Central American Relief Act; considered and passed.

By Mr. THURMOND:

S. 1566. A bill to amend the Soldiers' and Sailors' Civil Relief Act of 1940 to protect the voting rights of military personnel, and for other purposes; considered and passed.

By Mr. BREAUX:

S. 1567. A bill to suspend until January 1, 2001, the duty on 2,6- Dimethyl-m-Dioxan-4-ol Acetate; to the Committee on Finance.

By Mr. BIDEN:

S. 1568. A bill to provide for the rescheduling of flunitrazepam into schedule I of the Controlled Substances Act, and for other purposes; to the Committee on the Judiciary.

By Mr. LOTT:

S.J. Res. 39. A joint resolution to provide for the convening of the second session of the One Hundred Fifth Congress; considered and passed.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LOTT:

S. Res. 156. A resolution authorizing the President of the Senate, the President of the Senate pro tempore, and the Majority and Minority Leaders to make certain appointments after the sine die adjournment of the present session; considered and agreed to.

By Mr. LOTT (for himself and Mr. DASCHLE):

S. Res. 157. A resolution tendering the thanks of the Senate to the Vice President for the courteous, dignified, and impartial manner in which he has presided over the deliberations of the Senate; considered and agreed to.

S. Res. 158. A resolution tendering the thanks of the Senate to the President pro tempore for the courteous, dignified, and impartial manner in which he has presided over the deliberations of the Senate; considered and agreed to.

By Mr. LOTT:

S. Res. 159. A resolution to commend the exemplary leadership of the Democratic Leader; considered and agreed to.

By Mr. DASCHLE:

S. Res. 160. A resolution to commend the exemplary leadership of the Majority Leader; considered and agreed to.

By Mr. LOTT:

S. Res. 161. A resolution to amend Senate Resolution 48; considered and agreed to.

By Mr. LOTT (for himself and Mr. DASCHLE):

S. Res. 162. A resolution to authorize testimony and representation of Senate employees in *United States* v. *Blackley;* considered and agreed to.

By Mr. MOYNIHAN (for himself, Mr. D'AMATO, Mr. WELLSTONE, Mr. LEVIN, Mr. DODD, Mr. TORRICELLI, Mr. REED, Mr. DURBIN, Ms. MIKULSKI, and Mr. KENNEDY):

S. Res. 163. A resolution expressing the sense of the Senate on the 100th anniversary of the birth of Dorothy Day and designating the week of November 8, 1997, through November 14, 1997, as ''National Week of Recognition for Dorothy Day and Those Whom She Served''; considered and agreed to.

By Mr. LOTT:

S. Con. Res. 68. A concurrent resolution to adjourn sine die the first session of the One Hundred Fifth Congress; considered and agreed to.

By Mr. JEFFORDS:

S. Con. Res. 69. A concurrent resolution to correct the enrollment of the bill S. 830; considered and agreed to.

By Mr. D'AMATO:

S. Con. Res. 70. A concurrent resolution to correct a technical error in the enrollment of the bill S. 1026; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BURNS:

S. 1526. A bill to authorize an exchange of land between the Secretary of Agriculture and Secretary of the Interior and the Big Sky Lumber Co.; to the Committee on Energy and Natural Resources.

THE GALLATIN LAND CONSOLIDATION ACT OF 1997

Mr. BURNS. Madam President, I am introducing draft legislation to complete the third phase of the Gallatin Land Consolidation Act. As Congress winds down to the final hours of this session it has become increasingly important to show Montanans that we are committed to completing this act.

In Montana there are many folks who have small problems with the details of the proposed agreement between Big Sky Lumber and the U.S. Forest Service. Also at stake are the exceptional natural resources of the Taylors Fork lands. These lands are privately owned and face an uncertain future. By showing the private landowners that Congress is, in fact, committed to completing this exchange, the environmental value of Taylors Fork will be preserved.

Taylors Fork is a migration corridor for wildlife which leave Yellowstone National Park for winter range in Montana. With legislation I am committed to preserving Taylors Fork as close to a natural state as possible.

I am confident that by working together, the Montana congressional delegation will be able to resolve the outstanding land use issues in the Bridger-Bangtail area. I also believe we can resolve the concerns of the timber small business set-aside.

This bill is a placeholder. There are many details that need to be included. The deadline for ensuring the Taylors Fork lands remain included in the agreement is December 31 of this year. My intent with this bill is to satisfy the deadline to preserve our option on Taylors Fork and to provide a forum for Montanans to begin to comment on the details of the package. I look forward to moving ahead with Senator BAUCUS and Congressman HILL and completing the original act of 1993 in the next session of Congress.

By Mr. KENNEDY (for himself, Mr. SPECTER, Mr. WYDEN, Mrs. FEINSTEIN, and Mr. TORRICELLI):

S. 1529. A bill to enhance Federal enforcement of hate crimes, and for other purposes; to the Committee on the Judiciary.

THE HATE CRIMES PREVENTION ACT OF 1998

Mr. KENNEDY. Mr. President, it is a privilege to join Senator SPECTER and Senator WYDEN in introducing the Hate Crimes Prevention Act of 1998. Last Monday, President Clinton convened a historic White House Conference on Hate Crimes. This conference brought together community leaders, law enforcement officials, religious and academic leaders, parents, and victims for a national dialogue on how to reduce hate violence in our society.

I commend President Clinton for his leadership on this important issue. Few crimes tear at the fabric of society more than hate crimes. They injure the immediate victims, but they also injure the entire community—and sometimes the entire nation. So it is entirely appropriate to use the full power of the federal government to punish them.

This bill is the product of careful consultation with the Department of Justice, constitutional scholars, law enforcement officials, and many organizations with a long and distinguished history of involvement in combating hate crimes, including the Anti-Defamation League, the National Organization of Women Legal Defense Fund, the Human Rights Campaign, the National Coalition Against Domestic Violence, and the American Psychological Association. President Clinton strongly supports the bill, and we look forward to working closely with the administration to ensure its passage.

Hate crimes are on the rise throughout America. The Federal Bureau of Investigation documented 8,000 hate crimes in 1995, a 33-percent increase over 1994. The 8,000 documented hate crimes actually understate the true number of hate crimes, because reporting is voluntary and not all law enforcement agencies report such crimes.

The National Asian Pacific American Legal Consortium recently released its 1997 Audit of anti-Asian violence. Their report documented a 17-percent increase in hate crimes against Asian-Americans. The National Gay and Lesbian Task Force documented a 6-percent increase in hate violence against gay, lesbian, and bisexual citizens in 1996. Eighty-two percent of hate crimes based on religion in 1995 were anti-Semitic.

Gender motivated violence occurs at alarming rates. The Leadership Conference on Civil Rights recently issued a report on hate crimes which correctly noted that ''society is beginning to realize that many assaults against women are not 'random' acts of violence but are actually bias-related crimes.''

The rising incidence of hate crimes is simply intolerable. Yet, our current Federal laws are inadequate to deal with this violent bigotry. The Justice Department is forced to fight the battle against hate crimes with one hand tied behind its back.

There are two principal gaps in existing law that prevent federal prosecutors from adequately responding to hate crimes. First, the principal federal hate crimes law, 18 United States Code 245, contains anachronistic and onerous jurisdictional requirements that frequently make it impossible for

federal officials to prosecute flagrant acts of racial or religious violence. Second, federal hate crimes law do not cover gay bashing, gender-motivated violence, or hate crimes against the disabled.

Our bill closes these gaps in existing law, and gives prosecutors the tools they need to fight bigots who seek to divide the nation through violence. Our bill expands the federal government's ability to punish racial violence by removing the unnecessary jurisdictional requirements from existing law. In addition, the bill gives federal prosecutors new authority to prosecute violence against women, against the disabled, and against gays and lesbians.

The bill also provides additional resources to hire the necessary law enforcement personnel to assist in the investigation and prosecution of hate crimes. The bill also provides additional resources for programs specifically targeted at preventing hate crimes.

Finally, the bill addresses the growing problem of adults who recruit juveniles to committee hate crimes. In Montgomery County, Tennessee, a white supremacist founded a hate group known as the ''Aryan Faction,'' and recruited new members by going into local high schools. The group then embarded on a violent spree of firebombings and arsons before being apprehended. Hate crimes disproportionately involve juveniles, and the bill directs the Sentencing Commission to study this problem and determine appropriate additional sentencing enhancements for adults who recruit juveniles to commit hate crimes.

The structure of this bill is modeled after the Church Arson Prevention Act, the bipartisan bill enacted by the Senate unanimously last year in response to the epidemic of church arson crimes. Combating hate crimes has always been a bipartisan issue in the Senate. The Hate Crimes Statistics Act has overwhelming bipartisan support, and it was extended last year by a unanimous vote. The Hate Crimes Sentencing Enhancement Act was enacted in 1994 by a 92–4 vote in the Senate.

The bill we are introducing today is the next step in our bipartisan effort to combat hate violence. This bill is an essential part of the battle against bigotry, and I urge the Senate to give high priority when Congress returns to session in January.

Mr. WYDEN. Mr. President, I am pleased to join my colleagues, Senators KENNEDY and SPECTER, in introducing a bill that will make it clear that this country will no more tolerate violence directed at gays, women, or people with disabilities. This legislation will end the bizarre double standard which says that hate crimes motivated by one sort of prejudice are a Federal crime, while those motivated by other biases are not. It will assure that every American who becomes a victim of a hate crime has equal standing under Federal law, because hatred and violence are always wrong.

This bipartisan bill is based on a common conviction that this country still has work to do in rooting out hatred, prejudice and the violence they generate. Hate crimes—the threat or use of force to injure, intimidate or interfere with another person solely because of the person's race, color, religion or national origin—cannot be tolerated in our society. That point has already been enshrined in law and passage of the Hate Crimes Statistics Reporting Act in 1990, followed by the Hate Crimes Penalty Enhancement Act in 1993 and the 1996 resolution condemning church burnings.

Our bill simply seeks to offer the same protection to victims of gay bashing, woman beating and crimes against people with disabilities that has already been offered to victims of bias crimes based on racial and ethnic discrimination.

Today, the perpetrator who hurls a brick at someone because he is Asian-American can be prosecuted under Federal law. The one who attacks gay men to ''teach them a lesson'' cannot. The perpetrator who burns a black church or defaces a synagogue can be prosecuted under Federal law. The one who targets people in wheelchairs or blind people cannot. This legislation would erase that double standard from the books. Hate crimes are all the same, and they are never acceptable.

I urge my colleagues to join us in moving forward with this important legislation when we return here next year.

By Mr. HATCH:

S. 1530. A bill to resolve ongoing tobacco litigation, to reform the civil justice system responsible for adjudicating tort claims against companies that manufacture tobacco products, and establish a national tobacco policy for the United States that will decrease youth tobacco use and reduce the marketing of tobacco products to young Americans; read the first time.

THE PLACING RESTRAINTS ON TOBACCO'S ENDANGERMENT OF CHILDREN AND TEENS ACT

Mr. HATCH. Mr. President, perhaps the most important legacy this Congress can leave for future generations is implementation of a strong plan to curb tobacco use, and especially its use by children and teens.

Quite simply, something needs to be done to get tobacco out of the hands of children—or perhaps more accurately, out of the lungs and mouths of children.

TEENS AND TOBACCO USE

The numbers of children who smoke cigarettes and use other tobacco products such as snuff and chewing tobacco are truly alarming. And these numbers are on the rise.

According to the Centers for Disease Control and Prevention, most youths who take up tobacco products begin between the ages of 13 and 15. It is astounding that up to 70% of children have tried smoking by age 16.

Again according to the CDC, nearly 6,000 kids a day try their first cigarette, and 3,000 of them will continue to smoke. One-thousand of them will die from smoking.

At the Judiciary Committee's October 29 hearing, Dr. Frank Chaloupa, a renowned researcher who has spent the last decade studying the effect of prices and policies on tobacco use, told us that ''there is an alarming upward trend in youth cigarette smoking over the past several years. Between 1993 and 1996, for example, the number of high school seniors who smoke grew by 14%, the number of 10th grade smokers rose by 23%, and the number of eighth grade smokers increased 26%.''

During the time between the issuance of the first Surgeon General's report in 1964 and 1990, the number of kids smoking was on the decline. Unfortunately, at that time, the number of children who try tobacco products started to rise.

Nearly all first use of tobacco occurs before high school graduation, which suggests to me that if that first use can be prevented, perhaps we can wean future generations off these harmful tobacco products.

We also know that adolescents with lower levels of school achievement, those with friends who use tobacco, and children with lower self-images are more likely to use tobacco. Experts have found no proven correlation between socio-economic status and smoking.

An element that is compelling to me as Chairman of the Judiciary Committee is the fact that tobacco use is associated with alcohol and illicit drug use and is generally the first substance used by young people who enter a sequence of drug use.

Public health experts have found a number of factors associated with youth smoking. Among them are: the availability of cigarettes; the widespread perception that tobacco use is the norm; peer and sibling attitudes; and lack of parental support.

Unfortunately, what many young people fail to appreciate is that cigarette smoking at an early age causes significant health problems during childhood and adolescence, and increased risk factors for adult health problems as well.

Smoking reduces the rate of lung growth and maximum lung functioning. Young smokers are less likely to be fit. In fact, the more and the longer they smoke, the less healthy they are. Adolescent smokers are more likely to have overall diminished health, not to mention shortness of breath, coughing and wheezing.

THE HEALTH EFFECTS OF SMOKING

We all know that tobacco is unhealthy. Just how unhealthy is hard to imagine.

According to a 1988 Surgeon General's report, the nicotine in tobacco is as addictive as heroin or cocaine.

Cigarette smoking is the leading cause of premature death and disease in the United States.

Each year, smoking kills more Americans than alcohol, heroin, crack, automobile and airplane accidents, homicides, suicides, and AIDS—combined. Cigarettes also have a huge impact on fire fatalities in the United States. In 1992, cigarettes were responsible for almost 23% of all residential fires, resulting in over 1,000 deaths and over 3,200 injuries.

And, Mr. President, too many Americans smoke.

According to the CDC, one-quarter of the adult population—almost 50 million persons—regularly smoke cigarettes.

In my home state of Utah, there are 30,000 youth smokers, grades 7–12, and 163,000 adult smokers. The Utah Department of Health has found that over 90% of current adult Utah smokers began smoking before age 18; 60% started before age 16. And I would note that it is note legal to smoke in Utah until age 19.

And, so, it has been established that tobacco products are harmful, that children continue to use them despite that fact, and that cigarettes can provide the gateway through which our youth pass to even more harmful behaviors such as illicit drugs.

CURBING TOBACCO USE

How can we reverse these trends? Many in the Congress have heeded the public health community's advice that increases in the price of tobacco products are the most important way that youth tobacco use can be curbed.

According to testimony that Dr. Chaloupa presented to us, for each 10% increase in price, there is corresponding overall reduction in youth cigarette consumption of about 13%. For adult smoking, Dr. Chaloupa has found, a 10% price increase only corresponds to a 4% decrease in smoking.

As Dr. Chaloupa relates, there are several factors which cause teenagers to be more responsive to cigarette prices, including: their lack of disposable income; the effect of peer pressure; the tendency of youth to deny the future; and the addictive nature of tobacco products.

The important thing about a price increase is not that it keep smokers from buying cigarettes, it is that it can help keep people from starting to smoke. If we can keep a teen from smoking, we may very well be keeping an adult from smoking. The important thing to keep in mind is that There is an exponential increase in risk based on when you start smoking. The earlier you start, the worse it is for your health.

Kids who smoke start out smoking less and then build up. After a few years, they are pack a day smokers. The national average for smokers is 19 cigarettes a day, one fewer than a pack.

Much has been debated about the effect of advertising on teen smoking. The plain fact is that kids prefer to smoke the most advertised brands. One study indicates that 85% of kids smoke the top three advertised brands, whereas only about a third of adults smoke those brands.

We also know that children are three times more affected by advertising expenditures than adults (in terms of brand preference). Research is unclear on the effect of advertising in terms of getting kids to start smoking. Movies, TV and peer pressure seem to be key factors, but kids deny that.

These facts lead me to conclude that it is in the national interest for us to undertake a campaign which will discourage the advertising of tobacco products to children and youth. In so doing, however, we must be mindful of the Constitution's First Amendment freedom of speech protections.

In fact, we also need to take advantage of the power that media hold over youth, and undertake counter-advertising on tobacco products. Public health experts advise me that there is good evidence that counter-advertising has a measurable and positive effect on teen smoking. However, the U.S. has never had a national counter-advertising campaign.

Restrictions on youth access are also an important part of the no-teen-smoking equation. While there is not a solid body of knowledge on this issue, it is important to note that Florida has an aggressive policy on enforcement of laws against youth smoking, and they now have a success rate of 10% for youths who try to buy tobacco products illegally vs. a 50% national average.

An equally important factor is the influence of the family in developing an atmosphere in which kids don't want to smoke. That is something we will never be able to legislate, any more than we can legislate against teen pregnancy. However, we can help families develop the skills and have the information they need to create as favorable a no-tobacco climate as possible in the home.

For example, we know that the more directed information kids receive, the less likely they are to smoke. We also know that kids are very attuned to hypocritical messages. For example, if a school has a no-smoking policy, but the teachers smoke, that can have a very detrimental effect.

WORK BY THE STATE ATTORNEYS GENERAL

Against that backdrop, a very courageous cadre of State Attorneys General began filing suits against the tobacco industry. Most of these suits, but not all, were based on the fact that the States' Medicaid costs were rising dramatically because of the costs of treating unhealthy smokers.

Subsequent to those suits, negotiations began with the tobacco industry, the AGs, a representative from the public health community, and the litigants from a large class-action tobacco suit, the Castano suit.

As some of my colleagues may be aware, Mrs. Castano is the lead plaintiff in the first class action lawsuit filed against the tobacco company in March 1994. She has testified before our Committee in favor of the proposed settlement and has presented a very compelling story.

Quite simply, Mrs. Castano related to us that her goal is to raise the public awareness about the power of nicotine. She told the Committee she believes that if the proposed agreement's health provisions were enacted, it would have prevented her husband's death. Peter Castano began smoking at 14, attempted to quit numerous times, and died of lung cancer at the age of 47 after smoking 33 years.

Mrs. Castano's legal team organized 64 law firms with individual pending cases and combined them into a large class eventually representing 60% of smokers, and this large class was had a place at the negotiation table.

Many of us watched the progress of those negotiations as we would watch a cliff-hanger sports event. We wanted a victory, but we couldn't believe our team could come from behind and win.

On June 20, those Attorneys General, led by Mississippi General Mike Moore, who had brought the first suit, made a dramatic announcement that a settlement had been reached. Six days later, the Senate Judiciary Committee held the first of the 16 congressional hearings that have been held thus far, during which we heard testimony from the tobacco industry, the State Attorneys General, and the public health community.

The settlement, which was ratified by the five major tobacco companies and which must have many of its provisions approved by Congress through implementing legislation, offers our Nation a once-in-a-generation opportunity to reduce teen smoking and to undertake a major anti-tobacco, anti-addiction initiative never before thought possible.

At this point, it would be useful to give a brief summary of the proposal which has been submitted to the Congress.

As proposed by the 40 State Attorneys General on June 20, 1997, this global tobacco settlement would require participating tobacco companies to pay $368.5 billion (not including attorneys' fees) over a 25-year period, the major of which will go to fund a major new national anti-tobacco initiative. Part of the money would also be used to establish an industry fund that would be used to pay damage claims and treatment and health costs to smokers.

During negotiations on the June 20 proposal, parties agreed there would be significant new restrictions on tobacco advertising. It would be banned outright on billboards, in store promotions and displays, and over the Internet. Use of the human images, such as the Marlboro Man, and cartoon characters, such as Joe Camel, would be prohibited. The tobacco companies would also be banned from sponsoring sports events or selling or distributing clothing that bears the corporate logo or trademark. The sale of cigarettes from

vending machines would be banned, and self service displays would be restricted. Cigarette and other tobacco packages must carry strong warning labels concerning the ill effects of cigarettes (such as, its use causes cancer) that cover 25% of the packages. The tobacco companies would have to pay for the anti-tobacco advertising campaigns.

Parties to the agreement would consent to the FDA's jurisdiction over nicotine. The FDA would have the authority to reduce nicotine levels over time. The FDA, however, could not eliminate nicotine from cigarettes before 2009. Furthermore, as part of the settlement, tobacco companies would have to demonstrate a 30 percent decline of aggregate cigarette and smokeless tobacco use by minors within 5 years, a 50 percent reduction within 7 years, and a 60 percent reduction within 10 years. If not successful, penalties may be assessed against the tobacco companies up to $2 billion a year.

In return, future class-action lawsuits involving tobacco company liability would be banned. This would settle suits brought by 40 States and Puerto Rico seeking to recover Medicaid funds spent treating smokers. Also settled would be one State class action against industry and 16 others seeking certification. Current class actions, therefore, would be settled, unless they are reduced to final judgment prior to the enactment of legislation implementing the agreement. Claimants who opt out of existing class actions would be permitted to sue for compensatory damages individually, but the total annual award would be capped at $5 billion. These amounts would be paid from the industry fund. In return for a payment (to be used as part of the industry fund), punitive damage awards would be banned. Nevertheless, claimants could seek punitive damages for conduct taking place after the settlement is adopted and implementing legislation is passed.

That is an overview of the settlement, as explained to the Judiciary Committee at our June 26 hearing.

Even a cursory examination of the settlement presents Congress with a clear question: should we seize the opportunity to undertake a serious new national war on tobacco by implementing certain liability reforms in exchange for enhanced FDA regulation, substantial industry payments, and, in short, a new national commitment.

JUDICIARY COMMITTEE CONSIDERATION

Our Committee has examined this in great detail, during four hearings.

At our second hearing, in July, we heard testimony from two constitutional experts, who advised the Committee on the constitutionality of the settlement, including its advertising provisions. That testimony was extremely valuable in both reassuring me that legislation could be written which would pass constitutional muster, and in guiding me on how an appropriate legislative framework should be crafted.

But as important as the legal issues are, we must never lose sight of the fact that this proposed settlement must be a public health document, a public health statement, a commitment on the part of our country.

At our third hearing, the Committee heard additional testimony from public health experts about the proposed settlement.

I recall with great clarity a very vivid statement made by Dr. Lonnie Bristow, the immediate past president of the American Medical Association and the only physician to participate in the global settlement discussions, who said this settlement has the potential to produce greater public health benefits than the polio vaccine.

In apprising the Committee about the enormous potential of the public health provisions contained in the settlement, Dr. Bristow recommended that our public health agenda with respect to smoking be guided by three ultimate objectives: First, significantly reducing the number of children who start smoking, second, reducing the number of existing smokers who will die from their addiction; and third, making the industry pay for the damage it has done.

Dr. Bristow also addressed the fundamental question of who will benefit from the proposed settlement, relating that the American Cancer Society has estimated one million children will be saved from premature death if certain key provision of the settlement are implemented. These include enforcement of proof-of-age laws, requiring point-of-purchase sales, mandatory licensing of retailers, dramatic restrictions on advertising, and stronger warning labels.

And so, it appears to me that the elements are there for development of a new national tobacco policy which will make unprecedented gains in public health. The question is whether this Congress has the wherewithal to make the tough decisions, with all the attendant political implications, in order to codify the settlement and move us toward a substantial new commitment to improving public health.

Three years ago, on the 30th anniversary of the first Surgeon General's Advisory Committee on Smoking and Health report, I received a letter from seven past Surgeon Generals of the United States, representing the Administrations spanning Eisenhower through Bush. In that letter, the Surgeon Generals said:

> While the scientific evidence is overwhelming and indisputable, significant policy changes in how this product is manufactured, sold, distributed, labeled, advertised and promoted have been slow in coming. There has been little federal leadership for policy changes for the last 30 years. It seems inconceivable to those of us in the public health community that this nation's single most preventable cause of death is also its least regulated.

They continued:

> As past Surgeons General of the United States we have had great hopes that a day would come before the year 2000 when we will achieve the goal of a smoke-free society. However, it is very clear from the past 30 years that such a goal will not be achieved unless there is federal leadership and a commitment to change that has as its goal the health and welfare of the American public.

And now the question before this body is whether we are willing to accelerate our efforts and rise up to the challenge offered us by the Surgeons General.

If ever there were to be such a time, it is now.

I believe that the June 20 proposal offers us the solid basis for such a national initiative.

I think it behooves the Congress to seize upon that initiative, to improve it where we can without jeopardizing any of its basic components, and to pass legislation immediately upon our return in January.

That task will not be easy. Since the settlement has provisions that span the jurisdiction of more than half the Senate committees, it will be a monumental procedural undertaking.

Nevertheless, after my considerable study of this issue, I have concluded it is in the national interest for us to approve the settlement, and I intend to do everything I can to move us toward the public health goals it offers.

INTRODUCTION OF THE PROTECT ACT

Accordingly, I am today introducing legislation I have drafted as a discussion vehicle and which I hope will engender the public debate we need on all the fine points of this massive issue so that we are ready to move legislation upon our return.

I expect this bill to be a ''lightening rod,'' a draft work product which can be refined over the next 2 months.

The proposed global tobacco settlement is incredibly complex. Drafting this legislation has required 101 decisions, many of them interrelated.

I am willing, indeed eager, to work with all interested parties to refine this legislation as it moves forward. What I am not willing to do, however, is further delay action on what could be the most important opportunity to advance public health in decades.

I have entitled the legislation I introduce today the ''PROTECT'' Act, or ''Placing Restraints on Tobacco's Endangerment of Children and Teens Act.''

I consider this to be a ''settlement plus'' bill. It retains and, indeed, strengthens the major provisions of the settlement; but, it does so in a carefully balanced way which I believe will not only pass constitutional muster but also could be enacted.

Let me be clear about what this bill is.

I consider this to be a discussion draft, a vehicle for the dialogue we must have about this important issue during the next 2 months when Congress is not in session and when we are able to consult with our constituents back home.

At the outset, let me say that I have aimed for a consensus document, a

piece of legislation which bridges the divide over contentious issues in a way that is legislatively viable.

Because it starts with this as a goal, I am painfully aware that this bill will totally please no one. Interest groups, by their very definition, advocate a particular position. Enactment of a tobacco settlement bill will require us to meld many of those positions, to develop a consensus around the center.

As a consensus document put out for discussion purposes, it is my intention that the PROTECT Act would be a useful departure point for future, productive discussions.

I am also cognizant of the anti-tobacco groups' interest in seeing a piece of legislation that does its utmost to discourage tobacco use.

I would like to do that as well.

That is my primary goal.

I say that not only as a Senator who represents a State which has the lowest smoking rates in the country, not only as a member of a Church which condemns the use of tobacco, but also as a Senator who has devoted the majority of his career to the public health.

Yet, many anti-tobacco groups may be disappointed because this bill is not as stringent as they would like. But I urge those who might believe this to keep an open mind. I think they will find that, in many cases, my bill is more stringent than the AG's proposal.

I would also urge them to keep in mind our primary goal of helping future generations of children. The only way to do that is to approve legislation, which necessitates legislation which is approvable. That is my goal—to get a good bill enacted. A bill that is ''perfect'' from the point of view of one side or the other cannot be enacted; it must be a consensus.

For that reason, the bill must also contain the legal reform provisions put forward by the attorneys' general. Those liability provisions were agreed to not only the industry, but also by the representatives of 40 states, by the public health community, and some members of the plaintiff's bar.

We should not fool ourselves into believing that such a massive anti-tobacco policy as is embodied in either the AG's proposal or the PROTECT Act can be enacted absent the liability provisions agreed to in June.

Yes, we should keep the pressure on for as anti-tobacco bill as we can. But if we are to enact this bill next year, which is my goal, we must be realistic. There are very few legislative days left, believe it or not.

GENERAL DESCRIPTION OF PROTECT ACT

Accordingly, I have drafted my bill as a global tobacco settlement, which mirrors in many ways the key components of the proposal put before us on June 20.

Unlike other bills introduced thus far this session, it is a comprehensive bill.

It contains all of the elements of the June 20 document, embodying the critical balance among the punitive, the preventive, and the realistic. It combines strong penalties on the tobacco industry with strict regulation of tobacco products by the FDA, implementation of a major national anti-tobacco, anti-addiction campaign, and defined liability protections for the tobacco industry.

The PROTECT Act requires substantial industry payments to fund state and federal public health activities, contains restrictions on tobacco advertising aimed at youth, and provides continuing oversight of the industry through a strong ''look-back'' provision.

In addition, the PROTECT Act improves on the state attorneys general June 20 settlement, in a number of key areas:

First, industry payments over 25 years will total $398.3 billion. Of those payments, $95 billion will represent the punitive damages for the tobacco industry's past reprehensible conduct. These funds will be devoted toward a National Institutes of Health Trust Fund for biomedical research, similar to the legislation drafted by our colleagues Senator Connie MACK and Senator Tom HARKIN.

Second, I have inserted a strong provision to preclude youth access to tobacco products, sponsored by our colleague Senator GORDON SMITH. Since the States have a substantial role in enforcing the laws precluding youth smoking, I have also made State receipt of the public health funds contained in this bill contingent upon enforcement of those youth anti-tobacco provisions.

Third, to address a concern expressed by members on both sides of the aisle, as well as the President, this bill provides transitional assistance to farmers modeled after the legislation introduced by Agriculture Committee Chairman DICK LUGAR, combined with educational assistance for retraining taken from the ''LEAF'' Act, drafted by Senators MCCONNELL, FORD, FAIRCLOTH, and HELMS. There is much to commend both of these bills, and I look forward to working with proponents of each to refine further these provisions as the legislation moves forward.

Fourth, a National Institutes of Health [NIH] Trust Fund is established with funds paid by tobacco companies for the settlement of punitive damages for their past reprehensible marketing of tobacco. It will significantly enhance research related to diseases associated with tobacco use, such as cancer, lung, cardiovascular and stroke—similar to Mack-Harkin. This fund would provide an additional $95 billion for biomedical research, a goal which clearly must rank at the top of our national agenda in this day of ever-emerging medical discoveries.

In earlier versions of this legislation, I had considered making these punitive damages not tax-deductible. However, upon further reflection about the precedent this would set in tax law, and the fact that the June 20 proposal was intended to be tax deductible, the bill I am introducing today does not contain that provision at this time.

Fifth, my legislation contains a substantial new program to enhance significantly Indian health care efforts, particularly related to tobacco use. This provision will be funded at $200 million per year.

Sixth, significant new funding is provided to States for anti-smoking, anti-addiction efforts. States will receive $186 billion directly. These funds will be allocated based on the agreement of the State attorneys general. States will be able to use whatever portion of the funds that would have been attributable to their State Medicaid match with no strings whatsoever. The portion that would be attributable to the Federal Medicaid match must be used for delineated health-related anti-tobacco programs. None of these funds are considered to be part of the Medicaid program, however. The Federal anti-tobacco program, administered by HHS, will provide an additional $92 billion to States, half of which will be administered through a block grant program.

Seventh, in a departure from the AG's agreement and the FDA rule, which regulates tobacco as a restricted medical device, the bill treats tobacco products as their own class and as unapproved drugs. However, the bill provides the FDA with substantial new authority over tobacco products, including the authority to control their composition through reductions or eliminations of all constituents. Unlike the AG agreement, though, which gives FDA the authority to ban tobacco products after 12 years, my proposal allows the Secretary to make that recommendation in any year, but it cannot be implemented unless approved by Congress.

Eighth, the ''look-back'' surcharge on tobacco manufacturers has been significantly strengthened with penalties more than doubled and the cap on payments removed. The Secretary may abate all or part of a penalty, totally at her discretion.

Ninth, after funding is provided for a limited program on tobacco-related asbestos liability, transitional agricultural assistance, and the new Indian health program, my bill divides the remaining funding in half. Fifty percent will be provided to the Federal Government for our new war on tobacco addiction and tobacco use. Fifty percent will be provided to the States for anti-tobacco programs.

These funds will be provided to each state by a formula agreed upon by the Attorneys General Allocation Subcommittee on September 16. My bill does not treat these payments to the states as Medicaid recoveries per se, and indeed, my bill waives the Medicaid subrogation law. However, for purposes of use of these State funds, the States will be able to retain that portion of the funds which would have

been attributable to their Medicaid matching rate, and use those funds with absolutely no restrictions. The portion of the funds which would have represented the Federal share under Medicaid, generally the larger share, must be used for certain anti-tobacco public health purposes delineated in the bill.

I want to take the opportunity today to discuss many of these areas in more detail.

NATIONAL TOBACCO SETTLEMENT TRUST FUND

The bill establishes a Trust Fund—termed the ''National Tobacco Settlement Trust Fund.'' This is the apparatus that takes the inflow of proceeds made by the participating tobacco manufacturers and makes payments to the states and various federal health programs.

Here is how the fund works: The participating manufacturers must deposit $398.3 billion in the Trust Fund. Of this amount, $303 billion reflects settlement for compensatory damages and $95 billion for the settlement of punitive damages for bad acts of the tobacco industry prior to the legislative settlement of the claims.

These amounts are deposited into two accounts: a state account for use to pay back the states for Medicaid expenditures and a federal account to fund health and tobacco anti-cessation programs. A detailed expenditure table is provided in the bill which earmarks where the payments are being made.

These payments represent a licensing fee, of which $10 billion is paid ''up front'' to the Trust Fund by the participating tobacco manufacturers and the remainder will be paid in annual amounts stipulated in the bill. The bill thereafter sets the base amount licensing fee that the participating manufacturers must pay to the Trust Fund for the 25 year base period.

The bill also provides for penalties and the possible loss of the civil liability protections of the Act if the participating manufacturers default on payments.

The U.S. Attorney General shall administer the Trust and the Secretaries of Treasury and Health and Human Services shall be co-trustees. To ensure that each participant of the tobacco settlement has a fair say, an advisory board is created to advise the Trustees in the administration of the Trust Fund. Four members are to be appointed by the House and Senate majority and minority leadership, and one member each representing the state attorneys general, the tobacco industry, the health industry, and the Castano plaintiffs' class.

NATIONAL TOBACCO PROTOCOL

The bill establishes a Protocol—in essence a binding contract among the federal government, the States, the participating tobacco manufacturers, and the Castano private class.

The primary purpose of the Protocol is to effectuate the consent decrees, which terminate the underlying tobacco suits. To receive the civil liability protections of the bill, the participating manufacturers must sign the Protocol. This works as a powerful incentive for the participating members of the tobacco industry to abide by the restrictions contained in the protocol.

Basically, the Protocol establishes restrictions on advertising by industry and includes general and specific restrictions, format and content requirements for labeling and advertising, and sets a ban on nontobacco items and services, contents and games of chance, and sponsorship of events.

Because these restrictions raise serious First Amendment concerns, and to avoid years of litigation that would surely tie up the implementation of the bill, we have placed these restrictions in the Protocol contract provision.

More specifically, here is how the Protocol works.

To be eligible for liability protection, each participating tobacco manufacturer must sign the Protocol and thus contractually agree to the provisions restricting their tobacco advertising.

The Protocol will also bind the manufacturer's distributors and retailers to agree to the restrictions by requiring that in any distribution or sales contract between these parties, the restrictions will become material terms. If a tobacco manufacturer, or one of his distributors or retailers, violates any provision contained in the Protocol, liability protection for the manufacturer is no longer afforded. The restrictions on advertising include prohibitions on outdoor advertising, in the use of human and cartoon figures, on advertising in the Internet, on point of sale advertising, and in sporting events. Advertising is also subject to brand name, types of media, and FDA restrictions

As I stated, the restrictions were placed in the Protocol because current statutory restrictions on tobacco advertising contained in a FDA final rule, and in other proposed legislation, raise serious constitutional questions.

It remains unclear whether such statutory restrictions violate the First Amendment's guarantee of freedom of speech. And this doubt invites years of litigation to determine whether or not the statutory restrictions are constitutional.

Rather than open the door to endless litigation, which could delay the implementation of the restrictions for years, I have made the restrictions contractual. Because the Protocol is a binding and enforceable contractual agreement between the interested parties, a challenge to the constitutionality of the restrictions is avoided. This, I believe, the wisest and most effective approach in dealing with tobacco advertising restrictions.

As a type of commercial speech, tobacco advertising is entitled to some, but not full, First Amendment protection. The law provides that commercial speech may be banned if it advertises an illegal product or service, and unlike fully protected speech, may be banned if it is unfair or deceptive. Even when it advertises a legal product and is not unfair or deceptive, the government may regulate commercial speech more than it may regulate fully protected speech. This is the case of tobacco advertising.

In May 1996, in *44 Liquormart, Inc.* v. *Rhode Island*, the Supreme Court increased the protection that the Supreme Court in its Central Hudson test guarantees to commercial speech by making clear that a total prohibition on the ''dissemination of truthful, nonmisleading commercial messages for reasons unrelated to the preservation of a fair bargaining process'' will be subject to a stricter review than a regulation designed to ''protect consumers from misleading, deceptive, or aggressive sales practices.''

This case may evidence a trend on the part of the Supreme Court's part to increase the First Amendment protection it accords to commercial speech. If this trend continues, a court is more likely to find that restrictions on tobacco—a legal product—is subject to stricter scrutiny than the traditional antifraud type commercial free speech cases, particularly when the tobacco advertising is truthful and nondeceptive.

The Protocol also contains a provision establishing an arbitration panel to determine the legal fees for the tobacco settlement and caps such awards to 5 percent of the amounts annually paid to the Trust Fund, any remainder to be paid the next fiscal year. The attorney fees are to paid by the manufacturers and are not to be counted against the Trust Fund fees and deposits. Finally, the Protocol may be enforced by the Attorney General, the State attorneys general, and the private signatories in the applicable courts.

THE CONSENT DECREES

The primary purpose of this section is to settle existing claims against the participating tobacco manufacturers. Once signed by the parties (federal and state governments, the Castano class private litigants, and the participating tobacco manufacturers) as an enforceable contract, the consent decree becomes effective on the date of the bill's enactment and allows for three important things: (1) a state receives Settlement Trust funding; (2) a manufacturer receives liability protection; and (3) the Castano claims are settled.

The consent decrees require the parties to agree to various restrictions, including restrictions on tobacco advertising, and on trade associations and lobbying, the disclosure of tobacco smoke constituents and nontobacco ingredients in tobacco products, the disclosure of important health documents, the dismissals of the various underlying tobacco suits, requirements for warning labels and other packaging restrictions, and the obligation to make payments for the benefit of the States, the private litigants, and the general public.

Pursuant to the consent decrees, the parties waive their right to bring constitutional claims. It also provides that the provisions are severable. The Attorney General must approve the consent decrees, and a state may bring an action to enforce provisions contained in the consent decree, if appropriate.

Civil Liability Provisions

In exchange for payments and other concessions, of which I already spoke, the tobacco manufacturers will gain certain benefits from the bill. It is these benefits which have given the tobacco companies the incentive to come forward and participate in the negotiations which were necessary to resolve the massive litigation surrounding tobacco use. Keep in mind that these benefits only apply to those tobacco manufacturers who voluntarily enter into the Protocol and consent decrees. There are several aspects to this section of the bill:

First, all actions which are currently pending against the manufacturers will be dismissed. Those actions include actions by states or local governments, class actions, or actions based on addiction to tobacco or dependency on tobacco. The tobacco companies will be immune from such class action claims in the future. I want to emphasize that personal injury claims will still be viable. An individual will still be able to make claims directly against tobacco companies after the enactment of the bill.

Second, the primary benefit which the tobacco companies will receive under this bill is relief from liability for punitive damages. This relief only applies to punitive damages for actions which the tobacco companies took prior to this bill's enactment. If, at some future date, the tobacco companies take some action or commit some wrong that would subject them to punitive damages, this bill will not relieve them of that future liability.

Third, this bill makes the participating manufacturers jointly and severally liable for damages arising out of claims by individuals. Of course, manufacturers who do not voluntarily consent to the terms of the protocol and consent decree will be treated separately and lawsuits involving both types of tobacco companies will be tried separately.

Fourth, the bill includes a cap on the amount of damages that can be paid out on individual claims each year. The cap is one-third of the total annual payments that are due from all the participating tobacco manufacturers. The excess over the cap and the excess of any individual claim over $1 million will be paid in the following year. Eighty percent of those payments to individuals will be credited toward payments due to the fund. These provisions were all drawn from the June 20th proposal and are drafted to be identical to that agreement.

Finally, as an enforcement mechanism, if a tobacco company which has signed the protocol and consent decree is delinquent in payment by more than 12 months, the benefits granted under this bill will no longer apply. The bill also contains enforcement mechanisms for material breaches of the protocol and consent decree. I must point out that nonsignatories—such as tobacco companies that refuse to sign the protocol and consent decrees—are not eligible to receive the civil liability protections in the bill.

With regard to a state's eligibility to receive funds under this bill, it is relatively simple. A state must dismiss any claims it has pending against the participating tobacco companies and it must adopt provisions in its state code which mirror the benefits granted to the participating tobacco companies in this bill. On an annual basis, the Attorney General will certify each state which is eligible to receive funds.

FDA JURISDICTION OVER TOBACCO PRODUCTS

It is may surprise some in this body to learn that the current provision in food and drug law that established the efficacy standard for drugs was enacted in 1962 through Judiciary Committee leadership when Senator Kefauver was chairman.

As the current chairman of the committee, I has great reservation about embarking down a path that appears to turn the world upside down and gut the normal safety and efficacy requirements as applied to medical devices by creating an exception that swallows the rule.

Using the restricted device law—a law whose purpose is to regulate a class of products that require special controls to help patients—to keep an inherently dangerous product on the market troubles me. I am not certain what kind of precedent this will be but I fear that it will be significant and of questionable necessity and benefit.

As I understand it, the only product that has been regulated under the restricted device provisions of the law are hearing aids. I am not sure why some apparently feel a compelling need to equate the treatment of cigarettes with hearing aids. I don't share this enthusiasm.

Judging by some of the public rhetoric since the June 20 announcement of the Attorney General's agreement, one of the most hotly contested areas of the proposed settlement concerns the provision addressing the Federal Government's authority to regulate tobacco products.

Since June 20 some have adopted the rallying cry of ''unfettered FDA authority'' and have suggested that there are major deficiencies in the proposed agreement relating to the ability of FDA to regulate tobacco products.

I suggest that the quality and substance of this debate would improve if we focus on the real issues.

As far as I am concerned, the substantive issue is not whether FDA should have authority over tobacco products; the real question is precisely how much and precisely what kind of authority that FDA should be delegated over these dangerous products.

Frankly, I am of the school that unfettered FDA authority is a bad idea. As a conservative, the notion of giving any Federal agency unfettered authority is a not a good idea.

Anyone who argues for the principle of unfettered FDA authority apparently has not ever read FDA's organic statute, the Federal, Food, Drug, and Cosmetic Act. This important law has its origins in the 1906 Pure Food and Drugs Act safeguards our Nation's supply of food, drugs, cosmetic, medical and radiological devices. My version of this law contains 254 pages of ''fetters'' on the FDA. And this does not even include the many pages of additional ''fetters'' placed on FDA in the Public Health Service Act provisions relating to the regulation of biologicals.

Frankly, I am not sure that many other executive agencies have as many fetters placed upon it as FDA. And that is a good thing. FDA performs such critical public health missions as approving new drugs and medical devices.

In a democratic society it is only reasonable to expect that the American public—which has some much at stake with respect to FDA's decisions—will require its elected representatives to watch closely what FDA is doing and enact legislation that will improve the efficiency of its operations.

Just this last Sunday, Congress completed its latest exercise in fettering the FDA when this Senate passed, and passed by a unanimous voice vote I must add, the FDA Modernization Act of 1997. This bill takes up fully 22 pages in the CONGRESSIONAL RECORD.

So if anyone is under the false impression that ''unfettered FDA authority'' is the norm, I would only invite them to read the statute and its latest modification.

The Congress would not, and should not, pass a bill that says in essence that FDA has unfettered authority over tobacco any more than we would pass laws that said that FDA has plenary, unfettered power over drugs and devices.

As I said earlier, the real question tobacco products is not if but what precise authority we give FDA over these products.

I think that Attorney General Mike Moore got it right as when he told several Senate Committees that all he asked from the public health community is to be told exactly how tobacco should be regulated.

There was no intent by the Attorney Generals, the Castano plaintiffs group, the public health representatives to act to undermine FDA's ability to regulate tobacco. For that matter, we must recognize that, even while they were, and are, litigating the issue of FDA authority in the Federal courts, the industry negotiators made unprecedented concessions in terms of FDA's authority in the June 20 agreement.

It is possible, as many legal experts believe, that the Fourth Circuit Court will rule that FDA does not have the authority to regulate tobacco.

One thing that I do know is that whatever happens at the court of appeals, the loser will likely appeal its decision.

This will take time, time in which more and more young children will start a lifetime addiction to tobacco products that will lead to illness and premature death.

Regardless of the outcome of this litigation, I am convinced that this Congress has a public duty to act, and act now.

Title IV of my bill describes in detail what I think is the appropriate way for FDA to regulate tobacco products.

First of all, let me start by taking my hat off to FDA and the Department of Health and Human Services under the leadership of Secretary Shalala for its creativity of using the existing food and drug laws in fashioning its final rules on youth tobacco.

In many ways, these regulations created the environment that made it possible for the negotiators to sit at the table and bring us the settlement proposal that we are considering today. So I take my hat off to the negotiators as well.

As fully explained in the preamble to the final rule and accompanying legal justification, one of the major reasons why FDA regulated tobacco products as restricted medical devices was because of the relative inflexibility of the drug laws versus the flexibility of the medical device laws.

We all know that this question is before the Fourth Circuit, and we expect a decision very soon. But regardless of the outcome of that case, many have expressed the concern that FDA has stretched the statute beyond the breaking point when it uses a statutory provision whose hallmark is the safety and efficacy standard in a fashion to reach products that are inherently unsafe and ineffective.

Call it what it is: A tobacco product is a tobacco product, not a medical device.

My proposal is to create a new regulatory chapter that exclusively addresses tobacco products. New chapter IX contains the rules that will apply to tobacco products.

If a tobacco product is not in compliance with this chapter it will run afoul of the FDC statute by the two new prohibited acts that S. 1530 creates in section 301 of the act. It will be against the law to introduce into interstate commerce any tobacco product that does not comply with these tough new provisions.

In addition, S. 1530 proposes to alter the definition of drug to include tobacco products that do not comply with new chapter IX. That means that nonconforming tobacco products will be subject to the rigid treatment accorded drugs. Talk about an incentive to comply with the new chapter.

My new proposed chapter IX includes many tough provisions including, tobacco product health risk management standards, good manufacturing standards, tobacco product labeling, warning, and packaging standards, reduced risk tobacco product standards, tobacco product marketing.

As well, my bill creates a Tobacco Products Scientific Advisory Committee that will advise the Secretary and FDA on all of these new standards.

I want to highlight that unlike the proposed settlement that my bill would allow the Secretary to recommend that tobacco products be banned at any time. The AG agreement had a 12-year bar to any such actions.

But because this decision is a major public health decisions with considerable political, social economic, and even philosophical consequences, I require that any such decision to ban products to be made personally by the Secretary and require the concurrence of Congress.

So please examine my proposal. I want to hear the comments and constructive criticism of all of my colleagues in this body and other interested parties and citizens.

From my experience, I know that FDA legislation is always controversial and contentious. There are always a lot of devilish details.

I put out this proposal in the interest of moving the tobacco debate forward in the Senate and in public debate.

I challenge those who have in an interest in FDA prevailing in court in the current litigation to put that litigation aside as you read my FDA language and consider what law you would write if you were not constrained by the current drug and device paradigms.

I salute those many public health groups and officials who have brought the antitobacco use battle so far in the last few years.

Let us start from a clean blackboard. I believe that my approach is preferable than to continue to stretch a perhaps already overstretched statute.

If any in this body believe that my proposal falls short, I hope they will tell me how. If some believe it is too lenient here and too rigid there, I hope they will respond with fixes, not with shouts.

I look forward to this aspect to the debate because of my long term interest in the FDA and the Federal Food, Drug, and Cosmetic Act. Let us take particular care in crafting this language and do so in a way that does not distract FDA from its core missions, including its central role in getting the latest in medical technology to the American public.

THE PRICE OF TOBACCO PRODUCTS

Another issue of keen concern to the public health community is the price of tobacco products. Earlier this year, I joined with several of my colleagues on both sides of the aisle to propose the Child Health Insurance and Lower Deficit Act, the CHILD bill. That bill, most of which has now been enacted as part of the Balanced Budget Act, made huge strides toward providing uninsured children with health care services, and it was predicated on a 43 cents increase in the excise tax on cigarettes.

We had a bipartisan coalition under the best of circumstances, and in the end, our 43 cents was whittled down to 10 cents phased up to 15 cents.

In that climate, I do not think it is reasonable for anyone to expect that this Congress will enact a cigarette excise tax of $1 or $1.50.

I do, believe, however, that there is consensus that it would be an important public health goal for the price of cigarettes and other tobacco products to be raised significantly to discourage youth consumption.

It is possible to do that without an excise tax, and that is what my bill does. Under my proposal, which predicates payments upon a Federal licensing fee, I estimate that when fully phased in year six, cigarette prices will go up an additional $1.09 per pack at the manufacturer level, which will be reflected in a retail level of $1.50 or more.

Economists have found that markups by cigarette manufacturers are always accompanied by increases down the distribution chain, including state excise tax increases. Thus, for purposes of this debate, I think it is critical that we discuss potential price increases in net terms, rather than the manufacturer markup.

There is an important reason to implement the agreement through a licensing payment, as opposed to a tax. Law enforcement officials have noted that the closer the price rise is to the source of the cigarettes, the less opportunity there is for diversion.

For example, if this bill were predicated on an excise tax, manufacturer sales to distributors would not reflect the higher price, and there would be ample opportunity for diversion into the black market of the cheaper goods.

In sum, I believe that my proposal will bring the price of cigarettes to a high level and do so in a way that discourages black market diversion.

Another issue of keen concern to the Congress are the tobacco farmers, most of whom could be displaced if this legislation is successful.

AGRICULTURAL PROVISIONS

Mr. President, we cannot forget about our country's tobacco farmers. Even though the tobacco farmers have the most to lose from the tobacco settlement, they were completely left out of the settlement negotiations.

Tobacco farms in this country are often small family run businesses, and in many cases, the entire economic foundation of a community is tied up in the production or processing of tobacco.

As many of my colleagues in the Senate know, I would probably be the last person to stand up and defend the tobacco industry or our nation's tobacco program. I feel strongly, though, that we should not turn our backs on tobacco farmers and their communities at a time when many will be harmed as a consequence of the tobacco settlement.

Senator LUGAR, the Chairman of the Senate Agriculture Committee, has introduced a bill that would end the tobacco program while providing payments and other assistance to tobacco farmers over a three-year transition period. His proposal follows the pattern established by the 1996 farm bill, by getting the government out the farming business and by making temporary assistance available to farmers as they adjust to the free market.

Senator FORD has introduced the LEAF Act, which provides some of the same assistance contained in Senator LUGAR's bill but adds additional grants and assistance for tobacco farmers and workers employed in the processing of tobacco. However, Senator FORD's bill maintains the tobacco program largely intact.

Frankly, Mr. President, I believe our tobacco communities have tough challenges ahead of them. For that reason, I have combined what I think are the best parts of each of these two bills into the PROTECT Act to ensure that we care for our nation's tobacco farmers and our tobacco dependent communities.

My bill establishes a Tobacco Transition Account, funded through the Trust Fund. The Transition Account will provide buyout payments to tobacco quota owners, who will lose their quotas, and assistance payments to farmers who lease their quotas from these owners. In addition, the PROTECT Act creates Farmer Opportunity Grants. These will be available to eligible family members of tobacco farmers to help pay for higher education. Eligibility requirements for Farmer Opportunity Grants will be similar to those of the Pell Grant program.

Mr. President, we should also remember the workers in the tobacco processing industry who could be displaced as a result of the tobacco settlement. The PROTECT Act sets up the Tobacco Worker Transition program. Patterned after the NAFTA Trade Adjustment Assistance program, the Tobacco Worker Transition program will provide assistance to displaced workers and help them receive job retraining.

Finally, Mr. President, the PROTECT Act will provide a total of $300 million over three years in block grants to affected states for economic assistance. Governors will be able to use these grants to help rural areas and tobacco dependent communities make the transition to broader based economies and to the free market.

NATIVE AMERICAN HEALTH PROVISIONS

Let me next turn toward another component of my legislation which relates to American Indians and Alaska Natives.

Tobacco use and abuse are significant health issues in Indian country. Native Americans smoke more than any other ethnic group—more than twofold for Indian men and more than fourfold for Indian women over non-Indians. The Centers for Disease Control estimate that 40 percent of all adult American Indians and Alaska Natives smoke an average of 25 or more cigarettes daily.

Moreover, according to the Indian Health Service [IHS] lung cancer remains the leading cause of cancer mortality. The IHS further reports that in some parts of the country 80 percent of Indian high school students smoke or chew tobacco. The statistics further show that smoking by American Indians is actually increasing while it is on the decline among other groups.

Clearly, in the context of this global tobacco settlement, measures must be taken to address the unique problems Indian country faces with the use and regulation of tobacco products.

Accordingly, my bill contains several Indian specific provisions that ensure tribal governments will have the regulatory authority to address issues of particular concern to tribal health officials while maintaining the interest of the tribe in its sovereign authority over activities occurring on its reservation.

These provisions have been developed, in part, on recommendations made at an October 6, 1997, oversight hearing on the tobacco settlement by the Committee on Indian Affairs on which I serve.

Let me also add that I welcome additional input from Indian country on these important provisions. Overall, my provisions are designed to recognize the unique interests of Indian country in the implementation of the act as well as provide assistance to improve the health status of native Americans.

Specifically, my bill makes clear that the provisions of the act relating to the manufacture, distribution and sale of tobacco products will apply on Indian lands as defined in section 1151 of title 18 of the U.S. Code.

The fundamental precept of the Indian provisions is that tribal governments will be treated as States in the implementation of the provisions of the act.

The Secretary of HHS, in consultation with the Secretary of the Interior, will be required to develop regulations to permit tribes to implement the licensing requirements of the act in the same manner by which the States are accorded this authority.

Indian tribes will also be considered as a State for purposes of receiving public health payments in order to carry out the provisions of the act and in accordance with a plan submitted and approved by the Secretary.

Indian tribes are permitted flexibility to utilize these funds to meet the unique health needs of their members as long as their programs meet the fundamental health requirements of the act.

The amount of public health payment funds for tribes will be determined by the Secretary based on the proportion of the total number of Indians residing on a reservation in a State as compared to the total population of the State. Moreover, a State may not impose obligations or requirements relating to the application of this act to Indian tribes.

Tobacco use remains a significant health factor for Indians and the costs associated for patient care and treatment are extremely high and result in a disproportionate allocation of limited IHS dollars for tobacco related illnesses.

Accordingly, my bill establishes a supplemental fund for the IHS to augment its program mission of providing health care services to Indians. A $5 billion account is established to be allotted to the IHS in increments of $200 million annually for 25 years.

ANTITRUST PROVISION

Let me also discuss another issue briefly. The proposed settlement is predicated upon the tobacco companies receiving immunity from antitrust laws in a number of limited areas. For example, in order to determine the price increase that will be passed on to consumers due to the settlement licensing fee. Another area in which such antitrust clarification will be needed is in enforcement of the protocol which accompanies the settlement legislation.

In introducing the bill today, I want to acknowledge that this language may need to be refined and tightened up. I do not intend to give the tobacco companies blanket antitrust immunity. That would be totally unwarranted.

I intend to work closely with Senators MIKE DEWINE and HERB KOHL, the chairman and ranking member of the Judiciary Subcommittee on Antitrust, to further polish this language. They have indicated their willingness to work with me on this issue, and I appreciate their expertise and assistance.

ASBESTOS

There exists medical evidence that tobacco use is a contributory factor in asbestos-related diseases and injuries. This bill contains a program to provide limited compensation for individuals who are exposed to asbestos and whose condition proven to have been exacerbated by tobacco use. The asbestos program is administered by the Secretary of Labor, who will establish standards whereby it can be demonstrated that tobacco is a significant factor in the cause of asbestos-related diseases. This program would be funded at $200 million per year and would complement the existing system for payments related to asbestos.

CLOSING

As I close, I would like to make one final observation. Three thousand kids a day start smoking; countless others start using smokeless tobacco products like snuff.

These children are becoming addicted to powerful tobacco products which can only harm them. The scientific evidence is clear.

I am extremely cognizant of the fact that there is a long history of legal use of tobacco products in this country.

Millions have used them; millions do use them.

I am trying to strike a delicate balance here: That of allowing adults to continue to use these products as they choose, but of discouraging it whenever we can and helping those who are addicted wean themselves from these powerful tobacco products.

But most importantly, we have to renew our efforts aimed at teen tobacco use. The funds provided in the global tobacco settlement will allow us to set that course.

Let me say right now that I fully anticipate criticism of my proposal from those who are afraid it is too large, and perhaps too bureaucratic.

To them I would say that the value of this proposal is in its size. We need to show that we are serious about stopping kids from smoking. We need to penalize the tobacco industry as part of that effort.

I have tried to rely upon the existing administrative structure wherever possible in the implementation of my plan. If others have a better way to run the program, I welcome their advice.

But to those who would advocate a smaller program, let me share my serious concerns about lowering the amount the tobacco industry has already agreed to pay.

I would also have serious concerns about raising the amount and using the funds for unrelated purposes. This is not the pot of money under the rainbow which will allow us to fund 60's-era left-leaning initiatives. This is a tobacco settlement which will provide us with significant new funding for new war on tobacco. A war to save our children.

My bill differs markedly from the others that have been introduced in that it is comprehensive, it includes all the components of the settlement in one piece of legislation, and it makes all the hard choices necessary to delineate how a settlement will operate. Further, it is drafted to be constitutional.

Many have begun to criticize my bill before they have even read it. It happened with the CHILD bill. It will happen again.

But to those who wish to sling barbs at my bill, I urge you to study it carefully. It is not the Kennedy bill. And, by the way, it was never intended to be. It is not the Lautenberg bill, nor the McCain bill.

It is a discussion draft intended to embrace, and improve, the proposed global tobacco settlement recommended to the Congress by 40 states this June. I welcome any suggestions for improvements which may be offered to my bill. That is why I am putting it forward today as a discussion vehicle.

I hope that the majority of Congress will agree with me that this should become a national priority, and begin to move legislation immediately upon our return in January.

In closing, Mr. President, I want to thank all of my colleagues who provide advice and assistance in drafting this legislation. It is clear that we must have a collaborative process if this legislation is to move forward, and I look forward to being a part of that process in the months to come. We can leave no greater legacy to our children.

I want to say a special thanks to Bill Baird in the Office of Legislative Counsel. He worked day and night to get this bill drafted for us, and I want to say publicly how much I appreciate this extra effort.

Anyone who wishes to read the entire text of the bill will soon be able to access it on the Hatch web page which can be reached at: ''www.senate.gov/~hatch/''. It will take us a day or two, but it will be available to the public. Since it is 308 pages, I think this is the most efficient way to make it available to the public. And, as I just said, I welcome suggestions.

Finally, for those who just want the digest version, I ask unanimous consent to insert a section-by-section summary of the PROTECT Act in the RECORD.

There being no objection, the section-by-section analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS

Section 1. SHORT TITLE; TABLE OF CONTENTS. Entitles the bill ''Placing Restraints on Tobacco's Endangerment of Children and Teens'' Act ''PROTECT'') and lists a table of contents.

Section 2. FINDINGS. Makes a series of congressional findings with respect to tobacco, its harmful health effects on children and adults, and the role of government in regulating tobacco products.

Section 3. GOALS AND PURPOSES. Sets forth the goals and purposes of the legislation, including decreasing tobacco use by youth and adults, enhancing biomedical research efforts, setting forth Federal standards for smoking in public establishments, establishing the authority of the Food and Drug Administration to regulate tobacco products, providing transitional assistance to farmers, and reforming tobacco litigation practices.

Section 4. NATIONAL GOALS FOR THE REDUCTION IN UNDERAGE TOBACCO USE. Sets out national goals for reduction in youth tobacco use. For cigarettes, the national goals, measured from the baseline year, will be a 30% reduction in use in 2003 and 2004; a 50% decrease in 2005, 2006 and 2007; and a 60% reduction thereafter. For smokeless tobacco, the national goals, measured from the baseline year, will be a 25% reduction in use in 2003 and 2004; a 35% reduction in 2005, 2006, and 2007; and a 45% reduction thereafter.

Section 5. DEFINITIONS. Defines pertinent terms used in the bill.

TITLE I—NATIONAL TOBACCO SETTLEMENT TRUST FUND

Section 101. ESTABLISHMENT OF TRUST FUND. Creates a National Tobacco Settlement Trust Fund that will receive payments from tobacco manufacturers according to a schedule set out in the bill. Over the next 25 years, deposits will be $398 billion, of which $95 billion are considered punitive damages and will be used to fund a biomedical research trust fund.

The National Tobacco Settlement Trust Fund will be administered by the Attorney General, the Secretary of Health and Human Services, and the Secretary of Treasury, and will be advised by a board composed of the Trustees and representatives of State attorneys general, public health experts, the Castano plaintiffs, and the tobacco industry. The initial $10 billion down payment from the tobacco industry, the continued annual payments, and any look-back or surcharge payments or penalties will be deposited into the Settlement Trust Fund.

The Settlement Trust Fund consists of a State Account and a Federal Account. Generally, as specified in section 101(c), the funds are distributed as follows: First, a portion of the total funds are set aside in the Federal Account for a transitional agriculture assistance program, a limited fund for asbestos-related litigation (where it can be proven that tobacco use was a cause of injury), and a new program to enhance Native American health. The remaining funds are divided equally with one-half provided to the States and one-half to the Federal government. In addition to the set aside funds for tobacco farmers, tobacco/asbestos plaintiffs, and Native American activities, the remaining funds from the Federal Account will be essentially divided equally between tobacco-related biomedical research and public health activities as provided in sections 521 and 522, respectively.

Funds from the State Account may be used by the states for both general purposes and for tobacco related programs as specified in sections 501 and 502, respectively. The Trustees are precluded from making an expenditure for programs which are currently being funded at either the Federal or State levels, so that the funds provided in this Act are supplemental to any on-going activities and not a substitution.

Section 102. PAYMENT SCHEDULE. As a condition of receiving the liability provisions contained in Title II, participating manufacturers must execute a protocol with the Secretary of Health and Human Services, each respective state attorney general, and Castano litigants, sign consent decrees with States and Castano plaintiffs, and deposit an initial $10 billion payment into the Trust Fund. In addition, to be eligible for the liability protections, manufacturers must make payments according to a schedule listed in the bill. The Trustees are authorized to adjust those continuing payments in two cases: 1) an annual inflation adjustment; 2) a volume adjustment which could either increase or reduce the base payments. The amount that each participating manufacturer will pay will be determined under the protocol appended to the agreement.

Section 103. ADMINISTRATIVE PROVISIONS. The Attorney General will hold the Trust Fund and will report annually to the relevant congressional committees on the financial condition of the Trust Fund. The Trustees will invest excess balances of the Fund in interest-bearing obligations of the U.S. and proceeds therefrom will become a part of the account. Members of the Trustees' advisory board shall serve without compensation, although travel expenses will be reimbursed, and overall costs of the advisory board are capped. Receipts and disbursements from the Trust Fund will not be included in the annual budget, and cannot be transferred to the general fund of the Treasury.

Section 104. ENFORCEMENT. Any participating manufacturer which fails to make payments required by the Act will be subject to daily fines. If the manufacturer has not made the required payment within one year, the manufacturer will be considered non-participating, will lose the liability protections contained in the Act, and will be ineligible from becoming a participating manufacturer in the future.

TITLE II—NATIONAL PROTOCOL AND LIABILITY PROVISIONS

SUBCHAPTER A—PROTOCOL RESTRICTIONS ON ADVERTISING

Section 201. REQUIREMENT. To be eligible for the liability protections contained in Subtitle C, each tobacco manufacturer shall enter into a binding and enforceable contract (''the Protocol'') in each state, with the Attorney General on behalf of the Chief Executive Officer of the state and representatives of the Castano litigants. As part of the protocol, a participating manufacturer shall agree, in any contract entered into with a distributor and retailer, to require the distributor and retailer to comply with the applicable terms of the protocol.

Section 211. APPLICATION OF SUBCHAPTER. The following provisions will be considered part of the Protocol.

Section 212. AGREEMENT TO PROHIBIT ADVERTISING. Parties to the executed Protocol agree that they will not use any form of outdoor product advertising, nor will they advertise in any arena or stadium where athletic, musical, artistic or other social or cultural events or activities occur. Parties also agree not to use human images or cartoon characters in tobacco-related advertising, labeling or promotional materials, and not to advertise tobacco products on the Internet. Parties also agree to limit point of sale advertising of tobacco products both in terms of number of advertisements and format, except in adult-only stores and tobacco outlets.

Section 213. GENERAL RESTRICTIONS. Parties agreeing to the Protocol will not use a trade or brand name of a non-tobacco product as the trade or brand name for a cigarette or smokeless tobacco product, except for products sold in the United States before January 1, 1995. Parties further agree to limit the media in which tobacco products will be advertised and will not make payments for placement of tobacco products in television programs, motion pictures, videos or video game machines.

Section 214. AGREEMENT ON FORMAT AND CONTENT REQUIREMENTS FOR LABELING AND ADVERTISING. Those signing the Protocol agree to limit tobacco-related advertising to black text on white background, except in certain cases such as vending areas not visible from the outside and adult publications. Further, parties using audio or video formats agree to certain limits, such as restrictions on music or sound.

Section 215. AGREEMENT TO BAN NON-TOBACCO ITEMS AND SERVICES, CONTESTS AND GAMES OF CHANCE, AND SPONSORSHIP OF EVENTS. Parties to the Protocol agree to ban all non-tobacco merchandise bearing the brand name, logo or other identifier of tobacco products. They also agree not to offer any gift or item in connection with the purchase of a tobacco product. Parties agree not to sponsor any athletic, musical, artistic or other social/cultural event in which identifiers of tobacco products are used, although the use of a corporate number in use in the United States prior to January 1, 1995 would be permissible.

SUBCHAPTER B—PROVISIONS RELATING TO LOBBYING

Section 220. APPLICATION OF SUBCHAPTER. The provisions of this subchapter will be considered part of the Protocol.

Section 221. AGREEMENT TO PROVISIONS RELATING TO LOBBYING. A manufacturer signing the Protocol must require that any lobbyists it retains will sign an agreement consenting to comply with applicable laws and regulations governing tobacco products, including this Act and the consent decree under this Act, and agreeing not to support or oppose any Federal or State legislation without express consent from the manufacturer.

Section 222. AGREEMENT TO TERMINATE CERTAIN ENTITIES. Parties to the Protocol agree that, within one year of enactment, the Tobacco Institute and the Council for Tobacco Research, U.S.A. will be terminated, and that any successor organizations will meet strict guidelines with respect to membership and activities and will be subject to oversight by the Department of Justice.

SUBCHAPTER C—OTHER PROVISIONS

Section 225. APPLICATION OF SUBCHAPTER. The provisions of this subchapter will be considered part of the Protocol.

Section 226. DETERMINATION OF PAYMENT AMOUNT. Manufacturers agreeing to the Protocol will determine the percentages each specific manufacturer must pay.

Section 227. ATTORNEY'S FEES AND EXPENSES. Within 30 days of enactment, an arbitration panel will be appointed by the Trustees, the participating manufacturers, and State Attorneys General participating in the June 20, 1997 memorandum of understanding and the Castano litigants. The arbitration panel will establish procedures for its operation, receive petitions for attorneys' fees and expenses, and make awards based on enumerated criteria subject to an annual cap which is equal to 5% of the amount paid to the Trust Fund for the applicable year. Awards made by the panel will be paid by the participating manufacturers and will not be paid from the Trust Fund.

Section 228. LIMITATIONS WITH RESPECT TO INDIAN COUNTRY. Participating manufacturers will agree not to conduct any activity within Indian country that is otherwise prohibited under this Act, and agrees to sell or otherwise distribute tobacco products to an Indian tribe or tribal organization under the same terms and conditions as the manufacturer imposes on others.

Section 231. FEDERAL ENFORCEMENT OF THE PROTOCOL. Sets forth the terms and conditions under which the Attorney General may bring civil actions, including imposition of stiff penalties, to enforce the Protocol. The Attorney General may enter into contracts with state agencies to assist in enforcement. The Attorney General is authorized to utilize funds from the Trust Fund for performance of her duties under this section.

Section 232. STATE ENFORCEMENT OF THE PROTOCOL. The chief law enforcement officer of a state may bring actions to enforce the protocol if the alleged violation is the subject of a proceeding within that State. However, the State must first give the Attorney General 30 days' notice before commencing such a proceeding, and the State may not bring a proceeding if the Attorney General is diligently prosecuting or has settled a proceeding relating to the alleged violation.

Section 233. PRIVATE ENFORCEMENT OF PROTOCOL. A participating manufacturer may also seek a declaratory judgment in Federal District Court to enforce its rights and obligations under the Act, and may also bring a civil action against other participating manufacturers to enforce or restrain breaches of the contract. In general, no such actions may be commenced, however, if the Attorney General or applicable State is already pursuing an action on the same alleged breach.

Section 234. REMOVAL. The Act allows removal to Federal court of state claims which seek to enforce the Protocol.

SUBTITLE B—CONSENT DECREES

Section 241. CONSENT DECREES. For a State to receive funding under Title V, for a manufacturer to receive liability protections under subtitle C, and for settlement of the Castano claims, consent decrees must be signed effective on the date of enactment.

The consent decrees shall include provisions relating to restrictions on tobacco advertising and youth access, restrictions on trade associations and lobbying, disclosure on tobacco smoke constituents, disclosure of nontobacco ingredients in tobacco products, disclosure of all documents relating to health, toxicity, and addiction, the obligation of manufacturers to make payments for the benefit of States, the obligation of manufacturers to deal only with distributors and retailers that comply with all laws regarding tobacco products, requirements for warnings, labeling, and packaging, the dismissal of pending litigation as required under this Act, and any other matters deemed appropriate by the Secretary.

The consent decrees shall not include information on tobacco product design, performance, or modification, manufacturing standards and good manufacturing practices, testing and regulation with respect to toxicity and ingredients, and the national goals relating to reductions in underage use of tobacco. Constitutional claims shall be waived and the provisions are severable. The decree must be approved by the Attorney General. The decree shall remain in effect regardless of amendments to the Act, except as superseded by said amendments. A state may only seek injunctive enforcement of the consent decree in state court. The Attorney General will regulate to ensure consistency of state court rulings regarding consent decrees which are not exclusively local.

Section 242. STATE ENFORCEMENT OF CONSENT DECREES. A State may bring an injunctive action to enforce the terms of a consent decree which falls within its jurisdiction. It can only seek criminal or monetary relief for a subsequent violation of an injunction previously granted.

Section 243. NON-PARTICIPATING MANUFACTURERS. Provides an incentive for manufacturers to participate in the national tobacco control protocol. Non-participating firms will not be protected by the civil liability protections of this bill. A non-participating company will be required to transfer funds to the National Tobacco Settlement Trust Fund in an amount based on the proportion of the market share of the sales of the firm. Each non-participating manufacturer shall place into an escrow reserve fund each year an amount equal to 150% of its share of the annual payment required of participating manufacturers.

SUBTITLE C—LIABILITY PROVISIONS

Section 251. DEFINITIONS. Defines pertinent terms used in Subtitle C.

CHAPTER 1—IMMUNITY AND LIABILITY FOR PAST CONDUCT

Section 255. APPLICATION OF CHAPTER. This chapter is the sole enforcement mechanism and exclusive remedy for any claims against any participating manufacturer which have not reached final judgment or settlement by the effective date of this act. Any court judgment entered subsequent to this bill's enactment shall include express language subjecting the judgment to the act. No bond, penalty, or increased interest shall be required in connection with appeal of any judgment arising under this act.

Section 256. LIMITED IMMUNITY. All pending actions against participating manufacturers whether brought by a State or local government entity, as a class action, or as a civil action based on addition to or dependence, are hereby terminated. All participating manufacturers are hereby immune from any future action brought by a State or local governmental entity, as a class action,

or as a civil action based on tobacco addiction or dependence. Individual personal injury claims arising from the use of tobacco are preserved.

Section 257. CIVIL LIABILITY FOR PAST CONDUCT. This section applies to all actions permitted under section 256 for conduct before enactment. Punitive damages are prohibited.

All actions must be brought by individuals and may not be consolidated without consent of defendants. The only means to remove an action is if a defendant removes it to Federal court. Participating manufacturers must jointly share in civil liability for damages; they shall not be jointly and severally liable with non-participating manufacturers; and actions involving participating and non-participating manufacturers shall be severed. Permissible plaintiffs are individuals, their heirs, and third-party payers who are bringing individual claims for tobacco-related injuries and third-party payers whose claims are not based on subrogation that were pending on June 9, 1997. Defendants under this section are participating manufacturers, their successors or assigns, any future fraudulent transferees, or any entity for suit designated to survive a defunct signatory. Vicarious liability for agents applies. Subsequent development of reduced risk tobacco is not admissible or discoverable.

Aggregate annual cap is 1/3 of annual payments required of all signatories for the year involved. Excess amounts shall be paid in the following year. Signatories shall receive credit of 80% of amounts paid under judgments or settlements for the year involved. Any amount awarded over $1,000,000 may be paid in the following year. Each annual payment shall not exceed $1,000,000, unless all judgments in the first year can be paid without exceeding the aggregate annual cap. Defendants shall bear their own attorneys' fees and costs.

Section 258. CIVIL LIABILITY FOR FUTURE CONDUCT. This section applies to all actions permitted under section 256 for conduct after enactment. Sections 257(c) and (e) through (I) shall apply to actions under this section. Third-party payor claims not based on subrogation shall not be commenced under this section. There is no prohibition for punitive damages under this section.

Section 259. NON-PARTICIPATING MANUFACTURERS. This title shall not apply to non-signatories to the Protocol and participating manufacturers who are 12 months delinquent in payments due pursuant to the act.

Section 260. PAYMENT OF JUDGMENTS AND SETTLEMENTS. A participating manufacturer may seek injunctive relief in federal court to stop a state court from enforcing a judgment which is unenforceable under this chapter. The federal court shall issue an injunction if the participating manufacturer demonstrates that the judgment or settlement is unenforceable under this chapter.

Section 261. STATE ELIGIBILITY. A state shall be eligible to receive funds under this act if (1) (by the effective date of the act) it adopts sections 256 through 259 as unqualified state law and any defendant in a civil action under this act shall have a right to a prompt interlocutory appeal to the highest court of the state to enforce the requirements of state law; and (2) it withdraws and dismisses any claims required to be dismissed under section 256.

Within 6 months of the effective date of this act (with special provision for states whose legislature do not meet within that time frame), and annually thereafter, the AG shall certify that each state eligible to receive funds has complied with this section—states not certified shall not receive funds. No state claim may be maintained in any court of that state if it does not comply with subsection (a)(1) herein. This chapter governs any action by a state which is not in compliance with subsection (a)(1) herein but is otherwise maintainable in the state.

Section 262. REMOVAL. This section amends the existing code to enact the removal provisions and give the federal court jurisdiction.

Section 263. CONFORMING AMENDMENTS. The section conforms existing code sections with this act.

TITLE III—REDUCTION IN UNDERAGE TOBACCO USE

Subtitle A—State Laws Regarding the Sale of Tobacco Products to Minors

Section 301. STATE LAWS REGARDING SALE OF TOBACCO PRODUCTS TO INDIVIDUALS UNDER THE AGE OF 18. Expands upon what is popularly known as the ''Synar amendment'' (relating to the sale or distribution of tobacco products to individuals under the age of 18) P.L 102–321.

Effective in FY 1999 (or FY 2000 for States with legislatures which do not convene in 1999) and thereafter, a State which wishes to receive funding under Title V of this Act must have in effect a State law consistent with the provisions contained in the model law described in section 302. A State must enforce the law systematically and conscientiously and in a manner which can reasonably be expected to reduce the extent to which tobacco products are available to individuals under age 18. A State must also certify that enforcement of the law is a priority, conduct random, unannounced inspections to ensure compliance, and annually transmit to the Trustees a report describing its operation of the program. As a funding source for the program, States may use payments from the Trust Fund, grants under sections 1901 and 1921 of the Public Health Service Act, license fees or penalties collected pursuant to this Act, or any other funding authorized by the State legislature. The Trustees are authorized to reduce payments to States for noncompliance.

Section 302. MODEL STATE LAW. Describes the provisions of the model state law. Under that model, a series of conditions are placed on the sale of tobacco to restrict use by persons under age 18. It will be unlawful for a person to distribute a tobacco product to an individual under age 18. Persons who violate this section, and employers of employees who violate the section, are liable for civil penalties. Under the model, it is also unlawful for an individual under age 18 to purchase, smoke or consume (or attempt such acts) in a public place. Penalties are imposed for violations of this provision. Law enforcement agencies are required to notify promptly the parent(s) or guardians about such violations. Persons who sell tobacco products at retail must post signs communicating that the sale to individuals under 18 is prohibited. It is also unlawful for product samples or opened packages to be provided to anyone under 18, or for packages to be displayed so that individuals have direct access. Civil penalties for violations of these requirements apply.

The model law also requires employers who distribute tobacco products at retail to implement a program to ensure that employees are not distributing tobacco products to minors in violation of the preceding requirements. The model also requires appropriate state and local law enforcement officials to enforce the Act in a manner reasonably expected to reduce the extent to which individuals under age 18 have access to tobacco products. Under certain conditions, states are authorized to use individuals under age 18 to test compliance with this act. The Act also sets forth requirements for states to license persons engaged in the distribution of tobacco products, and describes the procedures which will be used for suspension, revocation, denial and non-renewal of licenses. States are required to report annually on compliance with the Act.

SUBTITLE B—REQUIRED REDUCTION IN UNDERAGE USAGE

Section 311. PURPOSE. Encourages achievement of dramatic and immediate reductions in the number of underage consumers of tobacco through substantial financial surcharges on manufacturers if targets are not met.

Section 312. DETERMINATION OF UNDERAGE USE BASE PERCENTAGES. Sets forth a methodology for the Secretary of HHS to set base percentages for the calculation by age group of children who use tobacco products.

Section 313. ANNUAL DAILY INCIDENCE OF UNDERAGE USE OF TOBACCO PRODUCTS. Five years after enactment, and annually thereafter, the Secretary shall make a determination according to the methodology set out in this section of the average annual incidence of daily tobacco use by individuals under age 18.

Section 314. REQUIRED REDUCTION IN UNDERAGE TOBACCO USE. Requires the Secretary to determine if the annual incidence of the daily use of tobacco products exceeds the national goals set forth in section 4.

Section 315. APPLICATION OF SURCHARGES. If the Secretary determines that the national goals have not been met in any year following year five, she will make a report to Congress outlining changes to the national program established in this act that she believes must be undertaken to move the country toward achievement of the national goals. The Secretary is authorized to impose a surcharge on cigarette manufacturers of $100 million per percentage point for each of the first five percentage points by which the goal is not met; the surcharge will be $200 million for each of the next five percentage points by which the goal is not met, and $300 million per percentage point for the amount that the goal is not met by eleven or more percentage points. In the case of smokeless tobacco products, which represent one-seventh of youth use of tobacco products, the potential lookback penalties will be $15 million per applicable percentage point for each of the first five points by which the goal is not met. The potential surcharge that could apply would be $30 million and $45 million for the next two five percentage point increments, respectively.

Five years after the surcharge provisions are applicable (the eleventh year after passage), the surcharge payments will be increased. For cigarettes, the surcharge payment will be $250 million for each of the first five percentage points that the goal is not met and $500 million for each additional percentage point by which the goal is not met. (E.g., If cigarette usage failed to meet the applicable target by 6 percentage points, in year 6 the surcharge assessment is $700 million, and in year 11 is $1.75 billion.) For smokeless tobacco products, the corresponding surcharge amounts will be $30 million and $60 million, respectively. This section provides an annual cap on surcharge payments for cigarettes of $5 billion for the first five years in which the surcharges apply under the Act (the sixth year after passage) and $10 billion thereafter. For smokeless tobacco products, the analogous caps are, $500 million and $1 billion, respectively.

Any surcharge imposed under this section is the joint and several obligation of all participating manufacturers (subject to the abatement provisions contained in section

316) as allocated by the market share of each manufacturer. Any funds generated under this section will be available to the Trust Fund.

Section 316. ABATEMENT PROCEDURES. A manufacturer who becomes subject to any surcharge that might be imposed under section 315 must first pay the surcharge, and then may petition the Secretary for abatement of the surcharge. The Secretary is required to hold a hearing on the abatement petition, during which the burden will be on the participating manufacturer to prove by a preponderance of the evidence that the manufacturer should be granted the abatement. The Secretary will make her decision based on criteria described in this section. She may abate all or part of the surcharge, but this is totally at her discretion. Judicial review of the Secretary's decision may be sought.

Section 317. INCENTIVES FOR EXCEEDING THE NATIONAL TOBACCO PRODUCTS USE REDUCTION GOALS. In any year, including the first five program years, that the ultimate national tobacco product use reduction goals are exceeded (a 60% reduction for cigarettes and a 45% reduction for smokeless tobacco products, tobacco manufacturers will be assessed reduced payments. This section provides that for payments related to cigarettes, for each percentage point by which the 60% reduction goal has been exceeded payments will be reduced by a factor of 1⁄60 per percentage point. (E.g., if cigarette use dropped by 80% from the base year in a given year, the payment would be reduced by 20/80th's, or 25%). The corresponding factor for smokeless tobacco products is 1/110 per percentage point that the 45% goal is exceeded.

TITLE IV—HEALTH AND SAFETY REGULATION OF TOBACCO PRODUCTS

SUBTITLE A—GENERAL AUTHORITY

Section 401. Amendments to Definitions Contained in the Federal Food, Drug, and Cosmetic Act. This title grants clear jurisdiction over tobacco products and establishes the framework for the Secretary of Health and Human Service, acting through the Food and Drug Administration, to oversee a new comprehensive regulatory system for tobacco products. ''Tobacco product'' and other relevant terms are defined for the first time in the FDA's basic regulatory statute, the Federal Food, Drug, and Cosmetic Act. This section adds two important new prohibited acts to the FD&C statute that make it illegal to manufacture and market tobacco products that do not comply with the new Tobacco Products chapter, Chapter IX. The bill amends the definition of ''drug'' to give FDA authority to regulate tobacco products as unapproved drugs if they do not comply with new Chapter IX. No change is made in the definition of ''medical device'' and this bill does not contemplate that tobacco products shall be regulated as restricted medical devices.

Adds a new Chapter IX to the Federal Food, Drug and Cosmetic Act, which will be entitled ''Health and Safety Regulatory Requirements Relating to Tobacco Products. It will contain the following new sections.

Section 900. Definitions. Definitions of the term ''cigarette,'' ''cigarette tobacco,'' ''nicotine,'' ''smokeless tobacco,'' ''tar,'' ''tobacco additive,'' and ''tobacco product'' will be added to the FD&C Act.

Sec. 901. Statement of General Duties. The Secretary of HHS is directed to undertake a number of regulatory activities, detailed in section 902 through section 908, in furtherance of the comprehensive health promotion and disease prevention program that the PROTECT Act establishes for tobacco products.

Sec. 902. Tobacco Product Health Risk Management Standards. This section directs the Secretary to issue regulations, through routine notice and comment rulemaking procedures and in consultation with public health experts, that establish rigorous controls over the composition of tobacco products. These regulations will include provisions relating both to the protection of confidential commercial information and for the public disclosure of the ingredients of tobacco products.

Such regulations will grant the Secretary the authority to issue regulations to assess and manage the risks presented by nicotine and reduce or eliminate constituents of tobacco products, or to ban tobacco products after the Secretary considers relevant factors. These factors include: reduction of public health risks; capacity of the health care system to provide effective and accessible treatments to current consumers of tobacco products; the potential creation of a significant market for contraband tobacco products; and, the technological feasibility of manufacturers to modify existing products. Secretarial actions to ban tobacco products will require a joint resolution of approval from both chambers of the United States Congress.

Sec. 903. Good Manufacturing Practice Standards for Tobacco Products. The Secretary shall issue regulations that specify the good manufacturing practices (GMP) for tobacco products. Such regulations will prescribe the methods used in, and the facilities and management controls used for, the manufacturing of tobacco products. The GMP regulations will contain requirements for registration and inspection of the tobacco product manufacturing establishments.

The GMP regulations promulgated by the Secretary shall contain provisions relating to pesticide residue levels and will provide for an advisory committee to recommend to the Secretary whether to approve, consistent with the public health, petitions for variances to the established residue level standards. The GMP requirements established by the Secretary shall include record keeping and reporting standards for tobacco products.

Sec. 904. Tobacco Product Labeling, Warning, and Packaging Standards. Section 904 stipulates new warning statements for both cigarettes and smokeless tobacco products. Section 904 provides format and type-size requirements and stipulates rotation schedules for tobacco product labels. Section 904 grants the Secretary the authority to issue regulations to revise tobacco product labeling statements and exempts tobacco product exports from these labeling requirements.

Sec. 905. Reduced Risk Tobacco Products. This section requires the Secretary to issue regulations that create incentives for the development and commercial distribution of reduced risks tobacco products. Under section 905 manufacturers of new technologies that reduce the negative health effects of using tobacco products notify, in confidence, the Secretary of such technology. Upon a determination that an innovation reduces the health risks of tobacco products and is technologically feasible, the Secretary may require that such risk reduction innovations be incorporated, through a licensing program, into other tobacco products.

Section 906. Tobacco Product Marketing Restrictions. Section 906 prohibits the sale of tobacco products to persons under 18 years of age and generally requires retailers to conduct sales in a face-to-face manner and to verify the age of tobacco purchasers. Under this section, cigarettes must be sold in packages with no fewer than twenty cigarettes; no free samples may be distributed; the vending machine sales must be eliminated except in certain limited adult facilities; and mail order sales must be accompanied by age verification procedures.

Section 907. Tobacco Products Scientific Advisory Committee. This requires the Secretary to establish a Tobacco Products Scientific Review Committee to assist in the development and in an on-going assessment of the effectiveness of the tobacco product health risk management standards required by section 902, the tobacco product good manufacturing standards required by section 903, the tobacco product labeling, warning, and packaging standards required by section 904, the reduced risk tobacco product provisions of section 905, and the tobacco product marketing restrictions required by section 906. This committee will primarily consist of experts in science, medicine, and public health but will also include experts in law and ethics and include representatives of both pro-, and anti- tobacco use groups.

Section 908. Report to Congress. Section 908 requires the Secretary to report to Congress biennially on the effectiveness of new Chapter IX and the other relevant provisions of the PROTECT Act, and other relevant laws and policies that relate to the nation's effort to reduce use of, and the health risks associated with, tobacco products. Such report will contain information on current use patterns and health effects of tobacco products with a particular emphasis on use of these products by those under 18 years of age. The Secretary shall also report to the Congress on recommended changes in legislation that will increase the effectiveness.

Section 909. Judicial Review Standards. This new section makes clear that in any judicial proceeding involving the regulations issued under Chapter IX, the courts will use procedures, apply standards of review, and grant the degree of deference that it normally accords the Secretary under the Federal Food, Drug, and Cosmetic Act.

Section 910. Preemption. This section permits state and local governments to enact requirements with respect to tobacco products so long as the state or local requirement does not conflict with a requirement of section 902, 903, 904, or 905.

Section 402. Repeals. This section repeals the Federal Cigarette Labeling and Advertising Act and the Comprehensive Smokeless Tobacco Health Education Act.

TITLE V—PAYMENTS TO STATES AND PUBLIC HEALTH PROGRAMS

SUBTITLE A—PAYMENTS TO STATES

Section 501. Reimbursement for State Expenditures. The Trustees will make available to the states one-half of the Trust Fund amounts each year (after payments have been allocated for tobacco farmers, Native Americans, and certain combined asbestos/tobacco plaintiffs), apportioned state-by-state according to a table listed in the Act which is based on the State Attorney Generals' agreement. The funds will be utilized by the States under two sets of conditions. Utilizing the Medicaid matching percentage rates, the portion of the funds which would have been attributable to the state matching share shall be used by the State for any purpose it deems appropriate. Federal subrogation is waived, and the amount that otherwise would have been returned to the Federal government will be retained by the State, but may only be used for certain specified anti-tobacco-related purposes as outlined in section 502.

Section 502. Requirements for States' Use of Certain Funds. As a condition of receiving funds which otherwise would have been returned to the Federal government, a state must submit to the Trustees a plan that describes the anti-tobacco programs for which the funds will be used, the measurable objectives that will be used to evaluate the program outcome, the procedures which will be

used for outreach, and efforts which are made to coordinate the new programs with existing Federal and State programs. The state must also collect necessary data and maintain records to allow the Trustees to evaluate the plan and its effectiveness. State plans and amendments thereto are deemed to be approved unless disapproved by the Trustee within 90 days of submission. Each year, the State must provide the Trustees with an assessment of the plan, including the effectiveness of the plan in reducing the number of children and adults who use tobacco products. In addition, the Trustees will provide an annual report on operations of the plan.

In order to retain the otherwise-Federal share, States must use the funds for anti-tobacco programs in coordination with existing Federal public health and social services programs, including child nutrition programs, maternal and child health, the State Children's Health Insurance Program, Head Start, school lunch, Indian Health Service, Community Health Centers, Ryan White, and social services block grant. States may also use these funds for smoking cessation programs that reimburse for medications or other therapeutic techniques, and anti-tobacco products public education programs, including counter-advertising campaigns.

SUBTITLE B—PUBLIC HEALTH PROGRAMS

Section 521. National Institutes of Health Trust Fund for Health Research. A National Institutes of Health Trust Fund for Health Research is established which reflects the settlement of punitive damages for past reprehensible behavior of the tobacco industry. This punitive damages fund will be funded from the National Settlement Trust Fund, and overall funding will amount to $95 billion over the first 25 years. In year 5 and thereafter, a total of $4 billion annually will be available under this section, subject to any required adjustments due to inflation, sales volume adjustments, and look-back penalties.

Section 521(e) requires the Director of the National Institutes of Health, in consultation with leading experts, to devise a National Tobacco and Other Abused Sustances Research Agenda. Funds provided under this section are expended as follows: NIH Director's Discretionary Fund, 2%; Research Facilities, 2%; health information communications, 1%; national cancer research and demonstration centers under section 414 of the Public Health Service Act, 10%; and, the remaining 85% shall be allocated to the established Institutes, Centers, and Divisions of NIH in the same proportion as the annual appropriations bill for NIH. Eligible research are stipulated in section 521(d)(2) and include diseases associated with tobacco use including cancer, cardiovascular diseases, and stroke.

Section 522. National Anti-Tobacco Product Consumption and Tobacco Product Cessation Public Health Program. Under this section, with the funds specified in section 101(c)(3)(C) of Title I of this Act, the Secretary shall establish and implement a national anti-tobacco product consumption and tobacco product cessation program. This program will be coordinated by the Office of Smoking and Health of the Centers for Disease Control and Prevention. In year 6 and thereafter, a total of $4 billion annually will be available under this section, subject to any required adjustments due to inflation, sales volume adjustments, and look-back penalties.

The Secretary may use funds under this section to offset HHS' administrative costs in carrying out the public health components of the PROTECT Act, including the additional costs attributable to the new regulatory responsibilities placed on the Food and Drug Administration under this Act. In carrying out this section, the Secretary may act under the general authorities provided under section 301 of the Public Health Service Act. In carrying out this program the Secretary must act in concert with state and local public health officials and non-governmental organizations and will consider, as appropriate, the public health recommendations made by the Castano class action plaintiffs.

This section requires the Secretary to undertake a substantial public education program, including the development and dissemination of materials that alert, in the most appropriate and effective fashion, the public to the risks of tobacco use, with a special emphasis on materials and techniques that are targeted to young Americans. The Secretary is also directed to make a special effort to inform current adult users of tobacco products of the health benefits of ceasing use of these products. Among the public education and information techniques authorized by this section is a publicly financed nationally directed counter-advertising campaign. The Secretary is also directed to develop and make available a model state anti-tobacco use and tobacco cessation program.

Section 522 directs the Secretary to make available at least one half the funds available under this section through section 101(c)(3)(C) to states in the form of vountary anti-tobacco use and tobacco cessation program block grants. Eligible activities for this block grant will be the same as those specified under 502(e). To the extent possible, the Secretary will harmonize the program management requirements under sections 502 and 522. The formula for the block grant will be devised by the Secretary but shall include such relevant factors as the number of children residing in each participating state.

TITLE VI - STANDARDS TO REDUCE INVOLUNTARY EXPOSURE TO TOBACCO SMOKE

Section 601. DEFINITIONS. Defines pertinent terms used in this section.

Section 602. SMOKE-FREE ENVIRONMENT POLICY. Requires a public facility to implement a smoke-free environment policy, which prohibits tobacco use within the facility and on facility property within the immediate vicinity of the facility's entrance. Requires the policy to be posted in a clear and prominent manner. Exceptions are granted to facilities which meets the requirements of a Specially Designated Smoking Area. No exception would be granted for restaurants, prisons, and congressional office buildings and the Capitol Building. There are special rules for schools and other facilities serving children.

Section 603. PREEMPTION. Precludes preemption of any other Federal, State, or local law in this area.

Section 604. REGULATIONS. Sets a 6-month period to promulgate the title's regulations.

Section 605. EFFECTIVE DATE. Sets an effective date of 6 months after the date the rules are promulgated, or 1 year after date of Act's enactment, whichever is later.

TITLE VII—PUBLIC DISCLOSURE OF HEALTH RESEARCH

Section 701. PURPOSE. Sets the purpose of this title to disclose previously nonpublic or confidential documents by tobacco product manufacturers.

Section 702. NATIONAL TOBACCO DOCUMENT DEPOSITORY. Establishes a National Tobacco Document Depository which will be used as a resource for litigants, public health groups, and other interested parties and which will contain documents described in the statute. The section also creates a Tobacco Documents Dispute Resolution Panel, to be composed of 3 Federal Judges appointed by the Congress, and outlines the Panel's structure, including its basis for determining a dispute, its final decision rule, and its assessment of fees policy. Provides for the Panel to establish a procedure for accelerated review and for a Special Masters.

Section 703. ENFORCEMENT. Allows the Attorney General to bring a proceeding before the Tobacco Documents Dispute Resolution Panel with appropriate notice requirements and civil penalty levels.

TITLE VIII—AGRICULTURAL TRANSITION PROVISIONS

Section 801. SHORT TITLE: ''Tobacco Transition Act.''

Section 802. PURPOSES. Terminates the federal tobacco program while making compensation to quota owners and tobacco farmers. Provides economic assistance to affected counties through block grants to affected states.

Section 803. DEFINITIONS. Defines pertinent terms used in Title VIII.

SUBTITLE A—TOBACCO PRODUCTION TRANSITION

CHAPTER 1—TOBACCO TRANSITION CONTRACTS

Section 811. TOBACCO TRANSITION ACCOUNT. Establishes the Tobacco Transition Account within the Trust Fund. Through this account, compensation will be made to quota owners and tobacco farmers. Economic assistance block grants to affected states will also be provided through the Transition Account.

Section 812. OFFER AND TERMS OF TOBACCO TRANSITION CONTRACTS. The Secretary of Agriculture shall offer to buy tobacco quotas from owners through a three-year payment period. All restrictions on the production and marketing of tobacco will be lifted in 1998, ending the tobacco quota program.

Section 813. ELEMENTS OF CONTRACTS. Within 90 days of enactment of this legislation, the Secretary to offer contracts to quota owners until June 31, 1999. Buyout payments and transition payments shall start at the beginning of the 1999 marketing year and end at the end of the 2001 marketing year.

Section 814. BUYOUT PAYMENTS TO OWNERS. During the three-year phaseout period, buyout payments will be made to quota owners as a compensation for the lost value they experience associated with the ending of the quota program. The payments will be determined by multiplying $8.00 by the average annual quantity of quota owned during the 1995–1997 crop years.

Section 815. TRANSITION PAYMENTS TO PRODUCERS. Provides assistance to farmers who do not own quotas but who leased from quota owners during three of the last four years. Transition payments only apply to the leased portion of the recipient's crop and will constitute a compensation to the producer for lost revenue caused by this act. The payments shall be determined by multiplying 40 cents by the average quantity of tobacco produced during the three years of the transition period.

Section 816. TOBACCO WORKER TRANSITION PROGRAM. Establishes a retraining program for displaced tobacco workers involved in the manufacture, processing or warehousing of tobacco or tobacco products. Patterned after the NAFTA Trade Adjustment Assistance program, the Governor and then the Secretary of Labor shall determine a group's eligibility for the program. The total amount of payments for the Tobacco Worker Transition Program is capped at $50,000,000 for any fiscal year, and after ten years the program will be terminated. Any individual receiving tobacco quota buyout payments are ineligible for this program.

Section 817. FARMER OPPORTUNITY GRANTS. Amends the Higher Education Act of 1965 to establish a grant payment for tobacco farmers and their families to pay for higher education. Grants will be made in the amount of $1,700 per year, rising to $2,900 annually by 2019. Academic eligibility requirements will mirror the standards regulating Pell Grants. Receipt of a Farmer Opportunity Grant will not affect a student's eligibility to receive other income-based assistance.

CHAPTER 2—RURAL ECONOMIC ASSISTANCE BLOCK GRANTS

Section 821. Rural Economic Assistance Block Grants. For each of the three years of the transition period, 1999 through 2001, the Secretary shall provide block grants to tobacco growing states to assist areas that are largely dependent on tobacco production. The grants will total $100 million for each of the three years, with a total cost of $300 million. The amount of each state's block grant will be based on (1) the number of counties within the state dependent on tobacco production and (2) the extent to which the counties are dependent on tobacco production. The Governor shall use a similar formula to apportion the state's grant to the counties. Use of the grants by the counties shall be approved by the Governor.

SUBTITLE B—TOBACCO PRICE SUPPORT AND PRODUCTION ADJUSTMENT PROGRAMS

CHAPTER 1—TOBACCO PRICE SUPPORT PROGRAM

Section 831. INTERIM REFORM OF TOBACCO PRICE SUPPORT PROGRAM. Amends Section 106 of the Agricultural Act of 1949 to phase out the tobacco price support program over the four years following the enactment of this act. In 1999, the price supports will decline by 25% and then by 10% in 2000 and in 2001, after which the price support program will be terminated.

Section 832. TERMINATION OF TOBACCO PRICE SUPPORT PROGRAM. Amends Section 101 of the Agricultural Act of 1949 to repeal the tobacco price support program after 2001.

CHAPTER 2—TOBACCO PRODUCTION ADJUSTMENT PROGRAMS

Section 835. TERMINATION OF TOBACCO PRODUCTION ADJUSTMENT PROGRAMS. Amends the Agricultural Adjustment Act of 1938 to exclude tobacco from the provisions of the Act, effectively ending the Tobacco Production Adjustment Program.

SUBTITLE C—FUNDING

Section 841. TRUST FUND. Provides for the transfer of funds from Tobacco Transition Account (in the Trust Fund) to the Commodity Credit Corporation (CCC).

Section 842. COMMODITY CREDIT CORPORATION. Allows the Secretary to use the CCC in carrying out the provisions of this title.

TITLE IX—MISCELLANEOUS PROVISIONS

Section 901. PROVISIONS RELATING TO NATIVE AMERICANS. Provides that the requirements of this Act relating to the manufacturer, distribution and sale of tobacco products will apply on Indian lands as defined in section 1151 of title 18 of the U.S. Code. Any federal tax or fee imposed on the manufacture, distribution or sale of tobacco products will be paid by any Indian tribe engaged in such activities, or by persons engaged in such activities on such Indian lands, to the same extent such tax applies to other entities.

The Secretary, in consultation with the Secretary of the Interior, is authorized to treat Indian tribes as a state for purposes of this Act. The Secretary is authorized to provide any such tribe grant assistance to carry out the licensing and enforcement functions in accordance with a plan submitted and approved by the Secretary as in compliance with the Act.

A participating tobacco manufacturer shall not engage in any activity within Indian country that is prohibited under the Protocol. A state may not impose obligations or requirements relating to the application of this Act to Indian tribes and organizations.

Recognizing that tobacco use remains a significant risk factor for Indians and that cigarette smoking is more than twofold for Indian men and more than fourfold for Indian women over non-Indians, a supplemental fund is established for the Indian Health Service to raise the health status of Indians. The fund is established at $5 billion to be allotted to IHS at increments of $200 million annually for 25 years.

Section 902. WHISTLEBLOWER PROTECTIONS. A tobacco manufacturer or distributor may not retaliate against an employee for disclosing a substantial violation of law related to this Act to the Secretary, the Department of Justice, or any State or local authority. Said employee may file a civil action in federal court if he believes such retaliation has occurred (within two years of the retaliation). The court may order reinstatement of the employee, order compensatory damages, or other appropriate remedies. Employees who deliberately participate in the violation or knowingly provide false information are excluded from this section.

Section 903. LIMITED ANTITRUST EXEMPTION. Federal and state antitrust laws shall not apply to certain actions by manufacturers, which are taken pursuant to this Act, including entering into the Protocol or consent decree, refusing to deal with noncomplying distributors, or other actions meant to comply with plans or programs to reduce the use of tobacco by children. In order for the exemption to apply, such plans or programs must be approved by the Attorney General pursuant to a process set forth in this section.

Section 904. EFFECTIVE DATE. The effective date will be the date of enactment.

By Mr. BREAUX (for himself and Mr. COCHRAN):

S. 1533. A bill to amend the Migratory Bird Treaty Act to clarify restrictions under that act of baiting, and for other purposes; to the Committee on Environment and Public Works.

THE MIGRATORY BIRD TREATY REFORM ACT

Mr. BREAUX. Mr. President, I am pleased to join with the distinguished senior Senator from the State of Mississippi, Senator COCHRAN, in introducing the Migratory Bird Treaty Reform Act. I believe it is legislation all of our colleagues should support.

As members of the Migratory Bird Conservation Commission, Senator COCHRAN and I recognize the importance of protecting and conserving migratory bird populations and habitat.

Eighty years ago, Congress enacted the Migratory Bird Treaty Act, which implemented the 1916 Convention for the Protection of Migratory Birds between Great Britain, for Canada, and the United States. Since then, the United States, Mexico, and the former Soviet Union have signed similar agreements. The Convention and the Act are designed to protect and manage migratory birds and regulate the taking of that renewable resource. They have had a positive impact, and we have maintained viable migratory bird populations despite the loss of natural habitat because of human activities.

Since passage of the Migratory Bird Treaty Act and development of the regulatory program, several issues have been raised and resolved. One has not—the issue concerning the hunting of migratory birds ''[b]y the aid of baiting, or on or over any baited area.''

A doctrine has developed in the federal courts by which the intent or knowledge of a person hunting migratory birds on a baited field is not an issue. If bait is present, and the hunter is there, he is guilty under the doctrine of strict liability. It is not relevant that the hunter did not know or could not have known bait was present. I question the basic fairness of this rule.

Mr. President, I do not want anyone to misunderstand me. I strongly support the Migratory Bird Treaty Act. We must protect our migratory bird resources from overexploitation. I would not weaken the Act's protections.

The fundamental goal of the Migratory Bird Treaty Reform Act is to address the baiting issue. It is the result of months of negotiation by the International Association of Fish and Wildlife Agencies' Ad Hoc Committee on Baiting. The Committee has representatives from each of the migratory flyways, Ducks Unlimited, the National Wildlife Federation, and the North American Wildlife Enforcement Officers Association.

Under this legislation, no person may take migratory birds by the aid of bait, or on or over bait, where that person knew or should have known the bait was present. It removes the strict liability interpretation presently followed by federal courts. In its stead, it establishes a standard that permits a determination of the actual guilt of the defendant. If the facts show the hunter knew or should have known of the bait, liability, which includes fines and possible incarceration, would be imposed. However, if the facts show the hunter could not have reasonably known bait was present, the court would not impose liability or assess penalties. This is a question of fact determined by the court based on the evidence presented.

This legislation would require the U.S. Fish and Wildlife Service to publish, in the Federal Register, a notice for public comment defining what is a normal agricultural operation for that geographic area. The Service would make this determination after consultation with state and federal agencies and an opportunity for public comment. The purpose of this provision is to provide guidance for landowners, farmers, wildlife managers, law enforcement officials, and hunters so they know what a normal agricultural operation is for their region.

The goal of the Migratory Bird Treaty Reform Act is to provide guidance to landowners, farmers, wildlife managers, hunters, law enforcement officials, and the courts on the restrictions

on the taking of migratory birds. It accomplishes that without weakening the intent of current restrictions on the method and manner of taking migratory birds; nor do the proposed provisions weaken protection of the resource.

Mr. President, I urge my colleagues to join us in supporting this important legislation, and I ask unanimous consent that the full text of this legislation be printed in the RECORD.

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

S. 1533

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Migratory Bird Treaty Reform Act''.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The Migratory Bird Treaty Act was enacted in 1918 to implement the 1916 Convention for the Protection of Migratory Birds between the United States and Great Britain (for Canada). The Act was later amended to reflect similar agreements with Mexico, Japan, and the former Soviet Union.

(2) Pursuant to the Migratory Bird Treaty Act, the Secretary of the Interior is authorized to promulgate regulations specifying when, how, and whether migratory birds may be hunted.

(3) Contained within these regulations are prohibitions on certain methods of hunting migratory game birds to better manage and conserve this resource. These prohibitions, many of which were recommended by sportsmen, have been in place for over 60 years and have received broad acceptance among the hunting community with one principal exception relating to the application and interpretation of the prohibitions on the hunting of migratory game birds by the aid of baiting, or on or over any baited area.

(4) The prohibitions regarding the hunting of migratory game birds by the aid of bait, or on or over bait, have been fraught with interpretive difficulties on the part of law enforcement, the hunting community, and courts of law. Hunters who desire to comply with applicable regulations have been subject to citation for violations of the regulations due to the lack of clarity, inconsistent interpretations, and enforcement. The baiting regulations have been the subject of multiple congressional hearings and a law enforcement advisory commission.

(5) Restrictions on the hunting of migratory game birds by the aid of baiting, or on or over any baited area, must be clarified in a manner that recognizes the national and international importance of protecting the migratory bird resource while ensuring consistency and appropriate enforcement including the principles of ''fair chase''.

SEC. 3. CLARIFYING HUNTING PROHIBITIONS.

Section 3 of the Migratory Bird Treaty Act (16 U.S.C. 704) is amended—

(1) by inserting ''(a)'' after ''SEC. 3.''; and

(2) by adding at the end the following:

''(b)(1) No person shall—

''(A) take any migratory game bird by the aid of baiting, or on or over any baited area, where the person knows or reasonably should have known that the area is a baited area; or

''(B) place or direct the placement of bait on or adjacent to an area for the purpose of causing, inducing, or allowing any person to take or attempt to take any migratory game bird by the aid of baiting or on or over the baited area.

''(2) Nothing in this subsection prohibits any of the following:

''(A) The taking of any migratory game bird, including waterfowl, from a blind or other place of concealment camouflaged with natural vegetation.

''(B) The taking of any migratory game bird, including waterfowl, on or over—

''(i) standing crops, flooded standing crops (including aquatics), flooded harvested croplands, grain crops properly shocked on the field where grown; or

''(ii) grains, agricultural seeds, or other feed scattered solely as a result of—

''(I) accepted soil stabilization practices or accepted agricultural planting, harvesting, or manipulation after harvest; or

''(II) entering or exiting of areas by hunters or normal hunting activities such as decoy placement or bird retrieval, if reasonable care is used to minimize the scattering of grains, agricultural seeds, or other feed.

''(C) The taking of any migratory game bird, except waterfowl, on or over any lands where salt, grain, or other feed has been distributed or scattered as a result of—

''(i) accepted soil stabilization practices;

''(ii) accepted agricultural operations or procedures; or

''(iii) the alteration for wildlife management purposes of a crop or other feed on the land where it was grown, other than distribution of grain or other feed after the grain or other feed is harvested or removed from the site where it was grown.

''(3) As used in this subsection:

''(A)(i) Except as otherwise provided in this Act, the term 'baiting' means the intentional or unintentional placement of salt, grain, or other feed capable of attracting migratory game birds, in such a quantity and in such a manner as to serve as an attractant to such birds to, on, or over an area where hunters are attempting to take them, by—

''(I) placing, exposing, depositing, distributing, or scattering salt, grain, or other feed grown off-site;

''(II) redistributing grain or other feed after it is harvested or removed from the site where grown;

''(III) altering agricultural crops, other than by accepted agricultural planting, harvesting, or manipulation after harvest, altering millet planted for nonagricultural purposes (planted millet), or altering other vegetation (as specified in migratory bird hunting regulations issued by the Secretary of the Interior) planted for nonagricultural purposes; or

''(IV) gathering, collecting, or concentrating natural vegetation, planted millet, or other vegetation (as specified in migratory bird hunting regulations issued by the Secretary of the Interior) planted for nonagricultural purposes, following alteration or harvest.

''(ii) The term 'baiting' does not include—

''(I) redistribution, alteration, or concentration of grain or other feed caused by flooding, whether natural or man induced; or

''(II) alteration of natural vegetation on the site where grown, other than alteration described in clause (i)(IV).

''(iii) With respect only to the taking of waterfowl, the term 'baiting'—

''(I) does not include, with respect to the first special September waterfowl hunting season locally in effect or any subsequent waterfowl hunting season, an alteration of planted millet or other vegetation (as specified in such regulations), other than an alteration described in clause (i)(IV), occurring before the 10-day period preceding the opening date (as published in the Federal Register) of that first special season; and

''(II) does not include, with respect to the first regular waterfowl hunting season locally in effect or any subsequent waterfowl hunting season, such an alteration occurring before the 10-day period preceding the opening date (as published in the Federal Register) of that first regular season.

''(B) The term 'baited area' means any area that contains salt, grain, or other feed referred to in subparagraph (A)(i) that was placed in that area by baiting. Such an area shall remain a baited area for 10 days following complete removal of such salt, grain, or other feed.

''(C) The term 'accepted agricultural planting, harvesting, and manipulation after harvest' means techniques of planting, harvesting, and manipulation after harvest that are—

''(i) used by agricultural operators in the area for agricultural purposes; and

''(ii) approved by the State fish and wildlife agency after consultation with the Cooperative State Research, Education, and Extension Service, the Natural Resources Conservation Service, and the United States Fish and Wildlife Service.

''(D) The term 'accepted agricultural operations or procedures' means techniques that are—

''(i) used by agricultural operators in the area for agricultural purposes; and

''(ii) approved by the State fish and wildlife agency after consultation with the State Cooperative State Research, Education, and Extension Service, the State Office of the Natural Resources Conservation Service, and the United States Fish and Wildlife Service.

''(E) The term 'accepted soil stabilization practices' means techniques that are—

''(i) used in the area solely for soil stabilization purposes, including erosion control; and

''(ii) approved by the State fish and wildlife agency after consultation with the State Cooperative State Research, Education, and Extension Service, the State Office of the Natural Resources Conservation Service, and the United States Fish and Wildlife Service.

''(F) With respect only to planted millet or other vegetation (as designated in migratory bird hunting regulations issued by the Secretary of the Interior) planted for nonagricultural purposes, the term 'planted'—

''(i) subject to clause (ii), means sown with seeds that have been harvested; and

''(ii) does not include alteration of mature stands of planted millet or of such other vegetation planted for nonagricultural purposes.

''(G) The term 'migratory game bird' means any migratory bird included in the term 'migratory game birds' under part 20.11 of title 50, Code of Federal Regulations, as in effect October 3, 1997.''.

SEC. 4. PENALTIES.

Section 6(c) of the Migratory Bird Treaty Act (16 U.S.C. 707(c)) is amended as follows:

(1) By striking ''All guns,'' and inserting ''(1) Except as provided in paragraph (2), all guns''.

(2) By adding the following at the end:

''(2) In lieu of seizing any personal property not crucial to the prosecution of the alleged offense, the Secretary of the Interior shall permit the owner or operator of the personal property to post bond or other collateral pending the disposition of any proceeding under this Act.''.

By Mr. TORRICELLI:

S. 1534. A bill to amend the Higher Education Act of 1965 to delay the commencement of the student loan repayment period for certain students called to active duty in the Armed Forces; to the Committee on Labor and Human Resources.

THE VETERANS' STUDENT LOAN DEFERMENT ACT OF 1997

Mr. TORRICELLI: Mr. President, I rise today to introduce the Veterans' Student Loan Deferment Act of 1997. This important legislation will amend the Higher Education Act to preserve the 6-month grace period for repayment of federal student loans for reservists who have been called into active duty.

Throughout my career as a public official, I have always supported the brave men and women who serve our nation in the Reserve Components. These forces represent all 50 States and four territories, and truly embody our forefathers' vision of the American citizen-soldier. Reservists are active participants in the full spectrum of U.S. military operations, from the smallest of contingencies to full-scale theater war, and no major operation can be successful without them.

However, under current law, students who receive orders to serve with our military in places like Bosnia are returning home to discover that they have lost the six month grace period on their federal student loans and must begin making repayments immediately. I believe it is patently unfair and inconsistent with our increased reliance on the Reserve Forces to call up these students to serve in harm's way and, at the same time, to keep the clock running on the six month grace period for paying-back student loans. Enactment of my legislation would eliminate this serious inequity confronting students in the Reserves.

Mr. President, hundreds upon hundreds of New Jerseyans have been involved in Operation Joint Endeavor in Bosnia to date. Many of these courageous individuals had to withdraw from classes in order to serve their nation in uniform. Although the Department of Education can grant deferments to these students, federal law prohibits reinstating their grace period, so interest continues to accrue on their loans whenever they are not attending classes. It is important to note that this legislation will not provide these veterans with any special treatment or benefit. My legislation will simply guarantee that the repayment status on their student loans will be the same when they return home as when they left for service.

I feel very strongly that students should not be punished for serving in the Reserves, and believe that when they are called to serve our country, their focus should be on the mission, not on the status of their student loans. I am proud to offer this legislation on behalf of the hundreds of thousands of Reservists in the United States, and look forward to working with my colleagues to ensure its passage. I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1534

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DELAY IN COMMENCEMENT OF REPAYMENT PERIOD.

(a) FEDERAL STAFFORD LOANS AND FEDERAL DIRECT STAFFORD/FORD LOANS.—Section 428(b)(7) of the Higher Education Act of 1965 (20 U.S.C. 1078(b)(7)) is amended by adding at the end the following:

''(D) There shall be excluded from the 6 month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in subparagraph (A)(i) any period not to exceed 3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title).''.

(b) FEDERAL PERKINS LOANS.—Section 464(c) of the Higher Education Act of 1965 (20 U.S.C. 1087dd(c)) is amended by adding at the end the following:

''(7) There shall be excluded from the 9 month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in paragraph (1)(A) any period not to exceed 3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title).''.

By Mr, SANTORUM (for himself, Mr. LAUTENBERG, Mr. DEWINE, Mr. CHAFEE, Mr. COATS, Mr. GREGG, Mr. FEINGOLD, and Mr. SPECTER):

S. 1535. A bill to provide marketing quotas and a market transition program for the 1997 through 2001 crops of quota and additional peanuts, to terminate marketing quotas for the 2002 and subsequent crops of peanuts, and to make nonrecourse loans available to peanut producers for the 2002 and subsequent crops of peanuts, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE PEANUT PROGRAM IMPROVEMENT ACT OF 1997

Mr. SANTORUM. Mr. President, I rise to introduce legislation that will phase out the peanut quota program over 6 years, with the quota system being eliminated beginning in crop year 2002. I am joined in this effort by my colleague from New Jersey, Mr. LAUTENBERG, as well as other original cosponsors.

Under our legislation, the price support for peanuts grown for edible consumption is gradually reduced each year from the current support price of $610 per ton to $445 per ton by 2001. In the year 2002 and ensuing years, there would be no quotas on peanuts and the Secretary of Agriculture would be required to make non-recourse loans available to all peanut farmers at 85 percent of their estimated market value, consistent with the non-recourse loan program available for other agricultural commodities. In year 2002, and thereafter, the non-recourse loan is capped at the current world price of $350 per ton.

In determining quotas for the crop years 1998 through 2001, the Secretary would be required to consult with representatives of the entire industry. The Secretary would also be required to consider stocks in Commodity Credit Corporation's inventory at the beginning of the new crop year as well as a reasonable carryover to permit orderly marketing at the end of the crop year.

The bill also authorizes the complete sale, lease or transfer of poundage quotas across county and state lines. It abolishes the current limitation that now restricts sales, leases, and transfers to no more than 40 percent of the total poundage quota in the county within a state.

Under current law, additional peanuts (those produced in excess of the farmers' poundage quota) may only be sold for export or crushing. The bill would permit additional peanuts to also be used for sale to the Department of Defense, as well as to other federal, state or local government agencies, including for use in the school lunch program.

Mr. President, the federal peanut program is an anachronism. Born in the 1930's during an era of massive change and dislocation in agriculture, the program is sorely out of place in today's vibrant agricultural sector. While other farm commodities are seeking new export opportunities abroad, building new markets and helping to improve our national balance of trade; the peanut industry is building new barriers to protect its rapidly diminishing industry. Certainly imports are a factor, but the true threat to America's peanut farmer is the very quota system that he so stubbornly protects. Industry statistics show that the quota program is causing the demand for peanuts to fall sharply. The quota system stifles freedom for farmers, and it fosters a set of economic expectations that cannot be sustained without continued government intervention. Moreover, failure to reform this program costs consumers $500 million annually, and adds to the cost of feeding programs for low-income Americans.

This program must be changed. As sponsors of this measure, however, my colleagues and I recognize that the peanut program cannot be repealed overnight. That is why we are proposing a fair transition period to enable farmers and lenders to adjust their expectations to the marketplace. Following completion of the phase-out period, the peanut program will operate like most other agricultural commodities.

I am pleased that Senators DEWINE, CHAFEE, COATS, GREGG, and FEINGOLD have joined Senator LAUTENBERG and I as original sponsors of this measure, and I encourage my colleagues to support swift enactment of this important legislation.

By Mr. TORRICELLI (for himself and Ms. SNOWE)

S. 1536. A bill to amend the Public Health Service Act and Employee Retirement Income Security Act of 1974 to require that group and individual health insurance coverage and group health plans provide coverage for qualified individuals for bone mass measurement (bone density testing) to prevent fractures associated with osteoporosis and to help women make informed choices about their reproductive and post-menopausal health care, and to otherwise provide for research and information concerning osteoporosis and other related bone diseases; to the Committee on Labor and Human Resources.

THE EARLY DETECTION AND PREVENTION OF OSTEOPOROSIS AND RELATED BONE DISEASES ACT OF 1997

Mr. TORRICELLI. Mr. President, I rise today to introduce the Early Detection and Prevention of Osteoporosis and Related Bone Diseases Act of 1997 along with my colleague from Maine, Ms. SNOWE.

Osteoporosis and other related bone diseases pose a major public health threat. More than 28 million Americans, 80 percent of whom are women, suffer from, or are at risk for, osteoporosis. Between three and four million Americans suffer from related bone diseases like Paget's disease or osteogenesis imperfecta. Today, in the United States, 10 million individuals already have osteoporosis and 18 million more have low bone mass, placing them at increased risk.

Osteoporosis is often called the ''silent disease'' because bone loss occurs without symptoms. People often do not know they have osteoporosis until their bones become so weak that a sudden bump or fall causes a fracture or a vertebra to collapse. Every year, there are 1.5 million bone fractures caused by osteoporosis. Half of all women, and one-eighth of all men, age 50 or older, will suffer a bone fracture due to osteoporosis.

Osteoporosis is a progressive condition that has no known cure; thus, prevention and treatment are key. The Early Detection and Prevention of Osteoporosis and Related Bone Diseases Act of 1997 seeks to combat osteoporosis, and related bone diseases like Paget's disease and osteogenesis imperfecta, in two ways.

First, the bill requires private health plans to cover bone mass measurement tests for qualified individuals who are at risk for developing osteoporosis. Bone mass measurement is the only reliable method of detecting osteoporosis in its early stages. The test is noninvasive and painless and is as predictive of future fractures as high cholesterol or high blood pressure is of heart disease or stroke. This provision is similar to a provision in the Balanced Budget Act of 1997 that requires Medicare coverage of bone mass measurements.

Second, the Early Detection and Prevention of Osteoporosis and Related Bone Diseases Act authorizes $1,000,000 to fund an information clearinghouse and $50,000,000 in each fiscal year 1999 through 2001 for the National Institutes of Health to expand and intensify its effort to combat osteoporosis and other bone-related diseases.

Funding for research on osteoporosis and related bone diseases is severely constrained at key research institutes like the National Institute on Aging. Further research is needed to improve prevention and treatment of these devastating diseases.

Money spent now on prevention and treatment will help defray the enormous costs of these diseases in the future. Currently, osteoporosis costs the United States $13,000,000,000 every year. The average cost of repairing a hip fracture, a common effect of osteoporosis, is $32,000.

Because osteoporosis is a progressive condition and affects primarily aging individuals, reductions in the incidence or severity of osteoporosis will likely significantly reduce osteoporosis-related costs under the Medicare program.

Medical experts agree that osteoporosis and related bone diseases are highly preventable. However, if the toll of these diseases is to be reduced, the commitment to prevention and treatment must be significantly increased. With increased research and access to preventive testing, the future for definitive treatment and prevention is bright.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1536

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the ''Early Detection and Prevention of Osteoporosis and Related Bone Diseases Act of 1997''.

(b) FINDINGS.—Congress makes the following findings:

(1) NATURE OF OSTEOPOROSIS.—

(A) Osteoporosis is a disease characterized by low bone mass and structural deterioration of bone tissue leading to bone fragility and increased susceptibility to fractures of the hip, spine, and wrist.

(B) Osteoporosis has no symptoms and typically remains undiagnosed until a fracture occurs.

(C) Once a fracture occurs, the condition has usually advanced to the stage where the likelihood is high that another fracture will occur.

(D) There is no cure for osteoporosis, but drug therapy has been shown to reduce new hip and spine fractures by 50 percent and other treatments, such as nutrition therapy, have also proven effective.

(2) INCIDENCE OF OSTEOPOROSIS AND RELATED BONE DISEASES.—

(A) 28 million Americans have (or are at risk for) osteoporosis, 80 percent of which are women.

(B) Osteoporosis is responsible for 1.5 million bone fractures annually, including more than 300,000 hip fractures, 700,000 vertebral fractures and 200,000 fractures of the wrists.

(C) Half of all women, and one-eighth of all men, age 50 or older will have a bone fracture due to osteoporosis;

(D) Between 3 and 4 million Americans have Paget's disease, osteogenesis imperfecta, hyperparathyroidism, and other related metabolic bone diseases.

(3) IMPACT OF OSTEOPOROSIS.—The cost of treating osteoporosis is significant:

(A) The annual cost of osteoporosis in the United States is $13.8 billion and is expected to increase precipitously because the proportion of the population comprised of older persons is expanding and each generation of older persons tends to have a higher incidence of osteoporosis than preceding generations.

(B) The average cost in the United States of repairing a hip fracture due to osteoporosis is $32,000.

(C) Fractures due to osteoporosis frequently result in disability and institutionalization of individuals.

(D) Because osteoporosis is a progressive condition and affects primarily aging individuals, reductions in the incidence or severity of osteoporosis, particularly for post menopausal women before they become eligible for medicare, has a significant potential of reducing osteoporosis-related costs under the medicare program.

(4) USE OF BONE MASS MEASUREMENT.—

(A) Bone mass measurement is the only reliable method of detecting osteoporosis at an early stage.

(B) Low bone mass is as predictive of future fractures as is high cholesterol or high blood pressure of heart disease or stroke.

(C) Bone mass measurement is a noninvasive, painless, and reliable way to diagnose osteoporosis before costly fractures occur.

(D) Under section 4106 of the Balanced Budget Act of 1997, Medicare will provide coverage, effective July 1, 1998, for bone mass measurement for qualified individuals who are at risk of developing osteoporosis.

(5) RESEARCH ON OSTEOPOROSIS AND RELATED BONE DISEASES.—

(A) Technology now exists, and new technology is developing, that will permit the early diagnosis and prevention of osteoporosis and related bone diseases as well as management of these conditions once they develop.

(B) Funding for research on osteoporosis and related bone diseases is severely constrained at key research institutes, including the National Institute of Arthritis and Musculoskeletal and Skin Diseases, the National Institute on Aging, the National Institute of Diabetics and Digestive and Kidney Diseases, the National Institute of Dental Research, and the National Institute of Child Health and Human Development.

(C) Further research is needed to improve medical knowledge concerning—

(i) cellular mechanisms related to the processes of bone resorption and bone formation, and the effect of different agents on bone remodeling;

(ii) risk factors for osteoporosis, including newly discovered risk factors, risk factors related to groups not ordinarily studied (such as men and minorities), risk factors related to genes that help to control skeletal metabolism, and risk factors relating to the relationship of aging processes to the development of osteoporosis;

(iii) bone mass measurement technology, including more widespread and cost-effective techniques for making more precise measurements and for interpreting measurements;

(iv) calcium (including bioavailability, intake requirements, and the role of calcium in building heavier and denser skeletons),

and vitamin D and its role as an essential vitamin in adults;

(v) prevention and treatment, including the efficacy of current therapies, alternative drug therapies for prevention and treatment, and the role of exercise; and

(vi) rehabilitation.

(D) Further educational efforts are needed to increase public and professional knowledge of the causes of, methods for avoiding, and treatment of osteoporosis.

SEC. 2. REQUIRING COVERAGE OF BONE MASS MEASUREMENT UNDER HEALTH PLANS.

(a) GROUP HEALTH PLANS.—

(1) PUBLIC HEALTH SERVICE ACT AMENDMENTS.—

(A) IN GENERAL.—Subpart 2 of part A of title XXVII of the Public Health Service Act, as amended by section 703(a) of Public Law 104–204, is amended by adding at the end the following new section:

''SEC. 2706. STANDARDS RELATING TO BENEFITS FOR BONE MASS MEASUREMENT.

''(a) REQUIREMENTS FOR COVERAGE OF BONE MASS MEASUREMENT.—A group health plan, and a health insurance issuer offering group health insurance coverage, shall include (consistent with this section) coverage for bone mass measurement for beneficiaries and participants who are qualified individuals.

''(b) DEFINITIONS RELATING TO COVERAGE.—In this section:

''(1) BONE MASS MEASUREMENT.—The term 'bone mass measurement' means a radiologic or radioisotopic procedure or other procedure approved by the Food and Drug Administration performed on an individual for the purpose of identifying bone mass or detecting bone loss or determining bone quality, and includes a physician's interpretation of the results of the procedure. Nothing in this paragraph shall be construed as requiring a bone mass measurement to be conducted in a particular type of facility or to prevent such a measurement from being conducted through the use of mobile facilities that are otherwise qualified.

''(2) QUALIFIED INDIVIDUAL.—The term 'qualified individual' means an individual who—

''(A) is an estrogen-deficient woman at clinical risk for osteoporosis;

''(B) has vertebral abnormalities;

''(C) is receiving chemotherapy or long-term gluococorticoid (steroid) therapy;

''(D) has primary hyperparathyroidism, hyperthyroidism, or excess thyroid replacement; or

''(E) is being monitored to assess the response to or efficacy of approved osteoporosis drug therapy.

''(c) LIMITATION ON FREQUENCY REQUIRED.—Taking into account the standards established under section 1861(rr)(3) of the Social Security Act, the Secretary shall establish standards regarding the frequency with which a qualified individual shall be eligible to be provided benefits for bone mass measurement under this section. The Secretary may vary such standards based on the clinical and risk-related characteristics of qualified individuals.

''(d) RESTRICTIONS ON COST-SHARING.—

''(1) IN GENERAL.—Subject to paragraph (2), nothing in this section shall be construed as preventing a group health plan or issuer from imposing deductibles, coinsurance, or other cost-sharing in relation to bone mass measurement under the plan (or health insurance coverage offered in connection with a plan).

''(2) LIMITATION.—Deductibles, coinsurance, and other cost-sharing or other limitations for bone mass measurement may not be imposed under paragraph (1) to the extent they exceed the deductibles, coinsurance, and limitations that are applied to similar services under the group health plan or health insurance coverage.

''(e) PROHIBITIONS.—A group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not—

''(1) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section;

''(2) provide incentives (monetary or otherwise) to individuals to encourage such individuals not to be provided bone mass measurements to which they are entitled under this section or to providers to induce such providers not to provide such measurements to qualified individuals;

''(3) prohibit a provider from discussing with a patient osteoporosis preventive techniques or medical treatment options relating to this section; or

''(4) penalize or otherwise reduce or limit the reimbursement of a provider because such provider provided bone mass measurements to a qualified individual in accordance with this section.

''(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require an individual who is a participant or beneficiary to undergo bone mass measurement.

''(g) NOTICE.—A group health plan under this part shall comply with the notice requirement under section 713(g) of the Employee Retirement Income Security Act of 1974 with respect to the requirements of this section as if such section applied to such plan.

''(h) LEVEL AND TYPE OF REIMBURSEMENTS.—Nothing in this section shall be construed to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

''(i) PREEMPTION.—

''(1) IN GENERAL.—The provisions of this section do not preempt State law relating to health insurance coverage to the extent such State law provides greater benefits with respect to osteoporosis detection or prevention.

''(2) CONSTRUCTION.—Section 2723(a)(1) shall not be construed as superseding a State law described in paragraph (1).''.

(B) CONFORMING AMENDMENT.—Section 2723(c) of such Act (42 U.S.C. 300gg–23(c)), as amended by section 604(b)(2) of Public Law 104–204, is amended by striking ''section 2704'' and inserting ''sections 2704 and 2706''.

(2) ERISA AMENDMENTS.—

(A) IN GENERAL.—Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, as amended by section 702(a) of Public Law 104–204, is amended by adding at the end the following new section:

''SEC. 713. STANDARDS RELATING TO BENEFITS FOR BONE MASS MEASUREMENT.

''(a) REQUIREMENTS FOR COVERAGE OF BONE MASS MEASUREMENT.—A group health plan, and a health insurance issuer offering group health insurance coverage, shall include (consistent with this section) coverage for bone mass measurement for beneficiaries and participants who are qualified individuals.

''(b) DEFINITIONS RELATING TO COVERAGE.—In this section:

''(1) BONE MASS MEASUREMENT.—The term 'bone mass measurement' means a radiologic or radioisotopic procedure or other procedure approved by the Food and Drug Administration performed on an individual for the purpose of identifying bone mass or detecting bone loss or determining bone quality, and includes a physician's interpretation of the results of the procedure. Nothing in this paragraph shall be construed as requiring a bone mass measurement to be conducted in a particular type of facility or to prevent such a measurement from being conducted through the use of mobile facilities that are otherwise qualified.

''(2) QUALIFIED INDIVIDUAL.—The term 'qualified individual' means an individual who—

''(A) is an estrogen-deficient woman at clinical risk for osteoporosis;

''(B) has vertebral abnormalities;

''(C) is receiving chemotherapy or long-term gluococorticoid (steroid) therapy;

''(D) has primary hyperparathyroidism, hyperthyroidism, or excess thyroid replacement; or

''(E) is being monitored to assess the response to or efficacy of approved osteoporosis drug therapy.

''(c) LIMITATION ON FREQUENCY REQUIRED.—The standards established under section 2706(c) of the Public Health Service Act shall apply to benefits provided under this section in the same manner as they apply to benefits provided under section 2706 of such Act.

''(d) RESTRICTIONS ON COST-SHARING.—

''(1) IN GENERAL.—Subject to paragraph (2), nothing in this section shall be construed as preventing a group health plan or issuer from imposing deductibles, coinsurance, or other cost-sharing in relation to bone mass measurement under the plan (or health insurance coverage offered in connection with a plan).

''(2) LIMITATION.—Deductibles, coinsurance, and other cost-sharing or other limitations for bone mass measurement may not be imposed under paragraph (1) to the extent they exceed the deductibles, coinsurance, and limitations that are applied to similar services under the group health plan or health insurance coverage.

''(e) PROHIBITIONS.—A group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not—

''(1) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section;

''(2) provide incentives (monetary or otherwise) to individuals to encourage such individuals not to be provided bone mass measurements to which they are entitled under this section or to providers to induce such providers not to provide such measurements to qualified individuals;

''(3) prohibit a provider from discussing with a patient osteoporosis preventive techniques or medical treatment options relating to this section; or

''(4) penalize or otherwise reduce or limit the reimbursement of a provider because such provider provided bone mass measurements to a qualified individual in accordance with this section.

''(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require an individual who is a participant or beneficiary to undergo bone mass measurement.

''(g) NOTICE UNDER GROUP HEALTH PLAN.—The imposition of the requirements of this section shall be treated as a material modification in the terms of the plan described in section 102(a)(1), for purposes of assuring notice of such requirements under the plan; except that the summary description required to be provided under the last sentence of section 104(b)(1) with respect to such modification shall be provided by not later than 60 days after the first day of the first plan year in which such requirements apply.

''(h) PREEMPTION.—

''(1) IN GENERAL.—The provisions of this section do not preempt State law relating to

health insurance coverage to the extent such State law provides greater benefits with respect to osteoporosis detection or prevention.

''(2) CONSTRUCTION.—Section 731(a)(1) shall not be construed as superseding a State law described in paragraph (1).''.

(B) CONFORMING AMENDMENTS.—

(i) Section 731(c) of such Act (29 U.S.C. 1191(c)), as amended by section 603(b)(1) of Public Law 104–204, is amended by striking ''section 711'' and inserting ''sections 711 and 713''.

(ii) Section 732(a) of such Act (29 U.S.C. 1191a(a)), as amended by section 603(b)(2) of Public Law 104–204, is amended by striking ''section 711'' and inserting ''sections 711 and 713''.

(iii) The table of contents in section 1 of such Act is amended by inserting after the item relating to section 712 the following new item:

''Sec. 713. Standards relating to benefits for bone mass measurement.

(b) INDIVIDUAL HEALTH INSURANCE.—

(1) IN GENERAL.—Part B of title XXVII of the Public Health Service Act, as amended by section 605(a) of Public Law 104–204, is amended by inserting after section 2751 the following new section:

''SEC. 2752. STANDARDS RELATING TO BENEFITS FOR BONE MASS MEASUREMENT.

''(a) IN GENERAL.—The provisions of section 2706 (other than subsection (g)) shall apply to health insurance coverage offered by a health insurance issuer in the individual market in the same manner as it applies to health insurance coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market.

''(b) NOTICE.—A health insurance issuer under this part shall comply with the notice requirement under section 713(g) of the Employee Retirement Income Security Act of 1974 with respect to the requirements referred to in subsection (a) as if such section applied to such issuer and such issuer were a group health plan.

''(c) PREEMPTION.—

''(1) IN GENERAL.—The provisions of this section do not preempt State law relating to health insurance coverage to the extent such State law provides greater benefits with respect to osteoporosis detection or prevention.

''(2) CONSTRUCTION.—Section 2762(a) shall not be construed as superseding a State law described in paragraph (1).''.

(2) CONFORMING AMENDMENTS.—Section 2762(b)(2) of such Act (42 U.S.C. 300gg–62(b)(2)), as added by section 605(b)(3)(B) of Public Law 104–204, is amended by striking ''section 2751'' and inserting ''sections 2751 and 2752''.

(c) EFFECTIVE DATES.—

(1) GROUP HEALTH PLANS.—The amendments made by subsection (a) shall apply with respect to group health plans for plan years beginning on or after January 1, 1999.

(2) INDIVIDUAL MARKET.—The amendments made by subsection (b) shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after such date.

SEC. 3. OSTEOPOROSIS RESEARCH.

Subpart 4 of part C of title IV of the Public Health Service Act (42 U.S.C. 285d et seq.) is amended by adding at the end the following new section:

''RESEARCH ON OSTEOPOROSIS AND RELATED DISEASES

''SEC. 442A. (a) EXPANSION OF RESEARCH.—The Director of the Institute, the Director of the National Institute on Aging, the Director of the National Institute of Diabetes and Digestive and Kidney Diseases, the Director of the National Institute of Dental Research, and the Director of the National Institute of Child Health and Human Development shall expand and intensify research on osteoporosis and related bone diseases. The research shall be in addition to research that is authorized under any other provision of law.

''(b) MECHANISMS FOR EXPANSION OF RESEARCH.—Each of the Directors specified in subsection (a) shall, in carrying out such subsection, provide for one or more of the following:

''(1) Investigator-initiated research.

''(2) Funding for investigators beginning their research careers.

''(3) Mentorship research grants.

''(c) SPECIALIZED CENTERS OF RESEARCH.—

''(1) IN GENERAL.—The Director of the Institute, after consultation with the advisory council for the Institute, shall make grants to, or enter into contracts with, public or nonprofit private entities for the development and operation of centers to conduct research on osteoporosis and related bone diseases. Subject to the extent of amounts made available in appropriations Acts, the Director shall provide for not less than three such centers.

''(2) ACTIVITIES.—Each center assisted under this subsection—

''(A) shall, with respect to osteoporosis and related bone diseases—

''(i) conduct basic and clinical research;

''(ii) develop protocols for training physicians, scientists, nurses, and other health and allied health professionals;

''(iii) conduct training programs for such individuals;

''(iv) develop model continuing education programs for such professionals; and

''(v) disseminate information to such professionals and the public;

''(B) may use the funds to provide stipends for health and allied health professionals enrolled in training programs described in subparagraph (A)(iii); and

''(C) shall use the facilities of a single institution, or be formed from a consortium of cooperating institutions, meeting such requirements as may be prescribed by the Director of the Institute.

''(3) DURATION OF SUPPORT.—Support of a center under this subsection may be for a period not exceeding 5 years. Such period may be extended for one or more additional periods not exceeding 5 years if the operations of such center have been reviewed by an appropriate technical and scientific peer review group established by the Director and if such group has recommended to the Director that such period should be extended.

''(d) DEFINITION OF RELATED BONE DISEASES.—For purposes of this section, the term 'related bone diseases' includes—

''(1) Paget's disease, a bone disease characterized by enlargement and loss of density with bowing and deformity of the bones;

''(2) osteogenesis imperfecta, a familial disease marked by extreme brittleness of the long bones;

''(3) hyperparathyroidism, a condition characterized by the presence of excess parathormone in the body resulting in disturbance of calcium metabolism with loss of calcium from bone and renal damage;

''(4) hypoparathyroidism, a condition characterized by the absence of parathormone resulting in disturbances of calcium metabolism;

''(5) renal bone disease, a disease characterized by metabolic disturbances from dialysis, renal transplants, or other renal disturbances;

''(6) primary or postmenopausal osteoporosis and secondary osteoporosis, such as that induced by corticosteroids; and

''(7) other general diseases of bone and mineral metabolism including abnormalities of vitamin D.

''(e) AUTHORIZATIONS OF APPROPRIATIONS.—

''(1) NATIONAL INSTITUTE OF ARTHRITIS AND MUSCULOSKELETAL AND SKIN DISEASES.—For the purpose of carrying out this section through the National Institute of Arthritis and Musculoskeletal and Skin Diseases, there are authorized to be appropriated $17,000,000 for each of the fiscal years 1999 through 2001, and such sums as may be necessary for each subsequent fiscal year.

''(2) NATIONAL INSTITUTE ON AGING.—For the purpose of carrying out this section through the National Institute on Aging, there are authorized to be appropriated $10,000,000 for each of the fiscal years 1999 through 2001, and such sums as may be necessary for each subsequent fiscal year.

''(3) NATIONAL INSTITUTE OF DIABETES AND DIGESTIVE AND KIDNEY DISEASES.—For the purpose of carrying out this section through the National Institute of Diabetes and Digestive and Kidney Diseases, there are authorized to be appropriated $10,000,000 for each of the fiscal years 1999 through 2001, and such sums as may be necessary for each subsequent fiscal year.

''(4) NATIONAL INSTITUTE OF DENTAL RESEARCH.—For the purpose of carrying out this section through the National Institute of Dental Research, there are authorized to be appropriated $5,000,000 for each of the fiscal years 1999 through 2001, and such sums as may be necessary for each subsequent fiscal year.

''(5) NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT.—For the purpose of carrying out this section through the National Institute of Child Health and Human Development, there are authorized to be appropriated $5,000,000 for each of the fiscal years 1999 through 2001, and such sums as may be necessary for each subsequent fiscal year.

''(6) SPECIALIZED CENTERS OF RESEARCH.—For the purpose of carrying out subsection (c), there are authorized to be appropriated $3,000,000 for each of the fiscal years 1999 through 2001, and such sums as may be necessary for each subsequent fiscal year.

''(7) RELATION TO OTHER PROVISIONS.—Authorizations of appropriations under this subsection are in addition to amounts authorized to be appropriated for biomedical research relating to osteoporosis and related bone diseases under any other provision of law.''.

SEC. 4. FUNDING FOR INFORMATION CLEARINGHOUSE ON OSTEOPOROSIS, PAGET'S DISEASE, AND RELATED BONE DISORDERS.

Section 409A(d) of the Public Health Service Act (42 U.S.C. 284e(d)) is amended by adding at the end the following sentence: ''In addition to other authorizations of appropriations available for the purpose of the establishment and operation of the information clearinghouse under subsection (c), there are authorized to be appropriated for such purpose $1,000,000 for fiscal year 1999, and such sums as may be necessary for each of the fiscal years 2000 and 2001.''.

By Mr. SANTORUM:

S. 1538. A bill to amend the Honey Research, Promotion, and Consumer Information Act to improve the honey research, promotion, and consumer information program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE HONEY RESEARCH, PROMOTION, AND CONSUMER INFORMATION ACT AMENDMENTS ACT OF 1997

Mr. SANTORUM. Mr. President, I rise to offer a measure to revise the Honey Research, Promotion and Consumer Information Act, the statute under which the National Honey Board is organized.

Briefly, my bill would impose a penny per pound assessment on handlers and importers of honey. This will increase the research budget of the Honey Board by approximately $500,000; and enable the industry to fund research programs aimed at addressing the serious problems caused by viruses, parasitic mites, and Africanized bees.

The bill also changes the constitution of the National Honey Board to improve packer representation on the board to reflect the imposition of a new assessment on honey handlers. Under my amendments, packers would have a total of four seats versus the current two. Producer and importer representation on the board will not change.

In developing my legislation, I worked the American Beekeeping Federation, which represents more than 1,400 honey producers nationwide. The amendments have the support of a broad coalition including producers, packers, and importers, and I encourage my colleagues to join me in this effort by approving this legislation.

By Mr. CHAFEE:

S. 1537. A bill to suspend until December 31, 2002, the duty on Benzoic acid, 2-{{1-{{(2,3-dihydro-2-oxo-1H-benzimidozal-5-yl) amino}; to the Committee on Finance.

S. 1539. A bill to suspend until December 31, 2002, the duty on N-{4-(Aminocarbonyl)phenyl}4-{{(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)amino) carbonyl}-2-oxopropyl}azo}benzamide; to the Committee on Finance.

S. 1540. A bill to suspend until December 21, 2002, the duty on Butanamide, N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo-2-{{-(trifluoromethyl)phenyl}azo}-; to the Committee on Finance.

S. 1541. A bill to suspend until December 31, 2002, the duty on 1,4-Benzenedicarboxylic acid,2-{{1-{{(2,3-dihydro - 2 - oxo - 1H - benzimidazol - 5-yl)amino carbonyl}-2-oxopropyl}azo}-, dimethyl ester; to the Committee on Finance.

S. 1542. A bill to suspend until December 31, 2002, the duty on Butanamide, 2,2′- { 1-2,-ethanediylbis (oxy-2,1-phenyleneazo) }bis{N-(2,3-dihydro-2-oxo-1H-benzimidazol-5-yl)-3-oxo-; to the Committee on Finance.

S. 1543. A bill to suspend until December 31, 2002, the duty on Benzenesulfonic acid, 4-chloro-2-{{5-hydroxy-3-methyl-1- (3-sulfophenyl)-1H-pyrazol-4-yl}azo}-5-methyl-.calcium salt (1:1); to the Committee on Finance.

S. 1544. A bill to suspend until December 31, 2002, the duty on 4 - {{5-{{{4-(Aminocarbonyl)phenyl } amino } carbonyl } -2-methoxyphenyl}azo}-N-(5-chloro-2, 4-dimethozyphenyl) -3-hydroxynaphthalene-2-carboxamide; to the Committee on Finance.

S. 1545. A bill to suspend until December 31, 2002, the duty on Benzenesulfonic acid, 4-{{3-{{2-hydroxy-3-{{4-methoxyphenyl) amino } carbonyl } -1-naphtha-lenyl}azo} -4-methylbenzoyl}amino}-, calcium salt (2:1); to the Committee on Finance.

S. 1546. A bill to suspend until December 31, 2002, the duty on Butanamide, 2,2′-{3,3′-dichloro{1,1′-biphenyl} -4,4′-diyl)bis(azo) }bis{N-(2,3-dihydro-2-oxo-1H-benzimidazol-5yl)-3-oxo; to the Committee on Finance.

S. 1547. A bill to suspend until December 31, 2002, the duty on Butanamide, N,N′-(3,3′dimethyl{1,1′-byphenyl } -4,4′ -diyl) bis { 2,4-dichlorophenyl)azo}-3-oxo-; to the Committee on Finance.

S. 1548. A bill to suspend until December 31, 2002, the duty on N-(2,3-Dihydro-2-oxo-1H-benzimidazol-5-yl)-5-methyl-4-{(methylamino) sulphonyl}phenyl}azo}naphthalene-2-carboxaminde; to the Committee on Finance.

S. 1549. A bill to suspend until December 31, 2002, the duty on Benzoic acid, 2-{{3-{{(2,3-dihydro-2-oxo-1H-1H-benzimidazol-5-yl)amino}carbonyl}-2-hydroxyl-1-naphthalenyl}azo}-, butyl ester; to the Committee on Finance.

S. 1550. A bill to suspend until December 31. 2002, the duty on Benzoic acid, 4-{{(2,5-dichlorophenyl) amino}carbonyl}-2{{2-hydroxy-3-{{(2-methoxypheny)amino}carbonyl}-1-naphthalenyl}-, methyl ester; to the Committee on Finance.

DUTY SUSPENSION LEGISLATION

Mr. CHAFEE. Mr. President, today I am introducing 13 bills to suspend the duty on the importation of certain products that are used by manufacturers in my home state of Rhode Island.

The products in question are organic replacements for colorants that use heavy metals—such as lead, molybdenum, chrome, and cadmium—in the plastics and coatings industries. Heavy metal colorants traditionally have been used in the coloration of plastics and coatings, especially where the applications are subjected to high heat, or where high weatherfastness or lightfastness are required. Until recently, finding substitutes for these heavy metal-based products was difficult. However, thanks to new formulations, a number of organic products have proved themselves to be satisfactory substitutes.

Reducing our reliance on heavy metal colorants makes sense environmentally. However, none of the organic substitutes in question are produced in the United States. Thus, our producers have no choice but to import the substitutes and pay the requisite import taxes, which range from 6.6 to 14.6 percent. The total price tag associated with these duties, while relatively small in the context of our federal budget, translates into a considerable business cost to the importing manufacturers. The added cost hurts their ability to compete, and thus their ability to maintain their workforce. Yet, given that there is no domestic industry producing these substitutes, the duties serve little purpose.

The package of bills I am introducing today would remedy this situation by suspending the duty on these thirteen products. As I say, none of these organic substitutes are produced in the United States, and therefore lifting the current duties will not result in harm to any domestic industry. Rather, suspending the duties will allow our domestic manufacturers to reduce costs, thus maintaining U.S. competitiveness and safeguarding Rhode Island jobs.

This is a critical point. I feel strongly that we in Rhode Island should do all we can to keep the state's economy going by creating jobs, encouraging business activity, and spurring new growth. These bills will help contribute to a productive manufacturing sector in Rhode Island, and aid our employers in keeping their costs down and their sales—and employment—up.

It is my hope that by introducing this package of legislation now, there will be ample time for review and comment on each bill, and that as a result, should the Senate take up comprehensive duty suspension legislation next year, these provisions will be ready for inclusion.

By Mr. CAMPBELL:

S. 1552. A bill to provide for the conveyance of an unused Air Force housing facility in La Junta, Colorado, to the city of La Junta; to the Committee on Armed Services.

THE LA JUNTA AIR BASE LAND CONVEYANCE ACT OF 1997

Mr. CAMPBELL. Mr. President, by way of legislation, I offer my support to the city of La Junta, Colorado, for its innovative and impressive response to the challenges facing the Lower Arkansas Valley. City officials have seized a unique opportunity to alleviate La Junta's housing crisis, expand the local Head Start program and increase access to child care, and solve Otero Junior College's dormitory problems.

The city of La Junta, in conjunction with Otero Junior College, has proposed to take over the recently closed La Junta Air Base family housing site. Until one year ago, when it was farmed out to a civilian defense contractor, the Air Force's test range for its bomber pilots was housed in La Junta. Since then, several federal agencies have expressed interest in the site, but none has asserted their formal desire to reuse the facility.

Further, taxpayers are spending nearly $100,000 annually to maintain an empty facility, while the city and residents of La Junta are losing out on a significant supplement to the local tax

base. The reuse plan I am endorsing provides for a self-sustaining and revenue generating housing and local services site, which is a well developed and cooperative solution to some very real local concerns.

Given the lack of any formal initiative on the part of a federal agency, which would be given priority consideration, I support the efforts of the city. Our college, Congressman BOB SCHAFFER, representing Colorado's 4th congressional district, has introduced legislation in the House of Representatives to convey the unused Air Force housing facility to the city of La Junta. Today, I am introducing a companion measure in the Senate.

It is my hope that this bill will be referred to the appropriate committee and receive expedited consideration through next year's authorizing and appropriations process.

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 1553. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 with respect to the dumping of dredged material in Long Island Sound, and for other purposes; to the Committee on Environment and Public Works.

THE LONG ISLAND SOUND PRESERVATION AND PROTECTION ACT

Mr. D'AMATO. Mr. President, I rise today to introduce legislation along with my friend and colleague, Senator MOYNIHAN, that will help guarantee that one of our Nation's most important estuaries is no longer used as a dumping ground for polluted dredged material. Long Island Sound is a spectacular body of water located between Long Island, New York and the State of Connecticut. Unfortunately, past dumping of dredged material of questionable environmental impact has occurred in the sound. It is high time that Congress put an end to any future, willful pollution of the sound.

The legislation that we are introducing today will prevent any individual of any government agency from randomly dumping sediments into the ecologically sensitive sound. Specifically, the legislation prevents all sediments that contain any constituents prohibited as other than trace contaminants, as defined by federal regulations, from being dumped into either Long Island Sound or Block Island Sound. Exceptions to the act can be made only in circumstances where the Administrator of the Environmental Protection Agency shows that the material will not cause undesirable effects to the environment of marine life.

In the fall of 1995, the U.S. Navy dumped over 1 million cubic yards of dredged material from the Thames River into the New London dump site located in the sound. Independent tests of that sediment indicated that contaminants were present in that dredged material that now lies at the bottom of the sound's New London dump site—contaminants such as dioxin, cadmium, pesticides, polyaromatic hydrocarbons, PCB's, and mercury. Right now, there is a question as to the long-term impact this material will have on the aquatic life and the environment in that area of the ocean. Such concerns should not have to occur. It has taken years to come as far as we have in cleaning up Long Island Sound—we should not jeopardize those gains by routinely allowing the dumping of polluted sediments in these waters.

Vast amounts of federal, state, and local funds have been spent in the State of New York in the last quarter century combating pollution in the sound. However, at times over the last 25 years, we have looked the other way when it comes to dumping in the sound. Such actions are counter-productive in our efforts to restore the sound for recreational activities such as swimming and boating as well as the economic benefits of sportfishing and the shellfish industry—all of which bring more than $5.5 billion to the region each year.

New Yorkers realize the importance of the sound and are stepping up their efforts to make sure it is cleaned up. New York voters approved an environmental bond initiative that, among other things, commits $200 million for sewage treatment plant upgrades, habitat restoration, and nonpoint source pollution controls on Long Island Sound. New York is doing its part; it is time now to get the support of the federal government. With the actions taken by New York, and with the passage of the legislation Senator MOYNIHAN and I are introducing, I am confident that Long Island Sound will move steadily forward on the road to recovery. I urge my colleagues to join us in cosponsoring this bill, and I encourage its swift passage in the Senate.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1553

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Long Island Sound Preservation and Protection Act of 1997''.

SEC. 2. DUMPING OF DREDGED MATERIALS IN LONG ISLAND SOUND.

Section 106 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1416) is amended by striking subsection (f) and inserting the following:

''(f) DUMPING OF DREDGED MATERIAL IN LONG ISLAND SOUND.—

''(1) PROHIBITION.—No dredged material from any Federal or non-Federal project in a quantity exceeding 25,000 cubic yards that contains any of the constituents prohibited as other than trace contaminants (as defined by the Federal ocean dumping criteria set forth in section 227.6 of title 40, Code of Federal Regulations) may be dumped in Long Island Sound (including Fishers Island Sound) or Block Island Sound, except in a case in which it is demonstrated to the Administrator, and the Administrator certifies by publication in the Federal Register, that the dumping of the dredged material containing the constituents will not cause significant undesirable effects, including the threat associated with bioaccumulation of the constituents in marine organisms.

''(2) COMPLIANCE WITH OTHER REQUIREMENTS.—In addition to other provisions of law and notwithstanding the specific exclusion relating to dredged material of the first sentence in section 102(a), any dumping of dredged material in Long Island Sound (including Fishers Island Sound) or Block Island Sound from a Federal project pursuant to Federal authorization, or from a dredging project by a non-Federal applicant, in a quantity exceeding 25,000 cubic yards, shall comply with the requirements of this Act, including the criteria established under the second sentence of section 102(a) relating to the effects of dumping.

''(3) RELATION TO OTHER LAW.—Subsection (d) shall not apply to this subsection.''.

By Mr. HATCH (for himself and Mr. LIEBERMAN):

S. 1554. A bill to provide for relief from excessive punitive damage awards in cases involving primarily financial loss by establishing rules for proportionality between the amount of punitive damages and the amount of economic loss; to the Committee on the Judiciary.

THE FAIRNESS IN PUNITIVE DAMAGES AWARDS ACT

Mr. HATCH. Mr. President, I rise today to introduce, along with Senator LIEBERMAN, the Fairness in Punitive Damages Awards Act. In general, this bill limits the amount of punitive damages that may be awarded in certain civil actions, primarily financial injury lawsuits, to three times the amount awarded to the claimant for economic loss or $250,000, whichever is greater.

These are cases where the claims essentially arise from breach of contract or insurance ''bad-faith'' or fraud injuries. The punitive damages limitation provision also excludes awards in cases where death, loss of limb, bodily harm, or physical injury occur. It generally does not encompass products liability and physical harm tort cases—cases where supporters of punitive damage awards contend that exemplary damages are needed to deter reckless behavior.

Thus, what sets this bill apart from previous measures is that it has been narrowly tailored to address concerns raised by the Administration and opponents of punitive damages limitations bills. We hope to attract bipartisan support because of the narrow scope of the bill, and, more significantly, because the bill addresses a major impediment to economic growth—runaway punitive damage awards, particularly in financial injury cases.

It is beyond doubt that our civil justice system is being plagued by an epidemic of punitive damage awards. In recent testimony before the Judiciary Committee, former Assistant Attorney General Theodore Olson noted that throughout the 19th until the mid-20th century, punitive damages were quite rare. ''For example, the highest punitive damages award affirmed on appeal

in California through the 1950's was $10,000. But the punitive damage landscape began to change dramatically in the 1960's. California's record for punitive damage awards affirmed on appeal soared to $15 million in the 1980's, an increase of 1,500 fold in just 30 years.'' In Alabama, according to Olson, an aggregate of only $409,000 in punitive damages had been affirmed on appeal during the period 1974–1978. The comparable total just 15 years later skyrocketed to $90 million.

Indeed, punitive damage lawyers have largely succeeded in taking over the civil justice compensation system. In 1960, according to a Rand study, punitive damages accounted for just 2% of total damages in civil cases in San Francisco, California. Thirty years later, according to Rand, punitive damages accounted for an amazing 59% of all damages in financial injury cases, and an even more amazing 80% in Alabama.

And the size of these awards is staggering and, I must add, irrational. Take the recent CSX Railroad case. Even though a federal probe found the railroad blameless in a tank car explosion on CSX owned tracks which caused relatively minor harm to some 20 plaintiffs in Louisiana, a state jury awarded $2.3 million in compensatory and $2.5 billion in punitive damages against CSX. Although the Louisiana Supreme Court at least temporarily barred this irrational verdict—because under Louisiana law no verdict for damages may be made until all the underlying claims are decided—a far more common practice is for courts to halve or reduce the punitive portion of the award. Of course, half of $2.5 billion is still a staggering amount to pay for any private entity. From coffee spills at McDonald's to medical malpractice, in the words of Morton Kondracke in a recent article in Roll Call, ''trial lawyers reap exorbitant profits by trolling for clients and convincing juries to sock it to supposedly deep-pocketed defendants. Consumers pay the bill as companies pass on their massive insurance premiums through higher prices.''

Indeed, the very efficiency of the American market has been weakened by these trends. Certainly, increased litigation and unnecessarily large punitive damage awards have increased the price of doing business. Undoubtedly, these costs have been passed on to consumers and have led to a decrease in productivity and a rise in unemployment. This is supported by a fairly recent study done by Representative and law professor Tom Campbell and other scholars, under the aegis of Stanford University, which demonstrated that in jurisdictions that reform the civil liability process—including placing caps on punitive damages—productivity and employment rise.

Furthermore, untenable jury verdicts create what Rand calls a ''shadow effect'' whereby verdicts totaling tens of billions of dollars send signals as to what other juries might do. Thousands of cases are settled, regardless of their merits, for fear of irrational verdicts. As a result of the shadow effect, consumers nationwide have been adversely affected through the withdrawal of products, producers, services, and service providers from the marketplace, and from excessive liability costs passed on to consumers through higher prices.

But the worst cost to our society is the delegitimization of the judicial process as a means of dispute resolution. Litigation today is often seen as an unpredictable ''crap shoot,'' where awards are rendered—not upon justice—but upon envy (who has the ''deep pockets'') or upon blatant emotionalism. So why not sue? Why not spin the wheel? Passage of this bill will help to ameliorate this misconception and restore faith in our civil justice system—which I believe is fundamentally sound.

Another reason for bipartisan support for this bill, one that I anticipate will attract many of our colleagues to the bill, is that we have addressed specific concerns which the Administration has expressed about previous bills. You may recall that last year when President Clinton vetoed the products liability bill, he claimed that the bill would protect drunk drivers and terrorists. Our bill will not apply to any case where the injury was caused by a person who was committing a crime of violence, an act of terrorism, a hate crime, a felony sexual offense, or that occurred when the defendant was under the influence of alcohol or drugs. These exceptions, combined with the bill's qualification that excludes cases where an individual has suffered a permanent physical injury or impairment, will ensure that this bill will not limit punitive damages in cases where such egregious conduct has occurred or where a serious injury has been inflicted.

Finally, we have included in the bill a provision specifically designed to protect small businesses, which form the backbone of Utah's and our country's economy. Excessive, unpredictable, and often arbitrary punitive damage awards jeopardize the financial well-being of many individuals and companies, particularly the Nation's small businesses. Under this bill, if the claim for damages is against an individual whose net worth is less than $500,000 or against a business with less than 25 full-time employees, then punitive damages are limited to the lesser of 3 times the economic loss or $250,000.

Establishing a rule of proportionality between the amount of punitive damages awarded and the amount of economic damages would be fair to both plaintiffs and defendants. In addition, we will take a step towards resolving the constitutional objection, raised by the United States Supreme Court last year in BMW of North America v. Gore, to punitive damages that are grossly excessive in relation to the harm suffered.

Mr. President, we must restore rationality, certainty, and fairness to the award of punitive damages. This bill is an important step in that direction. I urge my colleagues to join me in cosponsoring this legislation and encourage the Senate to act expeditiously on this important bill.

Mr. President, I ask unanimous consent that the entire text of the bill be placed in the RECORD.

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

S. 1554

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Fairness in Punitive Damage Awards Act''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) punitive damage awards in jury verdicts in financial injury cases are a serious and growing problem, and according to a Rand Institute for Civil Justice study in 1997 of punitive damage verdicts from calendar years 1985 through 1994 in States that represent 25 percent of the United States population—

(A) nearly 50 percent of all punitive damage awards are made in financial injury cases (those in which the plaintiff is alleging a financial injury only and is not alleging injuries to either person or property);

(B) punitive damages are awarded in 1 in every 7 financial injury verdicts overall and 1 in every 5 financial injury cases in the State of California;

(C) between calendar years 1985 through 1989 and calendar years 1990 through 1994, the average punitive damage verdict in financial injury cases increased from $3,400,000 to $7,600,000;

(D) between calendar years 1985 through 1989 and calendar years 1990 through 1994, the award of such damages at the 90th percentile increased from $3,900,000 to $12,100,000;

(E) between calendar years 1985 through 1989 and calendar years 1990 through 1994, the total amount of punitive damages awarded increased from $1,200,000,000 to $2,300,000,000, for a 10-year total of $3,500,000,000;

(F) punitive damages represent a very large percentage of total damages awarded in all financial injury verdicts, increasing from 44 percent to 59 percent during the period analyzed; and

(G) in the State of Alabama, punitive damages represent 82 percent of all damages awarded in financial injury cases;

(2)(A) punitive damage verdicts are only the tip of the iceberg because only a small percentage of all complaints filed (1.6 percent according to a Department of Justice study in 1995) result in a jury verdict; and

(B) the Rand Institute of Civil Justice calls the impact of these verdicts on settlements the ''shadow effect'' of punitive damages;

(3) excessive, unpredictable, and often arbitrary punitive damage awards have a direct and undesirable effect on interstate commerce by increasing the cost and decreasing the availability of goods and services;

(4) as a result of excessive, unpredictable, and often arbitrary punitive damage awards, consumers have been adversely affected through the withdrawal of products, producers, services, and service providers from the marketplace, and from excessive liability costs passed on to consumers through higher prices;

(5) excessive, unpredictable, and often arbitrary punitive damage awards jeopardize the financial well-being of many individuals and companies, particularly the Nation's small businesses, and adversely affect government and taxpayers;

(6) individual State legislatures can create only a partial remedy to address these problems because each State lacks the power to control the imposition of punitive damages in other States;

(7) it is the constitutional role of the national Government to remove barriers to interstate commerce and to protect due process rights;

(8) there is a need to restore rationality, certainty, and fairness to the award of punitive damages in order to protect against excessive, arbitrary, and uncertain awards;

(9) establishing a rule of proportionality, in cases that primarily involve financial injury, between the amount of punitive damages awarded and the amount of compensatory damages, as 15 States have established, would—

(A) be fair to both plaintiffs and defendants; and

(B) address the constitutional objection of the United States Supreme Court in BMW of North America v. Gore 116 S. Ct. 1589 (1996) to punitive damages that are grossly excessive in relation to the harm suffered; and

(10) permitting a maximum for each claimant recovery for punitive damages of the greater of 3 times the amount of economic loss or $250,000 is a balanced solution that would reduce grossly excessive punitive damage awards by as much as 40 percent, according to the Rand Institute for Civil Justice.

(b) PURPOSES.—Based upon the powers contained in Article I, section 8, clause 3 and section 5 of the 14th amendment of the United States Constitution, the purposes of this Act are to—

(1) promote the free flow of goods and services and to lessen burdens on interstate commerce; and

(2) uphold constitutionally protected due process rights by placing reasonable limits on damages over and above the actual damages suffered by a claimant.

SEC. 3. DEFINITIONS.

For purposes of this Act, the term—

(1) ''act of terrorism'' means any activity that—

(A)(i) is a violation of the criminal laws of the United States or any State; or

(ii) would be a criminal violation if committed within the jurisdiction of the United States or any State; and

(B) appears to be intended to intimidate or coerce a civilian population, to influence the policy of a government by intimidation or coercion, or to affect the conduct of a government by assassination or kidnaping;

(2) ''claimant''—

(A) means any person who brings a civil action that is subject to this Act and any person on whose behalf such an action is brought; and

(B) includes—

(i) a claimant's decedent if such action is brought through or on behalf of an estate; and

(ii) a claimant's legal guardian if such action is brought through or on behalf of a minor or incompetent;

(3) ''economic loss'' means objectively verifiable monetary losses including medical expenses, loss of earnings, burial costs, loss of use of property, costs of repair or replacement, costs of obtaining substitute domestic services, loss of employment, and loss of business or employment opportunities, to the extent such recovery is allowed under applicable Federal or State law;

(4) ''harm'' means any legally cognizable wrong or injury for which punitive damages may be imposed;

(5) ''interstate commerce'' means commerce among the several States or with foreign nations, or in any territory of the United States or in the District of Columbia, or between any such territory and another, or between any such territory and any State or foreign nation, or between the District of Columbia and any State or territory or foreign nation;

(6) ''person'' means any individual, corporation, company, association, firm, partnership, society, joint stock company, or any other entity (including any governmental entity);

(7) ''punitive damages'' means damage awarded against any person to punish or deter such person, or others, from engaging in similar behavior in the future; and

(8) ''qualified charity'' means any organization exempt from filing information returns pursuant to section 6033(a) of the Internal Revenue Code of 1986 as that exemption exists on the effective date of this Act.

SEC. 4. APPLICABILITY.

(a) GENERAL RULE.—

(1) CIVIL ACTIONS COVERED.—Except as provided in subsection (b), this Act applies to any civil action brought in any Federal or State court where such action affects interstate commerce, charitable or religious activities, or implicates rights or interests that may be protected by Congress under section 5 of the 14th amendment of the United States Constitution and where the claimant seeks to recover punitive damages under any theory for harm that did not result in death, serious and permanent physical scarring or disfigurement, loss of a limb or organ, or serious and permanent physical impairment of an important bodily function. Punitive damages may, to the extent permitted by applicable State law, be awarded against a person in such a case only if the claimant establishes that the harm that is the subject of the action was proximately caused by such person. Notwithstanding any other provision of this Act, punitive damages may, to the extent permitted by applicable State law, be awarded against a qualified charity only if the claimant established by clear and convincing evidence that the harm that is the subject of the action was proximately caused by an intentionally tortious act of such qualified charity.

(2) QUESTION OF LAW.—What constitutes death, serious and permanent physical scarring or disfigurement, loss of a limb or organ, or serious and permanent physical impairment of an important bodily function shall be a question of law for the court.

(b) EXCEPTIONS.—

(1) IN GENERAL.—The provisions of this Act shall not apply to any person in a civil action described in subsection (a)(1) if the misconduct for which punitive damages are awarded against that person—

(A) constitutes a crime of violence (as that term is defined in section 16 of title 18, United States Code) for which the defendant has been convicted in any court;

(B) constitutes an act of terrorism for which the defendant has been convicted in any court;

(C) constitutes a hate crime (as that term is used in the Hate Crime Statistics Act, Public Law 101–275; 104 Stat. 140; 28 U.S.C. 534 note) for which the defendant has been convicted in any court;

(D) occurred at a time when the defendant was under the influence (as determined pursuant to applicable State law) of intoxicating alcohol or any drug that may not lawfully be sold without a prescription and had been taken by the defendant other than in accordance with the terms of a lawful prescription; or

(E) constitutes a felony sexual offense, as defined by applicable Federal or State law, for which the defendant has been convicted in any court.

(2) QUESTION OF LAW.—The applicability of this subsection shall be a question of law for determination by the court. The liability of any other person in such an action shall be determined in accordance with this Act.

SEC. 5. PROPORTIONAL AWARDS.

(a) AMOUNT.—

(1) IN GENERAL.—The amount of punitive damages that may be awarded to a claimant in any civil action that is subject to this Act shall not exceed the greater of—

(A) 3 times the amount awarded to the claimant for economic loss; or

(B) $250,000.

(2) SPECIAL RULE.—

(A) IN GENERAL.—Notwithstanding paragraph (1), in any civil action that is subject to this Act against an individual whose net worth does not exceed $500,000 or against an owner of an unincorporated business, or any partnership, corporation, association, unit of local government, or organization that has fewer than 25 full-time employees, the amount of punitive damages shall not exceed the lesser of—

(i) 3 times the amount awarded to the claimant for economic loss; or

(ii) $250,000.

(B) APPLICABILITY.—For purposes of determining the applicability of this paragraph to a corporation, the number of employees of a subsidiary of a wholly owned corporation shall include all employees of a parent corporation or any subsidiary of that parent corporation.

(b) APPLICATION OF LIMITATIONS BY THE COURT.—The limitations in subsection (a) shall be applied by the court and shall not be disclosed to the jury.

SEC. 6. PREEMPTION.

Nothing in this Act shall be construed to—

(1) create a cause of action for punitive damages;

(2) supersede or alter any Federal law;

(3) preempt or supersede any Federal or State law to the extent such law would further limit the award of punitive damages; or

(4) modify or reduce the ability of courts to order remittitur.

SEC. 7. FEDERAL CAUSE OF ACTION PRECLUDED.

The district courts of the United States shall not have jurisdiction pursuant to this Act based on section 1331 or 1337 of title 28, United States Code.

SEC. 8. EFFECTIVE DATE.

This Act applies to any civil action described in section 4 that is commenced on or after the date of enactment of this Act, without regard to whether the harm that is the subject of the action or the conduct that caused the harm occurred before such date of enactment.

By Mr. FAIRCLOTH:

S. 1555. A bill to amend the Internal Revenue Code of 1986 to restructure and reform the Internal Revenue Service, and for other purposes; to the Committee on Finance.

THE INTERNAL REVENUE SERVICE OVERSIGHT, RESTRUCTURING AND TAX CODE ELIMINATION ACT OF 1997

Mr. FAIRCLOTH. Mr. President, today I am introducing S. 1555, the ''Internal Revenue Service Oversight, Restructuring and Tax Code Elimination Act of 1997.'' This legislation establishes an oversight board composed of private citizens to review the policies and practices of our nation's tax collection agency. The measure also eliminates the existing tax code by December 31, 2000, and eliminates the Internal Revenue Service by the end of the Year 2000 fiscal year.

Mr. President, the American people have been telling this Congress that all

is not right at the Internal Revenue Service, and it is time for the Congress to do something about it. Of course, no one enjoys paying their taxes, but the American people voluntarily comply with the tax code to a degree that is the envy of governments around the world. They do so because they want to do what is right. They deserve to be treated fairly, and they deserve a tax system that supports working families, not one that punishes them.

This past September, the Senate Committee on Finance held hearings in which taxpayers described the many abuses they have suffered at the hands of the Internal Revenue Service. The general theme of those hearings was an agency which has become arrogant and unresponsive to the American people, ruining businesses and causing considerable suffering to the men and women who were unlucky enough to be the focus of IRS scrutiny. For most Americans, those hearings were an all too familiar reflection of a painful episode in their own lives.

Mr. President, something must be done about the Internal Revenue Service and the massive Internal Revenue Code of 1986. Our tax code is incomprehensible to all but a few tax attorneys who make their living off of the current chaos created by our tax laws. What is worse, the agency charged with enforcing our tax laws has developed procedures to target their auditing efforts at middle class taxpayers.

The time has come to get rid of the I.R.S., get rid of our nightmarish tax code, and create an oversight board composed entirely of citizens from outside of the I.R.S. to keep watch over that agency until the date when it ceases to exist.

To carry out those objectives, I have introduced S. 1555, the Internal Revenue Service Oversight, Restructuring and Tax Code Elimination Act of 1997. This legislation establishes an oversight board composed of nine members, each of whom are from the private sector, and at least one of whom must be an owner or manager of a small business. This oversight board will be responsible for reviewing the policies and practices of the Internal Revenue Service.

Among the specific areas the board will oversee are the agency's auditing procedures and collections practices, as well as the agency's procurement policies for information technology. Procurement at the I.R.S. has resulted in outrageous waste and misuse of taxpayer funds, such as the decision to spend nearly $4 billion to develop a new computer system, which officials now concede has been a complete failure.

Creating an oversight board to rein in the IRS is just the first step. S. 1555 also calls for the tax code to be terminated as of December 31, 2000, with exceptions for Social Security and Railroad Retirement.

My bill sets out several guidelines for the structure of a new tax code. The new code should apply a low rate to all Americans; require a supermajority of both Houses of Congress to raise taxes; provide tax relief for working Americans; protect the rights of taxpayers and reduce tax collection abuses; eliminate the bias against savings and investment; promote economic growth and job creation; encourage rather than penalize marriage and families; protect the integrity of Social Security and Medicare; and provide for a taxpayer-friendly collections process to replace the Internal Revenue Service.

Mr. President, it is time to get rid of the I.R.S. and the massive and incomprehensible tax code in favor of a fairer, simpler system. I firmly believe that we will never be rid of our tax code until Congress sets out a specific deadline for its elimination. That is what my bill does. We should begin the national debate now over the form a new tax code should take. I have laid out a series of guidelines in this legislation for the new tax code. Without the current tax code, there is no need for the I.R.S., and it is my view that this agency is too entrenched in its bureaucratic ways to be reformed. It should simply be eliminated. Until the I.R.S. is gone, an oversight board is badly needed to protect the interests of the taxpayers, and act as a watchdog over this unaccountable agency. I urge my colleagues to support this legislation.

By Mr. LEAHY:

S. 1556. A bill to improve child nutrition programs, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE CHILD NUTRITION INITIATIVES ACT

Mr. LEAHY. Mr. President, as the ranking member of the nutrition subcommittee, I want to make very clear that I am looking forward to working with the chairman of the Agriculture, Nutrition and Forestry Committee, Senator LUGAR, with the ranking member, Senator HARKIN, and with the chairman of the nutrition subcommittee, Senator MCCONNELL, on the child nutrition reauthorization bill next year.

When I was chairman of that committee, and continuing under the helm of Senator LUGAR, the Agriculture Committee worked together in a bipartisan fashion on nutrition legislation.

I am proud of all the members of that committee who over the years worked together on improving nutrition programs for children. I also had the privilege of working with the former majority leader—Senator Bob Dole—on many child nutrition matters.

The bill that I am introducing today does not represent my effort on a reauthorization bill—I will work on that bill with members of the committee, including the three leadership Members mentioned above.

Rather, this bill indicates changes that should be enacted into law regardless of other actions the Congress might take regarding child nutrition reauthorization.

It includes child nutrition provisions that were included, with some modifications, in the Senate-passed research bill—which passed the Senate by unanimous consent.

Over the recess I intend to consult with nutrition leaders in Vermont, the Under Secretary for Food and Consumer Services, Shirley Watkins, Secretary Glickman, national nutrition advocates and local program directors to gather information for the reauthorization effort.

Also, I urge the President to include sufficient funding in his budget proposals to fund this bill as well as other nutrition initiatives which the Secretary and the Under Secretary for Food and Consumer Services are working to develop.

I must compliment Under Secretary Shirley Watkins for the great job she has done so far. She has taken strong command of an agency that was adrift. Also, I continue to appreciate Secretary Dan Glickman's leadership role in the administration regarding nutrition programs and the strong support of his chief of staff, Greg Frazier.

I note also that Senator TIM JOHNSON has introduced a school lunch program bill. I will carefully study that bill over the recess. I will also look at the study conducted by the Minnesota Department of Children, Families and Learning called Energizing the Classroom.

Over the years many Vermonters have provided me with outstanding advice and guidance on child nutrition issues.

I intend to work with Jo Busha who heads the Child Nutrition Programs for the Vermont Department of Education. She has done a remarkable job in promoting school-based nutrition programs and was recently commended by the Food Research and Action Center for her accomplishments. I was very pleased to work with the committee on a bill that set up the school breakfast startup grant program which has worked extremely well in Vermont. It provided thousands of dollars to Vermont schools to cover the one-time costs of setting up a breakfast program.

I look forward to receiving advice from Mary Carlson, president of the National Association of Farmers' Markets Nutrition Programs, on the WIC-Farmer's Market Program known as the Farm-to-Family program in Vermont.

This program has helped in greatly expanding the number of farmers markets in Vermont and helped low-income families provide their children with healthy foods.

My bill would assure funding for this program and permit other States to participate in the program, or to increase their participation levels.

The bill provides assured funding for programs like the Vermont Common Roots program of Food Works, a nonprofit educational organization in Vermont which has been praised by educators and administrators as an effective educational tool.

Robert Dostis has done an outstanding job as the executive director of the Vermont Campaign to End Childhood Hunger. He also deserves a great deal of credit regarding the effort to get more schools on the school breakfast program. He has recently written a ''Report on Childhood Hunger in Vermont: A Handbook for Action.''

He cites some startling statistics in this report. For example, he notes that about 8,000 Vermont children are receiving food from local Vermont food shelves—which is double the figure for 1990.

In addition, nearly 222,000 meals are being served yearly at two dozen community kitchens in Vermont—that is 21 percent more than in 1994.

I will be also working with Donna Bister, as I have for years, on issues related to the WIC program and with Alison Gardner who is the Public Health Nutrition Chief, for the Vermont Department of Health.

I want to extend a special thanks to Dr. Richard Narkewicz of Vermont who is a past president of the American Academy of Pediatrics. He recently visited me with his grandson Corey.

Most of all I want to thank the hundreds of volunteers who run Vermont's Food Shelves and Community Kitchens, and all of those helping out at Vermont's Community Action Agencies.

For many years I have watched the tremendous contributions made by the Vermont FoodBank in the fight against hunger. They have been a first line of defense against child hunger in Vermont and I look forward to working with their director, Deborah Flateman.

All of these Vermonters, and hundreds more who I have not mentioned, carry out the true Vermont tradition of extending a helping hand to neighbors in need.

My bill incorporates many ideas from Vermonters. I have often designed nutrition legislation based on ideas from State and local officials from around the Nation.

Since this bill is not a full reauthorization bill—which I will cosponsor at a later date with other members of the Committee—I have not automatically extended each expiration date in current law. I will certainly support such extensions as appropriate at a later date and will support many other improvements to the bill.

Section 101 is based on an idea provided to me by Joseph Keifer of the Vermont Food Works program. It provides modest Federal funding to help integrate food and nutrition projects with elementary school curricula for a few pilot tests of this provision.

Section 102 increases the reimbursement rates for the summer food service program to a level that should encourage strong participation. At the recommendation of the Vermont Campaign to End Childhood Hunger the bill also provides special funding to help defray the costs of transporting children to the food service locations. This additional financial support—of 75 cents per day for each child transported to and from school—is only applicable in very rural areas, as defined by USDA.

Vermont child care sponsors strongly recommended that I support funding for an additional meal supplement for children who are in a child care center for 8 hours or more. Section 103 of the bill does just that and thus helps working parents.

The bill provides for the eligibility of additional schools for the after school care meals program and expands funding for a program that provides meals to homeless preschool children in emergency shelters.

Title II of the bill creates a grant program to assist schools and others to establish or expand a school breakfast program, or a summer food service program. $5 million, per year, in mandatory funding would be made available for this effort.

The school breakfast start up program in Vermont, before it was terminated by Congress, was a remarkable success in part due to the hard work of Jo Busha, Bob Dostis, the Vermont School Food Service Association, and many others.

Also under Title II of the bill, the WIC Farmers' Market Program is provided guaranteed funding. I have worked on this program for a number of years with Mary Carlson of Vermont. Mary is now the president of the association that represents State farmers' market nutrition programs such as the WIC Farmers' Market Program. Making this tremendous program mandatory will assure funding and avoid any appearance of being in competition with the WIC program for appropriated funds.

The bill also sets forth a sense of the Congress that the WIC program should be fully funded, now and forever, for all eligible applicants nationwide. I know that reaching this goal has taken a long time. I appreciate all the help that Donna Bister, the Vermont WIC Director, and many other Vermonters, as well as Bread for the World at the national level, have provided on the WIC program. David Beckmann and Barbara Howell of Bread for the World have worked for years toward this goal.

Finally, I have heard from Alison Gardner about the problems she is having with funding for the Nutrition, Education and Training Program. Congress made that program mandatory but then changed its status back to a program subject to appropriations. My bill will provide $10 million a year for that program and provide a State minimum grant of $85,000 per year.

I want to emphasize again that my bill represents some important child nutrition initiatives. I hope they will all be included in the reauthorization bill. I look forward to working with Senators LUGAR, HARKIN, MCCONNELL and all the other members of the Agriculture, Nutrition and Forestry Committee on this effort just as we worked together on the child nutrition provisions in the Senate-passed research bill.

I also look forward to working with all the Members of the House of Representatives Education and the Workforce Committee. I know they have a keen interest in protecting children and I have enjoyed working in the past with Chairman Goodling and with the ranking minority member Mr. BILL CLAY.

The last reauthorization bill passed both the Senate and the House of Representatives by unanimous consent. This shows how well the Congress can work together when the interests of children are at stake.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1556

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Child Nutrition Initiatives Act''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—NATIONAL SCHOOL LUNCH ACT

SEC. 101. GRANTS TO INTEGRATE FOOD AND NUTRITION PROJECTS WITH ELEMENTARY SCHOOL CURRICULA.

Section 12(m) of the National School Lunch Act (42 U.S.C. 1760(m)) is amended—

(1) by striking ''(m)(1) The'' and inserting the following:

''(m) GRANTS TO INTEGRATE FOOD AND NUTRITION PROJECTS WITH ELEMENTARY SCHOOL CURRICULA.—

''(1) IN GENERAL.—Subject to paragraph (5), the'';

(2) by striking paragraph (3) and inserting the following:

''(3) AMOUNT OF GRANTS.—Subject to paragraph (5), the Secretary shall make grants to each of the 3 private organizations or institutions selected under this subsection in amounts of not less than $60,000, nor more than $130,000, for each of fiscal years 1999 through 2001.''; and

(3) by striking paragraph (5) and inserting the following:

''(5) PAYMENTS.—

''(A) IN GENERAL.—Out of any moneys in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide to the Secretary to carry out this subsection

$300,000 for each of fiscal years 1999 through 2001.

''(B) ENTITLEMENT TO FUNDS.—The Secretary shall be entitled to receive the funds made available under subparagraph (A) and shall accept the funds.

''(C) INSUFFICIENT NUMBER OF APPLICANTS.—The Secretary may expend less than the amount described in subparagraph (A) for a fiscal year to the extent that there is an insufficient number of suitable applicants for grants under this subsection for the fiscal year.

''(D) UNOBLIGATED FUNDS.—Of any funds that are made available, but not obligated, for a fiscal year under this paragraph—

''(i) 25 percent shall remain available until expended; and

''(ii) the remainder shall be returned to the general fund of the Treasury.''.

SEC. 102. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

(a) PURPOSES.—Section 13(a)(1) of the National School Lunch Act (42 U.S.C. 1761(a)(1)) is amended in the first sentence by striking ''initiate and maintain'' and inserting ''initiate, maintain, and expand''.

(b) DEFINITION OF AREAS IN WHICH POOR ECONOMIC CONDITIONS EXIST.—Section 13(a)(1)(C) of the National School Lunch Act (42 U.S.C. 1761(a)(1)(C)) is amended by striking ''50 percent'' and inserting ''40 percent''.

(c) COMMERCIAL VENDORS.—Section 13(a)(2) of the National School Lunch Act (42 U.S.C. 1761(a)(2)) is amended in the first sentence—

(1) by striking ''institution or'' and inserting ''institution,''; and

(2) by inserting before the period at the end the following: '', or by commercial vendors''.

(d) NUMBER OF PRIVATE NONPROFIT ORGANIZATIONS IN A RURAL AREA.—Section 13(a)(7)(B)(i)(II) of the National School Lunch Act (42 U.S.C. 1761(a)(7)(B)(i)(II)) is amended by striking ''20 sites'' and inserting ''25 sites''.

(e) SECOND HELPINGS.—Section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)) is amended by adding at the end the following:

''(8) SECOND HELPINGS.—In carrying out this section, the Secretary shall issue regulations that provide an allowance for a second helping of up to 5 percent of the quantity of the first helping served.''.

(f) PAYMENTS.—Section 13(b)(1) of the National School Lunch Act (42 U.S.C. 1761(b)(1)) is amended—

(1) in subparagraph (B)(i), by striking ''$1.97'' and inserting ''$2.23'';

(2) in subparagraph (C), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (D)''; and

(3) by adding at the end the following:

''(D) REIMBURSEMENT FOR TRANSPORTATION.—

''(i) IN GENERAL.—The Secretary shall provide an additional reimbursement to each eligible service institution located in a very rural area (as defined by the Secretary) for the cost of transporting each child to and from a feeding site for children who are brought to the site by the service institution or for whom transportation is arranged by the service institution.

''(ii) AMOUNT.—Subject to clause (iii), the amount of reimbursement provided to a service institution under this subparagraph may not exceed the lesser of—

''(I) 75 cents per day for each child transported to and from a feeding site; or

''(II) the actual cost of transporting children to, and home from, a feeding site.

''(iii) ADJUSTMENTS.—The amounts specified in clause (ii) shall be adjusted in accordance with subparagraph (C).''.

(g) NUMBER OF MEALS AND SUPPLEMENTS.—Section 13(b)(2) of the National School Lunch Act (42 U.S.C. 1761(b)(2)) is amended—

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(2) by striking ''(2) Any service'' and inserting the following:

''(2) MEALS AND SUPPLEMENTS.—

''(A) IN GENERAL.—Any service'';

(3) by striking ''3 meals, or 2 meals and 1 supplement,'' and inserting ''4 meals''; and

(4) by adding at the end the following:

''(B) CAMPS AND MIGRANT PROGRAMS.—A camp or migrant program may serve a breakfast, a lunch, a supper, and meal supplements.''.

(h) EXTENSION.—Section 13(q) of the National School Lunch Act (42 U.S.C. 1761(q)) is amended by striking ''1998'' and inserting ''2003''.

SEC. 103. CHILD AND ADULT CARE FOOD PROGRAM.

(a) EXTENSIONS.—Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended—

(1) in subsection (c)(6)(B), by striking ''1997'' and inserting ''2003'';

(2) in subsection (f)(3)(D), by striking ''fiscal year 1997'' each place it appears and inserting ''each of fiscal years 1997 through 2003''; and

(3) in subsection (p), by striking ''1998'' each place it appears and inserting ''2003''.

(b) NUMBER OF MEALS AND SUPPLEMENTS.—Section 17(f)(2)(B) of the National School Lunch Act (42 U.S.C. 1766(f)(2)(B)) is amended by striking ''2 meals and 1 supplement'' and inserting ''2 meals and 2 supplements, or 3 meals and 1 supplement,''.''.

(c) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3)(D)(ii)(I) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(D)(ii)(I)) is amended by striking ''$30,000'' and inserting ''$45,000''.

SEC. 104. MEAL SUPPLEMENTS FOR CHILDREN IN AFTERSCHOOL CARE.

Section 17A(a)(2)(C) of the National School Lunch Act (42 U.S.C. 1766a(a)(2)(C))) is amended by striking ''on May 15, 1989''.

SEC. 105. HOMELESS CHILDREN NUTRITION PROGRAM.

Section 17B(g)(1) of the National School Lunch Act (42 U.S.C. 1766b(g)(1)) is amended in the first sentence by striking ''and $3,700,000 for fiscal year 1999'' and inserting ''$3,700,000 for fiscal year 1999, $4,000,000 for fiscal year 2000, $4,100,000 for fiscal year 2001, and $4,200,000 for fiscal year 2002''.

SEC. 106. BOARDER BABY AND OTHER PILOT PROJECTS.

Section 18 of the National School Lunch Act (42 U.S.C. 1769) is amended—

(1) in subsection (c)—

(A) by striking ''1998'' each place it appears and inserting ''2003''; and

(B) in paragraph (3)(A)—

(i) in clause (v), by striking ''and'' at the end; and

(ii) by adding at the end the following:

''(vii) salaries and expenses of support staff, including management, medical, nursing, janitorial, and other support staff; and'';

(2) in subsection (e)(5), by striking ''and 1998'' and inserting ''through 2003'';

(3) in subsections (g)(5) and (h)(5), by striking ''1997'' each place it appears and inserting ''2003''; and

(4) in subsection (i)(8), by striking ''1998'' and inserting ''2003''.

SEC. 107. INFORMATION CLEARINGHOUSE.

Section 26(d) of the National School Lunch Act (42 U.S.C. 1769g(d)) is amended in the first sentence by striking ''$100,000 for fiscal year 1998'' and inserting ''$185,000 for each of fiscal years 1998 through 2003''.

TITLE II—CHILD NUTRITION ACT OF 1966

SEC. 201. AREA GRANT PROGRAM.

Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by adding at the end the following:

''(f) AREA GRANT PROGRAM.—

''(1) DEFINITIONS.—In this subsection:

''(A) ELIGIBLE SCHOOL.—The term 'eligible school' means a school—

''(i) attended by children, a significant percentage of whom—

''(I) are members of low-income families, as determined by the Secretary; or

''(II) live in rural areas and have unmet needs for initiation or expansion of a school breakfast or summer food service program for children; and

''(ii)(I) as used with respect to a school breakfast program, that agrees to operate the school breakfast program established or expanded with the assistance provided under this subsection for a period of not less than 3 years; and

''(II) as used with respect to a summer food service program for children, that agrees to operate the summer food service program for children established or expanded with the assistance provided under this subsection for a period of not less than 3 years.

''(B) SERVICE INSTITUTION.—The term 'service institution' means an institution or organization described in paragraph (1)(B) or (7) of section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)).

''(C) SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.—The term 'summer food service program for children' means a program authorized by section 13 of the National School Lunch Act (42 U.S.C. 1761).

''(2) ESTABLISHMENT.—The Secretary shall establish a program under this subsection to be known as the 'Area Grant Program' (referred to in this subsection as the 'Program') to assist eligible schools and service institutions through grants to initiate or expand programs under the school breakfast program and the summer food service program for children.

''(3) PAYMENTS.—

''(A) IN GENERAL.—Out of any moneys in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide to the Secretary to carry out this subsection $5,000,000 for fiscal year 1998 and each fiscal year thereafter.

''(B) ENTITLEMENT TO FUNDS.—The Secretary shall be entitled to receive the funds made available under subparagraph (A) and shall accept the funds.

''(C) USE OF FUNDS.—The Secretary shall use the funds made available under subparagraph (A) to make payments under the Program—

''(i) in the case of the school breakfast program, to school food authorities for eligible schools; and

''(ii) in the case of the summer food service program for children, to service institutions.

''(D) INSUFFICIENT NUMBER OF APPLICANTS.—The Secretary may expend less than the amount described in subparagraph (A) for a fiscal year to the extent that there is an insufficient number of suitable applicants to initiate or expand programs under this subsection for the fiscal year.

''(4) PRIORITY.—The Secretary shall make payments under the Program on a competitive basis and in the following order of priority (subject to the other provisions of this subsection) to:

''(A) School food authorities for eligible schools to assist the schools with nonrecurring expenses incurred in—

''(i) initiating a school breakfast program under this section; or

''(ii) expanding a school breakfast program.

''(B) Service institutions to assist the institutions with nonrecurring expenses incurred in—

''(i) initiating a summer food service program for children; or

''(ii) expanding a summer food service program for children.

''(5) ADDITIONAL PAYMENTS.—Payments under the Program shall be in addition to payments under subsection (b) of this section and section 13 of the National School Lunch Act (42 U.S.C. 1761).

''(6) PREFERENCES.—Consistent with paragraph (4), in making payments under the Program for any fiscal year to initiate or expand school breakfast programs or summer food service programs for children, the Secretary shall provide a preference to a school food authority for an eligible school or service institution that—

''(A) in the case of a summer food service program for children, is a public or private nonprofit school food authority;

''(B) has significant public or private resources that will be used to carry out the initiation or expansion of the programs during the year;

''(C) serves an unmet need among low-income children, as determined by the Secretary;

''(D) is not operating a school breakfast program or summer food service program for children, as appropriate; or

''(E) is located in a rural area, as determined by the Secretary.

''(7) RECOVERY AND REALLOCATION.—The Secretary shall act in a timely manner to recover and reallocate to other school food authorities for eligible schools or service institutions any amounts under the Program that are not expended within a reasonable period (as determined by the Secretary).

''(8) MAINTENANCE OF EFFORT.—Expenditures of funds from State, local, and private sources for the maintenance of the school breakfast program and the summer food service program for children shall not be diminished as a result of payments received under the Program.''.

SEC. 202. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) EXTENSIONS.—Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended in subsections (g)(1), (h)(2)(A), and (h)(10)(A) by striking ''1998'' each place it appears and inserting ''2003''.

(b) SENSE OF CONGRESS ON FULL FUNDING FOR WIC.—It is the sense of Congress that the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) should be fully funded for fiscal year 1998 and each subsequent fiscal year so that all eligible participants for the program will be permitted to participate at the full level of participation for individuals in their category, in accordance with regulations issued by the Secretary of Agriculture.

(c) FARMERS' MARKET NUTRITION PROGRAM.—Section 17(m) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)) is amended—

(1) in paragraph (1), by striking ''(m)(1) Subject'' and all that follows through ''the Secretary'' and inserting the following:

''(m) FARMERS' MARKET NUTRITION PROGRAM.—

''(1) IN GENERAL.—The Secretary'';

(2) in paragraph (6)(B)—

(A) by striking ''(B)(i) Subject to the availability of appropriations, if'' and inserting the following:

''(B) MINIMUM AMOUNT.—If''; and

(B) by striking clause (ii); and

(3) in paragraph (9), by striking ''(9)(A)'' and all that follows through the end of subparagraph (A) and inserting the following:

''(9) FUNDING.—

''(A) PAYMENTS.—

''(i) IN GENERAL.—Out of any moneys in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide to the Secretary to carry out this subsection $15,000,000 for fiscal year 1999, $19,000,000 for fiscal year 2000, and $24,000,000 for fiscal year 2001, $30,000,000 for fiscal year 2002 and $37,000,000 for fiscal year 2003. Such funds shall remain available for this program until expended.

''(ii) ENTITLEMENT TO FUNDS.—The Secretary shall be entitled to receive the funds made available under subparagraph (A) and shall accept the funds.''.

SEC. 203. NUTRITION EDUCATION AND TRAINING.

Section 19(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)) is amended—

(1) in paragraph (2)—

(A) in the first sentence of subparagraph (A), by inserting ''and each succeeding fiscal year'' after ''1996''; and

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

''(B) MINIMUM AMOUNT.—The minimum amount of a grant provided to a State for a fiscal year under this section shall be $85,000.'';

(2) by striking paragraph (3); and

(3) by redesignating paragraphs (4) and (5) as paragraph (3) and (4), respectively.

By Mr. TORRICELLI (for himself, Mr. AKAKA, Mr. KERRY, and Mrs. FEINSTEIN):

S. 1557. A bill to end the use of steel jaw leghold traps on animals in the United States; to the Committee on Environment and Public Works.

THE STEEL JAW LEGHOLD TRAP ACT OF 1997

Mr. TORRICELLI. Mr. President, today, Senators, AKAKA, FEINSTEIN, KERRY, and I rise to introduce legislation to end the use of the steel jaw leghold trap. I rise to draw this country's attention to the many liabilities of this outdated device and ask for my colleagues support in ending its use.

This important and timely issue now takes on added importance as the European Union proposes to ban the importation of U.S. fur caught with this class of trap. By ending the use of the leghold trap within our borders, we will effectively set a humane standard for trapping, as well as protect the U.S. fur industry by keeping Europe's doors open to U.S. fur.

While this bill does not prohibit trapping, it does outlaw a particularly savage method of trapping by prohibiting the import or export of, and the interstate shipment of steel jaw leghold traps and articles of fur from animals caught in such traps.

The steel jaw leghold trap is a cruel and antiquated device for which many alternatives exist. The American Veterinary Medical Association and the American Animal Hospital Association have condemned leghold traps as inhumane and the majority of Americans oppose the use of this class of trap. Currently, 89 nations have banned these cruel devices, and have done so with broad-based public support. In addition, Colorado and Massachusetts have joined Rhode Island, Florida and my home State of New Jersey in banning the trap.

One quarter of all U.S. fur exports, $44 million, go to the European market. Of this $44 million, $21 million would be eliminated by the ban. This would clearly cause considerable economic damage to the U.S. fur industry, an important source of employment for many Americans. Since many Americans rely on trapping for their livelihood, it is imperative to find a solution which prevents the considerable damage that this ban would cause to our fur industry. It is important to note that since the steel-jaw leghold trap has been banned in Europe, alternatives have been provided to protect and maintain the European fur industry.

Our Nation would be far better served by ending the use of the archaic and inhumane steel jaw leghold trap. By doing so, we are not only setting a long-overdue humane standard for trapping, we are ensuring that the European market remains open to all American fur exports.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1557

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DECLARATION OF POLICY.

It is the policy of the United States to end the needless maiming and suffering inflicted upon animals through the use of steel jaw leghold traps by prohibiting the import or export of, and the shipment in interstate commerce of, such traps and of articles of fur from animals that were trapped in such traps.

SEC. 2. DEFINITIONS.

As used in this Act:

(1) ARTICLE OF FUR.—The term ''article of fur'' means—

(A) any furskin, whether raw or tanned or dressed; or

(B) any article, however produced, that consists in whole or part of any furskin.

For purposes of subparagraph (A), the terms ''furskin'', ''raw'', and ''tanned or dressed'' have the same respective meanings as those terms have under headnote 1 of chapter 43 of the Harmonized Tariff Schedule of the United States.

(2) CUSTOMS LAWS OF THE UNITED STATES.—The term ''customs laws of the United States'' means any law enforced or administered by the Customs Service.

(3) INTERSTATE COMMERCE.—The term ''interstate commerce'' has the same meaning as given such term in section 10 of title 18, United States Code.

(4) IMPORT.—The term ''import'' means to land on, bring into, or introduce into, any place subject to the jurisdiction of the United States, whether or not such landing, bringing, or introduction constitutes an entry into the customs territory of the United States.

(5) PERSON.—The term ''person'' includes any individual, partnership, association, corporation, trust, or any officer, employee, agent, department, or instrumentality of the Federal Government or of any State or political subdivision thereof, or any other entity subject to the jurisdiction of the United States.

(6) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(7) STEEL JAW LEGHOLD TRAP.—The term ''steel jaw leghold trap'' means any spring-powered pan- or sear-activated device with two opposing steel jaws which is designed to capture an animal by snapping closed upon the animal's limb or part thereof.

SEC. 3. PROHIBITED ACTS AND PENALTIES.

(a) OFFENSES.—It is unlawful for any person knowingly—

(1) to import, export, ship, or receive in interstate commerce an article of fur if any part of the article of fur is derived from an animal that was trapped in a steel jaw leghold trap;

(2) to import, export, deliver, carry, transport, or ship by any means whatever, in interstate commerce, any steel jaw leghold trap; or

(3) to sell, receive, acquire, or purchase any steel jaw leghold trap that was delivered, carried, transported, or shipped in contravention of paragraph (2).

(b) PENALTIES.—A person who violates subsection (a), in addition to any other penalty that may be imposed—

(1) for the first such violation, shall be guilty of an infraction punishable under title 18, United States Code; and

(2) for each subsequent violation, shall be imprisoned not more than 2 years, fined under title 18, United States Code, or both.

SEC. 4. REWARDS.

The Secretary shall pay, to any person who furnishes information which leads to a conviction of a violation of any provision of this Act or any regulation issued thereunder, an amount equal to one half of the fine paid pursuant to the conviction. Any officer or employee of the United States or of any State or local government who furnishes information or renders service in the performance of his or her official duties is not eligible for payment under this section.

SEC. 5. ENFORCEMENT.

(a) IN GENERAL.—Except with respect to violations of this Act to which subsection (b) applies, the provisions of this Act and any regulations issued pursuant thereto shall be enforced by the Secretary, who may use by agreement, with or without reimbursement, the personnel, services, and facilities of any other Federal agency or of any State agency for purposes of enforcing this Act.

(b) EXPORT AND IMPORT VIOLATIONS.—

(1) IMPORT VIOLATIONS.—The importation of articles in contravention of section 3 shall be treated as a violation of the customs laws of the United States, and the provisions of law relating to violations of the customs laws shall apply thereto.

(2) EXPORT VIOLATIONS.—The provisions of the Export Administration Act of 1979 (including the penalty provisions) (50 U.S.C. App. 2401 et seq.) shall apply for purposes of enforcing the prohibition relating to the export of articles described in section 3.

(c) JUDICIAL PROCESS.—The district courts of the United States may, within their respective jurisdictions, upon proper oath or affirmation showing probable cause, issue such warrants or other process as may be required for enforcement of this Act and any regulation issued thereunder.

(d) ENFORCEMENT AUTHORITIES.—Any individual having authority to enforce this Act (except with respect to violations to which subsection (b) applies), may, in exercising such authority—

(1) detain for inspection, search, and seize any package, crate, or other container, including its contents, and all accompanying documents, if such individual has reasonable cause to suspect that in such package, crate, or other container are articles with respect to which a violation of this Act (except with respect to violations to which subsection (b) applies) has occurred, is occurring, or is about to occur;

(2) make arrests without a warrant for any violation of this Act (except with respect to violations to which subsection (b) applies) committed in his or her presence or view or if the individual has probable cause to believe that the person to be arrested has committed or is committing such a violation; and

(3) execute and serve any arrest warrant, search warrant, or other warrant or criminal process issued by any judge or magistrate of any court of competent jurisdiction for enforcement of this Act (except with respect to violations to which subsection (b) applies).

(e) FORFEITURE.—

(1) IN GENERAL.—Except as provided in paragraph (3), any article of fur or steel jaw leghold trap taken, possessed, sold, purchased, offered for sale or purchase, transported, delivered, received, carried, or shipped in violation of this Act shall be subject to forfeiture to the United States.

(2) APPLICABLE LAW.—The provisions of law relating to—

(A) the seizure, summary and judicial forfeiture, and condemnation of property for violations of the customs laws,

(B) the disposition of such property or the proceeds from the sale thereof,

(C) the remission or mitigation of such forfeitures, and

(D) the compromise of claims,

shall apply to seizures and forfeitures under this subsection, except that the duties performed by a customs officer or any other person with respect to the seizure and forfeiture of property under the customs laws of the United States may be performed with respect to seizures and forfeitures of property under this subsection by the Secretary or such officers and employees as the Secretary may designate.

(3) EXCEPTION.—The provisions of the Export Administration Act of 1979 shall apply with respect to the seizure and forfeiture of any article of fur or steel jaw leghold trap exported in violation of this Act and the customs laws of the United States shall apply with respect to the seizure and forfeiture of any such article or trap imported in violation of this Act.

(f) INJUNCTIONS.—The Attorney General of the United States may seek to enjoin any person who is alleged to be in violation of any provision of this Act.

(g) COOPERATION.—The Secretary of Commerce, the Secretary of the Treasury, and the head of any other department or agency with enforcement responsibilities under this Act shall cooperate with the Secretary in ensuring that this Act is enforced in the most effective and efficient manner.

SEC. 6. REGULATIONS.

The Secretary shall prescribe such regulations as are necessary to carry out this Act.

SEC. 7. EFFECTIVE DATE.

This Act shall take effect on the date that is 1 year after the date of enactment.

By Mr. D'AMATO:

S. 1558. A bill to amend the Harmonized Tariff Schedule of the United States with respect to shadow mask steel; to the Committee on Finance.

THE SHADOW MASK STEEL HARMONIZED TARIFF SCHEDULE AMENDMENT ACT OF 1997

Mr. D'AMATO. Mr. President, I rise today to introduce legislation to amend the Harmonized Tariff Schedule of the United States with respect to shadow mask steel. Shadow mask steel, a vital component of color television picture tubes and computer video monitors, is used to produce ''shadow masks'' which prevent image distortion on the viewing screens of televisions and computer video monitors. Unfortunately, neither shadow mask steel, nor any viable substitute, is produced within the United States. Therefore, United States shadow mask producers must import this product from steel producers in Japan and Germany.

Domestic shadow mask production faces a difficult challenge to stay competitive in today's shadow mask market. Competition from foreign shadow masks is increasing as foreign manufacturers aggressively pursue the U.S. market. In addition, color picture tube and computer video monitor manufacturers are increasing their efforts to reduce production costs due to increased competition in the television and computer markets.

These factors reinforce the vital need for competitively-priced component materials, such as shadow masks. Eliminating the duty on shadow mask steel, a product that is already subject to a gradual tariff elimination schedule, would be an important step toward enabling domestic manufacturers to remain competitive in the global market.

Major U.S. television picture tube and computer video monitor manufacturers that employ thousands of workers throughout the United States rely on a consistent supply of domestically-produced shadow masks. If such companies were unable to count on such a supply, we run the risk of supplanting domestic production of this product with imported shadow masks from foreign competitors, resulting in higher costs and delivery uncertainties associated with purchasing shadow mask imports.

Such increased costs and uncertainty would certainly result in reduced competitiveness of U.S. television picture tube and computer video monitor manufacturers vis—vis foreign manufacturers. Reduced competitiveness could lead to the transfer of existing U.S. manufacturing operations abroad, and/or the closing of U.S. facilities, resulting in the loss of thousands of actual and potential U.S. jobs in the television and computer manufacturing industries.

By Mr. FAIRCLOTH:

S. 1560. A bill to require the Federal banking agencies to make certain certifications to Congress regarding new accounting standards for derivatives before they become effective; to the Committee on Banking, Housing, and Urban Affairs.

THE ACCURATE ACCOUNTING STANDARDS CERTIFICATION ACT OF 1997

Mr. FAIRCLOTH. Mr. President, several times during this session, the Securities Subcommittee of the Senate Banking Committee has held hearings on the issue of the Financial Accounting Standards Board (FASB) accounting standards for derivatives and other instruments.

The hearings have demonstrated that there is great concern in the banking industry, and virtually every industry, about the FASB standards as they are presently written.

In particular, there are concerns that the FASB will finalize these standards

by the end of this year, without re-exposing its draft for further public comment. FASB has received hundreds of comment letters expressing concern about the new standards. Yet, the comments appear to go unheeded. In particular, there is concern in the banking industry that the standards are not taking into account the unique nature of banks. Even Alan Greenspan has taken the unusual step of expressing his concern to the FASB.

The Chairman of the Federal Reserve Board of Governors said in his letter that ''FASB's planned approach would not improve the financial reporting of derivatives activities and would constrain prudent risk management practices.''

Mr. President, I am a strong supporter of Generally Accepted Accounting Princples. I strongly believe that these standards should be set by the private sector. I am concerned, however, that the FASB, a private organization, is working too closely with the SEC, and therefore, is ignoring the concerns raised by bank regulators. In effect, this is not so much a dispute of a private body defying the wishes of an industry—but it is a dispute between two parts of our Government over how best to proceed on accounting for risk on the balance sheet. The FASB appears to be ignoring the concerns of the bank regulators, and by doing so, needlessly complicating disclosure to investors. Investors and analysts right now are fully capable of reviewing the balance sheets of depository institutions and determining who is well run and who is not.

The Securities Subcommittee issued a report this year in which it stated that ''by focusing on derivatives risk exposure in isolation from the risk faced by companies, (the FASB proposals) are prone to present investors a distorted and misleading picture of company conditions and activities.''

In my view, the new standards will throw a wrench into the present accounting rules that will only serve to confuse investors. It is highly ironic that financial institutions, the principal users of accounting information in order to make credit decisions, find the new standards confusing and cumbersome.

For this reason I feel compelled to introduce legislation that would provide the banking regulatory agencies with the authority to reject the standards if they find that the new standards will not accurately reflect assets, liabilities and earnings. Further, the regulators could refuse to adopt the standards if the new rules would serve to diminish the use of the risk management techniques, thus, actually reducing safety and soundness in the operation of an insured depository institution.

I think this is an appropriate solution to this problem. I have great faith that the banking regulators, the primary users of financial information from banks, can make the best determination if these standards are appropriate. Thank you Mr. President.

By Mr. WARNER:

S. 1561. A bill to reform the conduct of Federal elections; to the Committee on Rules and Administration.

THE CONSTITUTIONAL AND EFFECTIVE REFORM OF CAMPAIGNS ACT

Mr. WARNER. Mr. President, today I introduce the Constitutional and Effective Reform of Campaigns Act, or ''CERCA''. This legislation is the product of 2 years of hearings in the Rules Committee, discussions with numerous experts, party officials, and candidates, and nearly two decades of participating in campaigns and campaign finance debates in the Senate. Many of the proposals in this bill have been made in some form by several of my Senate colleagues and by Members of the House, and I readily acknowledge drawing on their expertise. Most particularly, the important discussions during the meetings of this year's task force headed by Senator NICKLES, at the request of Majority Leader LOTT, were invaluable.

This legislation offers an opportunity for bipartisan support. It is a good faith effort to strike a middle ground between those who believe public financing of campaigns is the solution, and those who believe the solution is to remove current regulations. It offers a package of proposals which realistically can be achieved with bipartisan support and meet the desire of the majority of Americans who believe that our present system can be reformed. In my judgment, we will not succeed with any measure of campaign reform in this complicated field without a bipartisan consensus.

In drafting this legislation, I began with four premises. First, all provisions had to be consistent with the First Amendment: Congress would be acting in bad faith to adopt provisions which have a likelihood of being struck down by the federal courts. Second, I oppose public financing and mandating ''free'' or reduced-cost media time which in my mind is neither free nor a good policy idea. Why should seekers of federal office get free time, while candidates for state office or local office—from governors to local sheriffs—do not receive comparable free benefits? Such an inequity and imbalance will breed friction between federal and state office seekers. Third, I believe we should try to increase the role of citizens and the political parties. Fourth, any framework of campaign reform legislation must respect and protect the constitutional right of individuals, groups, and organizations to participate in advocacy concerning political issues.

This bill is designed to be a ''bilateral disarmament'' on the tough issues of soft money and union dues: each side must give up equivalent ground. The Republicans should give ground by placing a cap on soft money which has tended to favor our side. And Democrats should give ground by allowing union members to decide voluntarily for themselves whether to contribute the portion of dues which goes to political contributions or activities.

Specifically, on the issue of soft money, no reform can be considered true reform without placing limits on the corporate and union donations to the national political parties. This bill places a $100,000 cap on such donations. While this provision addresses the public's legitimate concern over the propriety of these large donations, it allows the political parties sufficient funds to maintain their headquarters and conduct their grassroots efforts. In addition, the current limits on ''hard'' contributions must be updated. The ability of citizens to contribute voluntarily to a wide range of candidates and to their parties is fundamental.

At the same time, the practice of mandatory union dues going to partisan politics without union members' consent must end: it is counter to all the political freedoms that make America a true democracy. The concept of ''paycheck protection'' must be included in any campaign finance reform, so that these deductions are voluntary, whether these dues fund direct contributions to candidates or parties, or pay for undisclosed spending on phone banks, get-out-the-vote efforts, literature, and television ads.

Under this legislation, unions would be required to obtain advance, written consent before deducting money for political activities from union members' paychecks. The present state of the law requires most union workers to give up their rights to participate in the union if they seek refunds of that portion of dues going to politics. In addition, this section would strengthen the reporting requirements for unions engaged in political activities and enhance an aggrieved union member's right to challenge a union's determination of the portion of dues going to political activities.

In the Senate debates thus far, there has been much discussion about whether corporations should be required to obtain shareholder approval to make political contributions. This is an issue which warrants consideration. My proposal not only limits these corporate and union contributions to $100,000, it also includes a requirement that companies disclose their donations to federal political parties in their annual reports. And under current policies of the Securities and Exchange Commission, shareholders have the same rights to make recommendations to boards of directors on the propriety of political donations as they do on any business issue related to the company.

In addition, the SEC is in the process of making it easier for shareholders to raise questions related to social policy matters at annual meetings. I am monitoring how these changes are implemented: if they are insufficient to guarantee adequate rights to shareholders, I will consider amending my bill to protect these rights.

As an aside, I reject the notion that the status of union members is similar to those who belong to groups such as the National Rifle Association or the

Sierra Club. Nobody is compelled to join these types of organizations, and those that do, know or should know that their dues are going in part to political causes.

Furthermore, I considered including in this bill a narrowly-tailored disclosure requirement for individuals and groups spending large sums on public advertising affecting the public image of candidates during election seasons. However, in keeping with my first basic premise that reforms must pass the federal court test of constitutionality, I concluded that such a provision, in view of a long line of Supreme Court cases, likely would be declared unconstitutional, and thus I did not include the provision.

The McCain-Feingold bill was thoroughly debated in the Senate, and any objective observor of the Senate would agree that we are genuinely deadlocked. This body needs to move beyond the debate of McCain-Feingold. I hope that all Members will review my bill as an objective and pragmatic approach to current problems with our campaign system. I encourage other Members to come forward, as I have, with proposals which objectively represent pragmatic approaches to what can be achieved. I do not claim to have the only solution: those with other ideas should come forward.

In addition to the issues of soft money and union dues discussed above, nine other fundamental problems—all of which can be solved in a constitutional manner—are the most pressing. Here are these problems, in no particular order, and my proposed solutions:

Problem 1: Politicians spend too much time fundraising, at the expense of their legislative duties for incumbents, and, for both incumbents and challengers, at the expense of debating the issues with voters.

Solution: The current individual contribution limit of $1,000 has not been raised, or even indexed for inflation, for over 20 years. This fact requires that candidates must spend more and more time seeking more and more donors. The limit should be doubled, as well as indexed for inflation.

Problem 2: The influence of voters on campaigns has been diminished by the activities of political action committees and interest groups.

Solutions: I propose a $100 tax credit for contributions made by citizens, with incomes under specified levels, to Senate and House candidates in their states: this credit should spark an influx of small dollar contributions to balance the greater ability of citizens with higher incomes to participate.

In addition, the increased individual contribution limit should balance the activities of political action committees.

Problem 3: The influence of voters on campaigns has been diminished by contributions from those not eligible to vote.

Solution: If you are not eligible to vote, you should not contribute to campaigns. My bill would prohibit contributions by those ineligible to vote, including non-citizens, children, and persons under felony convictions. It also codifies current regulations concerning political donations by domestic subsidiaries of foreign companies.

Problem 4: Compared to incumbents, challengers face greater difficulties raising funds and communicating with voters, particularly at the outset of a campaign.

Solutions: This legislation will allow candidates to receive ''seed money'' contributions of up to $10,000 from individuals and political action committees. This provision should help get candidacies off the ground. The total amount of these ''seed money'' contributions could not exceed $100,000 for House candidates or $300,000 for Senate candidates. To meet the constitutional test, this provision would apply to both challengers and incumbents alike, but in the case of an incumbent with money carried over from a prior cycle, those funds would count against the seed money limit.

Second, Senate incumbents would be barred from using the franking privilege to send out mass mailings during the election year, rather than the sixty day ban in current law.

Problem 5: Candidates with personal wealth have a distinct advantage through their constitutional right to spend their own funds.

Solution: If a candidate spends more than $25,000 of his or her own money, the individual contribution limits would be raised to $10,000 so that candidates could raise money to counter that personal spending. Again, to meet constitutional review, this provision would apply to all candidates.

Problem 6: Current laws prohibiting fundraising activities on federal property are weak and insufficient.

Solution: The current ban on fundraising on federal property was written before the law created such terms as ''hard'' and ''soft'' money. This bill updates this law to require that no fundraising take place on federal property.

Problem 7: Reporting requirements and public access to disclosure statements are weak and inadequate.

Solutions: Under this proposal, the FEC would be required to post reports on the Internet for all to see, and to require that candidates, and groups making independent expenditures, make faster and more complete reports. In addition, registered lobbyists would be required to report their campaign contributions and those of their employer on their lobbyist disclosure reports.

Problem 8: The Federal Election Commission is in need of procedural and substantive reform.

Solutions: This legislation contains a number of procedural and substantive reforms of the FEC, including term limits for commissioners, and increases in penalties for serious violations.

Problem 9: The safeguards designed to protect the integrity of our elections are compromised by weak aspects of federal laws regulating voter registration and voting.

Solutions: The investigations of contested elections in Louisiana and California have shown significant weaknesses in federal laws designed to safeguard the registration and voting processes. The requirement that states allow registration by mail has undermined confidence that only qualified voters are registering to vote and only registering once: states should be allowed to decide whether to allow mail-in registrations. In addition, states should be allowed to require proof of citizenship when registering and proof of identification when voting: we require a photo ID to buy beer or cigarettes and can certainly allow states to protect the voting process by requiring a photo ID. Lastly, this bill would allow states to purge inactive voters and to allow state law to govern whether voters who move without re-registering should be allowed to vote.

These are the problems which I believe can be solved in a bipartisan fashion. Attached to this statement is a section by section review of the legislation. I look forward to working with my colleagues to enact meaningful campaign reform, by looking at reform beyond the usual soundbites and addressing the real problems with our present system of campaigns.

Mr. President, I ask unanimous consent that the text of the bill summary be printed in the RECORD.

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

CONSTITUTIONAL AND EFFECTIVE REFORM OF CAMPAIGNS ACT—SECTION-BY-SECTION

TITLE I—ENHANCEMENT OF CITIZEN INVOLVEMENT

Section 101.—Prohibits those ineligible to vote (non-citizens, minors, felons) from making contributions (''hard money'') or donations (''soft money''). Also bans foreign aliens making independent expenditures and codifies FEC regulations on foreign control of domestic donations.

Section 102.—Updates maximum individual contribution limit to $2000 per election (primary and general) and indexes both individual and PAC limits in the future.

Section 103.—Provides a tax credit up to $100 for contributions to in-state candidates for Senate and House for incomes up to $60,000 ($200 for joint filers up to $120,000).

TITLE II—LEVELING THE PLAYING FIELD FOR CANDIDATES

Section 201.—Seed money provision: Senate candidates may collect $300,000 and House candidates $100,000 (minus any funds carried over from a prior cycle) in contributions up to $10,000 from individuals and PAC's.

Section 202.—''Anti-millionaires'' provision: when one candidate spends over $25,000 of personal funds, a candidate may accept contributions up to $10,000 from individuals and PAC's up to the amount of personal spending minus a candidate's funds carried over from a prior cycle and own use of personal funds.

Section 203.—Bans use of Senate frank for mass mailings from January 1 to election day for incumbents seeking reelection.

TITLE III—VOLUNTARINESS OF POLITICAL CONTRIBUTIONS

Section 301.—Union dues provision: Labor organizations must obtain prior, written authorization for portion of dues or fees not to be used for representation: Establishes civil action for aggrieved employee. Requires employers to post notice of rights. Amends reporting statute to require better disclosure of expenses unrelated to representation.

Section 302.—Corporations must disclose soft money donations in annual reports.

TITLE IV—ELIMINATION OF CAMPAIGN EXCESSES

Section 410.—Adds soft money donations to present ban on fundraising on federal property and to other criminal statutes.

Section 402.—Hard money contributions or soft money donations over $500 which a political committee intends to return because of illegality must be transferred to the FEC and may be given to the Treasury as part of a civil or criminal action.

Section 403.—''Soft'' and ''hard'' money provisions. Soft money cap: no national party, congressional committee or senatorial committee shall accept donations from any source exceeding $100,000 per year. Hard money increases: limit raised from $25,000 to $50,000 per individual per year with no sublimit to party committees.

Section 404.—Codifies FEC regulations banning conversion of campaign funds to personal use.

TITLE V—ENHANCED DISCLOSURE

Section 501.—Additional reporting requirements for candidates: weekly reports for last month of general election, 24-hour disclosure of large contributions extended to 90 days before election, and end of ''best efforts'' waiver for failure to obtain occupation of contributors over $200.

Section 502.—FEC shall make reports filed available on the Internet.

Section 503.—24-hour disclosure of independent expenditures over $1,000 in last 20 days before election, and of those over $10,000 made anytime.

Section 504.—Registered lobbyists shall include their own contributions and soft money donations and those of their employers and the employers' coordinated PAC's on lobbyist disclosure forms.

TITLE VI—FEDERAL ELECTION COMMISSION REFORM

Section 601.—FEC shall develop and provide, at no cost, software to file reports, and shall issue regulations mandating electronic filing and allowing for filing by fax.

Section 602.—Limits commissioners to one term of eight years.

Section 603.—Increases penalties for knowing and willful violations to greater of $15,000 or 300 percent of the contribution or expenditure.

Section 604.—Requires that FEC create a schedule of penalties for minor reporting violations.

Section 605.—Establishes availability of oral arguments at FEC when requested and two commissioners agree. Also requires that FEC create index of Commission actions.

Section 606.—Changes reporting cycle for committees to election cycle rather than calendar year.

Section 607.—Classifies FEC general counsel and executive director as presidential appointments requiring Senate confirmation.

TITLE VII—IMPROVEMENTS TO NATIONAL VOTER REGISTRATION ACT

Section 701.—Repeals requirement that states allow registration by mail.

Section 702.—Requires that registrants for federal elections provide social security number and proof of citizenship.

Section 703.—Provides states the option of removing registrants from eligible list of federal voters who have not voted in two federal elections and did not respond to postcard.

Section 704.—Allows states to require photo ID at the polls.

Section 705.—Repeals requirement that states allow people to change their registration at the polls and still vote.

By Mr. BAUCUS:

S. 1562. A bill to authorize an exchange of land between the Secretary of Agriculture and Secretary of the Interior and Big Sky Lumber Co; to the Committee on Energy and Natural Resources.

THE GALLATIN RANGE CONSOLIDATION COMPLETION ACT OF 1997

Mr. BAUCUS. Mr. President, I rise today to introduce an important piece of legislation for Montana. This bill is titled ''the Gallatin Range Consolidation Completion Act of 1997.''

Mr. President, this legislation is similar to a bill introduced earlier today by my colleague from Montana. While I am glad he has at last staked out a public position in favor of this exchange, I believe his approach is too little, too early. So I am introducing a bill which more accurately reflects where discussions on this exchange have progressed since Senator BURNS' earlier involvement.

Completing the Gallatin Land Exchange is a top priority for me. The land considered in this legislation is key wildlife habitat and is among some of the most beautiful anywhere. When completed, this exchange will result in improved habitat and will improve recreation opportunities in the region. But, as with many land exchanges this will not be a simple process.

The company involved, Big Sky Lumber has been pursuing this matter for nearly 4 years. The Forest Service has collected public comment and has worked to see that concerns of all parties affected, the recreation interests, conservation groups, homeowners, and the business owners are all addressed. I have been working with these groups drafting legislation with the help of the Forest Service.

I was surprised that Senator BURNS introduced a draft bill today without notice. Contrary to an agreement among the State's congressional delegation that no bill be introduced until we reached agreement among ourselves and with other interested groups. The bill I am introducing today is an updated version of the earlier draft I gave to Senator BURNS for his review. I look forward to working with Senator BURNS and all interested parties to get this process back on track so that we can pass a fair and balanced bill soon after we convene the next session of Congress.

Over the next 2 months, my staff and I will be meeting with people about this exchange. My goal is to prepare a consensus bill that can be introduced by the entire Montana delegation when Congress convenes come January. Soon after the introduction of that consensus bill, I will hold public hearings in the state to hear what people think about our efforts. I am hopeful that in the future the entire Montana delegation will work together to protect the Taylor Fork and other important Montana lands in the Gallatin.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1562

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Gallatin Land Consolidation Act of 1998''.

SEC. 2. FINDINGS.

Congress finds that—

(1) the land north of Yellowstone National Park possesses outstanding natural characteristics and wildlife habitats that would make the land a highly valuable addition to the National Forest System;

(2) it is in the interest of the United States for the Secretary of Agriculture to enter into an Option Agreement for the acquisition of land owned by Big Sky Lumber Co.; and

(3) it is in the interest of the United States to—

(A) establish a logical and effective ownership pattern for the Gallatin National Forest, substantially reducing long-term costs for taxpayers; and

(B) consolidate the Gallatin National Forest in a manner that will enable the public to have access to and enjoy the many recreational uses of the land.

SEC. 3. DEFINITIONS.

In this Act:

(1) BSL.—The term ''BSL'' means Big Sky Lumber Co., an Oregon joint venture, and its successors and assigns, and any other entities having a property interest in the BSL land.

(2) BSL LAND.—The term ''BSL land'' means the up to approximately 55,000 acres of land owned by BSL that is to be acquired by the Secretary of Agriculture, as depicted in Exhibit A to the Option Agreement.

(3) EXCHANGE AGREEMENT.—The term ''Exchange Agreement'' means the agreement entered into between BSL and the Secretary of Agriculture under section 4(e).

(4) OPTION AGREEMENT.—The term ''Option Agreement'' means the agreement dated _____ and entitled ''Option Agreement for the Acquisition of Big Sky Lumber Co. Lands Pursuant to the Gallatin Range Consolidation and Protection Act of 1993'' and the exhibits and maps attached to the agreement.

SEC. 4. GALLATIN LAND CONSOLIDATION COMPLETION.

(a) IN GENERAL.—If BSL offers fee title to the BSL land, including mineral interests, that is acceptable to the United States—

(1) the Secretary of Agriculture shall accept a warranty deed to the BSL land;

(2) the Secretary of Agriculture shall convey to BSL, subject to valid existing rights and to such other terms, conditions, reservations, and exceptions as may be agreed on by the Secretary of Agriculture and BSL, fee title to up to approximately 25,000 acres of National Forest System land and appurtenances thereto as depicted in Exhibit B to the Option Agreement;

(3) the Secretary of Agriculture shall grant to BSL timber harvest rights to up to approximately 50,000,000 board feet of timber in accordance with subsection (c) and as described in Exhibit C to the Option Agreement;

(4) subject to availability of funds, the Secretary of Agriculture shall purchase land belonging to BSL in the Taylor Fork area, as depicted in Exhibit D, at a purchase price of not more than $6,500,000; and

(5) the Secretary of the Interior shall convey to BSL, by patent or otherwise, subject to valid existing rights and to such other terms, conditions, reservations, and exceptions as may be agreed to by the Secretary of the Interior and BSL, fee title to approximately 1,860 acres of Bureau of Land Management land, as depicted in Exhibit B to the Option Agreement.

(b) VALUATION.—The property and other assets exchanged by BSL and the United States under subsection (a) shall be approximately equal in value, as determined by the Secretary of Agriculture.

(c) TIMBER HARVEST RIGHTS.—

(1) IN GENERAL.—The Secretary of Agriculture shall prepare, grant to BSL, and administer the timber harvest rights identified in Exhibit C to the Option Agreement, over a period of 5 consecutive years after the date of enactment of this Act.

(2) ENTIRE TIMBER SALE PROGRAM OF THE GALLATIN NATIONAL FOREST.—Timber harvest volume shall constitute the timber sale program for the Gallatin National Forest for that 5-year period.

(3) SUBSTITUTION.—If exceptional circumstances, such as natural catastrophe, changes in law or policy, or extraordinary environmental or financial circumstances prevent the Secretary of Agriculture from conveying the timber harvest rights identified in Exhibit C to the Option Agreement, the Secretary of Agriculture shall replace the value of the diminished harvest rights by—

(A) substituting equivalent timber harvest rights volume from the same market area;

(B) conveying national forest lands containing merchantable timber within the Gallatin National Forest; or

(C) making a payment from funds made available to the Secretary of Agriculture out of the Land and Water Conservation Fund.

(4) PROCEDURES.—

(A) IN GENERAL.—The following procedures shall apply to all national forest timber harvest rights identified for exchange under subsection (a):

(i) IDENTIFICATION OF TIMBER.—The Secretary of Agriculture shall designate Federal timber, as depicted in Exhibit C to the Option Agreement, for exchange to BSL.

(ii) HARVEST SCHEDULE.—The Secretary of Agriculture and BSL shall mutually develop and agree upon schedules for all national forest timber to be conveyed to BSL in the exchange.

(iii) OPEN MARKET.—All timber harvest rights granted to BSL in the exchange shall be offered for sale by BSL through the competitive bid process.

(iv) SMALL BUSINESS.—All timber harvest rights granted to BSL in the exchange shall be subject to compliance by BSL with Forest Service small business program procedures in effect as of the date of enactment of this Act, including contractual provisions for payment schedules, harvest schedules, and bonds.

(v) COMPLIANCE WITH OPTION AND EXCHANGE AGREEMENTS.—All timber harvest rights granted to BSL in the exchange and all timber harvested under the exchange shall comply with the terms of the Option Agreement and the Exchange Agreement.

(B) BINDING EFFECT.—The procedures under subparagraph (A) shall be binding on BSL and its assigns, contractors, and successors in interest.

(d) EXCHANGE AGREEMENT.—

(1) IN GENERAL.—The Secretary of Agriculture shall offer to enter into an Exchange Agreement with BSL that—

(A) describes the non-Federal and Federal land and interests in lands to be exchanged;

(B) identifies the terms, conditions, reservations, exceptions, and rights-of-way conveyances; and

(C) describes the terms for the harvest rights of timber granted under subsection (a)(3).

(2) CONSISTENCY.—The Exchange Agreement shall be consistent with this Act and the Option Agreement.

(3) SUBMISSION TO CONGRESS.—

(A) IN GENERAL.—On completion of the Exchange Agreement, the Secretary of Agriculture shall submit the Exchange Agreement to the Committee on Energy and Natural Resources of the Senate, the Committee on Resources of the House of Representatives, and each member of the Montana congressional delegation; and

(B) DELAYED EFFECTIVENESS.—The Exchange Agreement shall not take effect until 30 days after the date on which the Exchange Agreement is submitted in accordance with subparagraph (A).

(e) RIGHTS-OF-WAY.—As part of the exchange under subsection (a)—

(1) the Secretary of Agriculture, under the authority of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.), shall convey to BSL such easements in or other rights-of-way over National Forest System land as may be agreed to by the Secretary of Agriculture and BSL in the Exchange Agreement; and

(2) BSL shall convey to the United States such easements in or rights-of-way over land owned by BSL as may be agreed to by the Secretary of Agriculture and BSL in the Exchange Agreement.

(f) QUALITY OF TITLE.—

(1) DETERMINATION.—The Secretary of Agriculture shall review the title for the BSL land described in subsection (a) and, within 60 days after receipt of all applicable title documents from BSL, determine whether—

(A) the applicable title standards for Federal land acquisition have been satisfied or the quality of the title is otherwise acceptable to the Secretary of Agriculture;

(B) all draft conveyances and closing documents have been received and approved;

(C) a current title commitment verifying compliance with applicable title standards has been issued to the Secretary of Agriculture; and

(D) except as provided in section 8(b) (i)-(iii) of the Gallatin Range Consolidation and Protection Act of 1993 (107 Stat. 992), the title includes both the surface and subsurface estates without reservation or exception (except by the United States or the State of Montana, by patent) including—

(i) minerals, mineral rights, and mineral interests;

(ii) timber, timber rights, and timber interests;

(iii) water, water rights, and ditch conveyances; and

(iv) any other interest in the property.

(2) CONVEYANCE OF TITLE.—If the quality of title does not meet Federal standards or is otherwise determined to be unacceptable to the Secretary of Agriculture, the Secretary of Agriculture shall advise BSL regarding corrective actions necessary to make an affirmative determination under subparagraph (1).

(g) TIMING OF IMPLEMENTATION.—

(1) EXCHANGE AGREEMENT.—The Exchange Agreement shall be completed and executed not later than 60 days after the date of enactment of this Act.

(2) LAND-FOR-LAND EXCHANGE.—The Secretary of Agriculture shall accept the conveyance of land described in subsection (a) not later than 60 days after the Secretary of Agriculture has entered into the Exchange Agreement and made an affirmative determination of quality of title.

(3) LAND-FOR-TIMBER EXCHANGE.—The Secretary of Agriculture shall make the timber harvest rights described in subsection (a)(3) available over 5 consecutive years following the date of enactment of this Act. Specific procedures for execution of the harvest rights shall be specified in the Exchange Agreement.

(4) PURCHASE.—The Secretary of Agriculture shall complete the purchase of BSL land under subsection (a)(4) not later than 60 days after the date on which appropriated funds are made available and an affirmative determination of quality of title is made with respect to the BSL land.

SEC. 5. GENERAL PROVISIONS.

(a) MINOR CORRECTIONS.—

(1) IN GENERAL.—The Option Agreement and the Exchange Agreement shall be subject to such minor corrections as may be agreed to by the Secretary of Agriculture and BSL.

(2) NOTIFICATION.—The Secretary of Agriculture shall notify the Committee on Energy and Natural Resources of the Senate, the Committee on Resources of the House of Representatives, and each member of the Montana congressional delegation of any changes made pursuant to this subsection.

(b) PUBLIC AVAILABILITY.—The Option Agreement and Exchange Agreement shall be filed with the county clerks for Gallatin County, Park County, Madison County, and Granite County, Montana, and shall be on file and available for public inspection in the appropriate offices of the Forest Service.

(c) STATUS OF LAND.—All land conveyed to the United States under this Act shall be added to and administered as part of the Gallatin National Forest and Deerlodge National Forest, as appropriate, in accordance with the Act of March 1, 1911 (commonly known as the ''Weeks Act'') (36 Stat. 961, chapter 186), and other laws (including regulations) pertaining to the National Forest System.

(d) IMPLEMENTATION.—The Secretary of Agriculture shall ensure that sufficient funds are made available to the Gallatin National Forest to carry out this Act.

By Mr. SMITH of Oregon (for himself, Mr. CRAIG, Mr. GORTON, Mr. ROBERTS and Mr. GRAMS):

S. 1563. A bill to amend the Immigration and Nationality Act to establish a 24-month pilot program permitting certain aliens to be admitted into the United States to provide temporary or seasonal agricultural services pursuant to a labor condition attestation; to the Committee on the Judiciary.

THE TEMPORARY AGRICULTURAL WORKER ACT OF 1997

Mr. SMITH of Oregon. Mr. President, I rise today to introduce the Temporary Agricultural Worker Act of 1997. I am joined by Senators CRAIG, GORTON, and ROBERTS. Our bill would create a streamlined guest worker pilot program which would allow for a reliable supply of legal, temporary, agricultural immigrant workers.

Mr. President, we are facing a crisis in agriculture—a crisis born of an inadequate labor supply, bureaucratic red tape, and burdensome regulations. For many years, farmers and nurserymen

have struggled to hire enough legal agricultural labor to harvest their produce and plants. This issue is not new to Congress. In the past, Congress has introduced legislation to address this urgency, but no workable solution has been implemented. The agriculture industry cannot survive without a reliable and legal supply of agricultural workers. The labor pool is tight and shortages are developing because of the limited domestic workers willing to work in agricultural fields.

The United States has historically been faced with a need to supplement the domestic work force, especially during peak harvesting periods. Since domestic workers prefer the security of full-time employment in year-round agriculture-related jobs, the shorter term seasonal jobs are often left unfilled by domestic workers. These domestic workers also prefer the working conditions involved in packing and processing jobs, which are generally performed indoors and do not involve the degree of strenuous physical labor associated with field work.

Labor intensive agriculture is one of the most rapidly growing areas of agricultural production in this country. Its growth not only creates many production and harvest jobs, but also creates many more jobs outside of agriculture. Approximately three off-farm jobs are directly dependent upon each on-farm job.

Currently, the H–2A program is the only legal temporary foreign agricultural worker program in the United States. This program is not practicable for the agriculture and horticulture industry because it is loaded with burdensome regulations, excessive paperwork, a bureaucratic certification process, untimely and inconsistent decision-making by the U.S. Department of Labor, and costly housing requirements. The H–2A program has also been very small in relation to the total number of U.S. farm workers. It is estimated that out of the 2.5 million farm workers in the United States, only 23,496 H–2A job certifications have been issued by the Department of Labor this year. In my State of Oregon, only 12 sheepshearers and 62 sheepherders are currently using the H–2A program.

It is time we address the shortfalls of current policy, and I believe that our bill is a meaningful step in that direction.

Mr. President, the bill we are introducing today would not replace or interfere with the current H–2A program, but would supplement the H–2A program with a two-year pilot program that examines an alternative approach to recruiting agricultural workers. The pilot program will be limited to 25,000 participants per fiscal year and would protect the domestic workers' rights and living standards.

Mr. President, let me briefly summarize the provisions of our bill.

The bill would establish a procedure by which an agricultural employer anticipating a shortage of temporary or seasonal agricultural workers may file a labor condition statement, or attestation, with the state employment security agency. The attestation would provide specified terms and conditions of employment in the occupation in which a shortage is anticipated. Employers would also be required to file a job order with the local job service and give preference to all qualified U.S. domestic workers.

The Department of Labor would enforce compliance with the labor condition requirements of the program and could impose back pay, civil monetary penalties, and debarment from the program for violators.

The alien guest workers are issued an identification card, which is counterfeit- and tamper-resistant, with biometric identifiers to assure program integrity.

A portion of the alien guest workers' earnings would be paid into an interest-bearing trust fund that would be rebated to the workers upon evidence of timely return to their home country. This would ensure that the aliens return to their countries of origin after the temporary job is completed. The alien guest workers could also be debarred from future participation in the program for violating the conditions of their admission.

Our bill is endorsed by over 50 agriculture-related associations including the National Council of Agricultural Employers, American Farm Bureau, and the American Association of Nurserymen.

I urge my fellow colleagues to join Senators CRAIG, GORTON, ROBERTS, and me as we introduce this important legislation today.

Mr. President, I ask unanimous consent that this legislation be printed in the RECORD.

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Temporary Agricultural Worker Act of 1997''.

SEC. 2. NEW NONIMMIGRANT CATEGORY FOR PILOT PROGRAM TEMPORARY AND SEASONAL AGRICULTURAL WORKERS.

(a) ESTABLISHMENT OF NEW CLASSIFICATION.—Section 101(a)(15)(H)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)(ii)) is amended—

(1) by striking ''or (b)'' and inserting ''(b)''; and

(2) by adding at the end the following:

''or (c) having a residence in a foreign country which he has no intention of abandoning who is coming temporarily to the United States pursuant to section 218A to perform such agricultural labor or services of a temporary or seasonal nature;''.

(b) NO FAMILY MEMBERS PERMITTED.—Section 101(a)(15)(H) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(H)) is amended by striking ''specified in this paragraph'' and inserting ''specified in this subparagraph (other than in clause (ii)(c))''.

SEC. 3. PILOT PROGRAM FOR ALTERNATIVE AGRICULTURAL TEMPORARY WORKER PROCESS USING ATTESTATION.

(a) IN GENERAL.—The Immigration and Nationality Act is amended by inserting after section 218 the following:

''ALTERNATIVE AGRICULTURAL TEMPORARY WORKER PROGRAM

''SEC. 218A. (a) CONDITION FOR EMPLOYMENT OF PILOT PROGRAM ALIENS.—

''(1) ESTABLISHMENT OF PILOT PROGRAM; RESTRICTION OF ADMISSIONS TO PILOT PROGRAM PERIOD.—

''(A) IN GENERAL.—The Attorney General shall establish a pilot program for the admission of aliens classified as a nonimmigrant under section 101(a)(15)(H)(ii)(c) to perform temporary or seasonal agricultural services pursuant to a labor condition attestation filed by an employer or an association for the occupation in which the alien will be employed. No alien may be admitted or provided status as a pilot program alien under this section after the last day of the pilot program period specified in subparagraph (B).

''(B) PILOT PROGRAM PERIOD.—The pilot program period under this subparagraph is the 24-month period beginning 6 months after the date of the enactment of the Temporary Agricultural Worker Act of 1997.

''(2) ADMISSION OF ALIENS.—No alien may be admitted to the United States or provided status as a pilot program alien (as defined in subsection (n)(4)) unless—

''(A) the employment of the alien is covered by a currently valid labor condition attestation which—

''(i) is filed by the employer, or by an association on behalf of the employer, for the occupation in which the alien will be employed;

''(ii) has been accepted by the State employment security agency having jurisdiction over the area of intended employment; and

''(iii) states each of the items described in paragraph (2) and includes information identifying the employer or association and agricultural job opportunities involved;

''(B) the employer is not disqualified from employing pilot program aliens pursuant to subsection (h); and

''(C) the employer has not, during the pilot program period, been found by the Attorney General to have employed any aliens in violation of section 274A(a) or this section.

''(3) CONTENTS OF LABOR CONDITION ATTESTATION.—Each labor condition attestation filed by or on behalf of, an employer shall state the following:

''(A) WAGE RATE.—The employer will pay pilot program aliens and all other workers in the occupation not less than the prevailing wage for similarly employed workers in the area of employment, and not less than the applicable Federal, State or local statutory minimum wage.

''(B) WORKING CONDITIONS.—The employment of pilot program aliens will not adversely affect the working conditions of similarly employed workers in the area of employment.

''(C) LIMITATION ON EMPLOYMENT.—A pilot program alien will not be employed in any job opportunity which is not temporary or seasonal, and will not be employed by the employer in any job opportunity for more than 10 months in any 12-consecutive-month period.

''(D) NO LABOR DISPUTE.—No pilot program alien will be employed in any job opportunity which is vacant because its former occupant is involved in a strike, lockout or work stoppage in the course of a labor dispute in the occupation at the place of employment.

''(E) NOTICE.—The employer, at the time of filing the attestation, has provided notice of the attestation to its workers employed in the occupation in which, and at the place of employment where, pilot program aliens will be employed.

''(F) JOB ORDERS.—The employer will file one or more job orders for the occupation (or occupations) covered by the attestation with the State employment security agency no later than the day on which the employer first employs any pilot program aliens in the occupation.

''(G) PREFERENCE TO DOMESTIC WORKERS.—The employer will give preference to able, willing and qualified United States workers who apply to the employer and are available at the time and place needed, for the first 25 days after the filing of the job order in an occupation or until 5 days before the date employment of workers in the occupation begins, whichever occurs later.

''(4) LIMITATION ON NUMBER OF VISAS.—In no case may the number of aliens who are admitted or provided status as a pilot program alien in a fiscal year exceed 25,000.

''(5) OPERATION OF PROGRAM IN NOT LESS THAN 5 AREAS.—Alien admissions under this section shall be allocated equally to employers in not less than 5 geographically and agriculturally diverse areas designated by the Secretary of Agriculture. The entire United States shall be encompassed within such areas.

''(6) GENERAL ACCOUNTING OFFICE REPORT.—

''(A) IN GENERAL.—The Comptroller General of the United States shall, concurrently with the operation of the pilot program established by this section, review the implementation and enforcement of the pilot program for the purpose of determining if—

''(i) the program has ensured an adequate and timely supply of qualified, eligible workers at the time and place needed for employers;

''(ii) the program has ensured that pilot program aliens are employed only in authorized employment and that they timely depart the United States when their authorized stay ends;

''(iii) the program has ensured that implementation of the program is not displacing United States agricultural workers or diminishing the terms and conditions of employment of United States agricultural workers; and

''(iv) an unnecessary regulatory burden has been created for employers hiring workers admitted under this section.

''(B) REPORT.—Not later than 90 days after the termination of the pilot program established by this section, the Comptroller General of the United States shall submit a report to Congress setting forth the conclusions of the Comptroller General from the review conducted under subparagraph (A).

''(b) FILING A LABOR CONDITION ATTESTATION.—

''(1) FILING BY EMPLOYERS—Any employer in the United States is eligible to file a labor condition attestation.

''(2) FILING BY ASSOCIATIONS ON BEHALF OF EMPLOYER MEMBERS.—An agricultural association may file a labor condition attestation as an agent on behalf of its members. Such an attestation filed by an agricultural association acting as an agent for its members, when accepted, shall apply to those employer members of the association that the association certifies to the State employment security agency are members of the association and have agreed in writing to comply with the requirements of this section.

''(3) PERIOD OF VALIDITY.—A labor condition attestation is valid from the date on which it is accepted by the State employment security agency for the period of time requested by the employer, but not to exceed 12 months.

''(4) WHERE TO FILE.—A labor condition attestation shall be filed with the State employment security agency having jurisdiction over the area of intended employment of the workers covered by the attestation. If an employer, or the members of an association of employers, will be employing workers in an area or areas covered by more than one such agency, the attestation shall be filed with each such agency having jurisdiction over an area where the workers will be employed.

''(5) DEADLINE FOR FILING.—A labor condition attestation may be filed at any time up to 12 months prior to the date of the employer's anticipated need for workers in the occupation (or occupations) covered by the attestation.

''(6) FILING FOR MULTIPLE OCCUPATIONS.—A labor condition attestation may be filed for one or more occupations and cover one or more periods of employment.

''(7) MAINTAINING REQUIRED DOCUMENTATION.—

''(A) BY EMPLOYERS.—Each employer covered by an accepted labor condition attestation must maintain a file of the documentation required in subsection (c) for each occupation included in an accepted attestation covering the employer. The documentation shall be retained for a period of one year following the expiration of an accepted attestation. The employer shall make the documentation available to representatives of the Secretary during normal business hours.

''(B) BY ASSOCIATIONS.—In complying with subparagraph (A), documentation maintained by an association filing a labor condition attestation on behalf of an employer shall be deemed to be maintained by the employer.

''(8) WITHDRAWAL.—

''(A) COMPLIANCE WITH ATTESTATION OBLIGATIONS.—An employer covered by an accepted labor condition attestation for an occupation shall comply with the terms and conditions of the attestation from the date the attestation is accepted and continuing throughout the period any persons are employed in an occupation covered by such an accepted attestation, whether or not pilot program aliens are employed in the occupation, unless the attestation is withdrawn.

''(B) TERMINATION OF OBLIGATIONS.—An employer may withdraw a labor condition attestation in total, or with respect to a particular occupation covered by the attestation. An association may withdraw such an attestation with respect to one or more of its members. To withdraw an attestation the employer or association must notify in writing the State employment security agency office with which the attestation was filed of the withdrawal of the attestation. An employer who withdraws an attestation, or on whose behalf an attestation is withdrawn by an association, is relieved of the obligations undertaken in the attestation with respect to the occupation (or occupations) with respect to which the attestation was withdrawn, upon acknowledgement by the appropriate State employment security agency of receipt of the withdrawal notice. An attestation may not be withdrawn with respect to any occupation while any pilot program alien covered by that attestation is employed in the occupation.

''(C) OBLIGATIONS UNDER OTHER STATUTES.—Any obligation incurred by the employer under any other law or regulation as a result of recruitment of United States workers under an offer of terms and conditions of employment required by the pilot program under this section is unaffected by withdrawal of a labor condition attestation.

''(c) EMPLOYER RESPONSIBILITIES AND REQUIREMENTS FOR EMPLOYING PILOT PROGRAM ALIENS.—

''(1) REQUIREMENT TO PAY THE PREVAILING WAGE.—

''(A) EFFECT OF THE ATTESTATION.—Employers shall pay each worker in an occupation covered by an accepted labor condition attestation at least the prevailing wage in the occupation in the area of intended employment. The preceding sentence does not require employers to pay all workers in the occupation the same wage. The employer may, in the sole discretion of the employer, maintain pay differentials based on experience, tenure with the employer, skill, or any other work-related factor, if the differential is not based on a criterion for which discrimination is prohibited by the law and all workers in the covered occupation receive at least the prevailing wage.

''(B) PAYMENT OF STATE EMPLOYMENT SECURITY AGENCY DETERMINED WAGE SUFFICIENT.—The employer may request and obtain a prevailing wage determination from the State employment security agency. If the employer requests such a determination, and pays the wage determined, such payment shall be considered sufficient to meet the requirement of this paragraph if the pilot program aliens—

''(i) are employed in the occupation for which the employer possesses an accepted labor condition attestation, and for which the employer or association possesses a prevailing wage determination by the State employment security agency, and

''(ii) are being paid at least the prevailing wage so determined.

''(C) RELIANCE ON WAGE SURVEY.—In lieu of the procedures of subparagraph (B), an employer may rely on other information, such as an employer generated prevailing wage survey and determination, which meets criteria specified by the Secretary by regulation. In the event of a complaint that the employer has failed to pay the required wage, the Secretary shall investigate to determine if the information upon which the employer relied complied with the criteria for prevailing wage determinations.

''(D) ALTERNATE METHODS OF PAYMENT PERMITTED.—

''(i) IN GENERAL.—A prevailing wage may be expressed as an hourly wage, a piece rate, a task rate (described in clause (ii)), or other incentive pay system, including a group rate (described in clause (iii)). The requirement to pay at least the prevailing wage in the occupation and area of intended employment does not require an employer to pay by the method of pay in which the prevailing rate is expressed. However, if the employer adopts a method of pay other than the prevailing rate, the burden of proof is on the employer to demonstrate that the employer's method of pay is designed to produce earnings equivalent to the earnings that would result from payment of the prevailing rate.

''(ii) TASK RATE.—For purposes of this subparagraph, a task rate is an incentive payment based on a unit of work performed such that the incentive rate varies with the level of effort required to perform individual units of work.

''(iii) GROUP RATE.—For purposes of this subparagraph, a group rate is an incentive payment system in which the payment is shared among a group of workers working together to perform the task.

''(E) REQUIRED DOCUMENTATION.—The employer or association shall document compliance with this paragraph by retaining on file the employer or association's request for a determination by a State employment security agency and the prevailing wage determination received from such agency or other

information upon which the employer or association relied to assure compliance with the prevailing wage requirement.

''(2) REQUIREMENT TO PROVIDE HOUSING AND TRANSPORTATION.—

''(A) EFFECT OF THE ATTESTATION.—The employment of pilot program aliens shall not adversely affect the working conditions of United States workers similarly employed in the area of intended employment. The employer's obligation not to adversely affect working conditions shall continue for the duration of the period of employment by the employer of any pilot program aliens in the occupation and area of intended employment. An employer will be deemed to be in compliance with this attestation if the employer offers at least the benefits required by subparagraphs (B) through (D). The previous sentence does not require an employer to offer more than such benefits.

''(B) HOUSING REQUIRED.—

''(i) HOUSING OFFER.—The employer must offer to pilot program aliens and United States workers recruited from beyond normal recruiting distance housing, or a housing allowance, if it is prevailing practice in the occupation and area of intended employment to offer housing or a housing allowance to workers who are recruited from beyond normal commuting distance.

''(ii) HOUSING STANDARDS.—If the employer offers housing to such workers, the housing shall meet (at the option of the employer) applicable Federal farm labor housing standards or applicable local or State standards for rental, public accommodation, or other substantially similar class of habitation.

''(iii) CHARGES FOR HOUSING.—An employer who offers housing to such workers may charge an amount equal to the fair market value (but not greater than the employer's actual cost) for utilities and maintenance, or such lesser amount as permitted by law.

''(iv) HOUSING ALLOWANCE AS ALTERNATIVE.—In lieu of offering housing to such workers, at the employer's sole discretion on an individual basis, the employer may provide a reasonable housing allowance. An employer who offers a housing allowance to such a worker under this subparagraph shall not be deemed to be a housing provider under section 203 of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1823) merely by virtue of providing such housing allowance.

''(v) SECURITY DEPOSIT.—The requirement, if any, to offer housing to such a worker under this subparagraph shall not preclude an employer from requiring a reasonable deposit to protect against gross negligence or willful destruction of property, as a condition for providing such housing.

''(vi) DAMAGES.—An employer who offers housing to such a worker shall not be precluded from requiring a worker found to have been responsible for damage to such housing which is not the result of normal wear and tear related to habitation to reimburse the employer for the reasonable cost of repair of such damage.

''(C) TRANSPORTATION.—If the employer provides transportation arrangements or assistance to pilot program aliens, the employer must offer to provide the same transportation arrangements or assistance (generally comparable in expense and scope) for other individuals employed by the employer in the occupation at the place of employment who were recruited from beyond normal commuting distance.

''(D) WORKERS' COMPENSATION.—If the employment covered by a labor condition attestation is not covered by the State workers' compensation law, the employer must provide, at no cost to the worker, insurance covering injury and disease arising out of and in the course of the workers' employment which will provide benefits at least equal to those provided under the State workers' compensation law for comparable employment.

''(E) REQUIRED DOCUMENTATION.—

''(i) HOUSING AND TRANSPORTATION.—No specific documentation is required to be maintained to evidence compliance with the requirements of subparagraphs (B) and (C). In the event of a complaint alleging a failure to comply with such a requirement, the burden of proof shall be on the employer to show that the employer offered the required benefit to the complainant, or that the employer was not required by the terms of this paragraph to offer such benefit to the complainant.

''(ii) WORKERS' COMPENSATION.—The employer shall maintain copies of certificates of insurance evidencing compliance with subparagraph (D) throughout the period of validity of the labor condition attestation.

''(3) REQUIREMENT TO EMPLOY ALIENS IN TEMPORARY OR SEASONAL AGRICULTURAL JOB OPPORTUNITIES.—

''(A) LIMITATIONS.—

''(i) IN GENERAL.—The employer may employ pilot program aliens only in agricultural employment which is temporary or seasonal.

''(ii) SEASONAL BASIS.—For purposes of this section, labor is performed on a seasonal basis where, ordinarily, the employment pertains to or is of the kind exclusively performed at certain seasons or periods of the year and which, from its nature, may not be continuous or carried on throughout the year.

''(iii) TEMPORARY BASIS.—For purposes of this section, a worker is employed on a temporary basis where the employment is intended not to exceed 10 months.

''(B) REQUIRED DOCUMENTATION.—No specific documentation is required to demonstrate compliance with the requirement of subparagraph (A). In the event of a complaint, the burden of proof shall fall on the employer to show that the employment meets such requirement.

''(4) REQUIREMENT NOT TO EMPLOY ALIENS IN JOB OPPORTUNITIES VACANT BECAUSE OF A LABOR DISPUTE.—

''(A) IN GENERAL.—No pilot program alien may be employed in any job opportunity which is vacant because its former occupant is involved in a strike, lockout, or work stoppage in the course of a labor dispute in the occupation at the place of employment.

''(B) REQUIRED DOCUMENTATION.—No specific documentation is required to demonstrate compliance with the requirement of subparagraph (A). In the event of a complaint, the burden of proof shall fall on the employer to show that the job opportunity in which the pilot program alien was employed was not vacant because the former occupant was on strike, locked out, or participating in a work stoppage in the course of a labor dispute in the occupation at the place of employment.

''(5) NOTICE OF FILING OF LABOR CONDITION ATTESTATION AND SUPPORTING DOCUMENTATION.—

''(A) IN GENERAL.—The employer shall—

''(i) provide notice of the filing of a labor condition attestation to the appropriate certified bargaining agent (if any) which represents workers of the employer in the occupation (or occupations) at the place of employment covered by the attestation; or

''(ii) in the case where no such bargaining agent exists, post notice of the filing of such an attestation in at least two conspicuous locations where applications for employment are accepted.

''(B) PERIOD FOR POSTING.—The requirement for a posting under subparagraph (A)(ii) begins on the day the attestation is filed, and continues through the period during which the employer's job order is required to remain active pursuant to paragraph (6)(A).

''(C) REQUIRED DOCUMENTATION.—The employer shall maintain a copy of the notice provided to the bargaining agent (if any), together with evidence that the notice was provided (such as a signed receipt of evidence of attempt to send the notice by certified or registered mail). In the case where no certified bargaining agent described in subparagraph (A)(i) exists, the employer shall retain a copy of the posted notice, together with information as to the dates and locations where the notice was displayed.

''(6) REQUIREMENT TO FILE A JOB ORDER.—

''(A) EFFECT OF THE ATTESTATION.—The employer, or an association acting as agent for its members, shall file the information necessary to complete a local job order for each occupation covered by an accepted labor condition attestation with the appropriate local office of the State employment security agency having jurisdiction over the area of intended employment, or with the State office of such an agency if workers will be employed in an area within the jurisdiction of more than one local office of such an agency. The job orders shall remain on file for 25 calendar days or until 5 calendar days before the anticipated date of need for workers in the occupation covered by the job order, whichever occurs later. The job order shall provide at least the minimum terms and conditions of employment required for participation in the pilot program.

''(B) DEADLINE FOR FILING.—A job order shall be filed under subparagraph (A) no later than the date on which the employer files a petition with the Attorney General for admission or extension of stay for aliens to be employed in the occupation for which the order is filed.

''(C) REQUIRED DOCUMENTATION.—The office of the State employment security agency which the employer or association provides with information necessary to file a local job order shall provide the employer with evidence that the information was provided in a timely manner as required by this paragraph, and the employer or association shall retain such evidence for each occupation in which pilot program aliens are employed.

''(7) REQUIREMENT TO GIVE PREFERENCE TO QUALIFIED UNITED STATES WORKERS.—

''(A) FILING 30 DAYS OR MORE BEFORE DATE OF NEED.—If a job order is filed 30 days or more before the anticipated date of need for workers in an occupation covered by a labor condition attestation and for which the job order has been filed, the employer shall offer to employ able, willing, and qualified United States workers who apply to the employer and who will be available at the time and place needed for the job opportunities covered by the attestation until 5 calendar days before the anticipated date of need for workers in the occupation, or until the employer's job opportunities in the occupation are filled with qualified United States workers, if that occurs more than 5 days before the anticipated date of need for workers in the occupation.

''(B) FILING FEWER THAN 30 DAYS BEFORE DATE OF NEED.—If a job order is filed fewer than 30 days before the anticipated date of need for workers in an occupation covered by such an attestation and for which a job order has been filed, the employer shall offer to employ able, willing, and qualified United States workers who are or will be available at the time and place needed during the first 25 days after the job order is filed or until the employer's job opportunities in the occupation are filled with United States workers,

regardless of whether any of the job opportunities may already be occupied by pilot program aliens.

''(C) FILING VACANCIES.—An employer may fill a job opportunity in an occupation covered by an accepted labor condition attestation which remains or becomes vacant after expiration of the required preference period specified in subparagraph (A) or (B) of paragraph (6) without regard to such preference.

''(D) JOB-RELATED REQUIREMENTS.—No employer shall be required to initially employ a worker who fails to meet lawful job-related employment criteria, nor to continue the employment of a worker who fails to meet lawful job-related standards of conduct and performance, including failure to meet minimum productivity standards after a 3-day break-in period.

''(E) REQUIRED DOCUMENTATION.—No specific documentation is required to demonstrate compliance with the requirements of this paragraph. In the event of a complaint, the burden of proof shall be on the complainant to show that the complainant applied for the job and was available at the time and place needed. If the complainant makes such a showing, the burden of proof shall be on the employer to show that the complainant was not qualified or that the preference period had expired.

''(d) REQUIREMENTS OF NOTICE OF CERTAIN BREAKS IN EMPLOYMENT.—

''(1) IN GENERAL.—The employer (or the association acting as agent for the employer) shall notify the Attorney General within 7 days if a pilot program alien prematurely abandons the alien's employment.

''(2) OUT-OF-STATUS.—A pilot program alien who abandons the alien's employment shall be considered to have failed to maintain nonimmigrant status as an alien described in section 101(a)(15)(H)(ii)(c) and shall leave the United States or be subject to removal under section 237(a)(1)(C)(i).

''(e) ACCEPTANCE BY STATE EMPLOYMENT SECURITY AGENCY.—The State employment security agency shall review labor condition attestations submitted by employers or associations pursuant to this section only for completeness and obvious inaccuracies. Unless such an agency finds that the application is incomplete or obviously inaccurate, the agency shall accept the attestation within 7 days of the date of filing of the attestation, and return a copy to the applicant marked 'accepted'.

''(f) PUBLIC REGISTRY.—The Secretary shall maintain a registry of all accepted labor condition attestations and make such registry available for public inspection.

''(g) RESPONSIBILITIES OF THE STATE EMPLOYMENT SECURITY AGENCIES.—

''(1) DISSEMINATION OF LABOR MARKET INFORMATION.—The Secretary shall direct State employment security agencies to disseminate non-employer-specific information about potential labor needs based on accepted attestations filed by employers. Such dissemination shall be separate from the clearance of job orders through the Interstate and Intrastate Clearance Systems, and shall create no obligations for employers except as provided in this section.

''(2) REFERRAL OF WORKERS ON STATE EMPLOYMENT SECURITY AGENCY JOB ORDERS.—

''(A) IN GENERAL.—Such agencies holding job orders filed by employers covered by approved labor condition attestations shall be authorized to refer any able, willing, and qualified eligible job applicant who will be available at the time and place needed and who is authorized to work in the United States, including pilot program aliens who are seeking additional work in the United States and whose eligibility to remain in the United States pursuant to subsection (i) has not expired, on job orders filed by holders of accepted attestations.

''(B) PROCEDURES.—A State employment agency that refers any individuals for employment pursuant to subsection (g)(2)(A) shall comply with the procedures specified in subsection (b) of section 274A. For purposes of the attestation requirement in subsection (b)(1), the agency employee who is primarily involved in the referral of the individual shall make the attestation on behalf of the agency. The agency shall retain the completed forms and make them available for inspection as required in subsection (b)(3) of section 274A.

''(C) EMPLOYMENT VERIFICATION.—For purposes of complying with subsection (b) of section 274A with respect to an individual referred by a State employment agency, a pilot program employer may, at the employer's option, fulfill the requirements of subsection (b) of this section in lieu of retaining the documentation described in section 274A(a)(5).

''(h) ENFORCEMENT AND PENALTIES.—

''(1) ENFORCEMENT AUTHORITY.—

''(A) INVESTIGATION OF COMPLAINTS.—The Secretary shall establish a process for the receipt, investigation, and disposition of complaints respecting an employer's failure to meet a condition specified in subsection (a) or an employer's misrepresentation of material facts in such an application. Complaints may be filed by any aggrieved person or organizations (including bargaining representatives). No investigation or hearing shall be conducted on a complaint concerning such a failure or misrepresentation unless the complaint was filed not later than 2 years after the date of the failure or misrepresentation, respectively. The Secretary shall conduct an investigation under this subparagraph if there is reasonable cause to believe that such a failure or misrepresentation has occurred.

''(B) WRITTEN NOTICE OF FINDINGS AND OPPORTUNITY FOR APPEAL.—After an investigation has been conducted, the Secretary shall issue a written determination as to whether or not any violation described in subparagraph (A) has been committed. The Secretary's determination shall be served on the complainant and the employer, and shall provide an opportunity for an appeal of the Secretary's decision to an administrative law judge, who may conduct a de novo hearing.

''(2) REMEDIES.—

''(A) BACK WAGES.—Upon a final determination that the employer has failed to pay wages as required under this section, the Secretary may assess payment of back wages due to any United States worker or pilot program alien employed by the employer in the specific employment in question. The back wages shall be equal to the difference between the amount that should have been paid and the amount that actually was paid to such worker.

''(B) FAILURE TO PAY WAGES.—Upon a final determination that the employer has failed to pay the wages required under this section, the Secretary may assess a civil money penalty up to $1,000 for each failure, and may recommend to the Attorney General the disqualification of the employer from the employment of pilot program aliens for a period of time determined by the Secretary not to exceed 1 year.

''(C) OTHER VIOLATIONS.—If the Secretary, as a result of an investigation pursuant to a complaint, determines that an employer covered by an accepted labor condition attestation has—

''(i) filed an attestation which misrepresents a material fact; or

''(ii) failed to meet a condition specified in subsection (a),

the Secretary may assess a civil money penalty not to exceed $1,000 for each violation. In determining the amount of civil money penalty to be assessed, the Secretary shall consider the seriousness of the violation, the good faith of the employer, the size of the business of the employer being charged, the history of previous violations by the employer, whether the employer obtained a financial gain from the violation, whether the violation was willful, and other relevant factors.

''(D) PROGRAM DISQUALIFICATION.—Upon a second final determination that an employer has failed to pay the wages required under this section, the Secretary shall report such determination to the Attorney General and the Attorney General shall disqualify the employer from any subsequent employment of pilot program aliens.

''(3) ROLE OF ASSOCIATIONS.—

''(A) VIOLATION BY AN ASSOCIATION.—An employer on whose behalf a labor condition attestation is filed by an association acting as its agent is fully responsible for such attestation, and for complying with the terms and conditions of this section, as though the employer had filed the attestation itself. If such an employer is determined to have violated a requirement of this section, the penalty for such violation shall be assessed against the employer who committed the violation and not against the association or other members of the association.

''(B) VIOLATION BY AN ASSOCIATION ACTING AS AN EMPLOYER.—If an association filing a labor condition attestation on its own behalf as an employer is determined to have committed a violation under this subsection which results in disqualification from the program under paragraph (2)(D), no individual member of such association may be the beneficiary of the services of a pilot program alien in an occupation in which such alien was employed by the association during the period such disqualification is in effect, unless such member files a labor condition attestation as an individual employer or such an attestation is filed on the employer's behalf by an association with which the employer has an agreement that the employer will comply with the requirements of this section.

''(i) PROCEDURE FOR ADMISSION OR EXTENSION OF PILOT PROGRAM ALIENS.—

''(1) ALIENS WHO ARE OUTSIDE THE UNITED STATES.—

''(A) PETITIONING FOR ADMISSION.—An employer or an association acting as agent for its members who seeks the admission into the United States of pilot program aliens may file a petition with the District Director of the Immigration and Naturalization Service having jurisdiction over the location where the aliens will be employed. The petition shall be accompanied by an accepted and currently valid labor condition attestation covering the petitioner. The petition may be for named or unnamed individual or multiple beneficiaries.

''(B) EXPEDITED ADJUDICATION BY DISTRICT DIRECTOR.—If an employer's petition for admission of pilot program aliens is correctly filled out, and the employer is not ineligible to employ pilot program aliens, the District Director (or the Director's designee) shall approve the petition within 3 working days of receipt of the petition and accepted labor condition attestation and immediately (by fax, cable, or other means assuring expedited delivery) transmit a copy of the approved petition to the petitioner and to the appropriate immigration officer at the port of entry or United States consulate (as the case may be) where the petitioner has indicated that the alien beneficiary (or beneficiaries) will apply for a visa or admission to the United States.

''(C) UNNAMED BENEFICIARIES SELECTED BY PETITIONER.—The petitioning employer or association or its representative shall approve the issuance of visas to beneficiaries who are unnamed on a petition for admission granted to the employer or association.

''(D) CRITERIA FOR ADMISSIBILITY.—

''(i) IN GENERAL.—An alien shall be admissible under this section if the alien is otherwise admissible under this Act and the alien is not debarred pursuant to the provisions of clause (ii).

''(ii) DISQUALIFICATION.—An alien shall be debarred from admission or being provided status as a pilot program alien under this section if the alien has, at any time during the past 5 years—

''(I) violated a material provision of this section, including the requirement to promptly depart the United States when the alien's authorized period of admission under this section has expired; or

''(II) otherwise violated a term or condition of admission to the United States as a nonimmigrant, including overstaying the period of authorized admission as such a nonimmigrant.

''(E) PERIOD OF ADMISSION.—The alien shall be admitted for the period requested by the petitioner not to exceed 10 months, or the remaining validity period of the petitioner's approved labor condition attestation, whichever is less, plus an additional period of 14 days, during which the alien shall seek authorized employment in the United States. During the 14-day period following the expiration of the alien's work authorization, the alien is not authorized to be employed unless the original petitioner or a subsequent petitioner has filed an extension of stay on behalf of the alien pursuant to paragraph (2).

''(F) ISSUANCE OF IDENTIFICATION AND EMPLOYMENT ELIGIBILITY DOCUMENT.—

''(i) IN GENERAL.—The Attorney General shall cause to be issued to each pilot program alien a card in a form which is resistant to counterfeiting and tampering for the purpose of providing proof of identity and employment eligibility under section 274A.

''(ii) DESIGN OF CARD.—Each card issued pursuant to clause (i) shall be designed in such a manner and contain a photograph and other identifying information (such as date of birth, sex, and distinguishing marks) that would allow an employer to determine with reasonable certainty that the bearer is not claiming the identity of another individual, and shall—

''(I) contain a fingerprint or other biometric identifying data (or both);

''(II) specify the date of the alien's authorization as a pilot program alien;

''(III) specify the expiration date of the alien's work authorization; and

''(IV) specify the alien's admission number or alien file number.

''(2) EXTENSION OF STAY.—

''(A) APPLICATION FOR EXTENSION OF STAY.—If a petitioner seeks to employ a pilot program alien already in the United States, the petitioner shall file with the Attorney General an application for an extension of the alien's stay. The application for extension of stay shall be accompanied by a currently valid labor condition attestation.

''(B) LIMITATION ON FILING AN APPLICATION FOR EXTENSION OF STAY.—An application may not be filed for an extension of an alien's stay for a period of more than 10 months, or later than a date which is 2 years from the date of the alien's last admission to the United States as a pilot program alien, whichever occurs first. An application for extension of stay may not be filed during the pendency of an alien's previous authorized period of employment, nor after the alien's authorized stay in the United States has expired.

''(C) WORK AUTHORIZATION UPON FILING AN APPLICATION FOR EXTENSION OF STAY.—An employer may begin employing an alien already in the United States in pilot program alien status on the day the employer files its application for extension of stay. For the purpose of this requirement, the term 'filing' means sending the application by certified mail via the United States Postal Service, return receipt requested, or delivered by guaranteed commercial delivery which will provide the employer with a documented acknowledgment of the date of sending and receipt of the application. The employer shall provide a copy of the employer's application for extension of stay to the alien, who shall keep the application with the alien's identification and employment eligibility document as evidence that the extension has been filed and that the alien is authorized to work in the United States. Upon approval of an application for extension of stay, the Attorney General shall provide a new or updated employment eligibility document to the alien indicating the new validity date, after which the alien is not required to retain a copy of the application for extension of stay.

''(D) LIMITATION ON EMPLOYMENT AUTHORIZATION OF PILOT PROGRAM ALIENS WITHOUT VALID IDENTIFICATION AND EMPLOYMENT ELIGIBILITY CARD.—An expired identification and employment eligibility document, together with a copy of an application for extension of stay, shall constitute a valid work authorization document for a period of not more than 60 days from the date of application for the extension of stay, after which time only a currently valid identification and employment eligibility document shall be acceptable.

''(3) LIMITATION ON AN INDIVIDUAL'S STAY IN PILOT PROGRAM STATUS.—An alien having status as a pilot program alien may not have the status extended for a continuous period longer than 2 years unless the alien remains outside the United States for an uninterrupted period of 6 months. An absence from the United States may break the continuity of the period for which a nonimmigrant visa issued under section 101(a)(15)(H)(ii)(c) is valid. If the alien has resided in the United States 10 months or less, an absence breaks the continuity of the period if its lasts for at least 2 months. If the alien has resided in the United States 10 months or more, an absence breaks the continuity of the period if it lasts for at least one-fifth the duration of the stay.

''(j) TRUST FUND TO ASSURE WORKER RETURN.—

''(1) ESTABLISHMENT.—There is established in the Treasury of the United States a trust fund (in this section referred to as the 'Trust Fund') for the purpose of providing a monetary incentive for pilot program aliens to return to their country of origin upon expiration of their visas under this section.

''(2) WITHHOLDING OF WAGES; PAYMENT INTO THE TRUST FUND.—

''(A) IN GENERAL.—Employers of pilot program aliens shall—

''(i) withhold from the wages of their pilot program alien workers an amount equivalent to 25 percent of the wages of each pilot program alien worker and pay such withheld amount into the Trust Fund in accordance with paragraph (3); and

''(ii) pay to the Trust Fund an amount equivalent to the Federal tax on the wages paid to pilot program aliens that the employer would be obligated to pay under the Federal Unemployment Tax Act and the Federal Insurance Contributions Act.

Amounts withheld under clause (i) shall be maintained in such interest bearing account with such a financial institution as the Attorney General shall specify.

''(3) DISTRIBUTION OF FUNDS.—Amounts paid into the Trust Fund on behalf of a worker, and held pursuant to paragraph (2)(A)(i) and interest earned thereon, shall be paid by the Attorney General to the worker if—

''(A) the worker applies to the Attorney General (or the designee of the Attorney General) for payment within 30 days of the expiration of the alien's last authorized stay in the United States as a pilot program alien;

''(B) in such application the worker establishes that the worker has complied with the terms and conditions of this section; and

''(C) in connection with the application, the worker tenders the identification and employment authorization card issued to the worker pursuant to subsection (i)(1)(F) and establishes that the worker is identified as the person to whom the card was issued based on the biometric identification information contained on the card.

''(4) ADMINISTRATIVE EXPENSES.—The amounts paid into the Trust Fund and held pursuant to paragraph (2)(A)(ii), and interest earned thereon, shall be paid to the Attorney General, the Secretary of Labor, and the Secretary of State in amounts equivalent to the expenses incurred by such officials in the administration of section 101(a)(15)(H)(ii)(c) and this section.

''(5) REGULATIONS.—The Attorney General shall prescribe regulations to carry out this subsection.

''(k) INVESTMENT OF TRUST FUND.—

''(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust 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 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, United States Code, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust 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 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 Trust Fund (except special obligations issued exclusively to the Trust 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 Trust Fund shall be credited to and form a part of the Trust Fund.

''(4) REPORT TO CONGRESS.—It shall be the duty of the Secretary of the Treasury to hold the Trust Fund, and (after consultation with the Attorney General) to report to the Congress each year on the financial condition

and the results of the operations of the Trust Fund during the preceding fiscal year and on its expected condition and operations during the next fiscal year. Such report shall be printed as both a House and a Senate document of the session of the Congress to which the report is made.

''(l) MISCELLANEOUS PROVISIONS.—

''(1) APPLICABILITY OF LABOR LAWS.—Except as provided in paragraphs (2), (3), and (4), all Federal, State, and local labor laws (including laws affecting migrant farm workers) applicable to United States workers shall also apply to pilot program aliens.

''(2) LIMITATION OF WRITTEN DISCLOSURE IMPOSED UPON RECRUITERS.—Any disclosure required of recruiters under section of 201(a) of the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1821(a)) need not be given to pilot program aliens prior to the time their visa is issued permitting entry into the United States.

''(3) EXEMPTION FROM FICA AND FUTA TAXES.—The wages paid to pilot program aliens shall be excluded from wages subject to taxation under the Federal Unemployment Tax Act and under the Federal Insurance Contributions Act.

''(4) INELIGIBILITY FOR CERTAIN PUBLIC BENEFITS PROGRAMS.—

''(A) IN GENERAL.—Notwithstanding any other provision of law and except as provided in subparagraph (B), any alien provided status as a pilot program alien shall not be eligible for any Federal or State or local means-tested public benefit program.

''(B) EXCEPTIONS.—Subparagraph (A) shall not apply to the following:

''(i) EMERGENCY MEDICAL SERVICES.—The provision of emergency medical services (as defined by the Attorney General in consultation with the Secretary of Health and Human Services).

''(ii) PUBLIC HEALTH IMMUNIZATIONS.—Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment for communicable diseases.

''(iii) SHORT-TERM EMERGENCY DISASTER RELIEF.—The provision of non-cash, in-kind, short-term emergency disaster relief.

''(m) REGULATIONS.—

''(1) SELECTION OF AREAS.—The Secretary of Agriculture shall select the areas under subsection (a)(4) not later than 60 days after the date of the enactment of the Temporary Agricultural Worker Act of 1997.

''(2) REGULATIONS OF THE SECRETARY.—The Secretary shall consult with the Secretary of Agriculture, and the Attorney General shall approve, all regulations dealing with the approval of labor condition attestations for pilot program aliens and enforcement of the requirements for employing pilot program aliens under an approved attestation. The Secretary shall promulgate, and the Attorney General shall approve, such regulations not later than 90 days after the date of the enactment of the Temporary Agricultural Worker Act of 1997.

''(3) REGULATIONS OF THE ATTORNEY GENERAL.—The Attorney General shall consult with the Secretary of Agriculture on all regulations dealing with the approval of petitions for admission or extension of stay of pilot program aliens and the requirements for employing pilot program aliens and the enforcement of such requirements. The Attorney General shall promulgate such regulations not later than 90 days after the date of the enactment of the Temporary Agricultural Worker Act of 1997.

''(n) DEFINITIONS.—For the purpose of this section:

''(1) AGRICULTURAL ASSOCIATION.—The term 'agricultural association' means any nonprofit or cooperative association of farmers, growers, or ranchers incorporated or qualified under applicable State law, which recruits, solicits, hires, employs, furnishes, or transports any agricultural workers.

''(2) AGRICULTURAL EMPLOYMENT.—The term 'agricultural employment' means any service or activity included within the provisions of section 3(f) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(f)) or section 3121(g) of the Internal Revenue Code of 1986 and the handling, planting, drying, packing, packaging, processing, freezing, or grading prior to delivery for storage of any agricultural or horticultural commodity in its unmanufactured state.

''(3) EMPLOYER.—The term 'employer' means any person or entity, including any independent contractor and any agricultural association, that employs workers.

''(4) PILOT PROGRAM ALIEN.—The term 'pilot program alien' means an alien admitted to the United States or provided status as a nonimmigrant under section 101(a)(15)(H)(ii)(c).

''(5) SECRETARY.—The term 'Secretary' means the Secretary of Labor.

''(6) UNITED STATES WORKER.—The term 'United States worker' means any worker, whether a United States citizen, a United States national, or an alien, who is legally permitted to work in the job opportunity within the United States other than an alien admitted pursuant to this section.''.

(b) CLERICAL AMENDMENT.—The table of contents of the Immigration and Nationality Act is amended by inserting after the item relating to section 218 the following new item:

''Sec. 218A. Alternative agricultural worker program.''.

ADDITIONAL COSPONSORS

S. 61

At the request of Mrs. HUTCHISON, her name was added as a cosponsor of S. 61, a bill to amend title 46, United States Code, to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.

At the request of Mr. LOTT, the name of the Senator from Nevada [Mr. REID] was added as a cosponsor of S. 61, supra.

S. 318

At the request of Mr. D'AMATO, the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of S. 318, a bill to amend the Truth in Lending Act to require automatic cancellation and notice of cancellation rights with respect to private mortgage insurance which is required by a creditor as a condition for entering into a residential mortgage transaction, and for other purposes.

S. 364

At the request of Mr. LIEBERMAN, the name of the Senator from Texas [Mrs. HUTCHISON] was added as a cosponsor of S. 364, a bill to provide legal standards and procedures for suppliers of raw materials and component parts for medical devices.

S. 412

At the request of Mr. LAUTENBERG, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 412, a bill to provide for a national standard to prohibit the operation of motor vehicles by intoxicated individuals.

S. 839

At the request of Mr. LAUTENBERG, his name was added as a cosponsor of S. 839, a bill to improve teacher mastery and use of educational technology.

S. 852

At the request of Mr. LOTT, the name of the Senator from Oregon [Mr. SMITH] was added as a cosponsor of S. 852, a bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles.

S. 887

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of S. 887, a bill to establish in the National Service the National Underground Railroad Network to Freedom program, and for other purposes.

S. 943

At the request of Ms. MIKULSKI, her name was added as a cosponsor of S. 943, a bill to amend title 49, United States Code, to clarify the application of the Act popularly known as the ''Death on the High Seas Act'' to aviation accidents.

S. 951

At the request of Mr. TORRICELLI, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 951, a bill to reestablish the Office of Noise Abatement and Control in the Environmental Protection Agency.

S. 1052

At the request of Mr. LAUTENBERG, his name was added as a cosponsor of S. 1052, a bill to amend the Andean Trade Preference Act to prohibit the provision of duty-free treatment for live plants and fresh cut flowers described in chapter 6 of the Harmonized Tariff Schedule of the United States.

S. 1169

At the request of Mr. REED, the names of the Senator from Maryland [Ms. MIKULSKI] and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of S. 1169, a bill to establish professional development partnerships to improve the quality of America's teachers and the academic achievement of students in the classroom, and for other purposes.

S. 1204

At the request of Mr. COVERDELL, the name of the Senator from Indiana [Mr. COATS] was added as a cosponsor of S. 1204, a bill to simplify and expedite access to the Federal courts for injured parties whose rights and privileges, secured by the United States Constitution, have been deprived by final actions of Federal agencies, or other government officials or entities acting under color of State law; to prevent Federal courts from abstaining from exercising Federal jurisdiction in actions where no State law claim is alleged; to permit certification of unsettled State law questions that are essential to resolving Federal claims arising