnoses described in paragraph (1), that fiscal intermediaries and carriers under such title shall screen before payment is made in order to avoid such overpayments.

(b) REQUIREMENT FOR FISCAL INTERMEDIARIES AND CARRIERS.—The Secretary of Health and Human Services shall not enter into a contract with a fiscal intermediary or carrier under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) unless the Secretary finds that such intermediary or carrier will screen the claims for payment, in accordance with subsection (a), under such title.

(c) NOTICE TO FISCAL INTERMEDIARIES AND CARRIERS.—The Secretary shall cause to have published in the Federal Register, in the last 15 days of October of each year, the results of the determination made under subsection (a).

AMENDMENT TO THE COMMITTEE PRINT OFFERED BY MR. BECERRA OF CALIFORNIA

At the end of subtitle D of title IX (relating to restricting welfare and public benefits for aliens) insert the following new section:

SEC. 9305. SSI ELIGIBILITY FOR CERTAIN DISABLED ALIENS.

Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(12)) is amended by inserting after subparagraph (F) (as added by section 9303) the following new subparagraph:

''(G) SSI ELIGIBILITY FOR CERTAIN DISABLED ALIENS.—With respect to the program specified in paragraph (3)(A) (relating to the supplemental security income program), paragraph (1) shall not apply to a qualified alien—

''(i) who is blind or disabled within the meaning of section 1614(a)(2) or 1614(a)(3), respectively, of the Social Security Act; and

''(ii) who on or before August 22, 1996, obtained a status within the meaning of the term 'qualified alien'.''.

AMENDMENT OFFERED BY MR. PALLONE, MS. ESHOO, AND MS. FURSE TO THE CHILD HEALTH RECONCILIATION PROVISIONS

Strike the entire text and insert the following:

Subtitle F—Child Health Insurance Initiative Act of 1997

SEC. 3500. SHORT TITLE OF SUBTITLE.

This subtitle may be cited as the ''Child Health Insurance Initiative Act of 1997''.

CHAPTER 1—IMPROVED OUTREACH

SEC. 3501. GRANT PROGRAM TO PROMOTE OUTREACH EFFORTS.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, for each fiscal year beginning with fiscal year 1998 to the Secretary of Health and Human Services, $25,000,000 for grants to States, localities, and nonprofit entities to promote outreach efforts to enroll eligible children under the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) and related programs.

(b) USE OF FUNDS.—Funds under this section may be used to reimburse States, localities, and nonprofit entities for additional training and administrative costs associated with outreach activities. Such activities include the following:

(1) USE OF A COMMON APPLICATION FORM FOR FEDERAL CHILD ASSISTANCE PROGRAMS.—Implementing use of a single application form (established by the Secretary and based on the model application forms developed under subsections (a) and (b) of section 6506 of the Omnibus Budget Reconciliation Act of 1989 (42 U.S.C. 701 note; 1396a note)) to determine the eligibility of a child or the child's family (as applicable) for assistance or benefits under the medicaid program and under other Federal child assistance programs (such as the temporary assistance for needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)), and the State program for foster care maintenance payments and adoption assistance payments under part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.)).

(2) EXPANDING OUTSTATIONING OF ELIGIBILITY PERSONNEL.—Providing for the stationing of eligibility workers at sites, such

as hospitals and health clinics, at which children receive health care or related services.

(c) APPLICATION, ETC.—Funding shall be made available under this section only upon the approval of an application by a State, locality, or nonprofit entity for such funding and only upon such terms and conditions as the Secretary specifies.

(d) ADMINISTRATION.—The Secretary may administer the grant program under this section through the identifiable administrative unit designated under section 509(a) of the Social Security Act (42 U.S.C. 709(a)) to promote coordination of medicaid and maternal and child health activities and other child health related activities.

CHAPTER 2—STRENGTHENING MEDICAID PROGRAM

SEC. 3521. STATE OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS FOR CHILDREN UNDER THE MEDICAID PROGRAM.

(a) IN GENERAL.—Section 1902(e) of the Social Security Act (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

''(12) At the option of the State, the plan may provide that an individual who is under an age specified by the State (not to exceed 19 years of age) and who is determined to be eligible for benefits under a State plan approved under this title under subsection (a)(10)(A) shall remain eligible for those benefits until the earlier of—

''(A) the end of a period (not to exceed 12 months) following the determination; or

''(B) the time that the individual exceeds that age.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to medical assistance for items and services furnished on or after January 1, 1998.

SEC. 3522. CLARIFICATION OF STATE OPTION TO COVER ALL CHILDREN UNDER 19 YEARS OF AGE.

Effective upon the date of the enactment of this Act, section 1902(l)(1)(D) of the Social Security Act (42 U.S.C. 1396a(l)(1)(D)) is amended by inserting ''(or, at the option of a State, after any earlier date)'' after ''children born after September 30, 1983''.

CHAPTER 3—MEDIKIDS PROGRAM

SEC. 3531. STATE ENTITLEMENT TO PAYMENT FOR MEDIKIDS PROGRAM.

(a) IN GENERAL.—Each State that has a plan for a child health insurance program, or MediKids program, approved by the Secretary is entitled to receive, from amounts in the Treasury not otherwise appropriated and for each fiscal year beginning with fiscal year 1998, payment of the amounts provided under section 3533.

(b) APPLICATION.—The Secretary shall establish a procedure for the submittal and approval of plans for MediKids programs under this chapter. The Secretary shall approve the plan of a State for such a program if the Secretary determines that—

(1) the State is meeting the medicaid coverage requirements of section 3532(a), and

(2) the plan provides assurances satisfactory to the Secretary that the MediKids program will be conducted consistent with the applicable requirements of section 3532.

SEC. 3532. REQUIREMENTS FOR APPROVAL OF MEDIKIDS PROGRAM.

(a) ADEQUATE MEDICAID COVERAGE.—The medicaid coverage requirements of this subsection are the following:

(1) COVERAGE OF PREGNANT WOMEN AND CHILDREN AND INFANTS UP TO 185 PERCENT OF POVERTY.—The State has established 185 percent of the poverty line as the applicable percentage under section 1902(l)(2)(A) of the Social Security Act (42 U.S.C. 1396a(l)(2)(A)).

(2) COVERAGE OF CHILDREN UP TO 19 YEARS OF AGE.—The State provides, either through exercise of the option under section 1902(l)(1)(D) of such Act (42 U.S.C. 1396a(l)(1)(D)) or authority under section 1902(r)(2) of such Act (42 U.S.C. 1396a(r)(2)) for coverage under section 1902(l)(1)(D) of such Act of individuals under 19 years of age, regardless of date of birth.

(3) MAINTENANCE OF EFFORT.—

(A) MEDICAID.—Subject to subparagraph (B), the State—

(i) has not modified the eligibility requirements for children under the State medicaid plan, as in effect on January 1, 1997 in any manner that would have the effect of reducing the eligibility of children for coverage under such plan, and

(ii) will use the funds provided under this chapter to supplement and not supplant other Federal and State funds.

(B) WAIVER EXCEPTION.—Subparagraph (A) shall not apply to modifications made pursuant to an application for a waiver under section 1115 of the Social Security Act (42 U.S.C. 1315) submitted before January 1, 1997.

(b) COVERAGE OF UNINSURED CHILDREN.—

(1) IN GENERAL.—A MediKids program shall not provide benefits for children who are otherwise covered for such benefits under a medicaid plan or under a group health plan, health insurance coverage, or other health benefits coverage, but may expend funds for outreach and other activities in order to promote coverage under such plans.

(2) CONSTRUCTION.—Nothing in this subsection shall be construed as requiring a MediKids plan of a State to provide coverage for all near poverty level children described in paragraph (1) who are residing in the State.

(c) MEDICAID-EQUIVALENT BENEFITS.—

(1) IN GENERAL.—Subject to subsection (d), a MediKids program shall provide benefits to eligible children for the equivalent items and services for which medical assistance is available (other than cost sharing) to children under the State's medicaid plan.

(2) CONSTRUCTION.—Nothing in this subsection shall be construed as limiting the method under which a MediKids plan may provide benefits, including through purchase of health insurance coverage, direct payment for covered services, or otherwise.

(d) PREMIUMS AND COST-SHARING.—A MediKids program may—

(1) require the payment of premiums as a condition for coverage, but only for a covered child whose family income exceeds the poverty line;

(2) impose deductibles, coinsurance, copayments, and other forms of cost-sharing with respect to benefits under the program; and

(3) vary the levels of premiums, deductibles, coinsurance, copayments, and other cost-sharing based on a sliding scale related to the family income of the covered child.

SEC. 3533. PAYMENT AMOUNTS.

(a) TOTAL AMOUNT AVAILABLE.—The total amount of funds that is available for payments under this chapter in any fiscal year is $2,000,000,000.

(b) ALLOTMENT AMONG STATES.—

(1) IN GENERAL.—The Secretary shall establish a formula for the allotment of the total amount of funds available under subsection (a) among the qualifying States for each fiscal year.

(2) BASIS.—The formula shall be based upon the Secretary's estimate of the number of near poverty level children in the State as a proportion of the total of such numbers for all the qualifying States.

(3) CARRYFORWARD.—If the Secretary does not pay to a State under subsection (c) in a fiscal year the amount of its allotment in that fiscal year under this subsection, the amount of its allotment under this subsection for the succeeding fiscal year shall be increased by the amount of such shortfall.

(c) PAYMENTS.—

(1) IN GENERAL.—From the allotment of each qualifying State under subsection (b) for a fiscal year, the Secretary shall pay to the State for each quarter in the fiscal year an amount equal to 75 percent of the total amount expended during such quarter to carry out the State's MediKids program.

(2) NOT COUNTING COST SHARING.—For purposes of paragraph (1), if a MediKids program imposes premiums for coverage or requires payment of deductibles, coinsurance, copayments, or other cost sharing, under rules of the Secretary, expenditures attributable to such premiums or cost sharing shall not be taken into account under paragraph (1).

(d) STATE ENTITLEMENT.—This chapter constitutes budget authority in advance of appropriations Acts, and represents the obligation of the Federal Government to provide for the payment to qualifying States of amounts provided under this section.

SEC. 3534. DEFINITIONS.

For purposes of this chapter:

(1) The term ''child'' means an individual under 19 years of age.

(2) The term ''medicaid plan'' means the plan of medical assistance of a State under title XIX of the Social Security Act.

(3) The term ''MediKids program'' means a child health insurance program of a State under this title.

(4) The term ''near poverty level child'' means a child the family income of which (as defined by the Secretary) is at least 100 percent, but less than 300 percent, of the poverty line.

(5) The term ''poverty line'' has the meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section.

(6) The term ''qualifying State'' means a State with a MediKids program for which a plan is submitted and approved under this title.

(7) The term ''Secretary'' means the Secretary of Health and Human Services .

(8) The term ''State'' means the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

CHAPTER 4—ASSURING CHILDREN'S ACCESS TO HEALTH INSURANCE

SEC. 3441. GUARANTEED AVAILABILITY OF INDIVIDUAL HEALTH INSURANCE COVERAGE TO UNINSURED CHILDREN.

(a) IN GENERAL.—Title XXVII of the Public Health Service Act, as added by section 111(a) of the Health Insurance Portability and Accountability Act of 1996, is amended by inserting after section 2741 the following new section:

''SEC. 2741A. GUARANTEED AVAILABILITY OF INDIVIDUAL HEALTH INSURANCE COVERAGE TO UNINSURED CHILDREN.

''(a) GUARANTEED AVAILABILITY.—

''(1) IN GENERAL.—Subject to the succeeding subsections of this section, each health insurance issuer that offers health insurance coverage (as defined in section 2791(b)(1)) in the individual market in a State, in the case of an eligible child (as defined in subsection (b)) desiring to enroll in individual health insurance coverage—

''(A) may not decline to offer such coverage to, or deny enrollment of, such child;

''(B) either (i) does not impose any preexisting condition exclusion (as defined in section 2701(b)(1)(A)) with respect to such coverage, or (ii) imposes such a preexisting condition exclusion only to the extent such an exclusion may be imposed under section 2701(a) in the case of an individual who is not a late enrollee; and

''(C) shall provide that the premium for the coverage is determined in a manner so that the ratio of the premium for such eligible children to the premium for eligible individuals described in section 2741(b) does not exceed the ratio of the actuarial value of such coverage (calculated based on a standardized population and a set of standardized utilization and cost factors) for children to such actuarial value for such coverage for such eligible individuals.

''(2) SUBSTITUTION BY STATE OF ACCEPTABLE ALTERNATIVE MECHANISM.—The requirement of paragraph (1) shall not apply to health insurance coverage offered in the individual market in a State in which the State is implementing an acceptable alternative mechanism under section 2744.

''(b) ELIGIBLE CHILD DEFINED.—In this part, the term 'eligible child' means an individual born after September 30, 1983, who has not attained 19 years of age and—

''(1) who is a citizen or national of the United States, an alien lawfully admitted for permanent residence, or an alien otherwise permanently residing in the United States under color of law;

''(2) who is not eligible for coverage under (A) a group health plan, (B) part A or part B of title XVIII of the Social Security Act, or (C) a State plan under title XIX of such Act (or any successor program), and does not have other health insurance coverage; and

''(3) with respect to whom the most recent coverage (if any, within the 1-year period ending on the date coverage is sought under this section) was not terminated based on a factor described in paragraph (1) or (2) of section 2712(b) (relating to nonpayment of premiums or fraud).

For purposes of paragraph (2)(A), the term 'group health plan' does not include COBRA continuation coverage.

''(c) INCORPORATION OF CERTAIN PROVISIONS.—

''(1) IN GENERAL.—Subject to paragraph (2), the provisions of subsections (c), (d), (e) and (f) (other than paragraph (1)) of section 2741 and section 2744 shall apply in relation to eligible children under subsection (a) in the same manner as they apply in relation to eligible individuals under section 2741(a).

''(2) SPECIAL RULES FOR ACCEPTABLE ALTERNATIVE MECHANISMS.—With respect to applying section 2744 under paragraph (1)—

''(A) the requirement in subsection (a)(1)(B) shall be applied instead of the requirement of section 2744(a)(1)(B);

''(B) the requirement in subsection (a)(1)(C) shall be applied instead of the requirement of section 2744(a)(1)(D); and

''(C) any deadline specified in such section shall be 1 year after the deadline otherwise specified.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take apply 1 year after the effective date for section 2741 of the Public Health Service Act (as provided under section 111(b)(1) of the Health Insurance Portability and Accountability Act of 1996).

CHAPTER 5—APPROPRIATION FOR DATA

SEC. 3551. AUTHORIZATION OF APPROPRIATIONS.

In addition to any other amounts authorized to be appropriated, there are authorized to be appropriated $5,000,000 for the Bureau of the Census to refine the data on children in families with family incomes below 300 percent of the applicable Federal poverty level in each State.

AMENDMENT TO H.R. —, OFFERED BY MR. BENTSEN

Amend section 3471(b) to read as follows:

(b)(1) ADJUSTMENT TO STATE DSH ALLOCATIONS.—Subsection (f) of section 1923 (42 U.S.C. 1396r–4) is amended to read as follows:

''(f) LIMITATION ON FEDERAL FINANCIAL PARTICIPATION.—

''(1) IN GENERAL.—Subject to section 1903(x), payment under section 1903(a) shall not be made to a State with respect to any payment adjustment made under this section for hospitals in a State (as defined in paragraph (3)(B)) for quarters in a fiscal year in excess of the State disproportionate share hospital (in this subsection referred to as 'DSH') allotments for the year (as specified in paragraph (2)).

''(2) DETERMINATION OF STATE DSH ALLOTMENTS.—

''(A) IN GENERAL.—The DSH allotment for a State is equal to its State 1995 DSH spending minus—

''(i) for fiscal year 1998, 0;

''(ii) for fiscal year 1999, 15 percent of the State multiplier; and

''(iii) for fiscal year 2000 and each succeeding year, 25 percent of the State multiplier.

''(3) DEFINITIONS.—In this subsection:

''(A) STATE.—The term 'State' means the 50 States and the District of Columbia.

''(B) STATE 1995 DSH SPENDING.—The term—State 1995 DSH spending means, with respect to a State, the total amount of payment adjustments made under subsection (c) under the State plan during fiscal year 1995 as reported by the State no later than January 1, 1997, on HCFA Form 64.

''(C) STATE MULTIPLIER.—The term 'State multiplier' means, with respect to a State, the lesser of—

''(i) the State 1995 DSH spending; or

''(ii) 12 percent of the total amount of expenditures made under the State plan under this title for medical assistance during fiscal year 1995 as reported by the State no later than January 1, 1997 on HCFA Form 64.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to fiscal years beginning with fiscal year 1998.

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I smell a cop-out. I hear Members standing up here finding all kinds of excuses to vote against this rule because it does not have any enforcement procedures. Let me show my colleagues something.

Here are thousands of pages of cuts, $182 billion in entitlement cuts over the next 5 years, $700 billion in locked-in spending cuts. If you want some fiscal sanity around here, do what your President is asking us to do; he is calling your offices right now, saying support the rule, support the bill. Let us get together. A deal is a deal.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. SOLOMON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 222, nays 204, not voting 8, as follows:

[Roll No. 238]

YEAS—222

Aderholt	Gibbons	Packard
Archer	Gilchrest	Pappas
Armey	Gillmor	Parker
Bachus	Gilman	Paul
Baker	Goodling	Paxon
Ballenger	Goss	Pease
Barr	Graham	Peterson (PA)
Barrett (NE)	Granger	Petri
Bartlett	Greenwood	Pickering
Barton	Gutknecht	Pitts
Bass	Hansen	Pombo
Bateman	Hastert	Porter
Bereuter	Hastings (WA)	Portman
Bilbray	Hayworth	Pryce (OH)
Bilirakis	Hefley	Quinn
Bliley	Herger	Radanovich
Blunt	Hill	Ramstad
Boehlert	Hilleary	Redmond
Boehner	Hobson	Regula
Bonilla	Hoekstra	Riggs
Bono	Horn	Riley
Brady	Hostettler	Rogan
Bryant	Houghton	Rogers
Bunning	Hulshof	Rohrabacher
Burr	Hunter	Ros-Lehtinen
Burton	Hutchinson	Roukema
Buyer	Hyde	Royce
Callahan	Inglis	Ryun
Calvert	Istook	Salmon
Camp	Jenkins	Sanford
Campbell	Johnson (CT)	Saxton
Canady	Johnson, Sam	Scarborough
Cannon	Jones	Schaefer, Dan
Castle	Kasich	Schaffer, Bob
Chabot	Kelly	Sensenbrenner
Chambliss	Kim	Sessions
Chenoweth	King (NY)	Shadegg
Christensen	Kingston	Shaw
Coble	Klug	Shays
Coburn	Knollenberg	Shimkus
Collins	Kolbe	Shuster
Combest	LaHood	Skeen
Cook	Largent	Smith (MI)
Cooksey	Latham	Smith (OR)
Crane	LaTourette	Smith (TX)
Crapo	Lazio	Smith, Linda
Cubin	Leach	Snowbarger
Cunningham	Lewis (CA)	Solomon
Davis (VA)	Lewis (KY)	Souder
Deal	Linder	Spence
DeLay	Livingston	Stearns
Diaz-Balart	LoBiondo	Stump
Dickey	Lucas	Sununu
Doolittle	Manzullo	Talent
Dreier	McCollum	Tauzin
Duncan	McCrery	Taylor (NC)
Dunn	McDade	Thomas
Ehlers	McInnis	Thornberry
Ehrlich	McIntosh	Thune
Emerson	McKeon	Tiahrt
English	Metcalf	Upton
Ensign	Mica	Walsh
Everett	Miller (FL)	Wamp
Ewing	Molinari	Watkins
Fawell	Moran (KS)	Watts (OK)
Foley	Morella	Weldon (FL)
Forbes	Myrick	Weldon (PA)
Fowler	Nethercutt	Weller
Fox	Neumann	White
Franks (NJ)	Ney	Whitfield
Frelinghuysen	Northup	Wicker
Gallegly	Norwood	Wolf
Ganske	Nussle	Young (AK)
Gekas	Oxley	Young (FL)

NAYS—204

Abercrombie	Brown (CA)	DeGette
Ackerman	Brown (FL)	Delahunt
Allen	Brown (OH)	DeLauro
Andrews	Capps	Dellums
Baesler	Cardin	Deutsch
Baldacci	Carson	Dicks
Barcia	Clay	Dingell
Barrett (WI)	Clayton	Dixon
Becerra	Clement	Doggett
Bentsen	Clyburn	Dooley
Berman	Condit	Doyle
Berry	Conyers	Edwards
Bishop	Costello	Engel
Blagojevich	Coyne	Etheridge
Blumenauer	Cramer	Evans
Bonior	Cummings	Farr
Borski	Danner	Fattah
Boswell	Davis (FL)	Fazio
Boucher	Davis (IL)	Filner
Boyd	DeFazio	Flake

Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gonzalez
Goode
Gordon
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pickett
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Traficant
Turner
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn

NOT VOTING—8

Cox
Eshoo
Goodlatte
McHugh
Pomeroy
Schiff
Smith (NJ)
Yates

☐ 1313

Mr. GONZALEZ and Mr. ADAM SMITH of Washington changed their vote from ''yea'' to ''nay.''

Mr. GRAHAM changed his vote from ''nay'' to ''yea.''

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. COMBEST). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MOAKLEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 228, noes 200, answered ''present'' 1, not voting 5, as follows:

[Roll No. 239]

YEAS—228

Aderholt
Archer
Armey
Bachus
Baker
Baldacci
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Collins
Combest
Cook
Cooksey
Crane
Crapo
Cubin
Cunningham
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fawell
Foley
Forbes
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lucas
Manzullo
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Molinari
Moran (KS)
Moran (VA)
Morella
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NAYS—200

Abercrombie
Ackerman
Allen
Andrews
Baesler
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Ensign
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gonzalez
Goode
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pickett
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Snyder
Spratt
Stabenow
Stenholm
Stokes
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Turner
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn

ANSWERED ''PRESENT''—1

Coburn

NOT VOTING—5

Cox
Meek
Schiff
Stark
Yates

☐ 1331

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT OF AMENDMENT PROCESS FOR THE 1998 INTELLIGENCE AUTHORIZATION BILL

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Mr. Speaker, the Committee on Rules is planning to meet during the week of July 7; that is the week we return, to grant a rule for consideration of H.R. 1775, the intelligence authorization bill for fiscal year 1998. The Chairman of the Permanent Select Committee on Intelligence has requested a rule which would require the amendments be preprinted in the CONGRESSIONAL RECORD. If this request is granted, amendments to be preprinted would need to be signed by the Member and submitted at the Speaker's table, not at the Committee on Rules. The amendments would still need to be consistent with House rules and would be given no special protection by being printed. Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted and should check with the Office of the Parliamentarian to be certain that their amendments comply with the rules of the House. It is not necessary to submit the amendments again to the Committee on Rules. Members must submit them to the table here in the House.