''The Contract Costs Act of 1997''; to the Committee on Governmental Affairs.

EC–1328. A communication from the Regulatory Policy Officer, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting, pursuant to law, a rule relative to plastic explosives (RIN1512-AB63) received on February 24, 1997; to the Committee on the Judiciary.

EC–1329. A communication from the Vice President (Government Affairs), National Railroad Passenger Corporation, transmitting, pursuant to law, the report under the Freedom of Information Act for calendar year 1996; to the Committee on the Judiciary.

EC–1330. A communication from the Executive Secretary of the National Security Council, transmitting, pursuant to law, the report under the Freedom of Information Act for calendar year 1996; to the Committee on the Judiciary.

EC–1331. A communication from the Chief (Regulations Unit), Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Procedure 97-20 received on March 4, 1997; to the Committee on Finance.

EC–1332. A communication from the Chief (Regulations Unit), Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Ruling 97-12 received on March 4, 1997; to the Committee on Finance.

EC–1333. A communication from the Chief (Regulations Unit), Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Notice 97-16 received on March 4, 1997; to the Committee on Finance.

EC–1334. A communication from the Chief (Regulations Unit), Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Announcement 97-22 received on March 4, 1997; to the Committee on Finance.

EC–1335. A communication from the Chief (Regulations Unit), Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Announcement 97-24 received on March 4, 1997; to the Committee on Finance.

EC–1336. A communication from the Assistant Secretary of the Interior (Land and Minerals Management), transmitting, pursuant to law, a rule entitled ''Mining Claims Under the General Mining Laws'' (RIN1004-AC40) received on February 25, 1997; to the Committee on Energy and Natural Resources.

EC–1337. A communication from the Chair fo the Federal Energy Regulatory Commission, transmitting, pursuant to law, two rules including a rule entitled ''Open Access Same-Time Information System'' received on March 4, 1997; to the Committee on Energy and Natural Resources.

EC–1338. A communication from the President of the United States, transmitting, pursuant to law, a report relative to the production of nuclear weapons; to the Committee on Foreign Relations.

EC–1339. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of the certification of a proposed approval of a manufacturing license agreement; to the Committee on Foreign Relations.

EC–1340. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a Presidential Determination relative to suspending restrictions; to the Committee on Foreign Relations.

EC–1341. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of the certification of the proposed issuance of an export license; to the Committee on Foreign Relations.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–38. A resolution adopted by the Knoxville City Council relative to the land and water conservation fund; to the Committee on Appropriations.

POM–39. A resolution adopted by the Toledo City Council relative to the Clear Air Act; to the Committee on Environment and Public Works.

POM–40. A resolution adopted by House of Representatives of the General Assembly of the State of Delaware; to the Committee on the Judiciary.

HOUSE RESOLUTION NO. 11

Whereas, the annual Federal budget has not been balanced since 1969, and the federal public debt is now more than $5 trillion—or $20,000 for every man, woman, and child in America; and

Whereas, continued deficit spending demonstrates an unwillingness or inability of both the federal executive and legislative branches to spend no more than available revenues; and

Whereas, fiscal irresponsibility at the federal level is lowering our standard of living, destroying jobs, and endangering economic opportunity now and for the next generation; and

Whereas, the federal government's unlimited ability to borrow raises questions about fundamental principles and responsibilities of government, with potentially profound consequences for the nation and its people, making it an appropriate subject for limitation by the Constitution of the United States; and

Whereas, the Constitution of the United States vests the ultimate responsibility to approve or disapprove constitutional amendments with the people, as represented by their elected state legislatures; and opposition by a small minority repeatedly has thwarted the will of the people that a Balanced Budget Amendment to the Constitution should be submitted to the states for ratification; Now, therefore: Be it

Resolved by the House of Representatives of the 139th General Assembly of the State of Delaware That the Congress of the United States expeditiously pass, and propose to the legislatures of the several states for ratification, an amendment to the Constitution of the United States requiring, in the absence of a national emergency, that the total of all Federal appropriations made by the Congress for any fiscal year may not exceed the total of all estimated federal revenues for that fiscal year; be it further

Resolved That the Clerk of the House transmit copies of this resolution to the President of the United States Senate, the Speaker of the House of Representatives of the United States, each Member of the Delaware Congressional Delegation, and the Secretary of State and the presiding officers of both Houses of the Legislatures of each of the other States in the Union.

EXECUTIVE REPORTS OF COMMITTEES

The following executive report of committees was submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources:

Federico Peña, of Colorado, to be Secretary of Energy.

(The above nomination was reported with the recommendation that he be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. HATCH, from the Committee on the Judiciary:

Merrick B. Garland, of Maryland, to be United States Circuit Judge for the District of Columbia Circuit.

Rose Ochi, of California, to be Director, Community Relations Service, for a term of four years.

Colleen Kollar-Kotelly, of the District of Columbia, to be United States District Judge for the District of Columbia.

Lyle Weir Swenson, of South Dakota, to be United States Marshal for the District of South Dakota for the term of four years.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. COATS:

S. 409. A bill to amend the Communications Act of 1934 to provide for the implementation of systems for rating the specific content of specific television programs; to the Committee on Commerce, Science, and Transportation.

By Mr. D'AMATO (for himself, Mr. GRAMM, Mr. SARBANES, and Mr. DODD):

S. 410. A bill to extend the effective date of the Investment Advisers Supervision Coodination Act; to the Committee on Banking, Housing, and Urban Affairs.

By Mrs. HUTCHISON (for herself, Mr. ABRAHAM, Mr. CAMPBELL, Mr. D'AMATO, Ms. MOSELEY-BRAUN, and Mr. SPECTER):

S. 411. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit for investment necessary to revitalize communities within the United States, and for other purposes; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COATS:

S. 409. A bill to amend the Communications Act of 1934 to provide for the implementation of systems for rating the specific content of specific television programs; to the Committee on Commerce, Science, and Transportation.

TV RATING SYSTEM LEGISLATION

Mr. COATS. Mr. President, this past Thursday the Senate Commerce Committee held a hearing on the current television rating system. I want to commend Senator MCCAIN for calling that hearing. It was very instructional for all of us. What was apparent from that hearing is the near universal dissatisfaction with the current Hollywood rating system, the need for immediate change, the utter failure of the industry to understand what parents want in a rating system, and the basic responsibility that goes with using publicly owned broadcast spectrum.

Mr. President, we are beyond debate regarding the influence of television programming on children, particularly the most vulnerable of our children, growing up in single-parent homes or homes where the demand of work keep parents away and children unsupervised for long hours. This is, unfortunately, an increasing norm in our society.

It was a combination of these facts and the increasingly violent and explicit nature of television programming that produced the ''V'' chip legislation that passed last year and the demand for ratings that empower parents with content information so that they can exercise control over the type of television programming invading their households and their children's minds that they believe is inappropriate.

I call attention to the 1995 study of children age 10 to 16 conducted by the Los Angeles polling firm of Fairbank, Maslin, Maulin & Associates. In that poll, one-third of the children stated they would like to try what they see others doing on television; two-thirds stated that their peers are influenced by what they see on TV; 65 percent said programming like the Simpsons encouraged them to disrespect their parents; and an alarming 62 percent said that sex portrayed on television influences kids to have sex when they are too young. These are the results of the study of children 10 to 16. These are their responses to the questions that were asked by the poll.

Upon hearing the results of this poll, entertainer Steve Allen told editorialist Cal Thomas, ''My first reaction is that we should take this information and beat (network TV executives) over the head with it.'' I think some of last week's hearing, for those who tuned in and those who were there, may have had the same effect, because there was universal, near universal, dissatisfaction with the efforts, lack of effort, made by the broadcasters, Hollywood producers and others to address some of these fundamental questions. That was a bipartisan response not confined to any one particular party.

Unfortunately, the system offered by the television industry to address this is critically flawed. There are two fatal problems with the system. First is the fact that the system does not provide program-specific, content-based information. This is the critical point.

The Hollywood ratings system adopted by the television industry essentially hides the true content of programs behind a generic rating that suggests to parents what may be in a program—I say what ''may be'' in a program, not what actually is in a program. Take the TV ''PG'' rating, which 61 percent of current television programs receive. In a 52-word explanation of this rating, it is stated: ''This program may contain infrequent coarse language, limited violence, some suggestive dialog and situations.''

Mr. President, I suggest that telling a parent what a program ''may'' include does not tell them very much. I ask, what would be so difficult, what is so hard about simply substituting the word ''does'' for the word ''may.'' The program ''does'' contain infrequent coarse language. The program ''does'' contain limited violence. This program ''does'' contain some suggestive dialog and situations. In addition, why not provide parents with an audible explanation of content just prior to airing the programming and stating the information clearly and prominently on the screen.

The second fatal flaw in the current system proposed by Hollywood and adopted by the broadcasters is there is no standard format for how ratings are arrived at. In other words, each station or channel uses their own methods and priorities in assigning ratings. Fox uses one method, NBC another and so on. What is recommended as a standardized system to parents is, in fact, completely unique from station to station, channel to channel. In other words, it a rating in search of a meaning.

The Hollywood system designed by the Motion Producers Association head Jack Valenti was created to avoid giving parents information on the content of programs. I do not think you can come to any other conclusion. It is so confusing, it is so imprecise, I think you have to conclude that it was designed not to give specific information. Why? Well, clearly, I think they were concerned about advertisers not wanting to advertise on programs that included offensive language. Ultimately, it is the parents who turn off the sets, or the sets that are turned off because of the contents of programs, that will determine where those advertising dollars flow.

Now, Mr. President, I want to make sure that we all understand that we cannot and we should not be censors, but that our society depends on informed choices. We need to provide informed information and informed choices for parents. To do that requires information which the current Hollywood-Valenti rating system refuses to give.

It had been my hope that the television industry would be responsive to the public outcry against their age-based rating system. Polls conducted in response to the industry proposal by the PTA/Institute for Mental Health Initiatives demonstrated that 80 percent of parents desire a content-based system and a Media Study Center poll found similar results. Ask any parent, ask any parent what they need in order to make a determination on what they think their children should watch, and they say tell us what is in it. Do not give us some rating scheme where we do not know what it relates to, that is not standardized, that changes from station to station. Just tell us what is there.

Unfortunately, the industry has not simply ignored the American public; it has defied them. Mr. Valenti, the architect and the cheerleader for the current system, claims the system must be simple so that parents can understand it. Must be simple? Parents can understand it? The TV-Y rating requires a 47-word explanation; TV-Y7 requires 73 words to explain what it means; TV–14, 61 words. All of these ratings explanations are riddled with ambiguity. The only thing easy to understand about these ratings is who came up with them and why.

The system is not profamily, it is pro-Hollywood. It is designed to protect the Hollywood production houses. It is designed to protect advertisers who, confronted with content-specific ratings, would shun programs that include explicit material.

Now, supposedly there was some miraculous coming together of television executives and Hollywood for a commonsense rating of programs. Well, I think there has been some confusion here in the statement that they have refused to change, regardless of what the public wants. Now, thankfully, under the pressure of the congressional investigation, the congressional hearing, and the outpouring of outrage and frustration and dissatisfaction and disgust with the current system, there have been expressions that, yes, the industry is willing to take another look at this. I hope they not only take another look, but that they will do it quickly and do it effectively, because the industry doesn't own the broadcast spectrum, the public owns the broadcast spectrum. And because the public owns the spectrum, I think it is reasonable to ask that those who use the spectrum be responsive to the public's requests—again, not for censorship, but simply for information so they can make decisions about what is appropriate and not appropriate for their children to watch. Therefore, I think combining the request for granting or renewal of a license to broadcast on that spectrum is a reasonable thing to ask for in return for a content-based, program-specific rating system. In other words, if you want to use the public spectrum, if you have a responsibility—and the responsibility is to provide parents with information.

I, therefore, am introducing legislation today that will ensure that the changes the American people demand as a condition for license renewal, for license granting, or for loan of spectrum for the transition of digital broadcast—in return for that, we get broadcaster consent to accurately label their programming. I don't create a Government rating system. I simply want to put some information in the hands of parents.

The spectrum that is going to be loaned to broadcasters for digital transmission is extremely valuable. This resource also belongs to the American public, a public that overwhelmingly supports a program-specific, content-based rating system. The basic criteria for issuing a broadcast license is service of the public good. If a broadcaster can't comply with the basic will of the American people, by accurately labeling the product they seek to provide, on the taxpayers' spectrum, then I don't believe they deserve, nor should they receive, the precious resource of broadcast spectrum.

Mr. President, we cannot use Government to force more family-friendly programming—as much as sometimes I wish we could, given what we currently see.

Mr. President, we can empower parents with information that they need to guide their children's viewing habits. In doing so, we empower them to send a message to the networks, and television advertisers to stop the onslaught of the kind of programming that flows through our television sets into the minds of our children.

Mr. President, in conclusion, let me just say that in this age where it's harder and harder to protect children from information and from behavior and from activities in our society that is damaging not only to their bodies, but to their minds and souls, the parents need tools; they are crying out for weapons and tools to fight back against this onslaught of a hostile culture. They want to try to protect the innocence of their children—even if just for a little while. I think they have every right to demand the tool of accurate and responsible television ratings in return for the use of the public broadcast system.

My legislation would ensure this end. I hope my colleagues will join me in support of this effort. With that, I send to the desk the legislation designed to accomplish this very purpose.

By Mr. D'AMATO (for himself, Mr. GRAMM, Mr. SARBANES, and Mr. DODD):

S. 410. A bill to extend the effective date of the Investment Advisers Supervision Coodination Act; to the Committee on Banking, Housing, and Urban Affairs.

THE NATIONAL SECURITIES MARKETS IMPROVEMENT ACT OF 1997

• Mr. D'AMATO. Mr. President, today, I introduce with Senator GRAMM, Senator SARBANES, and Senator DODD, a bill to extend for 90 days the effective date of title III of the National Securities Markets Improvement Act of 1997.

The Investment Advisers Supervision Coordination Act enacted as part of the National Securities Market Improvement Act, divides the regulation of the Nation's 22,500 registered investment advisers between the SEC and State commissions. Under the new divided jurisdiction, investment advisers entrusted with over $10 trillion in customer funds, will be subject to better regulation and regular examination. As a result, consumers and investors will be better protected.

The legislation we introduce today will extend the effective date of the title III, section 308 of the National Securities Markets Improvement Act of 1996 90 days, from April 9, 1997 to July 8, 1997. This extension was requested by the Chairman of the SEC, Arthur Levitt, in his letter to the committee dated February 12, 1997. The legislation is necessary to ensure that the proper rules are in place to carry out the provisions of this title. While the Securities and Exchange Commission is working diligently to complete its rules by the original effective date, the Commission is concerned that investment advisers will not have enough time to examine the final rules and to complete and submit the new forms required.

Mr. President, Congress intended for State commissions to regulate investment advisers with assets under $25 million. However, State law will be preempted as it relates to all investment advisers who are still registered with the SEC when the provision becomes effective, regardless of their asset value. This means that if the SEC rules are not final or if investment advisers have not submitted forms to end their registration by April 9, 1997, State commissions will be unable to regulate the investment advisers who fall within their jurisdiction. Extending the effective date of the Investment Advisers Supervision Coordination Act would ensure that all investment advisers have sufficient time to register with the proper commission and prevent a gap in effective regulation.

I would like to thank the chairman of the Securities Subcommittee, and the ranking members of both the Banking Committee and the Securities Subcommittee for their cosponsorship of this legislation. It is my hope that the Senate will pass this legislation without amendment or delay so that the SEC and the State commissions can continue to move forward with these important changes to improve the regulation of investment advisers and protect investors.

Mr. President, I ask unanimous consent that the full text of the bill and the February 12, 1997 letter from Securities and Exchange Commission be included in the RECORD.

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

S. 410

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

SECTION 1. EXTENSION OF EFFECTIVE DATE.

Section 308(a) of the Investment Advisers Supervision Coordination Act (110 Stat. 3440) is amended by striking "180" and inserting "270".

U.S. SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C., February 12, 1997.

Hon. ALFONSE M. D'AMATO,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, DC.

DEAR CHAIRMAN D'AMATO: I am writing to request that Congress extend the effective date of Title III of the National Securities Markets Improvement Act of 1996 for 90 days, from April 9 to July 8, 1997. Title III reallocates regulatory responsibilities over investment advisers between the states and the Commission.

The Commission has made substantial progress in completing the many rulemaking directives given to the Commission in the Improvement Act. In October, the Commission proposed a rule providing a safe harbor to allow journalists access to off-shore press conferences. In December, we proposed rules implementing new exemptions from the Investment Company Act for pools sold only to qualified investors. The Commission also proposed, on December 18, 1996, rules to implement Title III.

The Commission is making every effort to meet the legislative deadlines of the Improvement Act. Our rule proposals were issued only two months after the legislation was enacted, and the comment period for the proposals ended earlier this week. While we believe the Commission should be able to finish work on the adoption of the proposed rules by April 9, the effective date of Title III, we are very concerned that this timetable is likely not to afford investment advisers sufficient time to examine the new rules, consult with counsel as to their continuing regulatory status, and properly complete and submit the required forms.

We are also concerned about the effect of the April 9th effective date on state regulatory programs. As you know, Title III assigns important responsibilities for the regulation of investment advisers to state regulators. Because Title III will become effective on April 9th (whether or not the proposed rules are adopted), state law will be preempted as to all advisers still registered with the Commission, including those advisers that will be exclusively regulated by the states. If all (or most) advisers remain registered with the Commission on April 9 because they have not submitted the required forms, much of state investment adviser laws will be preempted, compromising state regulatory and enforcement programs.

By dividing jurisdiction over the 22,500 advisers currently registered with the Commission, the Improvement Act promises to provide more efficient and effective regulation of the investment advisory industry. The Commission strongly supported the enactment of the Act and has moved quickly to implement its purposes. We believe that by providing an additional 90 days, Congress will allow investment advisers adequate time to meet their obligations under the new rules and will avoid disrupting state regulatory efforts that are important if the goals of Title III of the Improvement Act are to be achieved.

If I or any of the Commission staff can answer any questions, please do not hesitate to contact us.

Sincerely,

ARTHUR LEVITT.•

By Mrs. HUTCHISON (for herself, Mr. ABRAHAM, Mr. CAMPBELL, Mr. D'AMATO, Ms. MOSELEY-BRAUN and Mr. SPECTER):

S. 411. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit for investment necessary to revitalize communities within the United States, and for other purposes; to the Committee on Finance.

THE COMMERCIAL REVITALIZATION TAX ACT OF 1997

Mrs. HUTCHISON. Mr. President, I stand today to sponsor, along with Mr. ABRAHAM, Mr. CAMPBELL, Mr. D'AMATO, Ms. MOSELEY-BRAUN, Mr. SPECTER, and Mr. COCHRAN, the introduction of the Commercial Revitalization Tax Credit

Act of 1997. This bill is identical to the bipartisan and widely supported legislation I sponsored during the last session.

This measure will create jobs, expand economic activity, and improve the physical appearance and increase the value of residential and commercial buildings in America's most distressed urban and rural communities. The bill provides a targeted tax credit to businesses to help defray the cost of construction, expansion, and renovation in these areas, and in the process will generate billions in privately based economic activity in those areas that need the most help in our country.

The Commercial Revitalization Tax Credit Act will fill in the gap between the broad range of tools our States and localities utilize to make declining neighborhoods healthy places to do business, to work, and to raise families. This tax credit will help businesses form a partnership with the Government to help revitalize areas of our country that have, in many cases, suffered from neglect and despair.

As we continue to look for ways to combat the decay of our inner cities and to raise the standard of living in many of our rural areas, I believe, and numerous studies demonstrate, that improving the physical structures in our neighborhoods not only has economic benefits but also tends to lift the hopes and expectations of the residents of those neighborhoods. Indeed, one of the key recommendations of the recent top-to-bottom review of law enforcement in this city, our Nation's Capital, was to improve the many abandoned buildings in the city that create an atmosphere conducive to crime and despair.

This legislation will build on local initiatives like this in the District of Columbia, as well as many now underway in cities in Texas and throughout the country. The Commercial Revitalization Tax Credit Act will build upon the empowerment zone/enterprise community program that is now unfolding in 109 communities in the United States. Texas has five of these specially designated areas: Houston, Dallas, El Paso, San Antonio, and Waco, as well as one rural zone in the Rio Grande valley covering four counties. Not only will these cities qualify for the credit under my bill, but so will the 400 communities in the United States that sought such designation but were not selected. State-established enterprise zones and others specifically designated revitalization districts established by State and local governments will also be able to participate. In all, over 1,000 areas will qualify for this credit nationwide.

Our bill contains the following main features: A tax credit that may be applied to construction amounting to at least 25 percent of the basis of the property, in designated revitalization areas; qualified investors could choose a one-time 20-percent tax credit against the cost of new construction or rehabilitation. For instance, if the expansion of a supermarket in Brownsville, TX, in the Rio Grande valley, in the empowerment zone there, cost $150,000, the tax credit against income would be $30,000. Alternatively, the business owner could take a 5-percent credit each year over a 10-year period; And tax credits totaling $1.5 billion would be allocated to each State according to a formula, with States and localities determining the priority of the projects.

Mr. President, with a minimum level of bureaucratic involvement and through a proven tax mechanism, this initiative will make a significant difference in the lives of thousands of families in need and for the economies of hundreds of distressed urban and rural communities across this Nation. I hope my colleagues will join me in supporting this sound and effective pro-growth initiative.

I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 411

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 ''Commercial Revitalization Tax Act of 1997''.

SEC. 2. COMMERCIAL REVITALIZATION TAX CREDIT.

(a) ALLOWANCE OF CREDIT.—Section 46 of the Internal Revenue Code of 1986 (relating to investment credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) the commercial revitalization credit.''

(b) COMMERCIAL REVITALIZATION CREDIT.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to rules for computing investment credit) is amended by inserting after section 48 the following new section:

''SEC. 48A. COMMERCIAL REVITALIZATION CREDIT.

''(a) GENERAL RULE.—For purposes of section 46, except as provided in subsection (e), the commercial revitalization credit for any taxable year is an amount equal to the applicable percentage of the qualified revitalization expenditures with respect to any qualified revitalization building.

''(b) APPLICABLE PERCENTAGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'applicable percentage' means—

''(A) 20 percent, or

''(B) at the election of the taxpayer, 5 percent for each taxable year in the credit period.

The election under subparagraph (B), once made, shall be irrevocable.

''(2) CREDIT PERIOD.—

''(A) IN GENERAL.—The term 'credit period' means, with respect to any building, the period of 10 taxable years beginning with the taxable year in which the building is placed in service.

''(B) APPLICABLE RULES.—Rules similar to the rules under paragraphs (2) and (4) of section 42(f) shall apply.

''(c) QUALIFIED REVITALIZATION BUILDINGS AND EXPENDITURES.—For purposes of this section—

''(1) QUALIFIED REVITALIZATION BUILDING.—The term 'qualified revitalization building' means any building (and its structural components) if—

''(A) such building is located in an eligible commercial revitalization area,

''(B) a commercial revitalization credit amount is allocated to the building under subsection (e), and

''(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building.

''(2) QUALIFIED REHABILITATION EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified rehabilitation expenditure' means any amount properly chargeable to capital account—

''(i) for property for which depreciation is allowable under section 168 and which is—

''(I) nonresidential real property, or

''(II) an addition or improvement to property described in subclause (I),

''(ii) in connection with the construction or substantial rehabilitation or reconstruction of a qualified revitalization building, and

''(iii) for the acquisition of land in connection with the qualified revitalization building.

''(B) DOLLAR LIMITATION.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building for any taxable year shall not exceed $10,000,000, reduced by any such expenditures with respect to the building taken into account by the taxpayer or any predecessor in determining the amount of the credit under this section for all preceding taxable years.

''(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

''(i) STRAIGHT LINE DEPRECIATION MUST BE USED.—Any expenditure (other than with respect to land acquisitions) with respect to which the taxpayer does not use the straight line method over a recovery period determined under subsection (c) or (g) of section 168. The preceding sentence shall not apply to any expenditure to the extent the alternative depreciation system of section 168(g) applies to such expenditure by reason of subparagraph (B) or (C) of section 168(g)(1).

''(ii) ACQUISITION COSTS.—The costs of acquiring any building or interest therein and any land in connection with such building to the extent that such costs exceed 30 percent of the qualified revitalization expenditures determined without regard to this clause.

''(iii) OTHER CREDITS.—Any expenditure which the taxpayer may take into account in computing any other credit allowable under this part unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(3) ELIGIBLE COMMERCIAL REVITALIZATION AREA.—The term 'eligible commercial revitalization area' means—

''(A) an empowerment zone or enterprise community designated under subchapter U,

''(B) any area established pursuant to any consolidated planning process for the use of Federal housing and community development funds, and

''(C) any other specially designated commercial revitalization district established by any State or local government, which is a low-income census tract or low-income nonmetropolitan area (as defined in subsection (e)(2)(C)) and is not primarily a nonresidential central business district.

''(4) SUBSTANTIAL REHABILITATION OR RECONSTRUCTION.—For purposes of this subsection, a rehabilitation or reconstruction shall be treated as a substantial rehabilitation or reconstruction only if the qualified revitalization expenditures in connection with the rehabilitation or reconstruction exceed 25 percent of the fair market value of the building (and its structural components) immediately before the rehabilitation or reconstruction.

''(d) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—

''(1) IN GENERAL.—Qualified revitalization expenditures with respect to any qualified revitalization building shall be taken into account for the taxable year in which the qualified rehabilitated building is placed in service. For purposes of the preceding sentence, a substantial rehabilitation or reconstruction of a building shall be treated as a separate building.

''(2) PROGRESS EXPENDITURE PAYMENTS.—Rules similar to the rules of subsections (b)(2) and (d) of section 47 shall apply for purposes of this section.

''(e) LIMITATION ON AGGREGATE CREDITS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

''(1) IN GENERAL.—The amount of the credit determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization credit amount (in the case of an amount determined under subsection (b)(1)(B), the present value of such amount as determined under the rules of section 42(b)(2)(C)) allocated to such building under this subsection by the commercial revitalization credit agency. Such allocation shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

''(2) COMMERCIAL REVITALIZATION CREDIT AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate commercial revitalization credit amount which a commercial revitalization credit agency may allocate for any calendar year is the portion of the State commercial revitalization credit ceiling allocated under this paragraph for such calendar year for such agency.

''(B) STATE COMMERCIAL REVITALIZATION CREDIT CEILING.—

''(i) IN GENERAL.—The State commercial revitalization credit ceiling applicable to any State for any calendar year is an amount which bears the same ratio to the national ceiling for the calendar year as the population of low-income census tracts and low-income nonmetropolitan areas within the State bears to the population of such tracts and areas within all States.

''(ii) NATIONAL CEILING.—For purposes of clause (i), the national ceiling is $100,000,000 for 1998, $200,000,000 for 1999, and $400,000,000 for each calendar year after 1999.

''(iii) OTHER SPECIAL RULES.—Rules similar to the rules of subparagraphs (D), (E), (F), and (G) of section 42(h)(3) shall apply for purposes of this subsection.

''(C) LOW-INCOME AREAS.—For purposes of subparagraph (B), the terms 'low-income census tract' and 'low-income nonmetropolitan area' mean a tract or area in which, according to the most recent census data available, at least 50 percent of residents earned no more than 60 percent of the median household income for the applicable Metropolitan Standard Area, Consolidated Metropolitan Standard Area, or all nonmetropolitan areas in the State.

''(D) COMMERCIAL REVITALIZATION CREDIT AGENCY.—For purposes of this section, the term 'commercial revitalization credit agency' means any agency authorized by a State to carry out this section.

''(E) STATE.—For purposes of this section, the term 'State' includes a possession of the United States.

''(f) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION CREDIT AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization credit dollar amount with respect to any building shall be zero unless—

''(A) such amount was allocated pursuant to a qualified allocation credit plan of the commercial revitalization credit agency which is approved by the governmental unit (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) of which such agency is a part, and

''(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such project and provides such individual a reasonable opportunity to comment on the project.

''(2) QUALIFIED ALLOCATION PLAN.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

''(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization credit agency which are appropriate to local conditions,

''(B) which considers—

''(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for an eligible commercial revitalization area through a citizen participation process,

''(ii) the amount of any increase in permanent, full-time employment by reason of any project, and

''(iii) the active involvement of residents and nonprofit groups within the eligible commercial revitalization area, and

''(C) which provides a procedure that the agency (or its agent) will follow in monitoring for compliance with this section.

''(g) TERMINATION.—This section shall not apply to any building placed in service after December 31, 2000.''

(b) CONFORMING AMENDMENTS.—

(1) Section 39(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(8) NO CARRYBACK OF SECTION 48A CREDIT BEFORE ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to any commercial revitalization credit determined under section 48A may be carried back to a taxable year ending before the date of the enactment of section 48A.''

(2) Subparagraph (B) of section 48(a)(2) of such Code is amended by inserting ''or commercial revitalization'' after ''rehabilitation'' each place it appears in the text and heading thereof.

(3) Subparagraph (C) of section 49(a)(1) of such Code is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) the basis of any qualified revitalization building attributable to qualified revitalization expenditures.''

(4) Paragraph (2) of section 50(a) of such Code is amended by inserting ''or 48A(d)(2)'' after ''section 47(d)'' each place it appears.

(5) Subparagraph (B) of section 50(a)(2) of such Code is amended by adding at the end the following new sentence: ''A similar rule shall apply for purposes of section 48A.''

(6) Paragraph (2) of section 50(b) of such Code is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) a qualified revitalization building to the extent of the portion of the basis which is attributable to qualified revitalization expenditures.''

(7) Subparagraph (C) of section 50(b)(4) of such Code is amended by inserting ''or commercial revitalization'' after ''rehabilitated'' each place it appears in the text and heading thereof.

(8) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 48A'' after ''section 42'', and

(B) by striking ''CREDIT'' in the heading and inserting ''AND COMMERCIAL REVITALIZATION CREDITS''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 1997.

ADDITIONAL COSPONSORS

S. 4

At the request of Mr. ASHCROFT, the name of the Senator from Wyoming [Mr. THOMAS] was added as a cosponsor of S. 4, a bill to amend the Fair Labor Standards Act of 1938 to provide to private sector employees the same opportunities for time-and-a-half compensatory time off, biweekly work programs, and flexible credit hour programs as Federal employees currently enjoy to help balance the demands and needs of work and family, to clarify the provisions relating to exemptions of certain professionals from the minimum wage and overtime requirements of the Fair Labor Standards Act of 1938, and for other purposes.

S. 28

At the request of Mr. THURMOND, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of S. 28, a bill to amend title 17, United States Code, with respect to certain exemptions from copyright, and for other purposes.

S. 304

At the request of Mr. DORGAN, the names of the Senator from New York [Mr. D'AMATO] and the Senator from Arizona [Mr. KYL] were added as cosponsors of S. 304, a bill to clarify Federal law with respect to assisted suicide, and for other purposes.

S. 314

At the request of Mr. THOMAS, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 314, a bill to require that the Federal Government procure from the private sector the goods and services necessary for the operations and management of certain Government agencies, and for other purposes.

S. 366

At the request of Mr. COVERDELL, the name of the Senator from Nebraska [Mr. HAGEL] was added as a cosponsor of S. 366, a bill to amend the Congressional Budget and Impoundment Control Act of 1974 to prohibit the consideration of retroactive tax increases.

S. 368

At the request of Mr. BOND, the name of the Senator from Colorado [Mr. CAMPBELL] was added as a cosponsor of S. 368, a bill to prohibit the use of Federal funds for human cloning research.

S. 380

At the request of Mr. KENNEDY, the names of the Senator from Rhode Island [Mr. CHAFEE] and the Senator from California [Mrs. FEINSTEIN] were added as cosponsors of S. 380, a bill to