going to spend beyond our limits and, in fact, we would actually see a reduction in deficit of the kind the Senator spoke to. There is no question that with that kind of restraint here, the markets have responded and our citizens and our work force are now experiencing the kind of economic growth of which we are all extremely proud.

AMENDMENTS SUBMITTED

THE RECIPROCAL TRADE AGREEMENT ACT OF 1997

GRASSLEY AMENDMENT NO. 1545

(Ordered to lie on the table.)

Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill (S. 1269) to establish objectives for negotiating and procedures for implementing certain trade agreements; as follows:

Add the following subsection (d) to section 3:

(1) Notwithstanding any other provision of law, the U.S. Government shall not enter into any treaty or other international agreement that, in whole or in part, would have the purpose or effect of transferring any jurisdiction or authority to decide cases under U.S. law away from the federal judiciary.

(2) Notwithstanding any other provision of law, the trade agreement negotiating authority of this section 3 of this Act shall not apply to the negotiation of any trade agreement that would have the purpose or effect of transferring any jurisdiction or authority to decide cases under U.S. law away from the federal judiciary, and the trade agreement approval procedures shall not apply to implementing bills submitted with respect to any such trade agreement.

THE EDUCATION SAVINGS ACT FOR PUBLIC AND PRIVATE SCHOOLS

MCCONNELL (AND OTHERS) AMENDMENT NO. 1546

(Ordered to lie on the table.)

Mr. MCCONNELL (for himself, Mr. GRAHAM, Mr. GRASSLEY, and Ms. LANDRIEU) submitted an amendment intended to be proposed by them 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:

At the appropriate place in the bill, insert the following new sections:

SEC. ___. EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED STATE TUITION PROGRAMS.

(a) ALLOWANCE OF EXCLUSION.—

(1) IN GENERAL.—Subparagraph (B) of section 529(c)(3) of the Internal Revenue Code of 1986 (relating to distributions) is amended to read as follows:

''(B) QUALIFIED HIGHER EDUCATION DISTRIBUTIONS.—In the case of a qualified higher education distribution under subsection (f)—

''(i) subparagraph (A) shall not apply, and

''(ii) no amount shall be includible in gross income with respect to such distribution.''

(2) QUALIFIED HIGHER EDUCATION DISTRIBUTION DEFINED.—Section 529 of such Code (relating to qualified State tuition programs) is amended by adding at the end the following new subsection:

''(f) QUALIFIED HIGHER EDUCATION DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified higher education distribution' means any distribution (or portion thereof) which constitutes a payment directly to an eligible educational institution for qualified higher education expenses of the designated beneficiary for enrollment or attendance at such institution.

''(2) ROOM AND BOARD FOR STUDENTS LIVING OFF CAMPUS.—

''(A) IN GENERAL.—The term 'qualified higher education distribution' includes distributions not described in paragraph (1) to the extent that the amount of such distributions for the taxable year does not exceed the amount treated as qualified higher education expenses of the designated beneficiary under subsection (e)(3)(B)(i)(II).

''(B) RESTRICTIONS.—Subparagraph (A) shall only apply with respect to distributions for any academic period if—

''(i) distributions described in paragraph (1) are made for such period for expenses other than room and board, and

''(ii) the designated beneficiary certifies to the qualified State tuition program that the beneficiary resides in a dwelling unit not operated or maintained by an eligible educational institution.

''(3) EXCLUSION ELECTIVE; LIMITATION TO ONE PROGRAM.—

''(A) ELECTION.—This subsection shall apply for a taxable year only if the designated beneficiary elects its application.

''(B) LIMITATION TO ONE PROGRAM.—This subsection shall apply only to distributions from the qualified State tuition program designated by the beneficiary in the first election taking effect under subparagraph (A). Such designation, once made, shall be irrevocable.

''(4) AGGREGATION.—All distributions from the qualified State tuition program designated under paragraph (3)(B) shall be treated as 1 distribution for purposes of this subsection.''

(3) ROOM AND BOARD.—Section 529(e)(3)(B) of such Code is amended to read as follows:

''(B) ROOM AND BOARD INCLUDED FOR STUDENTS WHO ARE AT LEAST HALF-TIME.—

''(i) IN GENERAL.—In the case of a designated beneficiary who is an eligible student (as defined in such section 25A(b)(3)) for any academic period, the term 'qualified higher education expenses' shall include—

''(I) amounts paid directly to an eligible educational institution for room and board furnished to the beneficiary during such academic period, or

''(II) if the beneficiary is not residing in a dwelling unit operated or maintained by the eligible educational institution, reasonable costs incurred by the beneficiary for room and board during such academic period.

''(ii) LIMITATIONS ON OFF-CAMPUS ROOM AND BOARD.—

''(I) DOLLAR LIMIT.—The aggregate costs which may be taken into account under clause (i)(II) for any taxable year shall not exceed $4,500.

''(II) NO MORE THAN 4 ACADEMIC YEARS TAKEN INTO ACCOUNT.—Costs may be taken into account under clause (i)(II) only for that number of academic periods as is equivalent to 4 academic years. Such number shall be reduced by the number of academic periods for which amounts were previously taken into account under clause (i)(I).''

(b) LIMIT ON AGGREGATE CONTRIBUTIONS.—

(1) IN GENERAL.—Section 529(b)(7) of the Internal Revenue Code of 1986 is amended to read as follows:

''(7) AGGREGATE LIMIT ON CONTRIBUTIONS.—A program shall not be treated as a qualified State tuition program if it allows aggregate contributions (including rollover contributions) on behalf of a designated beneficiary to exceed $35,200.''

(2) TAX ON EXCESS CONTRIBUTIONS.—

(A) IN GENERAL.—Section 4973 of such Code is amended by adding at the end the following new subsection:

''(g) EXCESS CONTRIBUTIONS TO QUALIFIED STATE TUITION PROGRAMS.—

''(1) IN GENERAL.—In the case of a designated beneficiary under 1 or more qualified State tuition programs (as defined in section 529(b)), the amount by which the contributions on behalf of such beneficiary for such taxable year, when added to the aggregate contributions on behalf of such beneficiary for all preceding taxable years, exceeds the dollar limit in effect under section 529(b)(7) for calendar year in which the taxable year begins.

''(2) SPECIAL RULES.—For purposes of paragraph (1), the following contributions shall not be taken into account:

''(A) Any contribution which is distributed out of the qualified State tuition program in a distribution to which section 529(g)(2) applies.

''(B) Any rollover contribution.''

(B) CONFORMING AMENDMENTS.—Section 4973(a) is amended—

(i) by striking ''or'' at the end of paragraph (3), by inserting ''or'' at the end of paragraph (5), and by inserting after paragraph (4) the following new paragraph:

''(5) a qualified State tuition program (as defined in section 529),'',

(ii) by striking ''accounts or annuities'' and inserting ''accounts, annuities, or programs'', and

(iii) by striking ''account or annuity'' and inserting ''account, annuity, or program''.

(c) COMPLIANCE PROVISIONS.—

(1) ADDITIONAL TAX ON AMOUNTS NOT USED FOR HIGHER EDUCATION EXPENSES.—

(A) IN GENERAL.—Section 529 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

''(g) ADDITIONAL TAX FOR DISTRIBUTIONS NOT USED FOR EDUCATIONAL EXPENSES.—

''(1) IN GENERAL.—The tax imposed by section 530(d)(4) shall apply to payments and distributions from qualified State tuition programs in the same manner as such tax applies to education individual retirement accounts.

''(2) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—Subparagraph (A) shall not apply to the distribution to a contributor of any contribution paid during a taxable year to a qualified tuition program to the extent that such contribution exceeds the limitation in section 4973(g) if such distribution (and the net income with respect to such excess contribution) meet requirements comparable to the requirements of section 530(d)(4)(C).''

(B) CONFORMING AMENDMENT.—Section 529(b)(3) of such Code is repealed.

(2) WITHHOLDING OF TAX ON CERTAIN DISTRIBUTIONS.—Section 529(c) is amended by adding at the end the following new paragraph:

''(6) WITHHOLDING OF TAX ON CERTAIN DISTRIBUTIONS.—

''(A) IN GENERAL.—A qualified State tuition program shall withhold from any distribution an amount equal to 15 percent of the portion of such distribution properly allocable to income on the contract (as determined under section 72).

''(B) EXCEPTIONS.—Subparagraph (A) shall not apply to a distribution which—

''(i) is a qualified higher education distribution under subsection (f), or

''(ii) is exempt from the payment of the additional tax imposed by subsection (g).''

(3) DISTRIBUTIONS REQUIRED IN CERTAIN CASES.—Subsection (b) of section 529 of such Code is amended by adding at the end the following new paragraph:

''(8) REQUIRED DISTRIBUTIONS.—

''(A) IN GENERAL.—A program shall be treated as a qualified State tuition program only if any balance to the credit of a designated beneficiary (if any) on the account termination date is required to be distributed within 30 days after such date to such beneficiary (or in the case of death, the estate of the beneficiary).

''(B) ACCOUNT TERMINATION DATE.—For purposes of subparagraph (A), the term 'account termination date' means whichever of the following dates is the earliest:

''(i) The date on which the designated beneficiary attains age 30.

''(ii) The date on which the designated beneficiary dies.''

(d) COST-OF-LIVING ADJUSTMENTS.—Section 529(e) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(6) COST-OF-LIVING ADJUSTMENTS.—In the case of calendar years beginning after December 31, 1998, the $32,500 amount under subsection (b)(7) and the $4,500 amount under subsection (e)(3)(B)(ii)(I) shall each be increased by an amount equal to—

''(A) such dollar amount, multiplied by,

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

If any dollar amount is not a multiple of $100 after being increased under this paragraph, such amount shall be rounded to the next lowest multiple of $100.''

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to distributions in taxable years beginning after December 31, 1997.

(2) CONTRACT REQUIREMENTS.—The amendments made by subsections (b)(1) and (c)(3) shall apply to contracts issued after December 31, 1997.

SEC. ___. EXTENSION AND MODIFICATION OF SUBSIDIES FOR ALCOHOL FUELS.

(a) EXTENSION.—

(1) The following provisions of the Internal Revenue Code of 1986 are each amended by striking ''2000'' each place it appears and inserting ''2007'':

(A) Section 4041(b)(2)(C) (relating to termination).

(B) Section 4041(k)(3) (relating to termination).

(C) Section 4081(c)(8) (relating to termination).

(D) Section 4091(c)(5) (relating to termination).

(2) Section 4041(m)(1)(A) of such Code (relating to certain alcohol fuels), as amended by section 907(b) of the Taxpayer Relief Act of 1997, is amended by striking ''1999'' both places it appears and inserting ''2005''.

(3) Section 6427(f)(4) of such Code (relating to termination) is amended by striking ''1999'' and inserting ''2007''.

(4) Section 40(e)(1) of such Code (relating to termination) is amended—

(A) by striking ''December 31, 2000'' and inserting ''December 31, 2007'', and

(B) by striking subparagraph (B) and inserting the following:

''(B) of any fuel for any period before January 1, 2008, during which the rate of tax under section 4081(a)(2)(A) is 4.3 cents per gallon.''.

(5) Headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007) are amended in the effective period column by striking ''10/1/2000'' each place it appears and inserting ''10/1/2007''.

(b) MODIFICATION.—

(1) IN GENERAL.—Subsection (h) of section 40 of the Internal Revenue Code of 1986 (relating to alcohol used as fuel) is amended to read as follows:

''(h) REDUCED CREDIT FOR ETHANOL BLENDERS.—

''(1) IN GENERAL.—In the case of any alcohol mixture credit or alcohol credit with respect to any sale or use of alcohol which is ethanol during calendar years 2001 through 2007—

''(A) subsections (b)(1)(A) and (b)(2)(A) shall be applied by substituting 'the blender amount' for '60 cents',

''(B) subsection (b)(3) shall be applied by substituting 'the low-proof blender amount' for '45 cents' and 'the blender amount' for '60 cents', and

''(C) subparagraphs (A) and (B) of subsection (d)(3) shall be applied by substituting 'the blender amount' for '60 cents' and 'the low-proof blender amount' for '45 cents'.

''(2) AMOUNTS.—For purposes of paragraph (1), the blender amount and the low-proof blender amount shall be determined in accordance with the following table:

In the case of any sale or use during calendar year:	The blender amount is:	The low-proof blender amount is:
2001 or 2002	53 cents	39.26 cents
2003 or 2004	52 cents	38.52 cents
2005, 2006, or 2007	51 cents	37.78 cents.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 4041(b)(2) of such Code is amended—

(i) in subparagraph (A)(i), by striking ''5.4 cents'' and inserting ''the applicable blender rate'', and

(ii) by redesignating subparagraph (C), as amended by subsection (a)(2)(A), as subparagraph (D) and by inserting after subparagraph (B) the following:

''(C) APPLICABLE BLENDER RATE.—For purposes of subparagraph (A)(i), the applicable blender rate is—

''(i) except as provided in clause (ii), 5.4 cents, and

''(ii) for sales or uses during calendar years 2001 through 2007, 1/10 of the blender amount applicable under section 40(h)(2) for the calendar year in which the sale or use occurs.''.

(B) Subparagraph (A) of section 4081(c)(4) of such Code is amended to read as follows:

''(A) GENERAL RULES.—

''(i) MIXTURES CONTAINING ETHANOL.—Except as provided in clause (ii), in the case of a qualified alcohol mixture which contains gasoline, the alcohol mixture rate is the excess of the rate which would (but for this paragraph) be determined under subsection (a) over—

''(I) in the case of 10 percent gasohol, the applicable blender rate (as defined in section 4041(b)(2)(A)) per gallon,

''(II) in the case of 7.7 percent gasohol, the number of cents per gallon equal to 77 percent of such applicable blender rate, and

''(III) in the case of 5.7 percent gasohol, the number of cents per gallon equal to 57 percent of such applicable blender rate.

''(ii) MIXTURES NOT CONTAINING ETHANOL.—In the case of a qualified alcohol mixture which contains gasoline and none of the alcohol in which consists of ethanol, the alcohol mixture rate is the excess of the rate which would (but for this paragraph) be determined under subsection (a) over—

''(I) in the case of 10 percent gasohol, 6 cents per gallon,

''(II) in the case of 7.7 percent gasohol, 4.62 cents per gallon, and

''(III) in the case of 5.7 percent gasohol, 3.42 cents per gallon.''.

(C) Section 4081(c)(5) of such Code is amended by striking ''5.4 cents'' and inserting ''the applicable blender rate (as defined in section 4041(b)(2)(C))''.

(D) Section 4091(c)(1) of such Code is amended by striking ''13.4 cents'' each place it appears and inserting ''the applicable blender amount'' and by adding at the end the following new sentence: ''For purposes of this paragraph, the term 'applicable blender amount' means 13.3 cents in the case of any sale or use during 2001 or 2002, 13.2 cents in the case of any sale or use during 2003 or 2004, 13.1 cents in the case of any sale or use during 2005, 2006, or 2007, and 13.4 cents in the case of any sale or use during 2008 or thereafter.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 2001.

GRASSLEY (AND MOSELEY-BRAUN) AMENDMENT NO. 1547

(Ordered to lie on the table.)

Mr. GRASSLEY (for himself and Mrs. MOSELEY-BRAUN) submitted an amendment intended to be proposed by them to the bill, H.R. 2646, supra; as follows:

At the appropriate place in the bill, insert the following new section:

SEC. ___. EXTENSION AND MODIFICATION OF SUBSIDIES FOR ALCOHOL FUELS.

(a) EXTENSION.—

(1) The following provisions of the Internal Revenue Code of 1986 are each amended by striking ''2000'' each place it appears and inserting ''2007'':

(A) Section 4041(b)(2)(C) (relating to termination).

(B) Section 4041(k)(3) (relating to termination).

(C) Section 4081(c)(8) (relating to termination).

(D) Section 4091(c)(5) (relating to termination).

(2) Section 4041(m)(1)(A) of such Code (relating to certain alcohol fuels), as amended by section 907(b) of the Taxpayer Relief Act of 1997, is amended by striking ''1999'' both places it appears and inserting ''2005''.

(3) Section 6427(f)(4) of such Code (relating to termination) is amended by striking ''1999'' and inserting ''2007''.

(4) Section 40(e)(1) of such Code (relating to termination) is amended—

(A) by striking ''December 31, 2000'' and inserting ''December 31, 2007'', and

(B) by striking subparagraph (B) and inserting the following:

''(B) of any fuel for any period before January 1, 2008, during which the rate of tax under section 4081(a)(2)(A) is 4.3 cents per gallon.''.

(5) Headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007) are amended in the effective period column by striking ''10/1/2000'' each place it appears and inserting ''10/1/2007''.

(b) MODIFICATION.—

(1) IN GENERAL.—Subsection (h) of section 40 of the Internal Revenue Code of 1986 (relating to alcohol used as fuel) is amended to read as follows:

''(h) REDUCED CREDIT FOR ETHANOL BLENDERS.—

''(1) IN GENERAL.—In the case of any alcohol mixture credit or alcohol credit with respect to any sale or use of alcohol which is ethanol during calendar years 2001 through 2007—

''(A) subsections (b)(1)(A) and (b)(2)(A) shall be applied by substituting 'the blender amount' for '60 cents',

''(B) subsection (b)(3) shall be applied by substituting 'the low-proof blender amount' for '45 cents' and 'the blender amount' for '60 cents', and

''(C) subparagraphs (A) and (B) of subsection (d)(3) shall be applied by substituting 'the blender amount' for '60 cents' and 'the low-proof blender amount' for '45 cents'.

''(2) AMOUNTS.—For purposes of paragraph (1), the blender amount and the low-proof blender amount shall be determined in accordance with the following table:

In the case of any sale or use during calendar year:	The blender amount is:	The low-proof blender amount is:
2001 or 2002	53 cents	39.26 cents
2003 or 2004	52 cents	38.52 cents
2005, 2006, or 2007	51 cents	37.78 cents.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 4041(b)(2) of such Code is amended—

(i) in subparagraph (A)(i), by striking ''5.4 cents'' and inserting ''the applicable blender rate'', and

(ii) by redesignating subparagraph (C), as amended by subsection (a)(2)(A), as subparagraph (D) and by inserting after subparagraph (B) the following:

''(C) APPLICABLE BLENDER RATE.—For purposes of subparagraph (A)(i), the applicable blender rate is—

''(i) except as provided in clause (ii), 5.4 cents, and

''(ii) for sales or uses during calendar years 2001 through 2007, 1/10 of the blender amount applicable under section 40(h)(2) for the calendar year in which the sale or use occurs.''.

(B) Subparagraph (A) of section 4081(c)(4) of such Code is amended to read as follows:

''(A) GENERAL RULES.—

''(i) MIXTURES CONTAINING ETHANOL.—Except as provided in clause (ii), in the case of a qualified alcohol mixture which contains gasoline, the alcohol mixture rate is the excess of the rate which would (but for this paragraph) be determined under subsection (a) over—

''(I) in the case of 10 percent gasohol, the applicable blender rate (as defined in section 4041(b)(2)(A)) per gallon,

''(II) in the case of 7.7 percent gasohol, the number of cents per gallon equal to 77 percent of such applicable blender rate, and

''(III) in the case of 5.7 percent gasohol, the number of cents per gallon equal to 57 percent of such applicable blender rate.

''(ii) MIXTURES NOT CONTAINING ETHANOL.—In the case of a qualified alcohol mixture which contains gasoline and none of the alcohol in which consists of ethanol, the alcohol mixture rate is the excess of the rate which would (but for this paragraph) be determined under subsection (a) over—

''(I) in the case of 10 percent gasohol, 6 cents per gallon,

''(II) in the case of 7.7 percent gasohol, 4.62 cents per gallon, and

''(III) in the case of 5.7 percent gasohol, 3.42 cents per gallon.''.

(C) Section 4081(c)(5) of such Code is amended by striking ''5.4 cents'' and inserting ''the applicable blender rate (as defined in section 4041(b)(2)(C))''.

(D) Section 4091(c)(1) of such Code is amended by striking ''13.4 cents'' each place it appears and inserting ''the applicable blender amount'' and by adding at the end the following new sentence: ''For purposes of this paragraph, the term 'applicable blender amount' means 13.3 cents in the case of any sale or use during 2001 or 2002, 13.2 cents in the case of any sale or use during 2003 or 2004, 13.1 cents in the case of any sale or use during 2005, 2006, or 2007, and 13.4 cents in the case of any sale or use during 2008 or thereafter.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 2001.

FEINSTEIN AMENDMENTS NOS. 1548–1549

(Ordered to lie on the table.)

Mrs. FEINSTEIN submitted two amendments intended to be proposed by her to the bill, H.R. 2646, supra; as follows:

AMENDMENT NO. 1548

At the end add the following:

SEC. ___. ESTABLISHMENT OF CANCER RESEARCH TRUST FUND.

(a) IN GENERAL.—Part A of title IV of the Public Health Service Act (42 U.S.C. 281 et seq.) is amended by adding at the end the following new section:

''SEC. 404F. ESTABLISHMENT OF CANCER RESEARCH TRUST FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury of the United States a trust fund, to be known as the 'Cancer Research Trust Fund' (hereafter in this section referred to as the 'Fund'), consisting of such amounts as are credited or paid to the Fund as provided for in section 6098 of the Internal Revenue Code of 1986 and any interest earned on investment of amounts in the Fund.

''(b) INVESTMENT OF TRUST FUND.—

''(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in the Secretary's judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired—

''(A) on original issue at the issue price, or

''(B) by purchase of outstanding obligations at the market price.

The purposes for which obligations of the United States may be issued under chapter 31 of title 31, of the United States Code, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

''(2) SALE OF OBLIGATION.—Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

''(3) CREDITS TO TRUST FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

''(c) OBLIGATIONS FROM FUND.—

''(1) IN GENERAL.—The Secretary of Health and Human Services shall annually make available such sums as are available in the Fund (including any amounts not obligated in previous fiscal years) to the National Institutes of Health for the conduct of biomedical, intramural and extramural research.

''(2) DIRECTOR OF NIH.—The Director of the National Institutes of Health may distribute amounts made available under paragraph (1) among the various research institutes and centers of the National Institutes of Health to enable such institutes and centers to conduct research that the Director determines is appropriate. The Director shall make awards from amounts available under paragraph (1) for research on cancer.

''(d) SUPPLEMENT NOT SUPPLANT.—Amounts provided to an institute or center under subsection (c) shall be used to supplement and not supplant other research conducted with Federal funds.

''(e) LIMITATION.—No expenditure shall be made under subsection (c)(1) during any fiscal year in which the annual amount appropriated for the National Institutes of Health is less than the amount so appropriated for the prior fiscal year.''.

(b) DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS TO TRUST FUND.—

(1) IN GENERAL.—Subchapter A of chapter 61 of the Internal Revenue Code of 1986 (relating to information and returns) is amended by adding at the end the following new part:

''PART IX—DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS TO CANCER RESEARCH TRUST FUND

''Sec. 6098. Designation to Cancer Research Trust Fund.

''SEC. 6098. DESIGNATION TO CANCER RESEARCH TRUST FUND.

''(a) IN GENERAL.—Every individual (other than a nonresident alien) may—

''(1) designate that a portion (not less than $1) of any overpayment of the tax imposed by chapter 1 for the taxable year, and

''(2) provide that a cash contribution (not less than $1),

be paid over to the Cancer Research Trust Fund in accordance with the provisions of section 404F of the Public Health Service Act. In the case of a joint return of a husband and wife, each spouse may designate one-half of any such overpayment of tax (not less than $2).

''(b) MANNER AND TIME OF DESIGNATION.—Any designation or payment under subsection (a) may be made with respect to any taxable year only at the time of filing the original return of the tax imposed by chapter 1 for such taxable year. Such designation shall be made on the page bearing the taxpayer's signature, and in close proximity to such signature, and shall be labeled 'Cancer Research Fund'.

''(c) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this section, any overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last day prescribed for filing the return of tax imposed by chapter 1 (determined with regard to extensions) or, if later, the date the return is filed.''

(2) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Part IX. Designation of overpayments and contributions to Cancer Research Trust Fund.''.

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

AMENDMENT NO. 1549

At the end add the following:

SEC. ___. ESTABLISHMENT OF CANCER RESEARCH TRUST FUND.

(a) IN GENERAL.—Part A of title IV of the Public Health Service Act (42 U.S.C. 281 et seq.) is amended by adding at the end the following new section:

"SEC. 404F. ESTABLISHMENT OF CANCER RESEARCH TRUST FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury of the United States a trust fund, to be known as the 'Cancer Research Trust Fund' (hereafter in this section referred to as the 'Fund'), consisting of such amounts as are credited or paid to the Fund as provided for in section 6098 of the Internal Revenue Code of 1986 and any interest earned on investment of amounts in the Fund.

''(b) INVESTMENT OF TRUST FUND.—

''(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in the Secretary's judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose, such obligations may be acquired—

''(A) on original issue at the issue price, or

''(B) by purchase of outstanding obligations at the market price.

The purposes for which obligations of the United States may be issued under chapter 31 of title 31, of the United States Code, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

''(2) SALE OF OBLIGATION.—Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

''(3) CREDITS TO TRUST FUND.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

''(c) OBLIGATIONS FROM FUND.—

''(1) IN GENERAL.—The Secretary of Health and Human Services shall annually make available such sums as are available in the Fund (including any amounts not obligated in previous fiscal years) to the National Institutes of Health for the conduct of biomedical, intramural and extramural research.

''(2) DIRECTOR OF NIH.—The Director of the National Institutes of Health may distribute amounts made available under paragraph (1) among the various research institutes and centers of the National Institutes of Health to enable such institutes and centers to conduct research that the Director determines is appropriate. The Director shall make awards from amounts available under paragraph (1) for research on cancer.

''(d) SUPPLEMENT NOT SUPPLANT.—Amounts provided to an institute or center under subsection (c) shall be used to supplement and not supplant other research conducted with Federal funds.

''(e) LIMITATION.—No expenditure shall be made under subsection (c)(1) during any fiscal year in which the annual amount appropriated for the National Institutes of Health is less than the amount so appropriated for the prior fiscal year.''.

(b) DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS TO TRUST FUND.—

(1) IN GENERAL.—Subchapter A of chapter 61 of the Internal Revenue Code of 1986 (relating to information and returns) is amended by adding at the end the following new part:

"PART IX—DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS TO CANCER RESEARCH TRUST FUND

''Sec. 6098. Designation to Cancer Research Trust Fund.

"SEC. 6098. DESIGNATION TO CANCER RESEARCH TRUST FUND.

''(a) IN GENERAL.—Every individual (other than a nonresident alien) may—

''(1) designate that a portion (not less than $1) of any overpayment of the tax imposed by chapter 1 for the taxable year, and

''(2) provide that a cash contribution (not less than $1),

be paid over to the Cancer Research Trust Fund in accordance with the provisions of section 404F of the Public Health Service Act. In the case of a joint return of a husband and wife, each spouse may designate one-half of any such overpayment of tax (not less than $2).

''(b) MANNER AND TIME OF DESIGNATION.—Any designation or payment under subsection (a) may be made with respect to any taxable year only at the time of filing the original return of the tax imposed by chapter 1 for such taxable year. Such designation shall be made on the page bearing the taxpayer's signature, and in close proximity to such signature, and shall be labeled 'Cancer Research Fund'.

''(c) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this section, any overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last day prescribed for filing the return of tax imposed by chapter 1 (determined with regard to extensions) or, if later, the date the return is filed.''.

(2) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Part IX. Designation of overpayments and contributions to Cancer Research Trust Fund.''.

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

(c) RECIPROCAL OFFSET PROGRAM.—

(1) ESTABLISHMENT.—The Secretary of the Treasury shall enter into an agreement with any State under which—

(A) the State agrees, upon notice by the Secretary of the Treasury of any person having a liability in respect of an internal revenue tax, to reduce any overpayment of State tax to be refunded to such person to the extent of the amount of such liability and pay the amount by which the overpayment is so reduced to the United States Treasury and to notify such person of such payment, and

(B) the Secretary of the Treasury agrees to comply with the requirements of section 6402(e) of the Internal Revenue Code of 1986.

(2) DISCLOSURE OF RETURN INFORMATION TO STATES.—Section 6103(d) of the Internal Revenue Code of 1986 (relating to disclosure to State tax officials and State and local law enforcement agencies) is amended by adding at the end the following new paragraph:

''(6) DISCLOSURE FOR RECIPROCAL OFFSET PROGRAM AGREEMENTS.—The Secretary shall disclose return information for purposes of an agreement under the reciprocal offset program established under section ___(c)(1) of the Education Savings Act for Public and Private Schools.''.

(3) OFFSET OF PAST-DUE, LEGALLY ENFORCEABLE STATE TAX OBLIGATIONS AGAINST OVERPAYMENTS.—

(A) IN GENERAL.—Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds) is amended by redesignating subsections (e) through (i) as subsections (f) through (j), respectively, and by inserting after subsection (d) the following new subsection:

''(e) COLLECTION OF PAST-DUE, LEGALLY ENFORCEABLE STATE TAX OBLIGATIONS.—

''(1) IN GENERAL.—Upon receiving notice from any State that has entered into an agreement with the Secretary under section ___(c)(1) of the Education Savings Act for Public and Private Schools that a named person owes a past-due, legally enforceable State tax obligation to such State, the Secretary shall, under such conditions as may be prescribed by the Secretary—

''(A) reduce the amount of any overpayment payable to such person by the amount of such State tax obligation;

''(B) pay the amount by which such overpayment is reduced under subparagraph (A) to such State and notify such State of such person's name, taxpayer identification number, address, and the amount collected; and

''(C) notify the person making such overpayment that the overpayment has been reduced by an amount necessary to satisfy a past-due, legally enforceable State tax obligation.

If an offset is made pursuant to a joint return, the notice under subparagraph (B) shall include the names, taxpayer identification numbers, and addresses of each person filing such return.

''(2) PRIORITIES FOR OFFSET.—Any overpayment by a person shall be reduced pursuant to this subsection—

''(A) after such overpayment is reduced pursuant to—

''(i) subsection (a) with respect to any liability for any internal revenue tax on the part of the person who made the overpayment,

''(ii) subsection (c) with respect to past-due support, and

''(iii) subsection (d) with respect to any past-due, legally enforceable debt owed to a Federal agency, and

''(B) before such overpayment is credited to the future liability for any Federal internal revenue tax of such person pursuant to subsection (b).

If the Secretary receives notice from 1 or more State agencies of more than 1 debt subject to paragraph (1) that is owed by such person to such an agency, any overpayment by such person shall be applied against such debts in the order in which such debts accrued.

''(3) NOTICE; CONSIDERATION OF EVIDENCE.—No State may take action under this subsection until such State—

''(A) notifies the person owing the past-due State tax liability that the State proposes to take action pursuant to this section,

''(B) gives such person at least 60 days to present evidence that all or part of such liability is not past-due or not legally enforceable,

''(C) considers any evidence presented by such person and determines that an amount of such debt is past-due and legally enforceable, and

''(D) satisfies such other conditions as the Secretary may prescribe to ensure that the determination made under subparagraph (C) is valid and that the State has made reasonable efforts to obtain payment of such State tax obligation.

''(4) PAST-DUE, LEGALLY ENFORCEABLE STATE TAX OBLIGATION.—For purposes of this subsection, the term 'past-due, legally enforceable State tax obligation' means a debt—

''(A)(i) which resulted from—

''(I) a judgment rendered by a court of competent jurisdiction which has determined an amount of State tax to be due, or

''(II) a determination after an administrative hearing which has determined an amount of State tax to be due, and

''(ii) which is no longer subject to judicial review, or

''(B) which resulted from a State tax which has been assessed but not collected, the time for redetermination of which has expired, and which has not been delinquent for more than 10 years.

For purposes of this paragraph, the term 'State tax' includes any local tax administered by the chief tax administration agency of the State.

''(5) REGULATIONS.—The Secretary shall issue regulations prescribing the time and manner in which States must submit notices of past-due, legally enforceable State tax obligations and the necessary information that must be contained in or accompany such notices. The regulations shall specify the types of State taxes and the minimum amount of debt to which the reduction procedure established by paragraph (1) may be applied. The regulations may require States to pay a fee to reimburse the Secretary for the cost of applying such procedure. Any fee paid to the Secretary pursuant to the preceding sentence shall be used to reimburse appropriations which bore all or part of the cost of applying such procedure.

''(6) ERRONEOUS PAYMENT TO STATE.—Any State receiving notice from the Secretary that an erroneous payment has been made to such State under paragraph (1) shall pay promptly to the Secretary, in accordance with such regulations as the Secretary may prescribe, an amount equal to the amount of such erroneous payment (without regard to whether any other amounts payable to such State under such paragraph have been paid to such State).''.

(B) DISCLOSURE OF CERTAIN INFORMATION TO STATES REQUESTING REFUND OFFSETS FOR PAST-DUE, LEGALLY ENFORCEABLE STATE TAX OBLIGATIONS.—

(i) Paragraph (10) of section 6103(l) of such Code is amended by striking ''(c) or (d)'' each place it appears and inserting ''(c), (d), or (e)''.

(ii) The paragraph heading for such paragraph (10) is amended by striking ''SECTION 6402(c) OR 6402(d)'' and inserting ''SUBSECTION (c), (d), OR (e) OF SECTION 6402''.

(C) CONFORMING AMENDMENTS.—

(i) Subsection (a) of section 6402 of such Code is amended by striking ''(c) and (d)'' and inserting ''(c), (d), and (e)''.

(ii) Paragraph (2) of section 6402(d) of such Code is amended by striking ''and before such overpayment'' and inserting ''and before such overpayment is reduced pursuant to subsection (e) and before such overpayment''.

(iii) Subsection (f) of section 6402 of such Code, as redesignated by subparagraph (A), is amended—

(I) by striking ''(c) or (d)'' and inserting ''(c), (d), or (e)'', and

(II) by striking ''Federal agency'' and inserting ''Federal agency or State''.

(iv) Subsection (h) of section 6402 of such Code, as redesignated by subparagraph (A), is amended by striking ''subsection (c)'' and inserting ''subsection (c) or (e)''.

(D) AMENDMENTS APPLIED AFTER TECHNICAL CORRECTIONS TO PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.—

(i) Section 110(l) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by striking paragraphs (4), (5), and (7) (and the amendments made by such paragraphs), and the Internal Revenue Code of 1986 shall be applied as if such paragraphs (and amendments) had never been enacted.

(ii) For purposes of applying the amendments made by this paragraph other than this subparagraph the provisions of this subparagraph shall be treated as having been enacted immediately before the other provisions of this paragraph.

(E) EFFECTIVE DATE.—The amendments made by this subsection (other than paragraph (3)(D)) shall apply to refunds payable after December 31, 1998.

GRAHAM AMENDMENT NO. 1550

(Ordered to lie on the table.)

Mr. GRAHAM submitted an amendment intended to be proposed by him to the bill, H.R. 2646, supra; as follows:

On page 3, between lines 9 and 10, insert:

''(C) DEPENDENT CARE EMPLOYMENT-RELATED EXPENSES.—Such term shall include employment-related expenses (as defined in section 21(b)(2)) for the care of a designated beneficiary who is a qualifying individual under section 21(b)(1)(A) with respect to the individual incurring such expenses. No credit shall be allowed under section 21 with respect to employment-related expenses paid out of the account to the extent such payment is not included in gross income by reason of subsection (d)(2).''

KOHL AMENDMENT NO. 1551

(Ordered to lie on the table.)

Mr. KOHL submitted an amendment intended to be proposed by him to the bill, H.R. 2646, supra; as follows:

At the appropriate place in the bill, insert the following:

SEC. ___. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE; FOREIGN TAX CREDIT CARRYOVERS.

(a) ALLOWANCE OF CREDIT.—

(1) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following new section:

''SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.

''(a) IN GENERAL.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to 50 percent of the qualified child care expenditures of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $150,000.

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

''(1) QUALIFIED CHILD CARE EXPENDITURE.—The term 'qualified child care expenditure' means any amount paid or incurred—

''(A) to acquire, construct, rehabilitate, or expand property—

''(i) which is to be used as part of a qualified child care facility of the taxpayer,

''(ii) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

''(iii) which does not constitute part of the principal residence (within the meaning of section 1034) of the taxpayer or any employee of the taxpayer,

''(B) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees, to scholarship programs, and to the providing of increased compensation to employees with higher levels of child care training,

''(C) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer, or

''(D) under a contract to provide child care resource and referral services to employees of the taxpayer.

''(2) QUALIFIED CHILD CARE FACILITY.—

''(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

''(i) the principal use of which is to provide child care assistance, and

''(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including, but not limited to, the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 1034) of the operator of the facility.

''(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

''(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

''(ii) the facility is not the principal trade or business of the taxpayer unless at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

''(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

''(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

''(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

''(A) the applicable recapture percentage, and

''(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

''If the recapture event occurs in:	The applicable recapture percentage is:
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the

taxable year in which the qualified child care facility is placed in service by the taxpayer.

''(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

''(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

''(B) CHANGE IN OWNERSHIP.—

''(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

''(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

''(4) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

''(B) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

''(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

''(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

''(f) NO DOUBLE BENEFIT.—

''(1) REDUCTION IN BASIS.—For purposes of this subtitle—

''(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

''(B) CERTAIN DISPOSITIONS.—If during any taxable year there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

''(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.

''(g) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 1999.''

(2) CONFORMING AMENDMENTS.—

(A) Section 38(b) of the Internal Revenue Code of 1986 is amended—

(i) by striking out ''plus'' at the end of paragraph (11),

(ii) by striking out the period at the end of paragraph (12), and inserting a comma and ''plus'', and

(iii) by adding at the end the following new paragraph:

''(13) the employer-provided child care credit determined under section 45D.''

(B) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45D. Employer-provided child care credit.''

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

(b) MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.—

(1) IN GENERAL.—Subsection (c) of section 904 of the Internal Revenue Code of 1986 (relating to limitation on credit) is amended—

(A) by striking ''in the second preceding taxable year,'', and

(B) by striking ''or fifth'' and inserting ''fifth, sixth, or seventh''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to credits arising in taxable years beginning after December 31, 1997.

WELLSTONE AMENDMENTS NOS. 1552–1553

(Ordered to lie on the table.)

Mr. WELLSTONE submitted two amendments intended to be proposed by him to the bill, H.R. 2646, supra; as follows:

AMENDMENT NO. 1552

At the appropriate place, insert the following:

SEC. ___. ALLOCATION OF ALCOHOL FUELS CREDIT TO PATRONS OF A COOPERATIVE.

(a) ALLOCATION.—

(1) IN GENERAL.—Subsection (d) of section 40 of the Internal Revenue Code of 1986 (relating to alcohol used as fuel) is amended by adding at the end the following new paragraph:

''(6) ALLOCATION OF SMALL ETHANOL PRODUCER CREDIT TO PATRONS OF COOPERATIVE.—

''(A) IN GENERAL.—In the case of a cooperative organization described in section 1381(a), any portion of the credit determined under subsection (a)(3) for the taxable year may, at the election of the organization made on a timely filed return (including extensions) for such year, be apportioned pro rata among patrons on the basis of the quantity or value of business done with or for such patrons for the taxable year. Such an election, once made, shall be irrevocable for such taxable year.

''(B) TREATMENT OF ORGANIZATIONS AND PATRONS.—The amount of the credit apportioned to patrons pursuant to subparagraph (A)—

''(i) shall not be included in the amount determined under subsection (a) for the taxable year of the organization, and

''(ii) shall be included in the amount determined under subsection (a) for the taxable year of each patron in which the patronage dividend for the taxable year referred to in subparagraph (A) is includible in gross income.

''(C) SPECIAL RULE FOR DECREASING CREDIT FOR TAXABLE YEAR.—If the amount of the credit of a cooperative organization determined under subsection (a)(3) for a taxable year is less than the amount of such credit shown on the cooperative organization's return for such year, an amount equal to the excess of such reduction over the amount not apportioned to the patrons under subparagraph (A) for the taxable year shall be treated as an increase in tax imposed by this chapter on the organization. Any such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this subpart or subpart A, B, E, or G of this part.''

(2) TECHNICAL AMENDMENT.—Section 1388 of the Internal Revenue Code of 1986 (relating to definitions and special rules for cooperative organizations) is amended by adding at the end the following new subsection:

''(k) CROSS REFERENCE.—

''For provisions relating to the apportionment of the alcohol fuels credit between cooperative organizations and their patrons, see section 40(d)(6).''

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

(b) OFFSET OF PAST-DUE, LEGALLY ENFORCEABLE STATE TAX OBLIGATIONS AGAINST OVERPAYMENTS.—

(1) IN GENERAL.—Section 6402 of the Internal Revenue Code of 1986 is amended by redesignating subsections (e) through (i) as subsections (f) through (j), respectively, and by inserting after subsection (d) the following new subsection:

''(e) COLLECTION OF PAST-DUE, LEGALLY ENFORCEABLE STATE TAX OBLIGATIONS.—

''(1) IN GENERAL.—Upon receiving notice from any State that a named person owes a past-due, legally enforceable State tax obligation to such State, the Secretary shall, under such conditions as may be prescribed by the Secretary—

''(A) reduce the amount of any overpayment payable to such person by the amount of such State tax obligation;

''(B) pay the amount by which such overpayment is reduced under subparagraph (A) to such State and notify such State of such person's name, taxpayer identification number, address, and the amount collected; and

''(C) notify the person making such overpayment that the overpayment has been reduced by an amount necessary to satisfy a past-due, legally enforceable State tax obligation.

If an offset is made pursuant to a joint return, the notice under subparagraph (B) shall include the names, taxpayer identification numbers, and addresses of each person filing such return.

''(2) OFFSET PERMITTED ONLY AGAINST RESIDENTS OF STATE SEEKING OFFSET.—Paragraph (1) shall apply to an overpayment by any person for a taxable year only if the address shown on the return for such taxable year is an address within the State seeking the offset.

''(3) PRIORITIES FOR OFFSET.—Any overpayment by a person shall be reduced pursuant to this subsection—

''(A) after such overpayment is reduced pursuant to—

''(i) subsection (a) with respect to any liability for any internal revenue tax on the part of the person who made the overpayment,

''(ii) subsection (c) with respect to past-due support, and

''(iii) subsection (d) with respect to any past-due, legally enforceable debt owed to a Federal agency, and

''(B) before such overpayment is credited to the future liability for any Federal internal revenue tax of such person pursuant to subsection (b).

If the Secretary receives notice from 1 or more agencies of the State of more than 1 debt subject to paragraph (1) that is owed by such person to such an agency, any overpayment by such person shall be applied against such debts in the order in which such debts accrued.

''(4) NOTICE; CONSIDERATION OF EVIDENCE.—No State may take action under this subsection until such State—

''(A) notifies the person owing the past-due State tax liability that the State proposes to take action pursuant to this section,

''(B) gives such person at least 60 days to present evidence that all or part of such liability is not past-due or not legally enforceable,

''(C) considers any evidence presented by such person and determines that an amount of such debt is past-due and legally enforceable, and

''(D) satisfies such other conditions as the Secretary may prescribe to ensure that the determination made under subparagraph (C) is valid and that the State has made reasonable efforts to obtain payment of such State tax obligation.

''(5) PAST-DUE, LEGALLY ENFORCEABLE STATE TAX OBLIGATION.—For purposes of this subsection, the term 'past-due, legally enforceable State tax obligation' means a debt—

''(A)(i) which resulted from—

''(I) a judgment rendered by a court of competent jurisdiction which has determined an amount of State tax to be due, or

''(II) a determination after an administrative hearing which has determined an amount of State tax to be due, and

''(ii) which is no longer subject to judicial review, or

''(B) which resulted from a State tax which has been assessed but not collected, the time for redetermination of which has expired, and which has not been delinquent for more than 10 years.

For purposes of this paragraph, the term 'State tax' includes any local tax administered by the chief tax administration agency of the State.

''(6) REGULATIONS.—The Secretary shall issue regulations prescribing the time and manner in which States must submit notices of past-due, legally enforceable State tax obligations and the necessary information that must be contained in or accompany such notices. The regulations shall specify the types of State taxes and the minimum amount of debt to which the reduction procedure established by paragraph (1) may be applied. The regulations may require States to pay a fee to reimburse the Secretary for the cost of applying such procedure. Any fee paid to the Secretary pursuant to the preceding sentence shall be used to reimburse appropriations which bore all or part of the cost of applying such procedure.

''(7) ERRONEOUS PAYMENT TO STATE.—Any State receiving notice from the Secretary that an erroneous payment has been made to such State under paragraph (1) shall pay promptly to the Secretary, in accordance with such regulations as the Secretary may prescribe, an amount equal to the amount of such erroneous payment (without regard to whether any other amounts payable to such State under such paragraph have been paid to such State).''.

(2) DISCLOSURE OF CERTAIN INFORMATION TO STATES REQUESTING REFUND OFFSETS FOR PAST-DUE, LEGALLY ENFORCEABLE STATE TAX OBLIGATIONS.—

(A) Paragraph (10) of section 6103(l) of the Internal Revenue Code of 1986 is amended by striking ''(c) or (d)'' each place it appears and inserting ''(c), (d), or (e)''.

(B) The paragraph heading for such paragraph (10) is amended by striking ''SECTION 6402(c) OR 6402(d)'' and inserting ''SUBSECTION (c), (d), OR (e) OF SECTION 6402''.

(3) CONFORMING AMENDMENTS.—

(A) Subsection (a) of section 6402 of the Internal Revenue Code of 1986 is amended by striking ''(c) and (d)'' and inserting ''(c), (d), and (e)''.

(B) Paragraph (2) of section 6402(d) of the Internal Revenue Code of 1986 is amended by striking ''and before such overpayment'' and inserting ''and before such overpayment is reduced pursuant to subsection (e) and before such overpayment''.

(C) Subsection (f) of section 6402 of the Internal Revenue Code of 1986, as redesignated by paragraph (1), is amended—

(i) by striking ''(c) or (d)'' and inserting ''(c), (d), or (e)'', and

(ii) by striking ''Federal agency'' and inserting ''Federal agency or State''.

(D) Subsection (h) of section 6402 of the Internal Revenue Code of 1986, as redesignated by paragraph (1), is amended by striking ''subsection (c)'' and inserting ''subsection (c) or (e)''.

(4) AMENDMENTS APPLIED AFTER TECHNICAL CORRECTIONS TO PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996.—

(A) Section 110(l) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 is amended by striking paragraphs (4), (5), and (7) (and the amendments made by such paragraphs), and the Internal Revenue Code of 1986 shall be applied as if such paragraphs (and amendments) had never been enacted.

(B) For purposes of applying the amendments made by this subsection other than this paragraph, the provisions of this paragraph shall be treated as having been enacted immediately before the other provisions of this subsection.

(5) EFFECTIVE DATE.—The amendments made by this subsection (other than paragraph (4)) shall apply to refunds payable under section 6402 of the Internal Revenue Code of 1986 after December 31, 1998.

AMENDMENT NO. 1553

At the appropriate place, insert the following:

''It is the sense of the Senate that the Federal budget deficit should be reduced, and a surplus should be achieved, in a way that is fair and responsible, in part by enacting provisions to close longstanding loopholes in our tax code and eliminating unwarranted special interest subsidies.''

MOSELEY-BRAUN AMENDMENTS NOS. 1554–1556

(Ordered to lie on the table.)

Ms. MOSELEY-BRAUN submitted three amendments intended to be proposed by her to the bill, H.R. 2646, supra; as follows:

AMENDMENT NO. 1554

At the end add the following:

SEC. ___. EXTENSION AND MODIFICATION OF SUBSIDIES FOR ALCOHOL FUELS.

(a) EXTENSION.—

(1) The following provisions of the Internal Revenue Code of 1986 are each amended by striking ''2000'' each place it appears and inserting ''2007'':

(A) Section 4041(b)(2)(C) (relating to termination).

(B) Section 4041(k)(3) (relating to termination).

(C) Section 4081(c)(8) (relating to termination).

(D) Section 4091(c)(5) (relating to termination).

(2) Section 4041(m)(1)(A) of such Code (relating to certain alcohol fuels), as amended by section 907(b) of the Taxpayer Relief Act of 1997, is amended by striking ''1999'' both places it appears and inserting ''2005''.

(3) Section 6427(f)(4) of such Code (relating to termination) is amended by striking ''1999'' and inserting ''2007''.

(4) Section 40(e)(1) of such Code (relating to termination) is amended—

(A) by striking ''December 31, 2000'' and inserting ''December 31, 2007'', and

(B) by striking subparagraph (B) and inserting the following:

''(B) of any fuel for any period before January 1, 2008, during which the rate of tax under section 4081(a)(2)(A) is 4.3 cents per gallon.''.

(5) Headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007) are amended in the effective period column by striking ''10/1/2000'' each place it appears and inserting ''10/1/2007''.

(b) MODIFICATION.—

(1) IN GENERAL.—Subsection (h) of section 40 of the Internal Revenue Code of 1986 (relating to alcohol used as fuel) is amended to read as follows:

''(h) REDUCED CREDIT FOR ETHANOL BLENDERS.—

''(1) IN GENERAL.—In the case of any alcohol mixture credit or alcohol credit with respect to any sale or use of alcohol which is ethanol during calendar years 2001 through 2007—

''(A) subsections (b)(1)(A) and (b)(2)(A) shall be applied by substituting 'the blender amount' for '60 cents',

''(B) subsection (b)(3) shall be applied by substituting 'the low-proof blender amount' for '45 cents' and 'the blender amount' for '60 cents', and

''(C) subparagraphs (A) and (B) of subsection (d)(3) shall be applied by substituting 'the blender amount' for '60 cents' and 'the low-proof blender amount' for '45 cents'.

''(2) AMOUNTS.—For purposes of paragraph (1), the blender amount and the low-proof blender amount shall be determined in accordance with the following table:

In the case of any sale or use during calendar year:	The blender amount is:	The low-proof blender amount is:
2001 or 2002	53 cents	39.26 cents
2003 or 2004	52 cents	38.52 cents
2005, 2006, or 2007	51 cents	37.78 cents.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 4041(b)(2) of such Code is amended—

(i) in subparagraph (A)(i), by striking ''5.4 cents'' and inserting ''the applicable blender rate'', and

(ii) by redesignating subparagraph (C), as amended by subsection (a)(2)(A), as subparagraph (D) and by inserting after subparagraph (B) the following:

''(C) APPLICABLE BLENDER RATE.—For purposes of subparagraph (A)(i), the applicable blender rate is—

''(i) except as provided in clause (ii), 5.4 cents, and

''(ii) for sales or uses during calendar years 2001 through 2007, 1/10 of the blender amount applicable under section 40(h)(2) for the calendar year in which the sale or use occurs.''.

(B) Subparagraph (A) of section 4081(c)(4) of such Code is amended to read as follows:

''(A) GENERAL RULES.—

''(i) MIXTURES CONTAINING ETHANOL.—Except as provided in clause (ii), in the case of a qualified alcohol mixture which contains

gasoline, the alcohol mixture rate is the excess of the rate which would (but for this paragraph) be determined under subsection (a) over—

''(I) in the case of 10 percent gasohol, the applicable blender rate (as defined in section 4041(b)(2)(A)) per gallon,

''(II) in the case of 7.7 percent gasohol, the number of cents per gallon equal to 77 percent of such applicable blender rate, and

''(III) in the case of 5.7 percent gasohol, the number of cents per gallon equal to 57 percent of such applicable blender rate.

''(ii) MIXTURES NOT CONTAINING ETHANOL.—In the case of a qualified alcohol mixture which contains gasoline and none of the alcohol in which consists of ethanol, the alcohol mixture rate is the excess of the rate which would (but for this paragraph) be determined under subsection (a) over—

''(I) in the case of 10 percent gasohol, 6 cents per gallon,

''(II) in the case of 7.7 percent gasohol, 4.62 cents per gallon, and

''(III) in the case of 5.7 percent gasohol, 3.42 cents per gallon.''.

(C) Section 4081(c)(5) of such Code is amended by striking ''5.4 cents'' and inserting ''the applicable blender rate (as defined in section 4041(b)(2)(C))''.

(D) Section 4091(c)(1) of such Code is amended by striking ''13.4 cents'' each place it appears and inserting ''the applicable blender amount'' and by adding at the end the following new sentence: ''For purposes of this paragraph, the term 'applicable blender amount' means 13.3 cents in the case of any sale or use during 2001 or 2002, 13.2 cents in the case of any sale or use during 2003 or 2004, 13.1 cents in the case of any sale or use during 2005, 2006, or 2007, and 13.4 cents in the case of any sale or use during 2008 or thereafter.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 2001.

AMENDMENT NO. 1555

At the end add the following:

SEC. . INCREASE IN MAXIMUM EXCLUSION FOR EMPLOYER-PROVIDED TRANSIT PASSES.

(a) IN GENERAL.—Subparagraph (A) of section 132(f)(2) of the Internal Revenue Code of 1986 (relating to limitation on exclusion) is amended by striking ''$60'' and inserting ''$170''.

(b) CONFORMING AMENDMENT.—Section 132(f)(2)(B) of such Code is amended by striking ''$155'' and inserting ''$170''.

(c) CONFORMING INFLATION ADJUSTMENT.—Paragraph (6) of section 132(f) of such Code (relating to qualified transportation fringe) is amended to read as follows:

''(6) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 1997, the dollar amounts contained in subparagraphs (A) and (B) of paragraph (2) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) 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 1996' for 'calendar year 1992'.

If any increase determined under the preceding sentence is not a multiple of $5, such increase shall be rounded to the next lowest multiple of $5.''.

(d) MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.—Subsection (c) of section 904 of such Code (relating to limitation on credit) is amended—

(1) by striking ''in the second preceding taxable year,'', and

(2) by striking ''of fifth'' and inserting ''fifth, sixth, or seventh''.

(3) EFFECTIVE DATES.—

(1) Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1997.

(2) The amendment made by subsection (d) shall apply to credits arising in taxable years beginning after December 31, 1997.

AMENDMENT NO. 1556

Beginning on page 2, line 3, strike all through page 6, line 9, and insert:

SECTION 1. REMOVAL OF DOLLAR AND 60-MONTH LIMITATIONS ON DEDUCTION FOR STUDENT LOANS.

(a) IN GENERAL.—Section 221 of the Internal Revenue Code of 1986 (relating to interest on education loans) is amended by striking subsections (b)(1) and (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (b) of section 221 of such Code, as amended by subsection (a), is amended to read as follows:

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

''(1) IN GENERAL.—The amount which would (but for this subsection) be allowable as a deduction under this section 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 would be so taken into 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) $40,000 ($60,000 in the case of a joint return), bears to

''(B) $15,000.

''(3) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income determined—

''(A) without regard to this section and sections 135, 137, 911, 931, and 933, and

''(B) after application of sections 86, 219, and 469.

For purposes of sections 86, 135, 137, 219, and 469, adjusted gross income shall be determined without regard to the deduction allowed under this section.''.

(2) Section 6050S(e) of such Code is amended by striking ''section 221(e)(1)'' and inserting ''section 221(d)(1)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 202 of the Taxpayer Relief Act of 1997.

KERREY AMENDMENT NO. 1557

(Ordered to lie on the table.)

Mr. KERREY submitted an amendment intended to be proposed by him to the bill, H.R. 2646, supra; as follows:

At the end add the following:

SEC. . CHILD CREDIT LIMITED TO EDUCATION SAVINGS FOR CHILDREN UNDER AGE 6.

(a) IN GENERAL.—Section 24 of the Internal Revenue Code of 1986 (relating to child tax credit) is amended by adding at the end the following:

''(g) CREDIT LIMITED TO EDUCATION SAVINGS FOR CERTAIN CHILDREN.—

''(1) IN GENERAL.—In the case of a qualifying child who has not attained the age of 6 as of the close of the calendar year in which the taxable year of the taxpayer begins, the amount of the credit allowed under this section for such taxable year with respect to such child (after the application of any preceding subsection) shall not exceed the excess of—

''(A) the aggregate amount contributed by the taxpayer for such taxable year for the benefit of such child to qualified tuition programs (as defined in section 529) and education individual retirement accounts (as defined in section 530), over

''(B) the aggregate amount distributed during such taxable year from such programs and accounts (the beneficiary of which is such child) which is subject to tax under section 529(c) or 530(d).

''(2) RECAPTURE OF CREDIT.—

''(A) IN GENERAL.—If—

''(i) during any taxable year any amount is withdrawn from a qualified tuition program or an education individual retirement account maintained for the benefit of a beneficiary and such amount is subject to tax under section 529(c) or 530(d), and

''(ii) the amount of the credit allowed under this section for the prior taxable year was contingent on a contribution being made to such a program or account for the benefit of such beneficiary,

the taxpayer's tax imposed by this chapter for the taxable year shall be increased by the lesser of the amount described in clause (i) or the credit described in clause (ii).

''(B) NO CREDITS AGAINST TAX, ETC.—Any increase in tax under this paragraph shall not be treated as a tax imposed by this chapter for purposes of determining—

''(i) the amount of any credit under this subpart or subpart B or D of this part, and

''(ii) the amount of the minimum tax imposed by section 55.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendments made by section 101 of the Taxpayer Relief Act of 1997.

MOYNIHAN AMENDMENT NO. 1558

(Ordered to lie on the table.)

Mr. MOYNIHAN submitted an amendment intended to be proposed by him to the bill, H.R. 2646, supra; as follows:

At the end add the following:

SEC. . SENSE OF THE SENATE REGARDING TREATMENT OF FUTURE UNIFIED BUDGET SURPLUSES.

(a) FINDINGS.—The Senate finds that—

(1) the current economic expansion is now in its seventh year and shows no signs of ending;

(2) the unemployment rate is below 5 percent for the first time in 24 years;

(3) the current official inflation rate, which may be overstated, is about 2 percent;

(4) the deficit has been reduced from $290,000,000,000 in fiscal year 1992 to $23,000,000,000 in fiscal year 1997, or just three-tenths of 1 percent of the Gross Domestic Product (GDP);

(5) the Congressional Budget Office projects that, under present law, the unified budget will have a surplus of $86,000,000,000 in 2007;

(6) the Congressional Budget Office also projects that, under present law, the debt held by the public will fall from about 50 percent of GDP this year to about 30 percent by 2007;

(7) this extraordinary combination of good budget and economic news is largely the result of budget policies included in the Omnibus Budget and Reconciliation Act of 1993;

(8) the budget is not yet in surplus;

(9) the Congressional Budget Office also projects that the deficit is likely to reappear after 2007, and that the debt held by the public as a percentage of GDP is also likely to increase as the baby boom generation begins to retire;

(10) without the on-budget surpluses of the social security trust funds, the Congressional Budget Office still projects annual

deficits of about $100,000,000,000 even after the budget is ''balanced'' in 2002; and

(11) projected unified budget surpluses in the short-run would rapidly disappear if the current expansion ends, and the economy would enter a recession.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) any unified budget surpluses that might arise in the current expansion should be used to reduce the Federal debt held by the public; and

(2) to achieve this goal during this economic expansion that there be no net tax cut or new spending that is not offset by reductions in spending on other programs or tax increases.

DODD AMENDMENT NO. 1559

(Ordered to lie on the table.)

Mr. DODD submitted an amendment intended to be proposed by him to the bill, H.R. 2646, supra; as follows:

Beginning on page 2, line 3, strike all through page 6, line 9, and insert:

SECTION 1. DEPENDENT CARE CREDIT MADE REFUNDABLE FOR LOW-INCOME TAXPAYERS.

(a) IN GENERAL.—Section 21 of the Internal Revenue Code of 1986 (relating to credit for household and dependent care services) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following:

''(f) CREDIT MADE REFUNDABLE FOR LOW INCOME TAXPAYERS.—

''(1) IN GENERAL.—For purposes of this subtitle, in the case of an applicable taxpayer individual, the credit allowable under subsection (a) for any taxable year shall be treated as a credit allowable under subpart C of this part.

''(2) APPLICABLE TAXPAYER.—For purposes of this subsection, the term 'applicable taxpayer' means a taxpayer with respect to whom the credit under section 32 is allowable for the taxable year.

''(3) COORDINATION WITH ADVANCE PAYMENTS AND MINIMUM TAX.—Rules similar to the rules of subsections (g) and (h) of section 32 shall apply with respect to the portion of any credit to which this subsection applies.''.

(b) Advance Payment of Credit.—

(1) IN GENERAL.—Chapter 25 of the Internal Revenue Code of 1986 (relating to general provisions relating to employment taxes) is amended by inserting after section 3507 the following:

''SEC. 3507A. ADVANCE PAYMENT OF DEPENDENT CARE CREDIT.

''(a) GENERAL RULE.—Except as otherwise provided in this section, every employer making payment of wages with respect to whom a dependent care eligibility certificate is in effect shall, at the time of paying such wages, make an additional payment equal to such employee's dependent care advance amount.

''(b) DEPENDENT CARE ELIGIBILITY CERTIFICATE.—For purposes of this title, a dependent care eligibility certificate is a statement furnished by an employee to the employer which—

''(1) certifies that the employee will be eligible to receive the credit provided by section 21 for the taxable year,

''(2) certifies that the employee reasonably expects to be an applicable taxpayer for the taxable year,

''(3) certifies that the employee does not have a dependent care eligibility certificate in effect for the calendar year with respect to the payment of wages by another employer,

''(4) states whether or not the employee's spouse has a dependent care eligibility certificate in effect,

''(5) states the number of qualifying individuals in the household maintained by the employee, and

''(6) estimates the amount of employment-related expenses for the calendar year.

''(c) DEPENDENT CARE ADVANCE AMOUNT.—

''(1) IN GENERAL.—For purposes of this title, the term 'dependent care advance amount' means, with respect to any payroll period, the amount determined—

''(A) on the basis of the employee's wages from the employer for such period,

''(B) on the basis of the employee's estimated employment-related expenses included in the dependent care eligibility certificate, and

''(C) in accordance with tables provided by the Secretary.

''(2) ADVANCE AMOUNT TABLES.—The tables referred to in paragraph (1)(C) shall be similar in form to the tables prescribed under section 3402 and, to the maximum extent feasible, shall be coordinated with such tables and the tables prescribed under section 3507(c).

''(d) OTHER RULES.—For purposes of this section, rules similar to the rules of subsections (d) and (e) of section 3507 shall apply.

''(e) DEFINITIONS.—For purposes of this section, terms used in this section which are defined in section 21 shall have the respective meanings given such terms by section 21.''.

(c) CONFORMING AMENDMENT.—The table of sections for chapter 25 of the Internal Revenue Code of 1986 is amended by adding after the item relating to section 3507 the following:

''Sec. 3507A. Advance payment of dependent care credit.''.

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

KENNEDY AMENDMENTS NOS. 1560–1569

(Ordered to lie on the table.)

Mr. KENNEDY submitted 10 amendments intended to be proposed by him to the bill, H.R. 2646, supra; as follows:

AMENDMENT NO. 1560

Strike section 2 and insert:

SEC. 2. EXCLUSION FOR EDUCATIONAL ASSISTANCE TO GRADUATE STUDENTS.

(A) IN GENERAL.—The last sentence of section 127(c)(1) of the Internal Revenue Code of 1986 (defining educational assistance) is amended by striking '', and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to expenses relating to courses beginning after June 30, 1996.

AMENDMENT NO. 1561

Strike section 2 and insert:

SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) 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''.

(b) 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 proceeding sentence shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary).''.

(c) 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''.

(d) 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.

AMENDMENT NO. 1562

Strike section 2 and insert:

SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

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

(b) 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).''.

(c) 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''.

(d) 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.

AMENDMENT NO. 1563

Strike section 2 and insert:

SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) 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 $1,500 ($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''.

(b) 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).''.

(c) CORPORATIONS PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Paragraph (1) of section 530(c) of the International 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''.

(d) 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.

AMENDMENT NO. 1564

Strike section 2 and insert:

SEC. 2. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

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

(b) 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).''.

(c) 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''.

(d) 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.

AMENDMENT NO. 1565

On page 6, line 5, strike ''1997'' and insert ''1997, except that such amendments shall only take effect to the extent that—

(A) contributions to education individual retirement accounts for qualified elementary and secondary education expenses are—

(i) limited to accounts that, at the time the account is created or organized, are designated solely for the payment of such expenses, and

(ii) not allowed for contributors who have modified adjusted gross income in excess of $65,000 and are ratably reduced to zero for contributors who have modified adjusted gross income between $50,000 and $65,000,

(B) contributions to education individual retirement accounts in excess of $500 for any taxable years may be made only to accounts described in subparagraph (A)(i),

(C) no contributions may be made to accounts described in subparagraph (A)(i) for taxable years ending after December 31, 2002,

(D) the modified adjusted gross income limitation shall apply to all contributors but contributions made by a person other than the taxpayer with respect to whom a deduction is allowable under section 151(c)(1) for a designated beneficiary shall be treated as having been made by such taxpayer, and

(E) expenses for computer and other equipment, transportation, and supplementary items are allowed tax-free only if required or provided by the school.''

AMENDMENT NO. 1566

On page 6, line 5, strike ''1997'' and insert ''1997, except that such amendments shall only take effect to the extent that—

(A) contributions to education individual retirement accounts for qualified elementary and secondary education expenses are—

(i) limited to accounts that, at the time the account is created or organized, are designated solely for the payment of such expenses, and

(ii) not allowed for contributors who have modified adjusted gross income in excess of $60,000 and are ratably reduced to zero for contributors who have modified adjusted gross income between $50,000 and $60,000,

(B) contributions to education individual retirement accounts in excess of $500 for any taxable years may be made only to accounts described in subparagraph (A)(i),

(C) no contributions may be made to accounts described in subparagraph (A)(i) for taxable years ending after December 31, 2002,

(D) the modified adjusted gross income limitation shall apply to all contributors but contributions made by a person other than the taxpayer with respect to whom a deduction is allowable under section 151(c)(1) for a designated beneficiary shall be treated as having been made by such taxpayer, and

(E) expenses for computer and other equipment, transportation, and supplementary items are allowed tax-free only if required or provided by the school.''

AMENDMENT NO. 1567

On page 6, line 5, strike ''1997'' and insert ''1997, except that such amendments shall only take effect to the extent that—

(A) contributions to education individual retirement accounts for qualified elementary and secondary education expenses are—

(i) limited to accounts that, at the time the account is created or organized, are designated solely for the payment of such expenses, and

(ii) not allowed for contributors who have modified adjusted gross income in excess of $50,000 and are ratably reduced to zero for contributors who have modified adjusted gross income between $40,000 and $50,000,

(B) contributions to education individual retirement accounts in excess of $500 for any taxable years may be made only to accounts described in subparagraph (A)(i),

(C) no contributions may be made to accounts described in subparagraph (A)(i) for taxable years ending after December 31, 2002,

(D) the modified adjusted gross income limitation shall apply to all contributors but contributions made by a person other than the taxpayer with respect to whom a deduction is allowable under section 151(c)(1) for a designated beneficiary shall be treated as having been made by such taxpayer, and

(E) expenses for computer and other equipment, transportation, and supplementary items are allowed tax-free only if required or provided by the school.''

AMENDMENT NO. 1568

On page 3, beginning with line 14, strike all through page 4, line 10, and insert:

''(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 school.

''(B) SPECIAL RULE FOR HOME-SCHOOLING.—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 public or home school which provides elementary education or secondary education (through grade 12), as determined under State law.''.

AMENDMENT NO. 1569

On page 3, beginning with line 14, strike all through page 4, line 10, and insert:

''(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 school.

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

GRAMM AMENDMENT NO. 1570

(Ordered to lie on the table.)

Mr. GRAMM submitted an amendment intended to be proposed by him to the bill, H.R. 2646, supra; as follows:

(a) IN GENERAL.—Subpart A of Part IV of subchapter A of Chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 24 the following new section:

"SEC 24A EXPEDITED FAMILY TAX RELIEF.

''(a) NOTICE OF CREDIT.—The Secretary of the Treasury shall transmit to all individual taxpayers by a separate mailing made on or before June 1, 1998, a notice which states only the following: The Taxpayer Relief Act of 1997 was recently passed by the Congress. The Act's child tax credit allows taxpayers to reduce their taxes by $400 per child in 1998 and $500 thereafter. the credit is effective January 1, 1998.

You will receive this tax credit in 1999 as part of your 1998 tax refund OR you may elect to receive the credit this year through lower income tax withholding from your paycheck for the period October 1, 1998 to December 25, 1998.

To take advantage of the credit to which you are entitled for the current tax year, you should notify your employer of your election to receive the tax credit in 1998 by September 1, 1998. Your employer will reduce the amount of federal income tax withheld during the period from October 1 through December 31, 1995. That notification should also:

(1). Confirm that your projected income for 1998 is

in the case of a joint return, less than $110,000

in the case of married couple filing separately, less than $55,000

in the case of an individual who is not married, less than $75,000; and

(2). identify the number of eligible children age 16 or less that qualify as your dependent under section 151.'''

''(b). The Secretary of the Treasury shall transmit to all employers by a separate mailing made on or before June 1, 1998 the following table to assist in determining the changes to federal income tax withholding required by subsection (a)

The amount of income tax withheld per paycheck issued during the period October 1, 1998 to Dec. 25, 1998 is reduced by:

No. of eligible children	Monthly paycheck	Biweekly paycheck	Weekly paycheck
1	$133	$66.50	$33.25
2	266	133.00	66.50
3	399	200.00	100.00
4	532	266.50	133.25

For more than 4 children, increase the dollar amount in row 4 by the dollar amount in row 1 for each child.''

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON ADMINISTRATIVE OVERSIGHT AND THE COURTS

Mr. ROTH. Mr. President, I ask unanimous consent that the Subcommittee on Administrative Oversight and the Courts, of the Senate Judiciary Committee, be authorized to meet during the session of the Senate on Monday, November 3, 1997, at 2 p.m. to hold a hearing in room 226, Senate Dirksen Building, on: ''Oversight of the Administrative Procedures and Examination of Antislamming Laws.''

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERNATIONAL SECURITY, PROLIFERATION, AND FEDERAL SERVICES

Mr. ROTH. Mr. President, I ask unanimous consent on behalf of the Subcommittee on International Security, Proliferation, and Federal Services of the Governmental Affairs Committee to meet on Monday, November 3, at 2:30 p.m. for a hearing on Oversight of the U.S. Postal Service.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

TRIBUTE TO HAMPTON FALLS, NH, ON ITS 275TH ANNIVERSARY

● Mr. SMITH of New Hampshire. Mr. President I rise today to honor the town of Hampton Falls, NH, for celebrating its 275th anniversary on November 22, 1997. The town is planning an evening of celebration, commemoration, and entertainment on this most important date. There will be a dinner party, a musical presentation by the Winnacunnet High School Chamber Singers, and a historical slide show dedicated to 275 years of history and heritage. This special night is certain to include full participation from the town's proud people.

Originally, Hampton Falls was part of the town of Hampton. However, due to its seacoast location, high tides often prevented those living in the area from attending the church. In 1709 the General Assembly of Portsmouth acted on this problem and gave the residents permission to maintain a separate church. Nine years later Hampton Falls became a separate parish. That same year the first town meeting was held in which selectmen and a town clerk were elected.

Hampton Falls, however, still remained a part of Hampton. The townspeople successfully petitioned for independence from their parent church after the death of the minister from that town. On November 22, 1722, the town was incorporated as an independent jurisdiction.

Hampton Falls can be categorized as the quintessential New England town through its history and scenery. During the eighteenth century the local economy was dominated by mills; sawmills, gristmills, and cotton mills dotted the landscape and provided for a major source of employment. Also, the town served as an important post town where horse changes were frequently made. At times, up to 125 horses could be found stabled within this small vicinity. One of the most significant stables in the area was the Wells Inn, which could accommodate 40 horses. Today, the stage house is known as the Wellswood Inn, and provides fine food and atmosphere to patrons. On December 13, 1774 Paul Revere passed through Hampton Falls on his legendary ride from Boston to Portsmouth proclaiming the arrival of the British. Few towns can claim a more American existence. Hampton Falls, with its simple white churches and colonial buildings, provides for a prime example of American history and culture.

Today, Hampton Falls is a thriving southern New Hampshire community of approximately 1,700 people. The town is unmistakably New England. Winding country roads bring one past many sprawling farms and picture-perfect farmhouses. Presently, the town's central industry is agriculture. A major area business is Applecrest Farms, one of the last working orchards on the seacoast. Applecrest celebrates the harvest season with pick-your-own apples, a country farmers market, and entertainment. Harvest season is a festive time in Hampton Falls, and it seems fitting that the town's anniversary would be during this period.

I congratulate the residents of this beautiful town on 275 years of distinguished history, and wish to extend my very best wishes of continued prosperity. Happy birthday, Hampton Falls.●

CAMPAIGN FINANCE IS STILL A PRIORITY

● Mr. CLELAND. Mr. President, I recently had the privilege of attending a reunion of Carter administration officials in Atlanta. In an interview he gave to the Atlanta Journal-Constitution, President Carter, whose personal integrity has never been questioned, summed up the current state of affairs very candidly, and all too well. The President's comments, which appeared in the October 19, 1997 edition of the Journal-Constitution, were as follows:

The intense competition now almost forces Democrats and Republicans to cut corners on basic principles of politics in order to raise enormous amounts of soft money. I think it's an embarrassment to our nation. It's a travesty of proper political life. And I think it debilitates democracy itself in our country. As (Vice President Mondale) and I have agreed, it's a form of legal bribery. People can raise hundreds of thousands of dollars and contribute that money to candidates in both parties. They don't do this from a sense of altruism or benevolence or generosity. They do it in expectation of access to leaders, to present their point of view personally to someone in the Senate or someone in the White House when the people who might suffer from that sort of decision don't have an equal opportunity to present their point of view. So it distorts the whole political system and I hope it will be changed.

At that same Atlanta gathering, former Vice President Mondale paraphrased Abraham Lincoln to the effect that, ''With public trust, everything is possible. Without public trust, nothing is possible.'' He added, compellingly: ''Public trust cannot be bought. It must be earned.''

Indeed, this is an indictment of our political system from individuals who have reached the pinnacle of success in that system. I believe the single most important step we can take in this Congress in rebuilding public confidence and faith in our democracy is