

S. 1252

At the request of Mr. D'AMATO, the names of the Senator from Alabama [Mr. SESSIONS], the Senator from New Hampshire [Mr. GREGG], and the Senator from Vermont [Mr. JEFFORDS] were added as cosponsors of S. 1252, a bill to amend the Internal Revenue Code of 1986 to increase the amount of low-income housing credits which may be allocated in each State, and to index such amount for inflation.

S. 1311

At the request of Mr. LIEBERMAN, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 1311, a bill to impose certain sanctions on foreign persons who transfer items contributing to Iran's efforts to acquire, develop, or produce ballistic missiles.

At the request of Mr. LOTT, the names of the Senator from Washington [Mr. GORTON], the Senator from Alaska [Mr. STEVENS], and the Senator from Pennsylvania [Mr. SPECTER] were added as cosponsors of S. 1311, *supra*.

S. 1314

At the request of Mrs. HUTCHISON, the names of the Senator from New York [Mr. D'AMATO], the Senator from Montana [Mr. BURNS], and the Senator from Arizona [Mr. KYL] were added as cosponsors of S. 1314, a bill to amend the Internal Revenue Code of 1986 to provide that married couples may file a combined return under which each spouse is taxed using the rates applicable to unmarried individuals.

S. 1319

At the request of Mr. BYRD, the names of the Senator from Michigan [Mr. LEVIN], the Senator from Vermont [Mr. JEFFORDS], and the Senator from Vermont [Mr. LEAHY] were added as cosponsors of S. 1319, a bill to repeal the Line Item Veto Act of 1996.

S. 1334

At the request of Mr. BOND, the names of the Senator from Georgia [Mr. COVERDELL], the Senator from Montana [Mr. BURNS], and the Senator from Vermont [Mr. JEFFORDS] were added as cosponsors of S. 1334, a bill to amend title 10, United States Code, to establish a demonstration project to evaluate the feasibility of using the Federal Employees Health Benefits program to ensure the availability of adequate health care for Medicare-eligible beneficiaries under the military health care system.

SENATE RESOLUTION 116

At the request of Mr. LEVIN, the names of the Senator from Rhode Island [Mr. REED] and the Senator from South Dakota [Mr. JOHNSON] were added as cosponsors of Senate Resolution 116, a resolution designating November 15, 1997, and November 15, 1998, as "America Recycles Day".

SENATE RESOLUTION 141

At the request of Mrs. MURRAY, the names of the Senator from Oregon [Mr. WYDEN], the Senator from Ohio [Mr. DEWINE], and the Senator from Washington [Mr. GORTON] were added as co-

sponsors of Senate Resolution 141, a resolution expressing the sense of the Senate regarding National Concern About Young People and Gun Violence Day.

AMENDMENT NO. 1397

At the request of Mr. BYRD the name of the Senator from South Dakota [Mr. DASCHLE] was added as a cosponsor of amendment No. 1397 intended to be proposed to S. 1173, a bill to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes.

AMENDMENT NO. 1520

At the request of Mr. KERREY the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of amendment No. 1520 intended to be proposed to S. 1173, a bill to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes.

#### SENATE CONCURRENT RESOLUTION 59—RELATIVE TO THE ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE

Mr. D'AMATO submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 59

Whereas the Republic of Turkey, because of its position at the crossroads of Europe, the Caucasus, Central Asia, and the Middle East, is well positioned to play a leading role in shaping developments in Europe and beyond;

Whereas the Republic of Turkey has been a longstanding member of numerous international organizations, including the Council of Europe (1949), the North Atlantic Treaty Organization (1952), and the Organization for Security and Cooperation in Europe (1975);

Whereas Turkey's President, Suleyman Demirel, was an original signer of the 1975 Helsinki Final Act of the Conference on Security and Cooperation in Europe;

Whereas the Republic of Turkey proposed in late 1996 that Istanbul serve as the venue for the next OSCE summit, a prestigious gathering of the heads of state or government of countries in Europe, Central Asia, and North America, including the United States;

Whereas a decision on the venue of the next OSCE summit will require the consensus of all OSCE participating states, including the United States;

Whereas the OSCE participating states, including Turkey, have declared their steadfast commitment to democracy based on human rights and fundamental freedoms, the protection and promotion of which is the first responsibility of government;

Whereas the development of genuine democracy in Turkey is undermined by ongoing violations of international humanitarian law as well as other human rights obligations and commitments, including provisions of the Helsinki Final Act and other OSCE documents, by which Turkey is bound;

Whereas the Department of State has found that serious human rights problems persist in Turkey and that human rights abuses have not been limited to the south-east, where Turkey has engaged in an armed

conflict with the terrorist Kurdistan Workers Party (PKK) for over a decade;

Whereas flagrant violations of OSCE standards and norms continue and the problems raised by the United States Delegation at the November 1996 OSCE Review Meeting in Vienna persist;

Whereas expert witnesses at a 1997 briefing of the Commission on Security and Cooperation in Europe (in this concurrent resolution referred to as the "Helsinki Commission") underscored the continued, well-documented, and widespread use of torture by Turkish security forces and the failure of the Government of Turkey to take determined action to correct such gross violations of OSCE provisions and international humanitarian law;

Whereas the Government of Turkey continues to use broadly the Anti-Terror Law and Article 312 of the Criminal Code against writers, journalists, publishers, politicians, musicians, and students;

Whereas the Committee To Protect Journalists has concluded that more journalists are currently jailed in Turkey than in any other country in the world;

Whereas the Government of Turkey has pursued an aggressive campaign of harassment of nongovernmental organizations, including the Human Rights Foundation of Turkey; branch offices of the Human Rights Association in Diyarbakir, Malatya, Izmir, Konya, and Urfa have been raided and closed; and Turkish authorities continue to persecute the members of nongovernmental organizations who attempt to assist the victims of torture;

Whereas four former parliamentarians from the now banned Kurdish-based Democracy Party (DEP) Leyla Zana, Hatip Dicle, Orhan Dogan, and Selim Sadak remain imprisoned at Ankara's Ulucanlar Prison and among the actions cited in Zana's indictment was her 1993 appearance before the Helsinki Commission in Washington, D.C.;

Whereas the Lawyers Committee for Human Rights has expressed concern over the case of human rights lawyer Hasan Dogan, a member of the People's Democracy Party (HADEP), who like many members of the party, has been subject to detention and prosecution;

Whereas many human rights abuses have been committed against Kurds who assert their Kurdish identity, and Kurdish institutions, such as the Kurdish Cultural and Research Foundation, have been targeted for closure;

Whereas the Ecumenical Patriarchate has repeatedly requested permission to reopen the Orthodox seminary on the island of Halki closed by the Turkish authorities since the 1970s despite Turkey's OSCE commitment to "allow the training of religious personnel in appropriate institutions";

Whereas members of other minority religions or beliefs, including Armenian and Syrian Orthodox believers, as well as Roman Catholics, Armenian, Chaldean, Greek and Syrian Catholics, and Protestants have faced various forms of discrimination and harassment;

Whereas the closing of the border with Armenia by Turkey in 1993 remains an obstacle to the development of mutual understanding and confidence, and friendly and good-neighboring relations between those OSCE participating states;

Whereas the Republic of Turkey has repeatedly rebuffed offers by the Chair-in-Office of the OSCE to dispatch a personal representative to Turkey for purposes of assessing developments in that country;

Whereas, despite the fact that a number of Turkish civilian authorities remain publicly committed to the establishment of rule of law and to respect for human rights, torture, excessive use of force, and other serious

human rights abuses by the security forces continue; and

Whereas the Government of Turkey has failed to meaningfully address these and other human rights concerns since it first proposed to host the next OSCE summit and thereby has squandered this opportunity to demonstrate its determination to improve implementation of Turkey's OSCE commitments: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring).* That it is the sense of Congress that—

(1) the privilege and prestige of hosting a summit of the heads of state or government of the Organization for Security and Cooperation in Europe (OSCE) should be reserved for participating states that have demonstrated in word and in deed steadfast support for Helsinki principles and standards, particularly respect for human rights;

(2) the United States should refuse to give consensus to any proposal that Turkey serve as the venue for a summit meeting of the heads of state or government of OSCE countries until the Government of Turkey has demonstrably improved implementation of its freely undertaken OSCE commitments, including action to address those human rights concerns enumerated in the preamble of this resolution;

(3) the United States should encourage the development of genuine democracy in the Republic of Turkey based on protection of human rights and fundamental freedoms; and

(4) the President of the United States should report to Congress not later than April 15, 1998, on any improvement in the actual human rights record in Turkey, including improvements in that country's implementation of provisions of the Helsinki Final Act and other OSCE documents.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President of the United States.

Mr. D'AMATO. Mr. President, I rise to submit a concurrent resolution on the human rights situation in Turkey. This resolution is prompted by that country's desire to host the next summit meeting of the heads of state or government of the Organization for Security and Cooperation in Europe [OSCE]. This summit meeting is scheduled to take place in 1998. The issue is which country will host this most important OSCE gathering.

Last November, the Republic of Turkey—an original OSCE participating state—first proposed Istanbul as the site for the next OSCE summit. At that time, I wrote to then-Secretary of State Christopher, together with Commission Co-Chairman Christopher Smith, urging that the United States reject this proposal based on Turkey's dismal human rights record. I also wrote to Secretary Albright in July to reiterate my concerns regarding the state of human rights in Turkey and Ankara's failure to improve its implementation of OSCE commitments.

Ankara has squandered the past year, failing to meaningfully address a series of longstanding human rights concerns. Regrettably, there has been no meaningful improvement in Turkey's implementation of its OSCE human rights commitments in the 11 months since our original letter to the State Department. Despite a number of changes in Turkish law, the fact of the matter is

that even these modest proposals have not translated into improved human rights in Turkey.

Mr. President, my resolution does not call for outright rejection of the Turkish proposal. Rather, the resolution calls for the United States to refuse consensus to such a plan until the Government of Turkey had demonstrably improved implementation of its freely undertaken OSCE commitments, including action to address those human rights concerns I will describe in more detail later in my remarks. Under OSCE rules, decisions require that all participating states, including the United States, give their consensus before a proposal can be adopted. The resolution we introduce today calls upon the President to report to the Congress by April 15, 1998, on any improvement to Turkey's actual human rights performance.

Expert witnesses at a Commission briefing earlier this year underscored the continued, well-documented, and widespread use of torture by Turkish security forces and the failure of the Government of Turkey to take determined action to correct such gross violations of OSCE provisions and international humanitarian law. Even the much heralded reduction of periods for the detention of those accused of certain crimes has failed to deter the use of torture. The fact is that this change on paper is commonly circumvented by the authorities. As one United States official in Turkey observed in discussion with Commission staff, a person will be held incommunicado for days, then the prisoner's name will be postdated for purposes of official police logs giving the appearance that the person had been held within the period provided for under the revised law. Turkish authorities also continue to persecute those who attempt to assist the victims of torture, as in the case of Dr. Tufan Köse.

Despite revisions in the Anti-Terror Law, its provisions continue to be broadly used against writers, journalists, publishers, politicians, musicians, and students. Increasingly, prosecutors have applied article 312 of the Criminal Code, which forbids "incitement to racial or ethnic enmity." Government agents continue to harass human rights monitors. According to the Committee to Protect Journalists, at least 47 Turkish journalists are in jail in Turkey today—more than in any other country in the world.

Many human rights abuses have been committed against Kurds who assert their Kurdish identity. The Kurdish Cultural and Research Foundation offices in Istanbul were closed by police in June to prevent the teaching of Kurdish language classes. In addition, four former parliamentarians from the now banned Kurdish-based Democracy Party [DEP]: Leyla Zana, Hatip Dicle, Orhan Doğan, and Selim Sadak, who have completed three years of their 15-year sentences, remain imprisoned at Ankara's Ulucanlar Prison. Among the

actions cited in Leyla Zana's indictment was her 1993 appearance before the U.S. Commission on Security and Cooperation in Europe here in Washington, DC. The Lawyers Committee for Human Rights has expressed concern over the case of human rights lawyer Hasan Doğan, a member of the People's Democracy Party [HADEP], who, like many members of the party, has been subject to detention and prosecution.

The Government of Turkey has similarly pursued an aggressive campaign of harassment of nongovernmental organizations, including the Human Rights Foundation of Turkey and the Human Rights Association. An Association forum on capital punishment was banned in early May as was a peace conference sponsored by international and Turkish NGO's. Human Rights Association branch offices in Diyarbakir, Malatya, Izmir, Konya, and Urfa have been raided and closed.

Mr. President, last week the Congress honored His All Holiness Bartholomew, the leader of Orthodox believers worldwide. The Ecumenical Patriarchate, located in Istanbul—the city proposed by Turkey as the venue for the next OSCE summit—has experienced many difficulties. The Patriarchate has repeatedly requested permission to reopen the Orthodox seminary on the island of Halki closed by the Turkish authorities since the 1970's despite Turkey's OSCE commitment to "allow the training of religious personnel in appropriate institutions."

As the State Department's own Country Report on Human Rights Practices for 1996 concluded, Turkey "was unable to sustain improvements made in 1995 and, as a result, its record was uneven in 1996 and deteriorated in some respects." While Turkish civilian authorities remain publicly committed to the establishment of rule of law state and respect for human rights, torture, excessive use of force, and other serious human rights abuses by the security forces continue. As our resolution points out, the United States should encourage the development of genuine democracy in the Republic of Turkey based on protection of human rights and fundamental freedoms.

Mr. President, it is most unfortunate that Turkey's leaders, including President Demirel—who originally signed the 1975 Helsinki Final Act on behalf of Turkey—have not been able to effectively address these and other longstanding human rights concerns.

The privilege and prestige of hosting such an OSCE event should be reserved for participating states that have demonstrated their support for Helsinki principles and standards—particularly respect for human rights—in both word and in deed. Turkey should not be allowed to serve as host of such a meeting until and unless that country's dismal human rights record has improved.

While some may argue that allowing Turkey to host an OSCE summit meeting might provide political impetus

for positive change, we are not convinced, particularly in light of the failure of the Turkish Government to meaningfully improve the human rights situation in the months since it offered to host the next OSCE summit. We note that several high-level conferences have been held in Turkey without any appreciable impact on that country's human rights policies or practices.

Mr. President, promises of improved human rights alone should not suffice. Turkey's desire to host an OSCE summit must be matched by concrete steps to improve its dismal human rights record.

I ask unanimous consent that the two letters I mentioned earlier, to Secretary Christopher and Secretary Albright, and a copy of the State Department's August 13, 1997, reply signed by Assistant Secretary of State for Legislative Affairs, Barbara Larkin, be inserted in the RECORD.

In closing, I urge my colleagues to join in supporting this concurrent resolution and to work for its passage before the end of this first session of the 105th Congress.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMISSION ON SECURITY AND  
COOPERATION IN EUROPE,  
Washington, DC, July 15, 1997.

Hon. MADELEINE KORBEL ALBRIGHT,  
Secretary of State, Department of State,  
Washington, DC.

DEAR MADAM SECRETARY: We write to reiterate and further explain our steadfast opposition to Turkey as the venue for an Organization for Security and Cooperation in Europe (OSCE) summit meeting and ask the Department, which we understand shares our view, to maintain the United States' refusal to give consensus to the Turkish proposal that the next summit should be held in Istanbul. We also observe that a rigid schedule of biennial summit meetings of the OSCE Heads of State or Government appears to be unwarranted at this stage of the OSCE's development and suggest that serious consideration be given to terminating the mandate which currently requires such meetings to be held whether circumstances warrant them or not.

Last November, the Republic of Turkey—an original OSCE participating State—first proposed Istanbul as the site for the next OSCE summit. At that time, we wrote to Secretary Christopher urging that the United States reject this proposal. A decision was postponed until the Copenhagen Ministerial, scheduled for this December, and the Lisbon Document simply noted Turkey's invitation.

The United States should withhold consensus on any proposal to hold an OSCE summit in Turkey until and unless Ankara has released the imprisoned Democracy Party (DEP) parliamentarians, journalists and others detained for the non-violent expression of their views; ended the persecution of medical professionals and NGOs who provide treatment to victims of torture and expose human rights abuses; and begun to aggressively prosecute those responsible for torture, including members of the security forces.

In addition, the United States should urge the Government of Turkey to undertake additional steps aimed at improving its human rights record, including abolishing Article 8 of the Anti-Terror Law, Article 312 of the

Penal Code, and other statutes which violate the principle of freedom of expression and ensuring full respect for the civil, political, and cultural rights of members of national minorities, including ethnic Kurds.

Regrettably, there has been no improvement in Turkey's implementation of OSCE human rights commitments in the eight months since our original letter to the Department. Despite a number of changes in Turkish law, the fact of the matter is that even these modest proposals have not translated into improved human rights in Turkey. Ankara's flagrant violations of OSCE standards and norms continues and the problems raised by the United States Delegation to the OSCE Review Meeting last November persist.

Madam Secretary, the privilege and prestige of hosting such an OSCE event should be reserved for participating States that have demonstrated their support for Helsinki principles and standards—particularly respect for human rights—in both word and in deed. Turkey should not be allowed to serve as host of such a meeting given that country's dismal human rights record.

While some may argue that allowing Turkey to host an OSCE summit meeting might provide political impetus for positive change, we are not convinced, particularly in light of the failure of the Turkish Government to improve the human rights situation in the eight months since it proposed to host the next OSCE summit. We note that several high-level conferences have been held in Turkey without any appreciable impact on that country's human rights policies or practices.

Promises of improved human rights alone should not suffice. Turkey's desire to host an OSCE summit must be matched by concrete steps to improve its dismal human rights record.

We appreciate your consideration of our views on this important matter and look forward to receiving your reply.

Sincerely,

CHRISTOPHER H. SMITH,  
Member of Congress, Co-Chairman.  
ALFONSE D'AMATO,  
U.S. Senate, Chairman.

COMMISSION ON SECURITY AND  
COOPERATION IN EUROPE,  
Washington, DC, November 22, 1996.  
Hon. WARREN CHRISTOPHER,  
Secretary of State, Department of State,  
Washington, DC.

DEAR MR. SECRETARY: We have recently learned that the Republic of Turkey may offer Istanbul as the venue for the next summit meeting of the Heads of State or Government of the Organization of Security and Cooperation in Europe (OSCE). We write to urge that the United States reject this proposal. A decision on this important matter is extremely urgent as the OSCE Review Meeting concludes today and drafting for the Summit document will begin next week.

The privilege of hosting such a prestigious OSCE event should be reserved for participating States that have demonstrated steadfast support for Helsinki principles and standards—particularly respect for human rights—in word and in deed. The U.S. should deny consensus on Turkey's proposal to serve as host of an OSCE summit meeting because of that country's dismal human rights record.

The United States Delegation to the OSCE Review Meeting has raised a number of specific examples that illustrate Turkey's flagrant violation of OSCE human rights commitments and international humanitarian law, including the well-documented use of torture. The European Committee for the Prevention of Torture has found that incidence of torture and ill-treatment in Turkey

to be "widespread." The UN Committee on Torture has referred to "systemic" use of torture in Turkey. Earlier this week, Amnesty International released a report documenting the torture of children held in detention in Turkey.

Despite Turkey's revisions to the Anti-Terror Law, its provisions continue to be broadly used against writers, journalists, publishers, politicians, musicians, and students. Increasingly, prosecutors have applied Article 312 of the Criminal Code, which forbids "incitement to racial or ethnic enmity" to suppress expression of dissenting views. Government agents continue to harass human rights monitors. Many human rights abuses have been committed against Kurds who publicly or politically assert their Kurdish identity.

As the Department's own report on human rights practices in Turkey concluded, while Turkish civilian authorities remain publicly committed to the establishment of a state of law and respect to human rights, torture, excessive use of force, and other serious human rights abuses by the security forces continue.

Regrettably, lone overdue reforms of Turkey's human rights policies and practices announced in mid-October by the Turkish Deputy Prime Minister and Foreign Minister, Mrs. Ciller, have not materialized and the prospects for genuine change in the near term appear remote.

Another key factor in our urgent call for rejection of Turkey's proposal to host an OSCE summit is Turkey's continuing illegal and forcible occupation of Cypriot territory in blatant violation of OSCE principles. A substantial force of 30,000 Turkish troops remains in Cyprus today in a clear breach of Cypriot sovereignty. In recent months, we have witnessed the worst violence against innocent civilians along the cease-fire line since the 1974 invasion, resulting in at least 5 deaths. In addition, Turkish and Turkish Cypriot authorities have failed to fully account for at least 1,614 Greek Cypriots and five Americans missing since 1974.

While some may argue that allowing Turkey to host an OSCE summit might provide political impetus for positive change, we are not convinced, particularly in light of the fact that several high-level conferences have been held in Turkey without any appreciable impact on that country's human rights policies or practices. Allowing Turkey to host an OSCE summit based upon an inference of increased leverage to improve Turkish human rights performance, when they are in current, active violation of solemn international commitments would be wrong.

Turkey's desire to host an OSCE summit must be matched by concrete steps to improve its dismal human rights, to end its illegal occupation of Cypriot territory, and to contribute to a reduction of tensions in the eastern Mediterranean. Absent demonstrable progress in these areas, the United States should withhold consensus on any proposal to hold an OSCE summit in Turkey.

Sincerely,

ALFONSE D'AMATO,  
U.S. Senator, Co-Chairman.  
CHRISTOPHER H. SMITH,  
Member of Congress,  
Chairman.

U.S. DEPARTMENT OF STATE,  
Washington, DC, August 13, 1997.  
Hon. CHRISTOPHER H. SMITH,  
Co-Chairman, Commission on Security and Cooperation in Europe, House of Representatives.

DEAR MR. CHAIRMAN: I am responding on behalf of the Secretary of State to your July 15 letter regarding your concerns about the possible selection of Turkey as the venue for

the next summit meeting of the Organization for Security and Cooperation in Europe (OSCE).

The Department of State shares your concerns about Turkey's human rights record. All states participating in the OSCE are expected to adhere to the principles of the Helsinki Final Act and other OSCE commitments, including respect for human rights and fundamental freedoms. The U.S. Government has consistently called attention to human rights problems in Turkey and has urged improvements. It does not in any way condone Turkey's, or any other OSCE state's, failure to implement OSCE commitments.

The OSCE, however, is also a means of addressing and correcting human rights shortcomings. As you note in your letter, the issue of Turkey's human rights violations was raised at the November OSCE Review Meeting, and will likely continue to be raised at such meetings until Turkey demonstrates that it has taken concrete measures to improve its record. Holding the summit in Turkey could provide an opportunity to influence Turkey to improve its human rights record.

As you note, the Turkish government has made some effort to address problem areas, through the relaxation of restrictions on freedom of expression and the recent promulgation of legal reforms which, if fully implemented, would begin to address the torture problem. These measures are only a first step in addressing the problems that exist, but we believe they reflect the commitment of the Turkish government to address its human rights problems. We have been particularly encouraged by the positive attitude of the new government, which came to power July 12, has demonstrated in dealing with human rights issues.

As you know, the fifty-four nations of the OSCE will discuss the question of a summit venue. As in all OSCE decisions, any decision will have to be arrived at through consensus, which will likely take some time to achieve. In the meantime, the Department of State welcomes your views, and will seriously consider your concerns about the OSCE summit site. I welcome your continuing input on this issue, and thank you for your thoughtful letter.

We appreciate your letter and hope this information is helpful. Please do not hesitate to contact us again if we can be of further assistance.

Sincerely,

BARBARA LARKIN,  
Assistant Secretary,  
Legislative Affairs.

AMENDMENTS SUBMITTED

THE EDUCATION SAVINGS ACT FOR PUBLIC AND PRIVATE SCHOOLS

LOTT AMENDMENT NO. 1542

(Ordered to lie on the table.)

Mr. LOTT submitted an amendment intended to be proposed by him to the bill (H.R. 2646) to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes; as follows:

Strike all after "1. SHORT" and insert "TITLE.

This act may be cited as the "Education Savings Act for Public and Private Schools".

SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) TAX-FREE EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOL EXPENSES.—

(1) IN GENERAL.—Section 530(b)(2) of the Internal Revenue Code of 1986 is amended to read as follows:

"(2) QUALIFIED EDUCATION EXPENSES.—  
"(A) IN GENERAL.—The term 'qualified education expenses' means—

"(i) qualified higher education expenses (as defined in section 529(e)(3)), and

"(ii) qualified elementary and secondary education expenses (as defined in paragraph (4)) but only with respect to amounts in the account which are attributable to contributions for any taxable year ending before January 1, 2003, and earnings on such contributions.

Such expenses shall be reduced as provided in section 25A(g)(2).

"(B) QUALIFIED STATE TUITION PROGRAMS.—Such term shall include amounts paid or incurred to purchase tuition credits or certificates, or to make contributions to an account, under a qualified State tuition program (as defined in section 529(b)) for the benefit of the beneficiary of the account."

(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—Section 530(b) of such Code is amended by adding at the end the following new paragraph:

"(4) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified elementary and secondary education expenses' means tuition, fees, tutoring, special needs services, books, supplies, computer equipment (including related software and services) and other equipment, transportation, and supplementary expenses required for the enrollment or attendance of the designated beneficiary of the trust at a public, private, or religious school.

"(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A) required for education provided for homeschooling if the requirements of any applicable State or local law are met with respect to such education.

"(C) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (through grade 12), as determined under State law."

(3) CONFORMING AMENDMENTS.—Subsections (b)(1) and (d)(2) of section 530 of such Code are each amended by striking "higher" each place it appears in the text and heading thereof.

(b) TEMPORARY INCREASE IN MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 530(b)(1)(A)(iii) of the Internal Revenue Code of 1986 is amended by striking "\$500" and inserting "the contribution limit for such taxable year".

(2) CONTRIBUTION LIMIT.—Section 530(b) of such Code is amended by adding at the end the following new paragraph:

"(4) CONTRIBUTION LIMIT.—The term 'contribution limit' means \$2,500 (\$500 in the case of any taxable year ending after December 31, 2002)."

(3) CONFORMING AMENDMENTS.—

(A) Section 530(d)(4)(C) of such Code is amended by striking "\$500" and inserting "the contribution limit for such taxable year".

(B) Section 4973(e)(1)(A) of such Code is amended by striking "\$500" and inserting "the contribution limit (as defined in section 530(b)(4)) for such taxable year".

(c) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Paragraph (1) of section 530(b) of the Internal Revenue Code of 1986 is amended by adding at the end the

following flush sentence: "The age limitations in the preceding sentence shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary)."

(d) CORPORATIONS PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Paragraph (1) of section 530(c) of the Internal Revenue Code of 1986 is amended by striking "The maximum amount which a contributor" and inserting "In the case of a contributor who is an individual, the maximum amount the contributor".

(e) EFFECTIVE DATE; REFERENCES.—

(1) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 213 of the Taxpayer Relief Act of 1997.

(2) REFERENCES.—Any reference in this section to any section of the Internal Revenue Code of 1986 shall be a reference to such section as added by the Taxpayer Relief Act of 1997.

SEC. 8. OVERRULING OF SCHMIDT BAKING COMPANY CASE.

(a) IN GENERAL.—The Internal Revenue Code of 1986 shall be applied without regard to the result reached in the case of Schmidt Baking Company, Inc. v. Commissioner of Internal Revenue, 107 T.C. 271 (1996).

(b) REGULATIONS.—The Secretary of the Treasury or the Secretary's delegate shall prescribe regulations to reflect subsection (a).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Subsections (a) and (b) shall apply to taxable years beginning after October 8, 1997.

(2) SPECIAL RULE FOR TAXABLE YEARS INCLUDING OCTOBER 8, 1997.—In the case of any taxable year which includes October 8, 1997, the amount of the deduction of any taxpayer for vacation, severance, or sick pay shall be reduced by an amount equal to 60 percent of the excess (if any) of—

(A) the amount of such deduction determined without regard to this section, over

(B) the amount of such deduction which would be determined if subsections (a) and (b) applied to such taxable year.

(3) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for its first taxable year beginning after October 8, 1997—

(A) such change shall be treated as initiated by the taxpayer.

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account in a prorata manner during the 10-taxable year period beginning with such first taxable year.

THE SMALL BUSINESS REAUTHORIZATION ACT OF 1997 HUBZONE ACT OF 1997

BOND AMENDMENT NO. 1543

Mr. BOND proposed an amendment to the bill (S. 1139) to reauthorize the programs of the Small Business Administration, and for other purposes; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Small Business Reauthorization Act of 1997".