S. 858. An original bill to authorize appropriations for fiscal year 1998 for intelligence and intelligence-related activities of the U.S. Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes (Rept. No. 105–24).

## 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. FAIRCLOTH (for himself and Mr. HELMS):

S. 849. A bill to amend the Internal Revenue Code of 1986 to increase the unified estate and gift tax credit to exempt farms and small businesses from estate taxes, and for other purposes; to the Committee on Finance.

By Mr. AKAKA (for himself, Mr. SMITH of New Hampshire, Mr. REID, and Mr. TORRICELLI):

S. 850. A bill to amend the Packers and Stockyards Act, 1921, to make it unlawful for any stockyard owner, market agency, or dealer to transfer or market nonambulatory livestock, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DORGAN (for himself, Mr. CONRAD, Mr. WELLSTONE, Mr. JOHNSON, and Mr. DASCHLE):

S. 851. A bill entitled the Emergency Disaster Assistance Act; to the Committee on Appropriations.

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

S. 852. A bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles; to the Committee on Commerce, Science, and Transportation.

By Mr. D'AMATO (by request):

S. 853. A bill to protect the financial interests of the Federal government through debt restructuring and subsidy reduction in connection with multifamily housing; to enhance the effectiveness of enforcement provisions relating to single family and multifamily housing (including amendments to the Bankruptcy code); to consolidate and reform the management of multifamily housing programs; and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GREGG (for himself, Mr. FORD, Mr. GRAHAM, and Mr. HAGEL):

S. 854. A bill to amend the Internal Revenue Code of 1986 to provide a reduction in the capital in the capital gains tax for assets held more than 2 years, and for other purposes; to the Committee on Finance.

By Mr. FAIRCLOTH (for himself, Mr. HAGEL, Mr. SHELBY, and Mr. HUTCHINSON):

S. 855. A bill to provide for greater responsiveness by Federal agencies in contracts with the public, and for other purposes; to the Committee on Governmental Affairs.

By Mr. ROBB:

S. 856. A bill to provide for the adjudication and payment of certain claims against the Government of Iraq; to the Committee on Foreign Relations.

By Mr. SARBANES:

S. 857. A bill for the relief of Roma Salobrit; to the Committee on the Judiciary.

By Mr. SHELBY:

S. 858. An original bill to authorize appropriations for fiscal year 1998 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; from the Select Committee on Intelligence; placed on the calendar.

By Mr. KYL (for himself and Mr. GRAMM):

S. 859. A bill to repeal the increase in tax on social security benefits; to the Committee on Finance.

By Mr. HARKIN:

S. 860. A bill to protect and improve rural health care, and for other purposes; to the Committee on Finance.

By Mr. INHOFE:

S. 861. A bill to amend the Federal Property and Administrative Services Act of 1949 to authorize donation of Federal law enforcement canines that are no longer needed for official purposes to individuals with experience handling canines in the performance of law enforcement duties; to the Committee on Governmental Affairs.

By Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. JEFFORDS, Mr. HATCH, Mr. KERREY, Mr. THOMAS, Mr. ROBERTS, and Mr. HAGEL):

S. 862. A bill to amend title XVIII of the Social Security Act to change the payment system for health maintenance organizations and competitive medical plans; to the Committee on Finance.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FAIRCLOTH (for himself and Mr. HELMS):

S. 849. A bill to amend the Internal Revenue Code of 1986 to increase the unified estate and gift tax credit to exempt farms and small businesses from estate taxes, and for other purposes; to the Committee on Finance.

### THE AMERICAN FARM HERITAGE AND SMALL BUSINESS PRESERVATION ACT

Mr. FAIRCLOTH. Mr. President, I rise to introduce the American Farm Heritage and Small Business Preservation Act, and I am joined by the senior Senator from North Carolina. The act excludes the first $1.5 million of estate and gift assets from taxation, and it carries an effective date of January 1, 1998.

The act will relieve the tax burden that befalls farmers and small businessmen upon the death of the proprietor. There is truth in the old axiom that farmers ''live like paupers and die like kings,'' and, in fact, the IRS reports that farmers face estate taxes six times more often than other Americans.

There are numerous estate and gift tax relief bills in the congressional hopper. However, I favor a straightforward approach, and, rather than require some form of participation in the business operation for a fixed period of time—and thus permit the IRS to establish nebulous and complicated regulations—the American Farm Heritage and Small Business Preservation Act proposes a simple $1.5 million exclusion for all estates.

The estate tax encourages the demise of the family farm and forces heirs to mortgage their agricultural heritage to the IRS. The estate tax is not a threat to just large farmers: some 20 percent of farms that report annual sales over $50,000 will trigger inheritance taxes. Indeed, the nature of a farm operation—75 percent of farm assets are nonliquid—complicates the difficulties inherent in the payment of estate taxes for farm families, and the financial structure of a farm thus further contributes to this erosion of our agricultural heritage. The average annual return on farm assets is just 4 percent, and the addition of mortgage obligations reduces the return to a mere 0.5 percent, so it is almost impossible for the next generation to continue to farm the family land.

As metropolitan areas continue to grow and encroach upon the farms that sit outside these areas, the value of the farms increases, and it drives up the estate tax burden. This pattern forces heirs to sell the farmland to developers rather than continue their agricultural heritage. Further, the Agriculture Department estimates that 500,000 farmers will retire over the next two decades. The failure of the Congress to reduce the impact of estate taxes thus threatens the continued operation of almost one-quarter of the farms in the United States.

I am thus committed to estate tax relief for American families. The IRS is a tax collection agency, not a board of directors, and Washington does not deserve a windfall from every funeral.

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By Mr. AKAKA (for himself, Mr. SMITH of New Hampshire, Mr. REID, and Mr. TORRICELLI):

S. 850. A bill to amend the Packers and Stockyards Act, 1921, to make it unlawful for any stockyard owner, market agency, or dealer to transfer or market nonambulatory livestock, and for other purposes.

### THE DOWNED ANIMAL PROTECTION ACT OF 1997

● Mr. AKAKA. Mr. President, today I am introducing the Downed Animal Protection Act, a bill to eliminate inhumane and improper treatment of downed animals at stockyards. Senators SMITH, REID, and TORRICELLI have joined me in sponsoring this bill. The legislation prohibits the sale or transfer of downed animals unless they have been humanely euthanized.

Downed animals are severely distressed recumbent animals that are so sick they cannot rise or move on their own. Once an animal becomes immobile and cannot stand, it must lie where it falls, often without receiving basic assistance. Downed animals that survive the stockyard are slaughtered for human consumption.

These animals are extremely difficult, if not impossible, to handle humanely. They have very demanding needs, and must be fed and watered individually. The suffering of downed animals is so severe that the only humane solution is immediate euthanasia.

Mr. President, the bill I have introduced requires that these hopelessly sick and injured animals be euthanized by humane methods that rapidly and

effectively render animals insensitive to pain. Humane euthanasia of downed animals will limit animal suffering and will encourage the livestock industry to concentrate on improved management and handling practices to avoid this problem in the first place.

Downed animals comprise a tiny fraction, less than one-tenth of 1 percent, of animals at stockyards. Banning their sale or transfer would cause no economic hardship. The Downed Animal Protection Act will prompt stockyards to refuse crippled and distressed animals and will make the prevention of downed animals a priority for the livestock industry. The bill will reinforce the industry's commitment to humane handling of animals.

The downed animal problem has been addressed by major livestock organizations such as the United Stockyards Corp., the Minnesota Livestock Marketing Association, the National Pork Producers Council, the Colorado Cattlemen's Association, and the Independent Cattlemen's Association of Texas. All these organizations have taken strong stands against improper treatment of animals by adopting ''no-downer'' policies. I want to commend these and other organizations, as well as responsible and conscientious livestock producers throughout the country, for their efforts to end an appalling problem that erodes consumer confidence.

Despite a strong consensus within industry, the animal welfare movement, consumers, and Government that downed animals should not be sent to stockyards, this sad problem continues, causing animal suffering and an erosion of confidence in the industry.

Mr. President, this legislation will complement industry efforts to address this problem by encouraging better care of animals at farms and ranches. Animals with impaired mobility will receive better treatment in order to prevent them from becoming incapacitated. The bill will remove the incentive for sending downed animals to stockyards in the hope of receiving some salvage value for the animals and would encourage greater care during loading and transport. The bill will also discourage improper breeding practices that account for most downed animals.

My legislation would set a uniform national standard, thereby removing any unfair advantages that might result from differing standards throughout the industry. Furthermore, no additional bureaucracy will be needed as a consequence of my bill because inspectors of the Packers and Stockyards Administration regularly visit stockyards to enforce existing regulations. Thus, the additional regulatory burden on the agency and stockyard operators will be insignificant.

I ask unanimous consent that a copy of the Downed Animal Protection Act be printed in the RECORD. I urge all of my colleagues to join in supporting this legislation.

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

S. 850

*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 ''Downed Animal Protection Act''.

**SEC. 2. UNLAWFUL STOCKYARD PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.**

(a) IN GENERAL.—Title III of the Packers and Stockyards Act, 1921, is amended by inserting after section 317 (7 U.S.C. 217a) the following:

**''SEC. 318. UNLAWFUL STOCKYARD PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.**

''(a) DEFINITIONS.—In this section:

''(1) HUMANELY EUTHANIZED.—The term 'humanely euthanized' means to kill an animal by mechanical, chemical, or other means that immediately render the animal unconscious, with this state remaining until the animal's death.

''(2) NONAMBULATORY LIVESTOCK.—The term 'nonambulatory livestock' means any livestock that is unable to stand and walk unassisted.

''(b) UNLAWFUL PRACTICES.—It shall be unlawful for any stockyard owner, market agency, or dealer to buy, sell, give, receive, transfer, market, hold, or drag any nonambulatory livestock unless the nonambulatory livestock has been humanely euthanized.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) takes effect 1 year after the date of the enactment of this Act.

(2) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall issue regulations to carry out the amendment.●

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

S. 852. A bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles; to the Committee on Commerce, Science, and Transportation.

NATIONAL MOTOR VEHICLE SAFETY, ANTI-THEFT, TITLE REFORM, AND CONSUMER PROTECTION ACT OF 1997

Mr. LOTT. Mr. President, today I am here to talk to my colleagues about used cars. No, not to sell you one, but more importantly, to protect Americans who buy used cars. I am joined by my friend and colleague Senator FORD in introducing legislation which will require that the title of a vehicle, at the time of resale, indicate that it has been significantly damaged. This bill is about safety. This bill is about consumer protection.

We believe America's policy must protect used car consumers from unknowingly purchasing automobiles which have been totaled and rebuilt, but sold as undamaged vehicles. Often these vehicles have serious safety problems. We want you to join us in helping to protect the public. In the last Congress, I worked with Senator Exon to advance similar legislation. We need to complete the job this Congress.

According to the U.S. Department of Transportation's automobile auction figures, the practice of selling rebuilt salvage vehicles as undamaged used cars costs consumers and the auto industry nearly $4 billion annually. In some States, as many as 70 percent of all totaled vehicles may return to the roads after being purchased by unsuspecting buyers. This is dangerous to everyone on America's highways.

While most States require some type of disclosure on the title indicating a vehicle's history, the requirements vary from State to State. Some rebuilders take advantage of these inconsistencies in State titling procedures to obtain clean titles that bear no indication of previous vehicle damage. Not only does this type of fraud affect the consumer's wallet, it also threatens the consumer's safety.

Several years ago, Congress established a Federal task force to study this issue. This consumer friendly bill stems from the recommendations of that task force.

Our bill requires that any vehicle with damage exceeding 75 percent of its preaccident value be designated as a salvage vehicle. If the salvage vehicle is rebuilt and placed back on the road, the title to the vehicle must be branded as a rebuilt salvage vehicle and it must have an inspection to assure that stolen parts were not used in the repair. In addition, all rebuilt salvage vehicles must have a decal permanently affixed to the driver's side door jamb indicating that the vehicle has been rebuilt. It will also specify whether the vehicle has passed an approved safety inspection.

Mr. President, the number of victims in the rebuilt salvage vehicle industry is growing, and it must be stopped. We need to establish policies to stop these illegal practices and protect American drivers. Along with Mr. FORD, I urge you to join us as a cosponsor of this common sense legislation.

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. 852

*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 ''National Motor Vehicle Safety, Anti-theft, Title Reform, and Consumer Protection Act of 1997''.

**SEC. 2. MOTOR VEHICLE TITLING AND DISCLOSURE REQUIREMENTS.**

(a) IN GENERAL.—Subtitle VI of title 49, United States Code, is amended by adding at the end the following new chapter:

''CHAPTER 333—AUTOMOBILE SAFETY, ANTI-THEFT, AND TITLE DISCLOSURE REQUIREMENTS

''Sec.
''33301. Definitions.
''33302. Passenger motor vehicle titling.
''33303. Label requirement.
''33304. Petition for extensions of time.
''33305. Effect on State law.
''33306. Civil and criminal penalties.

**''§ 33301. Definitions**

''For the purposes of this chapter the following definitions and requirements shall apply:

''(1) PASSENGER MOTOR VEHICLE.—The term 'passenger motor vehicle' means a motor vehicle as defined in section 32101(7) that is rated by the manufacturer at not more than 10,000 pounds gross vehicle weight and that is either—

''(A) a passenger motor vehicle as defined in section 32101(10), including a multipurpose passenger vehicle as defined in section 32101(9); or

''(B) a truck (other than a truck referred to in section 32101(10)(B)).

''(2) SALVAGE VEHICLE.—

''(A) IN GENERAL.—Subject to subparagraph (E), the term 'salvage vehicle' means any passenger motor vehicle that has been wrecked, destroyed, or damaged to the extent that—

''(i) if the vehicle is not rebuilt or reconstructed, the total estimated cost; or

''(ii) if the vehicle is rebuilt or reconstructed, the total actual cost

of parts and labor to rebuild or reconstruct the passenger motor vehicle to its preaccident condition for legal operation on the roads or highways exceeds 75 percent of the retail value of the passenger motor vehicle, immediately before it was wrecked, damaged, or destroyed, as set forth in the most recent edition of any nationally recognized compilation (including automated databases) of current retail values that is approved by the Secretary.

''(B) VEHICLES EXCLUDED.—Such term does not include any passenger motor vehicle that—

''(i) has a model year designation of the year in which the vehicle was wrecked, destroyed, or damaged, or one of the 6 immediately preceding model years; or

''(ii) had a retail value, immediately before it was wrecked, destroyed, or damaged, of more than $10,000.

Beginning with the second calendar year beginning after the date of enactment of the National Motor Vehicle Safety, Anti-theft, Title Reform, and Consumer Protection Act of 1997, the Secretary shall adjust the dollar figure in clause (ii) of this subparagraph to reflect the change, if any, in the average consumer price index for the preceding year from the average consumer price index for 1997.

''(C) DETERMINATION OF VALUE OF REPAIR PARTS.—For purposes of subparagraph (A), the value of repair parts shall be determined by using—

''(i) the published retail cost of the original equipment manufacturer parts; or

''(ii) the actual retail cost of the repair parts to be used in the repair.

''(D) DETERMINATION OF LABOR COSTS.—For purposes of subparagraph (A), the labor cost of repairs shall be computed by using the hourly labor rate and time allocations that are reasonable and customary in the automobile repair industry in the community in which the repairs are performed.

''(E) CERTAIN VEHICLES INCLUDED.—The term 'salvage vehicle' includes, without regard to whether the passenger motor vehicle meets the 75 percent threshold specified in subparagraph (A)—

''(i) any passenger motor vehicle with respect to which an insurance company acquires ownership under a damage settlement (except for a settlement in connection with a recovered theft vehicle that did not sustain a sufficient degree of damage to meet the 75 percent threshold specified in subparagraph (A)); or

''(ii) any passenger motor vehicle that an owner may wish to designate as a salvage vehicle by obtaining a salvage title, without regard to the extent of the damage and repairs.

''(F) SPECIAL RULE.—A designation of a passenger motor vehicle by an owner under subparagraph (E)(ii) shall not impose any obligation on—

''(i) the insurer of the passenger motor vehicle; or

''(ii) an insurer processing a claim made by or on behalf of the owner of the passenger motor vehicle.

''(3) SALVAGE TITLE.—

''(A) IN GENERAL.—The term 'salvage title' means a passenger motor vehicle ownership document issued by a State to the owner of a salvage vehicle.

''(B) TRANSFER OF OWNERSHIP.—Ownership of a salvage vehicle may be transferred on a salvage title.

''(C) PROHIBITION.—The salvage vehicle may not be registered for use on the roads or highways unless the salvage vehicle has been issued a rebuilt salvage title.

''(D) REQUIREMENT FOR A SALVAGE TITLE.—A salvage title shall be conspicuously labeled with the word 'salvage' across the front of the document.

''(4) REBUILT SALVAGE VEHICLE.—The term 'rebuilt salvage vehicle' means—

''(A) For passenger motor vehicles subject to a safety inspection in a State that requires such an inspection under section 33302(b)(2)(H), any passenger motor vehicle that has—

''(i) been issued previously a salvage title;

''(ii) passed applicable State antitheft inspection;

''(iii) been issued a certificate indicating that the passenger motor vehicle has—

''(I) passed the antitheft inspection referred to in clause (ii); and

''(II) been issued a certificate indicating that the passenger motor vehicle has passed a required safety inspection under section 33302(b)(2)(H); and

''(iv) affixed to the door jamb adjacent to the driver's seat a decal stating 'Rebuilt Salvage Vehicle—Antitheft and Safety Inspections Passed'; or

''(B) for passenger motor vehicles in a State other than a State referred to in subparagraph (A), any passenger motor vehicle that has—

''(i) been issued previously a salvage title;

''(ii) passed an applicable State antitheft inspection;

''(iii) been issued a certificate indicating that the passenger motor vehicle has passed the required antitheft inspection referred to in clause (ii); and

''(iv) affixed to the door jamb adjacent to the driver's seat, a decal stating 'Rebuilt Salvage Vehicle—Antitheft Inspection Passed/No Safety Inspection Pursuant to National Criteria'.

''(5) REBUILT SALVAGE TITLE.—

''(A) IN GENERAL.—The term 'rebuilt salvage title' means the passanger motor vehicle ownership document issued by a State to the owner of a rebuilt salvage vehicle.

''(B) TRANSFER OF OWNERSHIP.—Ownership of a rebuilt salvage vehicle may be transferred on a rebuilt salvage title.

''(C) REGISTRATION FOR USE.—A passenger motor vehicle for which a rebuilt salvage title has been issued may be registered for use on the roads and highways.

''(D) REQUIREMENT FOR A REBUILT SALVAGE TITLE.—A rebuilt salvage title shall be conspicuously labeled, either with 'rebuilt salvage vehicle—antitheft and safety inspections passed' or 'rebuilt salvage vehicle—antitheft inspection passed/no safety inspection pursuant to national criteria', as appropriate, across the front of the document.

''(6) NONREPAIRABLE VEHICLE.—

''(A) IN GENERAL.—The term 'nonrepairable vehicle' means any passenger motor vehicle that—

''(i)(I) is incapable of safe operation for use on roads or highways; and

''(II) has no resale value, except as a source of parts or scrap only; or

''(ii) the owner irreversibly designatges as a source of parts or scrap.

''(B) CERTIFICATE.—Each nonrepairable vehicle shall be issued a nonrepairable vehicle certificate.

''(7) NONREPAIRABLE VEHICLE CERTIFICATE.—

''(A) IN GENERAL.—The term 'nonrepairable vehicle certificate' means a passenger motor vehicle ownership document issued by the State to the owner of a nonrepairable vehicle.

''(B) TRANSFER OF OWNERSHIP.—Ownership of the passenger motor vehicle may be transferred not more than 2 times on a nonrepairable vehicle certificate.

''(C) PROHIBITION.—A nonrepairable vehicle that is issued a nonrepairable vehicle certificate may not be titled or registered for use on roads or highways at any time after the issuance of the certificate.

''(D) REQUIREMENT FOR NONREPAIRABLE VEHICLE CERTIFICATE.—A nonrepairable vehicle certificate shall be conspicuously labeled with the term 'nonrepairable' across the front of the document.

''(8) FLOOD VEHICLE.—

''(A) IN GENERAL.—The term 'flood vehicle' means any passenger motor vehicle that has been submerged in water to the point that rising water has reached over the door sill of the motor vehicle and has entered the passenger or truck compartment.

''(B) REQUIREMENT FOR DISCLOSURE.—Disclosure that a passenger motor vehicle has become a flood vehicle shall be made by the person transferring ownership at the time of transfer of ownership. After such transfer is completed, the certificate of title shall be conspicuously labeled with the term 'flood' across the front of the document.

''(9) SECRETARY.—The term 'Secretary' means the Secretary of Transportation.

**''§ 33302. Passenger motor vehicle titling**

''(a) CARRYFORWARD OF CERTAIN TITLE INFORMATION IF A PREVIOUS TITLE WAS NOT ISSUED IN ACCORDANCE WITH CERTAIN NATIONALLY UNIFORM STANDARDS.—

''(1) IN GENERAL.—If—

''(A) records that are readily accessible to a State indicate that a passenger motor vehicle with respect to which the ownership is transferred on or after the date that is 1 year after the date of enactment of the National Motor Vehicle Safety, Anti-theft, Title Reform, and Consumer Protection Act of 1997, has been issued previously a title that bore a term or symbol described in paragraph (2); and

''(B) the State licenses that vehicle for use, the State shall disclose that fact on a certificate of title issued by the State.

''(2) TERMS AND SYMBOLS.—

''(A) IN GENERAL.—A State shall be subject to the requirements of paragraph (1) with respect to the following terms on a title that has been issued previously to a passenger motor vehicle (or symbols indicating the meanings of those terms):

''(i) salvage.

''(ii) unrebuildable.

''(iii) parts only.

''(iv) scrap.

''(v) junk.

''(vi) nonrepairable.

''(vii) reconstructed.

''(viii) rebuilt.

''(ix) any other similar term, as determined by the Secretary.

''(B) FLOOD DAMAGE.—A State shall be subject to the requirements of paragraph (1) if a term or symbol on a title issued previously for a passenger vehicle indicates that the vehicle has been damaged by flood.

''(b) NATIONALLY UNIFORM TITLE STANDARDS AND CONTROL METHODS.—

''(1) IN GENERAL.—Not later than 18 months after the date of the enactment of the National Motor Vehicle Safety, Anti-theft,

Title Reform, and Consumer Protection Act of 1997, the Secretary shall issue regulations that require each State that licenses passenger motor vehicles with respect to which the ownership is transferred on or after the date that is 2 years after the issuance of final regulations, to apply with respect to the issuance of the title for any such motor vehicle uniform standards, procedures, and methods for—

''(A) the issuance and control of that title; and

''(B) information to be contained on such title.

''(2) CONTENTS OF REGULATIONS.—The titling standards, control procedures, methods, and information covered under the regulations issued under this subsection shall include the following:

''(A) INDICATION OF STATUS.—Each State shall indicate on the face of a title or certificate for a passenger motor vehicle, as applicable, if the passenger motor vehicle is a salvage vehicle, a nonrepairable vehicle, a rebuilt salvage vehicle, or a flood vehicle.

''(B) SUBSEQUENT TITLES.—The information referred to in subparagraph (A) concerning the status of the passenger vehicle shall be conveyed on any subsequent title, including a duplicate or replacement title, for the passenger motor vehicle issued by the original titling State or any other State.

''(C) SECURITY STANDARDS.—The title documents, the certificates and decals required by section 33301(4), and the system for issuing those documents, certificates, and decals shall meet security standards that minimize opportunities for fraud.

''(D) IDENTIFYING INFORMATION.—Each certificate of title referred to in subparagraph (A) shall include the passenger motor vehicle make, model, body type, year, odometer disclosure, and vehicle identification number.

''(E) UNIFORM LAYOUT.—The title documents covered under the regulations shall maintain a uniform layout, that shall be established by the Secretary, in consultation with each State or an organization that represents States.

''(F) NONREPAIRABLE VEHICLES.—A passenger motor vehicle designated as nonrepairable—

''(i) shall be issued a nonrepairable vehicle certificate; and

''(ii) may not be retitled.

''(G) REBUILT SALVAGE TITLE.—No rebuilt salvage title may be issued to a salvage vehicle unless, after the salvage vehicle is repaired or rebuilt, the salvage vehicle complies with the requirements for a rebuilt salvage vehicle under section 33301(4).

''(H) INSPECTION PROGRAMS.—Each State inspection program shall be designed to comply with the requirements of this subparagraph and shall be subject to approval and periodic review by the Secretary. Each such inspection program shall include the following:

''(i) Each owner of a passenger motor vehicle that submits a vehicle for an antitheft inspection shall be required to provide—

''(I) a completed document identifying the damage that occurred to the vehicle before being repaired;

''(II) a list of replacement parts used to repair the vehicle;

''(III) proof of ownership of the replacement parts referred to in subclause (II) (as evidenced by bills of sales, invoices or, if such documents are not available, other proof of ownership for the replacement parts); and

''(IV) an affirmation by the owner that—

''(a) the information required to be submitted under this subparagraph is complete and accurate; and

''(b) to the knowledge of the declarant, no stolen parts were used during the rebuilding of the repaired vehicle.

''(ii) Any passenger motor vehicle or any major part or major replacement part required to be marked under this section that—

''(I) has a mark or vehicle identification number that has been illegally altered, defaced, or falsified; and

''(II) cannot be identified as having been legally obtained (through evidence described in clause (i)(III)),

shall be contraband and subject to seizure.

''(iii) To avoid confiscation of parts that have been legally rebuilt or remanufactured, the regulations issued under this subsection shall include procedures that the Secretary, in consultation with the Attorney General of the United States, shall establish—

''(I) for dealing with parts with a mark or vehicle identification number that is normally removed during remanufacturing or rebuilding practices that are considered acceptable by the automotive industry; and

''(II) deeming any part referred to in subclause (I) to meet the identification requirements under the regulations if the part bears a conspicuous mark of such type, and is applied in such manner, as may be determined by the Secretary to indicate that the part has been rebuilt or remanufactured.

''(iv) With respect to any vehicle part, the regulations issued under this subsection shall—

''(I) acknowledge that a mark or vehicle identification number on such part may be legally removed or altered, as provided under section 511 of title 18, United States Code; and

''(II) direct inspectors to adopt such procedures as may be necessary to prevent the seizure of a part from which the mark or vehicle identification number has been legally removed or altered.

''(v) The Secretary shall establish nationally uniform safety inspection criteria to be used in States that require such a safety inspection. A State may determine whether to conduct such safety inspection, contract with a third party, or permit self-inspection. Any inspection conducted under this clause shall be subject to criteria established by the Secretary. A State that requires a safety inspection under this clause may require the payment of a fee for such inspection or the processing of such inspection.

''(I) DUPLICATE TITLES.—No duplicate or replacement title may be issued by a State unless—

''(i) the term 'duplicate' is clearly marked on the face of the duplicate or replacement title; and

''(ii) the procedures issued are substantially consistent with the recommendation designated as recommendation 3 in the report issued on February 10, 1994, under section 140 of the Anti Car Theft Act of 1992 (15 U.S.C. 2041 note) by the task force established under such section.

''(J) TITLING AND CONTROL METHODS.—Each State shall employ the following titling and control methods:

''(i) If an insurance company is not involved in a damage settlement involving a salvage vehicle or a nonrepairable vehicle, the passenger motor vehicle owner shall be required to apply for a salvage title or nonrepairable vehicle certificate, whichever is applicable, before the earlier of the date—

''(I) on which the passenger motor vehicle is repaired or the ownership of the passenger motor vehicle is transferred; or

''(II) that is 30 days after the passenger motor vehicle is damaged.

''(ii) If an insurance company, under a damage settlement, acquires ownership of a passenger motor vehicle that has incurred damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the insurance company shall be required to apply for a salvage title or nonrepairable vehicle certificate not later than 15 days after the title to the motor vehicle is—

''(I) properly assigned by the owner to the insurance company; and

''(II) delivered to the insurance company with all liens released.

''(iii) If an insurance company does not assume ownership of an insured person's or claimant's passenger motor vehicle that has incurred damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the insurance company shall, as required by the applicable State—

''(I) notify—

''(I) the owner of the owner's obligation to apply for a salvage title or nonrepairable vehicle certificate for the passenger motor vehicle; and

''(II) the State passenger motor vehicle titling office that a salvage title or nonrepairable vehicle certificate should be issued for the vehicle.

''(iv) If a leased passenger motor vehicle incurs damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the lessor shall be required to apply for a salvage title or nonrepairable vehicle certificate not later than 21 days after being notified by the lessee that the vehicle has been so damaged, except in any case in which an insurance company, under a damage settlement, acquires ownership of the vehicle. The lessee of such vehicle shall be required to inform the lessor that the leased vehicle has been so damaged not later than 30 days after the occurrence of the damage.

''(v)(I) any person who requires ownership of a damaged passenger motor vehicle that meets the definition of a salvage or nonrepairable vehicle for which a salvage title or nonrepairable vehicle certificate has not been issued, shall be required to apply for a salvage title or nonrepairable vehicle certificate, whichever is applicable.

''(II) An application under subclause (I) shall be made the earlier of—

''(a) the date on which the vehicle is further transferred; or

''(b) 30 days after ownership is acquired.

''(III) The requirements of this clause shall not apply to any scrap metal processor that—

''(a) acquires a passenger motor vehicle for the sole purpose of processing the motor vehicle into prepared grades of scrap; and

''(b) carries out that processing.

''(vi) State records shall note when a nonrepairable vehicle certificate is issued. No State shall issue a nonrepairable vehicle certificate after 2 transfers of ownership in violation of section 33301(b)(7)(B).

''(vii)(I) In any case in which a passenger motor vehicle has been flattened, baled, or shredded, whichever occurs first, the title or nonrepairable vehicle certificate for the vehicle shall be surrendered to the State not later than 30 days after that occurrence.

''(II) If the second transferee on a nonrepairable vehicle certificate is unequipped to flatten, bale, or shred the vehicle, such transferee shall be required, at the time of final disposal of the vehicle, to use the services of a professional automotive recycler or professional scrap processor. That recycler or reprocessor shall have the authority to—

''(a) flatten, bale, or shred the vehicle; and

''(b) effect the surrender of the nonrepairable vehicle certificate to the State on behalf of the second transferee.

''(III) State records shall be updated to indicate the destruction of a vehicle under this clause and no further ownership transactions for the vehicle shall be permitted after the vehicle is so destroyed.

''(IV) If different from the State of origin of the title or nonrepairable vehicle certificate, the State of surrender shall notify the

State of origin of the surrender of the title or nonrepairable vehicle certificate and of the destruction of such vehicle.

''(viii)(I) In any case in which a salvage title is issued, the State records shall note that issuance. No State may permit the retitling for registration purposes or issuance of a rebuilt salvage title for a passenger motor vehicle with a salvage title without a certificate of inspection that—

''(a) complies with the security and guideline standards established by the Secretary under subparagraphs (C) and (G), as applicable; and

''(b) indicates that the vehicle has passed the inspections required by the State under subparagraph (H).

''(II) Nothing is this clause shall preclude the issuance of a new salvage title for a salvage vehicle after a transfer of ownership.

''(ix) After a passenger motor vehicle titled with a salvage title has passed the inspections required by the State, the inspection official shall—

''(I) affix a secure decal required under section 33301(4) (that meets permanency requirements that the Secretary shall establish by regulation) to the door jamb on the driver's side of the vehicle; and

''(II) issue to the owner of the vehicle a certificate indicating that the passenger motor vehicle has passed the inspections required by the State.

''(x)(I) The owner of a passenger motor vehicle titled with a salvage title may obtain a rebuilt salvage title and vehicle registration by presenting to the State the salvage title, properly assigned, if applicable, along with the certificate that the vehicle has passed the inspections required by the State.

''(II) If the owner of a rebuilt salvage vehicle submits the documentation referred to in subclause (I), the State shall issue upon the request of the owner a rebuilt salvage title and registration to the owner. When a rebuilt salvage title is issued, the State records shall so note.

''(K) FLOOD VEHICLES.—

''(i) IN GENERAL.—A seller of a passenger motor vehicle that becomes a flood vehicle shall, at or before the time of transfer of ownership, provide a written notice to the purchaser that the vehicle is a flood vehicle. At the time of the next title application for the vehicle—

''(I) the applicant shall disclose the flood status to the applicable State with the properly assigned title; and

''(II) the term 'flood' shall be conspicuously labeled across the front of the new title document.

''(ii) LEASED VEHICLES.—In the case of a leased passenger motor vehicle, the lessee, within 15 days after the occurrence of the event that caused the vehicle to become a flood vehicle, shall give the lessor written disclosure that the vehicle is a flood vehicle.

''(c) ELECTRONIC PROCEDURES.—A State may employ electronic procedures in lieu of paper documents in any case in which such electronic procedures provided levels of information, function, and security required by this section that are at least equivalent to the levels otherwise provided by paper documents.

**''§ 33303. Label requirement**

''(a) IN GENERAL.—The Secretary shall by regulation require that a label be affixed to the windshield or window of a rebuilt or remanufactured salvage vehicle before its first sale at retail containing such information regarding that vehicle as the Secretary may require. The requirements prescribed by the Secretary under this subsection shall be similar to the requirements of section 3 of the Automobile Information Disclosure Act (15 U.S.C. 1232). The label shall be affixed by the individual who conducts the applicable State antitheft inspection.

''(b) REMOVAL, ALTERATION, OR ILLEGIBILITY OF REQUIRED LABEL.—No person shall willfully remove, alter, or render illegible any label required by subsection (a) affixed to a rebuilt or remanufactured salvage vehicle before the vehicle is delivered to the actual custody and possession of the ultimate purchaser of the vehicle.

**''§ 33304. Petition for extensions of time**

''(a) IN GENERAL.—Subject to subsection (b), if a State demonstrates to the satisfaction of the Secretary, a valid reason for needing an extension of a deadline for compliance with requirements under section 33302(a), the Secretary may extend, for a period determined by the Secretary, an otherwise applicable deadline with respect to that State.

''(b) LIMITATION.—No extension made under subsection (a) shall remain in effect on or after the applicable compliance date established under section 33302(b).

**''§ 33305. Effect on State law**

''(a) IN GENERAL.—Beginning on the effective date of the regulations issued under section 33302, this chapter shall preempt any State law, to the extent that State law is inconsistent with this chapter or the regulations issued under this chapter that—

''(1) establish the form of the passenger motor vehicle title;

''(2)(A) define, in connection with a passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle)—

''(i) any term defined in section 33301;

''(ii) the term 'salvage', 'junk', 'reconstructed', 'nonrepairable', 'unrebuildable', 'scrap', 'parts only', 'rebuilt', 'flood', or any other similar symbol or term; or

''(B) apply any of the terms referred to in subparagraph (A) to any passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle); or

''(3) establish titling, recordkeeping, antitheft inspection, or control procedures in connection with any salvage vehicle, rebuilt salvage vehicle, nonrepairable vehicle, or flood vehicle.

''(b) ADDITIONAL DISCLOSURES.—Additional disclosures of the title status or history of a motor vehicle, in addition to disclosures made concerning the applicability of terms defined in section 33301, may not be considered to be inconsistent with this chapter.

''(c) DISCLOSURE OF SAFETY INSPECTION.—Nothing in this chapter shall preclude a State from disclosing on a rebuilt salvage title that a rebuilt salvage vehicle has passed a State safety inspection that differed from the nationally uniform criteria promulgated under section 33302(b)(2)(H)(v).

''(d) STATE ENFORCEMENT.—Subsection (a) does not preclude a State from enforcing the provisions of this chapter by injunction or otherwise, or by establishing State civil or criminal penalties for violations of the provisions of this chapter.

**''§ 33306. Civil and criminal penalties**

''(a) PROHIBITED ACTS.—It shall be unlawful for any person knowingly and willfully to—

''(1) make or cause to be made any false statement on an application for a title (or duplicate title) for a passenger motor vehicle;

''(2) fail to apply for a salvage title in any case in which such an application is required;

''(3) alter, forge, or counterfeit—

''(A) A certificate of title (or an assignment thereof);

''(B) a nonrepairable vehicle certificate;

''(C) a certificate verifying an antitheft inspection or an antitheft and safety inspection; or

''(D) a decal affixed to a passenger motor vehicle under section 33302(b)(2)(J)(ix);

''(4) falsify the results of, or provide false information in the course of, an inspection conducted under section 33302(b)(2)(H);

''(5) offer to sell any salvage vehicle or non-repairable vehicle as a rebuilt salvage vehicle; or

''(6) conspire to commit any act under paragraph (1), (2), (3), (4), or (5).

''(b) CIVIL PENALTY.—Any person who commits an unlawful act under subsection (a) shall be subject to a civil penalty in an amount not to exceed $2,000.

''(c) CRIMINAL PENALTY.—Any person who knowingly commits an unlawful act under subsection (a) shall, upon conviction, be—

''(1) subject to a fine in an amount not to exceed $50,000;

''(2) imprisoned for a term not to exceed 3 years; or

''(3) subject to both fine under paragraph (1) and imprisonment under paragraph (2).''.

(b) CONFORMING AMENDMENT.—The analysis for subtitle VI of Title 49, United States Code, is amended by adding at the end the following new item:

''Automobile safety, antitheft, and title disclosure requirements 33301''.

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By Mr. D'AMATO (by request):

S. 853. A bill to protect the financial interests of the Federal Government through debt restructuring and subsidy reduction in connection with multifamily housing; to enhance the effectiveness of enforcement provisions relating to single family and multifamily housing (including amendments to the Bankruptcy Code); to consolidate and reform the management of multifamily housing programs; and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE HOUSING 2020: MULTIFAMILY MANAGEMENT REFORM ACT

● Mr. D'AMATO. Mr. President, as chairman of the Committee on Banking, Housing, and Urban Affairs, I introduce the Housing 2020: Multifamiy Management Reform Act at the request of the Secretary of the Department of Housing and Urban Development [HUD], the Honorable Andrew M. Cuomo.

I am a cosponsor of separate legislation to reform HUD's multifamily housing inventory, the Multifamily Assisted Housing Reform and Affordability Act of 1997 (S. 513). While the Senate and the administration bills share the same objectives, some policy differences exist. Specifically, each bill takes a significantly different approach to the following key issues: project-basing versus tenant-basing; tax implications of debt restructuring; and use of third parties to administer the restructuring program.

I look forward to working with my colleagues in the Senate and Secretary Cuomo to resolve HUD's multifamily housing crisis as expeditiously as possible.●

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By Mr. GREGG (for himself, Mr. FORD, Mr. GRAHAM, and Mr. HAGEL):

S. 854. A bill to amend the Internal Revenue Code of 1986 to provide a reduction in the capital gains tax for assets held more than 2 years, and for other purposes; to the Committee on Finance.

THE LONG-TERM INVESTMENT ACT OF 1997

Mr. GREGG. Mr. President, I introduce, with Senators FORD, HAGEL, and GRAHAM a sliding-scale capital gains proposal, the Long-Term Investment Act of 1997. Given the sobering demographics associated with the impending aging of the baby-boom generation, it is more important than ever that laws enacted by Congress promote long-term capital investment and savings by all Americans.

Central to this objective is a reduction in the current capital gains tax rate on long-term investments. A capital gains reduction was agreed to in principle in the budget agreement. We have a proposal that we believe embodies a fundamental change in tax policy at less cost. Over the next 10 years, S. 2 will cost $129 billion, while Gregg/Ford will cost $45 billion.

We have developed a plan that would encourage long-term investments through a sliding-scale capital gains rate reduction. The plan would encourage individuals to hold assets over a number of years, allowing no reduction in the current rate on assets held for less than 1 year, with increasingly larger deductions to a maximum 50 percent reduction for investments held more than 8 years.

This sliding-scale plan encourages investments that will benefit long-term savings and capital—such as providing for a child's education or retirement income. The bill also rewards the small business owner and entrepreneurs as it will allow for a significant reduction in capital gains taxation that benefits those individuals who invest in the economy through the creation of small businesses and jobs. By rewarding long-term investment in businesses and job creation and discouraging the quick fix that so often is associated with speculation on Wall Street, we will be placing our Tax Code and job base on a more solid ground.

The Gregg/Ford sliding-scale reduction on capital gains taxation hinges on balancing two important goals—the promotion of savings and long-term investment through a significant capital gains cut, while also recognizing our current fiscal restraints.

The recent budget agreement reached between the President and Congress calls for a net tax cut of $85 billion and a gross tax cut of $135 billion over 5 years. The details of how this tax package should be put together will be worked out by the appropriate committees in the House of Representatives and the Senate.

The Clinton administration has indicated that it is for a capital gains rate reduction, but not in favor of a rate that dips below 20 percent. I believe that this bill is a consensus building bill that both sides can and will agree upon in the not-too-distant future.

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

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

S. 854

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

**SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.**

(a) SHORT TITLE.—This Act may be cited as the ''Long-Term Investment Incentive Act of 1997''.

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

**SEC. 2. REDUCTION OF TAX ON LONG-TERM CAPITAL GAINS ON ASSETS HELD MORE THAN 2 YEARS.**

(a) IN GENERAL.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following new section:

**''SEC. 1202. CAPITAL GAINS DEDUCTION FOR ASSETS HELD BY NONCORPORATE TAXPAYERS MORE THAN 2 YEARS.**

''(a) GENERAL RULE.—If a taxpayer other than a corporation has a net capital gain for any taxable year, there shall be allowed as a deduction an amount equal to the sum of the applicable percentages of the classes of net capital gain described in the table under subsection (b).

''(b) APPLICABLE PERCENTAGE.—For purposes of this subsection, the applicable percentage shall be the percentage determined in accordance with the following table:

| ''In the case of: | The applicable percentage is: |
|---|---|
| 2-year gain ..... | 7.145 |
| 3-year gain ..... | 14.29 |
| 4-year gain ..... | 21.45 |
| 5-year gain ..... | 28.57 |
| 6-year gain ..... | 35.71 |
| 7-year gain ..... | 42.86 |
| 8-year gain ..... | 50.00. |

''(c) GAIN TO WHICH DEDUCTION APPLIES.—For purposes of this section—

''(1) 2-YEAR GAIN.—The term '2-year gain' means the lesser of—

''(A) the net capital gain for the taxable year, or

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

''(2) 3-YEAR GAIN, ETC.—The terms '3-, 4-, 5-, 6-, or 7-year gain' mean the amounts determined under paragraph (1)—

''(A) by reducing the amount of the net capital gain under subparagraph (A) thereof by an amount equal to the long-term capital gain from the sale or exchange of property with a holding period less than the minimum holding period for any such category, and

''(B) by substituting 3, 4, 5, 6, or 7 years for 2 years and 4, 5, 6, 7, or 8 years for 3 years, respectively, in subparagraph (B) thereof.

''(3) 8-YEAR GAIN.—The term '8-year gain' means the lesser of—

''(A) the net capital gain for the taxable year, reduced by in the same manner as under paragraph (2)(A), or

''(B) the amount of the long-term capital gain which would be computed for the taxable year if only gain from the sale or exchange of property held by the taxpayer for more than 8 years were taken into account.

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

''(e) COORDINATION WITH TREATMENT OF CAPITAL GAIN UNDER LIMITATION ON INVESTMENT INTEREST.—For purposes of this section, the net capital gain for any taxable year shall be reduced (but not below zero) by the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii).

''(f) TREATMENT OF COLLECTIBLES.—

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

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

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

''(g) TRANSITIONAL RULE.—

''(1) IN GENERAL.—Gain may be taken into account under subsection (c) only if such gain is properly taken into account on or after May 7, 1997.

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

''(A) IN GENERAL.—In applying paragraph (1) with respect to any pass-thru entity, the determination of when gains and losses are properly taken into account shall be made at the entity level.

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

''(i) a regulated investment company,

''(ii) a real estate investment trust,

''(iii) an S corporation,

''(iv) a partnership,

''(v) an estate or trust, and

''(vi) a common trust fund.''

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

''(17) LONG-TERM CAPITAL GAINS.—The deduction allowed by section 1202.''

(c) MAXIMUM CAPITAL GAINS RATE.—Section 1(h) is amended by adding at the end the following new sentence: ''For purposes of this subsection, taxable income shall be computed without regard to the deduction allowed under section 1202.''

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

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

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

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

2 years; except that the portion of any such dividend designated by the company as allocable to 2-, 3-, 4-, 5-, 6-, 7-, or 8-year gain of the company shall be treated as gain from the sale or exchange of a capital asset held for the amount of years in such class for purposes of section 1202. Rules similar to the rules of subparagraph (C) shall apply to any designation under the preceding sentence.''

(B) Clause (i) of section 852(b)(3)(D) is amended by adding at the end the following new sentence: ''Rules similar to the rules of subparagraph (B) shall apply in determining character of the amount to be so included by any such shareholder.''

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

''(B) TREATMENT OF CAPITAL GAIN DIVIDENDS BY SHAREHOLDERS.—A capital gain dividend shall be treated by the shareholders or holders of beneficial interests as gain from the sale or exchange of a capital asset held for more than 1 year but not more than 2 years; except that the portion of any such dividend designated by the company as allocable to 2-, 3-, 4-, 5-, 6-, 7-, or 8-year gain of the company shall be treated as gain from the sale or exchange of a capital asset held for the amount of years in such class for purposes of section 1202. Rules similar to the rules of subparagraph (C) shall apply to any designation under the preceding sentence.''

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

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

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

(C) by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

''(3) as part of its gains from sales or exchanges of capital assets held for periods described in the classes of gains under section 1202(c), its proportionate share of the gains of the common trust fund from sales or exchanges of capital assets held for such periods, and''.

(e) TECHNICAL AND CONFORMING CHANGES.—

(1) Subparagraph (B) of section 170(e)(1) is amended by inserting ''(or, in the case of a taxpayer other than a corporation, the percentage of such gain equal to 100 percent minus the percentage applicable to such gain under section 1202(a))'' after ''the amount of gain''.

(2) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed.''

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

**''SEC. 221. CROSS REFERENCES.**

''(1) For deduction for net capital gains in the case of a taxpayer other than a corporation, see section 1202.

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

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

(4) The last sentence of section 453A(c)(3) is amended by striking all that follows ''long-term capital gain,'' and inserting ''the maximum rate on net capital gain under section 1(h) or 1201 or the deduction under section 1202 (whichever is appropriate) shall be taken into account.''

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

''(4) ADJUSTMENTS.—To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain from the sale or exchange of capital assets held for more than 1 year, proper adjustment shall be made for any deduction allowable to the estate or trust under section 1202 or any exclusion allowable to the estate or trust under section 1203(a). In the case of a trust, the deduction allowed by this subsection shall be subject to section 681 (relating to unrelated business income).''

(6) The last sentence of paragraph (3) of section 643(a) is amended to read as follows: ''The deduction under section 1202 and the exclusion under section 1203 shall not be taken into account.''

(7) Subparagraph (C) of section 643(a)(6) is amended by inserting ''(i)'' before ''there shall'' and by inserting before the period '', and (ii) the deduction under section 1202 (relating to capital gains deduction) shall not be taken into account''.

(8) Paragraph (4) of section 691(c) is amended by striking ''sections 1(h), 1201, and 1211'' and inserting ''sections 1(h), 1201, 1202, and 1211''.

(9) The second sentence of section 871(a)(2) is amended by inserting ''or 1203'' after ''1202''.

(10) Subsection (d) of section 1044 is amended by striking ''1202'' and inserting ''1203''.

(11) Paragraph (1) of section 1402(i) is amended by inserting '', and the deduction provided by section 1202 shall not apply'' before the period at the end thereof.

(f) CLERICAL AMENDMENT.—The table of sections for part I of subchapter P of chapter 1 is amended by inserting after the item relating to section 1201 the following new item:

''Sec. 1202. Capital gains deduction for assets held by noncorporate taxpayers more than 2 years.''

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years ending on and after May 7, 1997.

(2) CONTRIBUTIONS.—The amendment made by subsection (e)(1) shall apply to contributions on or after May 7, 1997.

Mr. FORD. Madam President, we are all familiar with the parameters of the upcoming tax debate. The budget deal provides for $85 billion in net tax cuts over 5 years, and $250 billion in net tax cuts over 10 years.

Within those dollar limits, there's a strong desire to provide tax cuts in four areas: first, capital gains relief, second, estate tax relief, third, a $500-per-child tax credit, and fourth, education tax initiatives. But if you add up all the current proposals in each of these areas, you go way over the $250 billion mark set by the budget deal. Cheaper alternatives must be found.

I have had an interest for several years in providing capital gains relief for family farmers and small family businesses where the parents wish to pass along to their children the operation of the farm or the business.

Earlier this year, Senator GREGG and I each introduced capital gains tax reduction legislation which was based on a similar objective: The longer you have held an asset, the lower your capital gains rate will be. We call this the sliding scale capital gains tax reduction. Since then, we have gotten together, and produced a product which we believe combines the vest features of both of our bills. And we're introducing that legislation today.

The Ford-Gregg approach is a bipartisan compromise that will allow the tax cut package to move forward consistent with the budget deal.

The Ford-Gregg bill achieves the following objectives shared by all capital gains cut advocates:

First, it cuts the capital gains rate in half for individuals; second, it does not discriminate among types of assets; and third, it keeps things relatively simple.

In addition, the Ford-Gregg bill meets the following additional objectives:

First, it costs less than half as much as the major capital gains proposals; second, it rewards long-term investment over short-term speculation; and third, it's bipartisan.

Remember, the budget agreement calls for $250 billion in net tax cuts over 10 years. According to the Joint Tax Committee, the major capital gains proposal pending in the Senate (S. 2) would cost $129 billion over 10 years—eating up more than one-half of the net tax cut amount. On the other hand, the Joint Tax Committee estimates that the Ford-Gregg sliding scale proposal would cost only $45.2 billion over 10 years.

This is a better approach. It is a bipartisan approach. It's better public policy because it rewards long-term investment. It costs less than half as much. And it will make life a whole lot easier for the tax writing committees in the weeks ahead. And that is the message we will be delivering as the final tax package is being written.

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By Mr. FAIRCLOTH (for himself, Mr. HAGEL, Mr. SHELBY, and Mr. HUTCHINSON):

S. 855. A bill to provide for greater responsiveness by Federal agencies in contracts with the public, and for other purposes; to the Committee on Governmental Affairs.

THE RESPONSIVE GOVERNMENT ACT

Mr. FAIRCLOTH. Mr. President, I rise to introduce the Responsive Government Act, and I am joined by the junior Senator from Nebraska, the senior Senator from Alabama, and the junior Senator from Arkansas.

The Responsive Government Act proposes six simple, but important, reforms to make the Federal work force more responsive to the American people and their concerns.

First, the Responsive Government Act will require all Federal agencies to include the telephone number of the writer on all official correspondence.

Too often, people receive letters from Federal agencies that have a return address, but no telephone number. In today's busy world, not everyone has time to write a letter to respond to the reams of mail from Federal bureaucrats.

Mr. President, there are few businesses that would send out a letter without a telephone number, and the Government should not be unaccountable to its customers.

The act also requires Federal offices to provide a person—not an automated computer system—to answer the main telephone number at service-oriented offices.

The Federal Government is here to serve the taxpayers. These Federal agencies should not greet taxpayers with a voice-mail system to screen their calls.

Mr. President, the taxpayers are entitled to a voice on the other end of the line to assist them, not a machine that tells them to leave a message.

The Responsive Government Act also requires Federal agencies to answer the telephones until 5 p.m. Too often, Mr. President, I hear constituents tell me that they just can't get Federal agencies to pick up the phone after 4. This just is not right. The Federal Government is too large, and, unfortunately, that means that citizens are forced into frequent contacts with Federal agencies. It should not be impossible to get in touch with Federal employees.

It should be as easy to get in touch with them as with businesses. The Act also requires Federal agencies to publish their principal telephone numbers in the local directories.

Of course, the blue pages list many Federal agencies, but not all of them. This is an important distinction. We need complete disclosure, Mr. President, and all agencies need to publish their numbers for the benefit of the public.

These agencies also need to attempt to locate service-oriented offices in areas with sufficient parking.

Too often, new agency offices are located in areas with limited public parking. There is often room for employee parking, but not for the public, and that cannot continue.

Finally, Mr. President, the Responsive Government Act requires all Federal agencies to remove computer games from all Federal Government computers.

These computers are for work, not fun, and the taxpayers are footing the bill for fun on the job.

The Federal Government spent close to $20 billion last year on computer equipment and support services. These systems increase productivity in most cases.

However, many of these computers are delivered already equipped with game programs, which reduce workers' efficiency and productivity.

This legislation will prohibit the Federal Government from purchasing computers with preloaded game programs.

These games, of course, decrease the productivity of Federal employees.

In fact, a private-sector survey found that workers spent an average of 5.1 hours per week playing games and other non-job-related tasks on their computers. This translates into an annual $10 billion loss in productivity.

Clearly, then, these games do not go unused.

In fact, many of these games now come equipped with a boss key.

This device lets the worker strike a single keystroke and transform the computer screen from the game to a false spreadsheet. The sole purpose of this device is to hide unproductive behavior from supervisors.

Mr. President, there is no reason for the Federal Government to buy computers with programs designed to divert employees' attention from their jobs.

This is a commonsense reform.

Governor George Allen of Virginia and former Labor Secretary Robert Reich ordered workers to delete these game programs. I commend them for their actions.

I ran for the Senate in 1992 because I wanted to bring some common sense—and private-sector experience—to Washington.

I want to see a Federal Government that is responsive to the citizens. This bill addresses practices that would ruin private-sector businesses.

There is no reason that Government should be less accountable to its customers.

Mr. HAGEL. Mr. President, I rise today in support of the Responsive Government Act. I am proud to be the principal cosponsor of this legislation, and I commend my colleague from North Carolina, Senator FAIRCLOTH, for his leadership in introducing this bill.

This bill would make Government agencies more responsive to the people who use their services. It is a narrow and targeted approach that addresses several of the most common complaints that Americans have about the service they receive from Government agencies.

This bill would make the Federal Government more user-friendly by requiring all Federal agencies to:

Include the telephone number of the author on all official correspondence so citizens know whom to contact and how to reach that person if there are questions;

Provide a person, not an automated system, to answer the main telephone number at service-oriented Federal agencies so citizens do not have to talk to a machine;

Ensure that telephones are answered until 5 p.m. so citizens can get assistance by phone during normal business hours;

Publish principal telephone numbers in the local directories so citizens can readily find how to reach the agency;

Attempt to locate service-oriented offices in areas with sufficient parking so citizens can come and go easily when doing business; and

Remove computer games from all Federal Government computers so Federal employees are not distracted from their jobs.

Mr. President, I ran for the U.S. Senate because I believe we need less Government. I also believe that we must make our Government better and more efficient. Federal agencies must always—always—be as user-friendly as possible for our citizens. Government agencies must always treat taxpayers with courtesy and respect.

This bill is a small but important step toward creating a service-oriented climate in the Federal Government. Americans deserve no less.

I urge my colleagues to support this legislation.

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By Mr. ROBB:

S. 856. A bill to provide for the adjudication and payment of certain claims against the Government of Iraq; to the Committee on Foreign Relations.

THE IRAQI CLAIMS ACT OF 1997

Mr. ROBB. Mr. President, nearly 7 years ago President Bush invoked emergency economic sanctions against Iraq for its invasion of Kuwait. Freezing Iraqi financial assets made sense at the time because it prevented Saddam Hussein from funding his war campaign. Now, we need to take steps to unwind the sanctions regime to permit payment to United States businesses who sold products to Iraq but have never been paid.

Four years ago this month I introduced legislation—S. 1119, the Secured Payment Act of 1993—with 13 bipartisan cosponsors achieving that purpose. The bill clarified that certain moneys on deposit in United States banks belong to United States companies, not Iraq, and therefore should not be subject to the Iraqi assets freeze. Amendment language similar to S. 1119 was appended to the last State Department Authorization bill following a rollcall vote in the Foreign Relations Committee and approved by the full Senate. Unfortunately, the language was dropped in conference, leaving this matter unresolved.

The legislation I am introducing today represents a compromise on creating a settlement process for private preinvasion claims. The Iraq Claims Act of 1997 I believe takes a progressive step forward in disseminating the $1.2 billion in frozen assets.

First, it vests currently blocked assets in the President. Second, an Iraq Claims Fund will be created by the Treasury Department where those assets will be deposited. Third, within 2 years of enactment of the legislation, payment on private claims—certified by the Foreign Claims Settlement Commission—will be made out of the fund. Fourth, after payment has been made in full on all private claims, any funds remaining shall be made available to satisfy claims of the U.S. Government.

Mr. President, although much of the debate over my previous legislation concerned the minutiae of letter of credit law, international business transactions, and economic emergency powers, the Iraq Claims Act of 1997 lays aside those issues and establishes an equitable procedure for considering claims on a prioritized basis. While I understand that the administration is working on a proposal for similar legislation on Iraq claims, I would encourage the State and Treasury Departments to reevaluate their concerns

about the approach I am proposing. I would submit that this legislation is the most suitable, and politically viable, compromise available to come to closure on this issue.

Mr. President, these frozen assets were blocked to prevent Iraq from using the funds to support its aggression against Kuwait and its allies. That freeze—designed to hurt Iraq—is now hurting American companies. Some of those firms were a mere electronic transfer, a keystroke on a computer, away from receiving their payments when the emergency freeze was imposed. After 7 years, it is time to act expeditiously in their favor.

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By Mr. SHELBY:

S. 858. An original bill to authorize appropriations for fiscal year 1998 for intelligence and intelligence-related activities of the United States Government, and Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; from the Select Committee on Intelligence; placed on the calendar.

THE INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1998

Mr. SHELBY. 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. 858

*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 ''Intelligence Authorization Act for Fiscal Year 1998''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:



## TITLE I—INTELLIGENCE ACTIVITIES

**SEC. 101. AUTHORIZATION OF APPROPRIATIONS.**

Funds are hereby authorized to be appropriated for fiscal year 1998 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The Drug Enforcement Administration.
(11) The National Reconnaissance Office.
(12) The National Imagery and Mapping Agency.

**SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.**

(a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1998, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared to accompany the conference report on the bill ___ of the One Hundred Fifth Congress.

(b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the Executive Branch.

**SEC. 103. PERSONNEL CEILING ADJUSTMENTS.**

(a) AUTHORITY FOR ADJUSTMENTS.—With the approval of the Director of the Office of Management and Budget, the Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 1998 under section 102 when the Director of Central Intelligence determines that such action is necessary to the performance of important intelligence functions, except that the number of personnel employed in excess of the number authorized under such section may not, for any element of the intelligence community, exceed two percent of the number of civilian personnel authorized under such section for such element.

(b) NOTICE TO INTELLIGENCE COMMITTEES.—The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever the Director exercises the authority granted by this section.

**SEC. 104. COMMUNITY MANAGEMENT ACCOUNT.**

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) AUTHORIZATION.—There is authorized to be appropriated for the Community Management Account of the Director of Central Intelligence for fiscal year 1998 the sum of $90,580,000.

(2) AVAILABILITY OF CERTAIN FUNDS.—Within such amount, funds identified in the classified Schedule of Authorizations referred to in section 102(a) for the Advanced Research and Development Committee and the Environmental Intelligence and Applications Program shall remain available until September 30, 1999.

(b) AUTHORIZED PERSONNEL LEVELS.—The elements within the Community Management Account of the Director of Central Intelligence are authorized a total of 278 full-time personnel as of September 30, 1998. Personnel serving in such elements may be permanent employees of the Community Management Account element or personnel detailed from other elements of the United States Government.

(c) CLASSIFIED AUTHORIZATIONS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated for the Community Management Account by subsection (a), there is also authorized to be appropriated for the Community Management Account for fiscal year 1998 such additional amounts as are specified in the classified Schedule of Authorizations referred to in section 102(a).

(2) AUTHORIZATION OF PERSONNEL.—In addition to the personnel authorized by subsection (b) for elements of the Community Management Account as of September 30, 1998, there is hereby authorized such additional personnel for such elements as of that date as is specified in the classified Schedule of Authorizations.

(3) CONSTRUCTION.—Authorizations in the classified Schedule of Authorizations may not be construed to increase authorizations of appropriations or personnel for the Community Management Account except to the extent specified in the applicable paragraph of this subsection.

(d) REIMBURSEMENT.—During fiscal year 1998, any officer or employee of the United States or member of the Armed Forces who is detailed to the staff of an element within the Community Management Account from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may be detailed on a non-reimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

## TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

**SEC. 201. AUTHORIZATION OF APPROPRIATIONS.**

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1998 the sum of $196,900,000.

## TITLE III—GENERAL PROVISIONS

**SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.**

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

**SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.**

The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or the laws of the United States.

**SEC. 303. DETAIL OF INTELLIGENCE COMMUNITY PERSONNEL.**

(a) DETAIL.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the head of a department or agency having jurisdiction over an element in the intelligence community or the head of an element of the intelligence community may detail any employee of the department, agency, or element to serve in any position in the Intelligence Community Assignment Program.

(2) BASIS OF DETAIL.—

(A) IN GENERAL.—Personnel may be detailed under paragraph (1) on a reimbursable or nonreimbursable basis.

(B) PERIOD OF NONREIMBURSABLE DETAIL.—Personnel detailed on a nonreimbursable basis shall be detailed for such periods not to exceed three years as are agreed upon between the heads of the departments or agencies concerned. However, the heads of the departments or agencies may provide for the extension of a detail for not to exceed one year if the extension is in the public interest.

(b) BENEFITS, ALLOWANCES, AND INCENTIVES.—The department, agency, or element detailing personnel to the Intelligence Community Assignment Program under subsection (a) on a non-reimbursable basis may provide such personnel any salary, pay, retirement, or other benefits, allowances (including travel allowances), or incentives as are provided to other personnel of the department, agency, or element.

(c) EFFECTIVE DATE.—This section shall take effect on June 1, 1997.

**SEC. 304. EXTENSION OF APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.**

Section 905 of the National Security Act of 1947 (50 U.S.C. 441d) is amended by striking out ''January 6, 1998'' and inserting in lieu thereof ''January 6, 2001''.

**SEC. 305. ADMINISTRATIVE LOCATION OF THE OFFICE OF THE DIRECTOR OF CENTRAL INTELLIGENCE.**

Section 102(e) of the National Security Act of 1947 (50 U.S.C. 403(e)) is amended by adding at the end the following:

''(4) The Office of the Director of Central Intelligence shall, for administrative purposes, be within the Central Intelligence Agency.''.

**SEC. 306. ENCOURAGEMENT OF DISCLOSURE OF CERTAIN INFORMATION TO CONGRESS.**

(a) ENCOURAGEMENT.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the President shall take appropriate actions to inform the employees of the executive branch, and employees of contractors carrying out activities under classified contracts, that the disclosure of information described in paragraph (2) to the committee of Congress having oversight responsibility for the department, agency, or element to which such information relates, or to the Members of Congress who represent such employees, is not prohibited by law, executive order, or regulation or otherwise contrary to public policy.

(2) COVERED INFORMATION.—Paragraph (1) applies to information, including classified information, that an employee reasonably believes to evidence—

(A) a violation of any law, rule, or regulation;

(B) a false statement to Congress on an issue of material fact; or

(C) gross mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety.

(b) REPORT.—On the date that is 30 days after the date of enactment of this Act, the President shall submit to Congress a report on the actions taken under subsection (a).

**SEC. 307. PROVISION OF INFORMATION ON VIOLENT CRIMES AGAINST UNITED STATES CITIZENS ABROAD TO VICTIMS AND VICTIMS' FAMILIES.**

(a) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) it is in the national interests of the United States to provide information regarding the murder or kidnapping of United States citizens abroad to the victims, or the families of victims, of such crimes; and

(2) the provision of such information is sufficiently important that the discharge of the responsibility for identifying and disseminating such information should be vested in a cabinet-level officer of the United States Government.

(b) RESPONSIBILITY.—The Secretary of State shall take appropriate actions to ensure that the United States Government takes all appropriate actions to—

(1) identify promptly information (including classified information) in the possession of the departments and agencies of the United States Government regarding the murder or kidnapping of United States citizens abroad; and

(2) subject to subsection (c), make such information available to the victims or, where appropriate, the families of victims of such crimes.

(c) CLASSIFIED INFORMATION.—The Secretary shall work with the Director of Central Intelligence to ensure that classified information relevant to a crime covered by subsection (b) is promptly reviewed and, to the maximum extent practicable without jeopardizing sensitive sources and methods or other vital national security interests, made available under that subsection.

**SEC. 308. STANDARDS FOR SPELLING OF FOREIGN NAMES AND PLACES AND FOR USE OF GEOGRAPHIC COORDINATES.**

(a) SURVEY OF CURRENT STANDARDS.—

(1) SURVEY.—The Director of Central Intelligence shall carry out a survey of current standards for the spelling of foreign names and places, and the use of geographic coordinates for such places, among the elements of the intelligence community.

(2) REPORT.—Not later than 90 days after the date of enactment of this Act the Director shall submit to the congressional intelligence committees a report on the survey carried out under paragraph (1).

(b) GUIDELINES.—

(1) ISSUANCE.—Not later than 180 days after the date of enactment of this Act, the Director shall issue guidelines to ensure the use of uniform spelling of foreign names and places and the uniform use of geographic coordinates for such places. The guidelines shall apply to all intelligence reports, intelligence products, and intelligence databases prepared and utilized by the elements of the intelligence community.

(2) BASIS.—The guidelines under paragraph (1) shall, to the maximum extent practicable, be based on current United States Government standards for the transliteration of foreign names, standards for foreign place names developed by the Board on Geographic Names, and a standard set of geographic coordinates.

(3) SUBMITTAL TO CONGRESS.—The Director shall submit a copy of the guidelines to the congressional intelligence committees.

(c) CONGRESSIONAL INTELLIGENCE COMMITTEES DEFINED.—In this section, the term ''congressional intelligence committees'' means the following:

(1) The Select Committee on Intelligence of the Senate.

(2) The Permanent Select Committee on Intelligence of the House of Representatives.

## TITLE IV—CENTRAL INTELLIGENCE AGENCY

**SEC. 401. MULTIYEAR LEASING AUTHORITY.**

Section 5 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403f) is amended—

(1) in paragraph (e), by striking out ''without regard'' and all that follows through the end and inserting in lieu thereof a semicolon;

(2) by redesignating paragraph (f) as paragraph (g); and

(3) by inserting after paragraph (e) the following new paragraph (f):

''(f) Notwithstanding section 1341(a)(1) of title 31, United States Code, enter into multiyear leases for lease terms of not to exceed 15 years, except that—

''(1) any such lease shall be subject to the availability of appropriations in an amount necessary to cover—

''(A) rental payments over the entire term of the lease; or

''(B) rental payments over the first 12 months of the term of the lease and the penalty, if any, payable in the event of the termination of the lease at the end of the first 12 months of the term; and

''(2) if the Agency enters into a lease using the authority in subparagraph (1)(B)—

''(A) the lease shall include a clause that provides that the lease shall be terminated if specific appropriations available for the rental payments are not provided in advance of the obligation to make the rental payments;

''(B) notwithstanding section 1552 of title 31, United States Code, amounts obligated for paying costs associated with terminating the lease shall remain available until such costs are paid;

''(C) amounts obligated for payment of costs associated with terminating the lease may be used instead to make rental payments under the lease, but only to the extent that such amounts are not required to pay such costs; and

''(D) amounts available in a fiscal year to make rental payments under the lease shall be available for that purpose for not more than 12 months commencing at any time during the fiscal year; and''.

**SEC. 402. SUBPOENA AUTHORITY FOR THE INSPECTOR GENERAL OF THE CENTRAL INTELLIGENCE AGENCY.**

(a) AUTHORITY.—Subsection (e) of section 17 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403q) is amended—

(1) by redesignating paragraphs (5) through (7) as paragraphs (6) through (8), respectively; and

(2) by inserting after paragraph (4) the following new paragraph (5):

''(5)(A) Except as provided in subparagraph (B), the Inspector General is authorized to require by subpoena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of the duties and responsibilities of the Inspector General.

''(B) In the case of Government agencies, the Inspector General shall obtain information, documents, reports, answers, records, accounts, papers, and other data and evidence for the purpose specified in subparagraph (A) using procedures other than subpoenas.

''(C) The Inspector General may not issue a subpoena for or on behalf of any other element or component of the Agency.

''(D) In the case of contumacy or refusal to obey a subpoena issued under this paragraph, the subpoena shall be enforceable by order of any appropriate district court of the United States.

''(E) Not later than January 31 and July 31 of each year, the Inspector General shall submit to the Select Committee on Intelligence

of the Senate and the Permanent Select Committee on Intelligence of the House of Representative a report of the Inspector General's exercise of authority under this paragraph during the preceding six months.''.

(b) LIMITATION ON AUTHORITY FOR PROTECTION OF NATIONAL SECURITY.—Subsection (b)(3) of that section is amended by inserting '', or from issuing any subpoena, after the Inspector General has decided to initiate, carry out, or complete such audit, inspection, or investigation or to issue such subpoena,'' after ''or investigation''.

**TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES**

**SEC. 501. ACADEMIC DEGREES IN INTELLIGENCE.**

(a) IN GENERAL.—Section 2161 of title 10, United States Code, is amended to read as follows:

**''§ 2161. Joint Military Intelligence College: master of science in strategic intelligence; bachelor of science in intelligence**

''Under regulations prescribed by the Secretary of Defense, the President of the Joint Military Intelligence College may, upon recommendation by the faculty of the college, confer the degree of master of science in strategic intelligence and the degree of bachelor of science in intelligence upon the graduates of the college who have fulfilled the requirements for such degree.''.

(b) CONFORMING AMENDMENT.—The item relating to section 2161 in the table of sections at the beginning of chapter 108 of such title is amended to read as follows:

''2161. Joint Military Intelligence College: master of science in strategic intelligence; bachelor of science in intelligence.''.

**SEC. 502. FUNDING FOR INFRASTRUCTURE AND QUALITY OF LIFE IMPROVEMENTS AT MENWITH HILL AND BAD AIBLING STATIONS.**

Section 506(b) of the Intelligence Authorization Act for Fiscal Year 1996 (Public Law 104–93; 109 Stat. 974) is amended by striking out ''for fiscal years 1996 and 1997'' and inserting in lieu thereof ''for fiscal years 1998 and 1999''.

**SEC. 503. MISUSE OF NATIONAL RECONNAISSANCE OFFICE NAME, INITIALS, OR SEAL.**

(a) IN GENERAL.—Subchapter I of chapter 21 of title 10, United States Code, is amended by adding at the end the following:

**''§ 426. Unauthorized use of National Reconnaissance Office name, initials, or seal**

''(a) PROHIBITED ACTS.—Except with the joint written permission of the Secretary of Defense and the Director of Central Intelligence, no person may knowingly use, in connection with any merchandise, retail product, impersonation, solicitation, or commercial activity, in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the Secretary or the Director, any of the following:

''(1) The words 'National Reconnaissance Office' or the initials 'NRO'.

''(2) The seal of the National Reconnaissance Office.

''(3) Any colorable imitation of such words, initials, or seal.

''(b) INJUNCTION.—(1) Whenever it appears to the Attorney General that any person is engaged or is about to engage in an act or practice which constitutes or will constitute conduct prohibited by subsection (a), the Attorney General may initiate a civil proceeding in a district court of the United States to enjoin such act or practice.

''(2) Such court shall proceed as soon as practicable to the hearing and determination of such action and may, at any time before final determination, enter such restraining orders or prohibitions, or take such other action as is warranted, to prevent injury to the United States or to any person or class of persons for whose protection the action is brought.''

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of that subchapter is amended by adding at the end the following:

''426. Unauthorized use of National Reconnaissance Office name, initials, or seal.''.

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By Mr. KYL (for himself and Mr. GRAMM):

S. 859. A bill to repeal the increase in tax on Social Security benefits; to the Committee on Finance.

THE SENIOR CITIZENS INCOME TAX RELIEF ACT

Mr. KYL. Mr. President, I am pleased to have my colleague, Senator PHIL GRAMM, join me as an original cosponsor of the Senior Citizens Income Tax Relief Act. This legislation would give seniors relief from the Clinton Social Security tax increase of 1993.

The recently passed Federal budget deal provides target levels for new spending and for modest tax relief. As Congress begins to write the bills to implement this budget blueprint, attention turns to the details. One of them is whether there will be sufficient room for tax relief for senior citizens.

Millions of America's senior citizens depend on Social Security as a critical part of their retirement income. Having paid into the program throughout their working lives, retirees count on the Government to meet its obligations under the Social Security contract. For many, the security provided by this supplemental pension plan is the difference between a happy and healthy retirement and one marked by uncertainty and apprehension, particularly for the vast majority of seniors on fixed incomes.

As part of his massive 1993 tax hike, President Clinton imposed a tax increase on senior citizens, subjecting to taxation up to 85 percent of the Social Security received by seniors with annual incomes of over $34,000 and couples with over $44,000 in annual income.

This represents a 70-percent increase in the marginal tax rate for these seniors. Factor in the Government's Social Security earnings limitation, and a senior's marginal tax rate can reach 88 percent—twice the rate paid by millionaires.

An analysis of Government-provided figures on the 1993 Social Security tax increase finds that, by next year, America's seniors will have paid an extra $25 billion because of this tax hike, including $380 million from senior citizens in Arizona alone.

Mr. President, I want to make an additional important point. Despite all the partisan demagoguery, the only attack on Social Security in recent years has come from the administration and the other party in the Omnibus Budget Reconciliation Act of 1993. Not one Republican supported this tax increase on Social Security benefits.

At the Clinton administration's insistence, the amount of tax relief we will be able to provide will be severely limited. It will be difficult, then, to repeal the Social Security tax increase. This is why I offered an amendment to ensure that we are able to expand tax relief in the future, and why the first tax relief proposal I am introducing will repeal President Clinton's 1993 Social Security tax increase.

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By Mr. HARKIN:

S. 860. A bill to protect and improve rural health care, and for other purposes; to the Committee on Finance.

THE RURAL HEALTH CARE PROTECTION AND IMPROVEMENT ACT OF 1997

Mr. HARKIN. Mr. President, I rise today to introduce the Rural Health Care Protection and Improvement Act of 1997. This legislation is critical to the survival of the fragile health care systems and infrastructure in rural areas and small towns across America.

Rural Americans are more often poor, more often uninsured, and more often without access to health care than other Americans. The health care system in many small towns in Iowa is on the critical list—we have too few doctors, nurses, and other health care professionals and many of our rural hospitals are barely making it.

Iowa ranks first in the percentage of citizens over age 85 and third nationally in the percentage of the population over age 65. Because of our demographics our health care providers in Iowa depend heavily on Medicare payments. And many of them are struggling. One reason they are struggling is because of the gross inequities between rural and urban Medicare payment rates. In fact, the House Ways and Means Committee recently published a report estimating that Iowa loses $0.7 billion a year because of current Medicare payment policies. The higher cost of living in areas such as New York City and Miami in no way justifies the huge disparity in payment rates. The current system rewards waste and inefficiency and penalizes States like Iowa whose health care providers practice a conservative, cost-effective approach to health care.

The legislation I am introducing today would correct this wrong-headed system. This bill would make Medicare payments to managed care plans fairer for rural areas by readjusting the AAPCC so that rates are more equitable between rural and urban areas.

But even more importantly, this bill corrects the inequities in the regular fee-for-service Medicare Program. AAPCC rates are unfair because they are tied directly to Medicare fee-for-service payments, and fee-for-service payments are very low in rural areas.

Even with a correction in managed care payments, over two-thirds of Iowa seniors will likely continue to receive care under the standard fee-for-service system. This bill corrects fee-for-service rates, so that seniors in rural areas

will at last be able to receive the quality and access to health care they deserve.

Mr. President, my legislation would also reauthorize and extend the Rural Health Transition Grant Program. This grant program helps small rural hospitals and their communities adapt to the changing health care marketplace. Specifically, the grants help hospitals adjust to reductions in the need for inpatient services and increased demand for outpatient and emergency services and help rural hospitals meet the increasingly difficult task of recruiting staff.

Rural hospitals use these funds for a variety of programs. For example, Marengo Memorial Hospital, Mitchell County Hospital, Franklin General in Hampton, and Kossuth County Hospital as well as other hospitals used funds to help develop rural health care networks. Pochahontas Community Hospital and Community Memorial Hospital in Sumner used funds to recruit health professionals and Holy Family Hospital in Estherville used funds to improve emergency services.

These grants are provided over 3 years. They represent a small but vital source of revenue for hospitals struggling to adjust to a new health care environment. Unfortunately, these grants were not reauthorized last year, and there are many hospitals that were promised transition grant funds but for whom the money is no longer available. This legislation would help ensure that these few hospitals are able to finish out their grants and meet the changing needs of their patients and communities.

Mr. President, the health care system is undergoing tremendous change and our rural hospitals must adjust to this new environment. The Transition Grant Program helps hospitals modify the type and extent of services so they can better serve rural communities.

Mr. President, the legislation I am introducing will help improve access and enhance the quality of health care in rural areas. And it will help shore up the fragile health care infrastructure in our rural communities and small towns.

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By Mr. INHOFE:

S. 861. A bill to amend the Federal Property and Administrative Services Act of 1949 to authorize donation of Federal law enforcement canines that are no longer needed for official purposes to individuals with experience handling canines in the performance of law enforcement duties; to the Committee on Governmental Affairs.

DONATION OF LAW ENFORCEMENT DOGS TO THEIR HANDLERS

Mr. INHOFE. Mr. President, I rise today to introduce a bill to address the situation encountered when certain members of our Federal law enforcement community are no longer able to perform their assigned duties. These members of the Federal law enforcement community to which I refer are not people, but canines.

The purpose of this legislation is simple. The bill will streamline the regulations that govern the adoption of Federal law enforcement canines by their handlers. Currently, these animals are considered Federal property and when their tenure of service has ended, they are considered surplus Government property. Under current Federal regulations, Government agencies are forced to comply with procedures to ensure maximum return for the Government's investment in the animal at auction.

These animals have received special security training to best equip them for the demands of their duties. Because of the hazards associated with their duties, this specialized training often makes these animals unsuitable as pets for those not trained to handle these animals.

Because of the highly specialized training these animals receive, they should not be simply auctioned to the highest bidder. Currently, if no trained handler comes forward and offers the highest bid for the animal, the possibility exists that it will spend the rest of its life caged, or even worse, destroyed.

Under this legislation, the eligible animals would be donated to their handlers, who would then assume all costs and responsibilities associated to the care of that animal. This practice is commonplace for local law enforcement agencies nationwide.

This is not a drastic departure from previous Government procedure. In 1993, the General Services Administration granted a waiver for Border Patrol canine handlers to purchase their partners for a nominal fee. Unfortunately, this waiver has expired and has not been renewed.

Mr. President, this is a commonsense solution to a very simple problem. I urge my colleagues to support this bill and ease the restrictions concerning the adoption of Federal law enforcement canines.

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## ADDITIONAL COSPONSORS

S. 261

At the request of Mr. DOMENICI, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 261, a bill to provide for a biennial budget process and a biennial appropriations process and to enhance oversight and the performance of the Federal Government.

At the request of Mr. DOMENICI, the name of the Senator from Georgia [Mr. CLELAND] was withdrawn as a cosponsor of S. 261, supra.

S. 293

At the request of Mr. HATCH, the names of the Senator from Washington [Mrs. MURRAY], and the Senator from Illinois [Mr. DURBIN] were added as cosponsors of S. 293, a bill to amend the Internal Revenue Code of 1986 to make permanent the credit for clinical testing expenses for certain drugs for rare diseases or conditions.

S. 339

At the request of Mr. LEVIN, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 339, a bill to amend title 18, United States Code, to revise the requirements for procurement of products of Federal Prison Industries to meet needs of Federal agencies, and for other purposes.

S. 358

At the request of Mr. DEWINE, the name of the Senator from Georgia [Mr. CLELAND] was added as a cosponsor of S. 358, a bill to provide for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products, and for other purposes.

S. 360

At the request of Mr. CRAIG, the names of the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Idaho [Mr. KEMPTHORNE] were added as cosponsors of S. 360, a bill to require adoption of a management plan for the Hells Canyon National Recreation Area that allows appropriate use of motorized and nonmotorized river craft in the recreation area, and for other purposes.

S. 364

At the request of Mr. LIEBERMAN, the names of the Senator from Kentucky [Mr. MCCONNELL], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of S. 364, a bill to provide legal standards and procedures for suppliers of raw materials and component parts for medical devices.

S. 385

At the request of Mr. CONRAD, the names of the Senator from South Dakota [Mr. DASCHLE], and the Senator from South Carolina [Mr. HOLLINGS] were added as cosponsors of S. 385, a bill to provide reimbursement under the Medicare Program for telehealth services, and for other purposes.

S. 422

At the request of Mr. DOMENICI, the name of the Senator from Connecticut [Mr. LIEBERMAN] was added as a cosponsor of S. 422, a bill to define the circumstances under which DNA samples may be collected, stored, and analyzed, and genetic information may be collected, stored, analyzed, and disclosed, to define the rights of individuals and persons with respect to genetic information, to define the responsibilities of persons with respect to genetic information, to protect individuals and families from genetic discrimination, to establish uniform rules that protect individual genetic privacy, and to establish effective mechanisms to enforce the rights and responsibilities established under this Act.

S. 436

At the request of Mr. ROTH, the name of the Senator from Texas [Mrs. HUTCHISON] was added as a cosponsor of S. 436, a bill to amend the Internal Revenue Code of 1986 to provide for the