the convention, women could claim property rights, employment and educational opportunities, divorce and child custody laws, and increased social freedoms. By the early 20th century, a coalition of suffragists, temperance groups, reform-minded politicians, and women's social welfare organizations mustered a successful push for the vote.

Today Congress honors Lucretia Mott and Elizabeth Cady Stanton, along with Susan B. Anthony, as revolutionary leaders of the women's movement by placing a statue of them in the Capitol Rotunda next to statues of other leaders in our Nation's history such as George Washington, Abraham Lincoln, and Martin Luther King, Jr.

It is only fitting that a stamp be issued commemorating this historic anniversary highlighting the importance of continuing this struggle for equal rights and opportunity for women in areas such as health care, education, employment, and pay equity.

Mr. D'AMATO. Mr. President, I rise today with my friend and colleague, the senior Senator from New York, Senator MOYNIHAN, to submit concurrent resolution to commemorate the 150th anniversary of the first Women's Rights Convention through the issuance of a U.S. postage stamp.

American women in the middle part of the 19th century had few distinguishable rights. They did not possess the right to vote, participate in government and if married, were not allowed to own property or keep wages if they worked outside of the home. In the summer of 1848, a group of five women sought to change these circumstances.

On July 19 and 20, 1848, 300 women and men converged on Wesleyan Methodist Church in Seneca Falls, NY to consider ''the social, civil and religious condition of women'' at that time. Led by Elizabeth Cady Stanton, Lucretia Mott, Jane Hunt, Ann McClintock and Martha Wright, a Declaration of Sentiments was presented to the audience which listed among them ''all men and women are created equal'' and that ''women's political equality with man is the legitimate outgrowth of the fundamental principles of our government as set forth in the Declaration of Independence and the Constitution.''

This historic Convention marked a turning point in the condition of women in American society. The public airing of the Declaration of Sentiments began a progressive pursuit of equality for women that has endured to this day.

The issuance of this stamp will honor the courage that these early leaders had in presenting their convictions and pursuing change for all women. Through the issuance of a commemorative stamp, the commitment to women's rights will be celebrated. I encourage my colleagues to join Senator MOYNIHAN and me by cosponsoring this measure.

SENATE RESOLUTION—104—RELATIVE TO THE TAX STATUS OF PAYMENTS IN THE TOBACCO LIABILITY SETTLEMENT

Mr. HARKIN (for himself, Mr. LAUTENBERG, and Mr. KENNEDY) submitted the following resolution, which was referred to the Committee on Finance:

S. RES. 104

Resolved,

Whereas the tobacco industry, State attorneys general, and individual plaintiffs' attorneys have reached an agreement to settle tobacco litigation in 40 States and the tobacco industry has agreed to pay $368.5 billion over 25 years, most of which would go to States;

Whereas under the terms of this agreement, this payment will be counted as a ''normal and necessary'' business expense and will therefore be considered tax deductible for Federal tax purposes, potentially requiring American taxpayers to subsidize up to $147 billion of the settlement payment; and

Whereas while many of the details of the agreement will require further examination and possible alteration, the United States Senate should go on record stating its concern about this provision's potential impact on federal revenues and the deficit: Therefore be it

Resolved, It is the sense of the Senate that to protect the interests of the American taxpayer, any legislation implementing the tobacco liability settlement shall prohibit parties to the agreement from claiming Federal tax deductions for these payments.

SENATE RESOLUTION 105—RELATIVE TO HONG KONG

Mr. LOTT (for himself, Mr. LIEBERMAN, Mr. MURKOWSKI, Mr. HELMS, Mr. COVERDELL, Mr. MCCONNELL, Mr. ROBB, Mr. THURMOND, Mr. MCCAIN, Mr. NICKLES, Mr. ROTH, Mrs. FEINSTEIN, and Mr. CRAIG) submitted the following resolution; which was considered and agreed to:

S. RES. 105

Whereas at one minute past midnight on July 1, 1997, Hong Kong will cease to be a colonial possession of Great Britain and will return to Chinese sovereignty;

Whereas the people of Hong Kong enjoy civil liberties and political freedoms based on the democratic rule of law and the functions of a free market;

Whereas the People's Republic of china has promised through international agreements and Chinese law to preserve Hong Kong's way of life and to grant the people of Hong Kong substantial autonomy in self-government;

Whereas the United States is committed through the Hong Kong Policy Act of 1992 to monitoring, advocating and reporting on the continuation of Hong Kong's freedoms under Chinese rule; and

Whereas the United States enjoys a longstanding commercial, cultural, and political relationship with Hong Kong and a developing relationship with the People's Republic of China: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the people of the United States wish good fortune to the people of Hong Kong as they embark on their historic transition of sovereignty;

(2) the United States urges the People's Republic of China to honor both the spirit and the letter of its commitments to accord Hong Kong substantial autonomy as a separate administrative region in a China characterized as ''one country, two systems;''

(3) the executive branch should exercise due diligence in enforcing the terms and conditions of the Hong Kong Policy Act of 1992 and subsequent acts and provisions concerning the protection of civil liberties and the rule of law in Hong Kong;

(4) the United States looks forward to continuing its close, productive relationship with the people of Hong Kong; and

(5) the United States hopes to develop a positive, productive relationship with the People's Republic of china based upon shared respect for human dignity and responsible behavior in the international community of nations.

AMENDMENTS SUBMITTED

THE REVENUE RECONCILIATION ACT OF 1997

GRAMM AMENDMENT NO. 566

Mr. GRAMM proposed an amendment to the bill (S. 949) to provide revenue reconciliation pursuant to section 104(b) of the concurrent resolution on the budget for fiscal year 1998; from the Committee on Finance; as follows:

At the appropriate place, add the following:

SEC. . GUARANTEED BALANCED BUDGET.

(a) MAXIMUM DEFICIT AMOUNT.—Section 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (b), in the last sentence by striking the period and inserting ''and $10,000,000,000 for fiscal years 1998 and thereafter.''; and

(2) by striking subsections (g) and (h) and inserting the following:

''(g) MAXIMUM DEFICIT AMOUNT.—In this section—

''(1) Notwithstanding any provision of this * * * the term 'deficit' shall have the same meaning as the term 'deficit' in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974 as on the day before the date of enactment of the Budget Enforcement Act of 1990; and

''(2) the term 'maximum deficit amount' means—

''(A) with respect to fiscal year 1998, $90,500,000,000;

''(B) with respect to fiscal year 1999, $89,500,000,000;

''(C) with respect to fiscal year 2000, $82,900,000,000;

''(D) with respect to fiscal year 2001, $53,100,000,000;

''(E) with respect to fiscal year 2002 and fiscal years thereafter, zero.''.

(b) LOOK-BACK SEQUESTER.—Section 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end thereof the following new subsection:

''(h) LOOK-BACK SEQUESTER—

''(1) IN GENERAL.—On July 1 of each fiscal year, the Director of OMB shall determine if laws effective during the current fiscal year will cause the deficit to exceed the maximum deficit amount for such fiscal year. If the limit is exceeded, there shall be a preliminary sequester on July 1 to eliminate the excess.

''(2) PERMANENT SEQUESTER.—Budget authority sequestered on July 1 pursuant to paragraph (1) shall be permanently canceled on July 15.

''(3) NO MARGIN.—The margin for determining a sequester under this subsection shall be zero.

''(4) SEQUESTRATION PROCEDURES.—The provision of subsections (c), (d), and (e) of this section shall apply to a sequester under this subsection.''.

(c) OFFSETTING TAX CUTS WITH CUTS IN DISCRETIONARY SPENDING.—Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following:

''(f) OFFSETS WITH DISCRETIONARY SPENDING.—For purposes of subsection (b), revenue reductions increasing the deficit may be offset by reductions in discretionary appropriated amounts reducing the deficit.''.

(d) ADJUSTMENT OF DISCRETIONARY SPENDING LEVELS FOR TAX CUTS.—Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following:

''(I) TAX RELIEF ADJUSTMENTS.—If, for any fiscal year or years, appropriations for discretionary appropriations are reduced that Congress and the President designate in statute as offsets for tax relief, the adjustments shall be the total amount of such reductions in appropriations in discretionary accounts and the outlays flowing in all years from such reductions.''

(e) Notwithstanding any provision in this or any other Act, section 253 of the Balanced Budget and Emergency Deficit Control Act is extended through fiscal year 2002.

JEFFORDS AMENDMENT NO. 567

(Ordered to lie on the table.)

Mr. JEFFORDS submitted an amendment intended to be proposed by him to the bill, S. 949, supra; as follows:

On page 164, in the matter between lines 16 and 17, insert after the item relating to section 1400B the following:

''Sec. 1400C. Trust Fund for DC schools.''

On page 173, line 10, strike ''$75,000,000'' and insert ''$60,000,000''.

On page 174, strike lines 21 through 23, and insert:

''(a) EXCLUSION.—

''(1) IN GENERAL.—Gross income shall not include qualified capital gain from the sale or exchange of any DC asset held for more than 5 years.

''(2) SPECIAL 10 PERCENT RATE FOR DC ASSETS ACQUIRED IN 1998.—

''(A) IN GENERAL.—In the case of any DC asset acquired during calendar year 1998—

''(i) paragraph (1) shall not apply to any qualified capital gain from the sale or exchange of such asset, and

''(ii) the qualified capital gain described in clause (i) shall be treated as adjusted net capital gain described in section 1(h)(1)(D) for the taxable year of the sale or exchange (and the amount under section 1(h)(1)(D)(i) for such taxable year shall be increased by the amount of such gain).

''(B) SPECIAL RULE.—For purposes of subparagraph (A), any DC asset the basis of which is determined in whole or in part by reference to the basis of an asset to which subparagraph (A) applies shall be treated as a DC asset acquired during calendar year 1998.

On page 181, between lines 5 and 6, insert the following:

''SEC. 1400C. TRUST FUND FOR DC SCHOOLS.

''(a) CREATION OF FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Trust Fund for DC Schools', consisting of such amounts as may be appropriated or credited to the Fund as provided in this section.

''(b) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

''(1) IN GENERAL.—There are hereby appropriated to the Trust Fund for DC Schools amounts equivalent to the applicable percentage of revenues received in the Treasury from income taxes imposed by this chapter for any taxable year beginning after December 31, 1997, and before January 1, 2008, on individual taxpayers who are residents of the District of Columbia as of the last day of such taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term 'applicable percentage' means the percentage which the Secretary determines necessary to result in the following amounts being appropriated to the Trust Fund under paragraph (1):

''(A) $5,000,000 for each of the calendar years 1998 through 2007.

''(3) TRANSFER OF AMOUNTS.—The amounts appropriated by paragraph (1) shall be transferred at least monthly from the general fund of the Treasury to the Trust Fund for DC Schools on the basis of estimates made by the Secretary of the amounts referred to in such paragraph. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

''(c) EXPENDITURES FROM FUND.—

''(1) IN GENERAL.—Amounts in the Trust Fund for DC Schools are hereby appropriated, and shall be available without fiscal year limitation, for payment by the Secretary of debt service on qualified DC school bonds.

''(2) QUALIFIED DC SCHOOL BONDS.—The term 'qualified DC school bonds' means bonds which—

''(A) are issued after March 31, 1998, by the District of Columbia to finance the construction, rehabilitation, and repair of schools under the jurisdiction of the government of the District of Columbia, and

''(B) are certified by the District of Columbia Control Board as meeting the requirements of subparagraph (A) after giving 60 days notice of any proposed certification to the Subcommittees on the District of Columbia of the Committees on Appropriations of the House of Representatives and the Senate.

''(d) REPORT.—It shall be the duty of the Secretary to hold the Trust Fund for DC Schools and to report to the Congress each year on the financial condition and the results of the operations of such Fund during the preceding fiscal year and on its expected condition and operations during the next fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

''(e) INVESTMENT.—

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

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

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

''(2) SALE OF OBLIGATIONS.—Any obligation acquired by the Trust Fund for DC Schools may be sold by the Secretary at the market price.

''(3) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund for DC Schools shall be credited to and form a part of the Trust Fund for DC Schools.''

BUMPERS AMENDMENT NO. 568

Mr. BUMPERS proposed an amendment to the bill, S. 949, supra; as follows:

At the appropriate place add the following:

''(f) BUDGETARY TREATMENT OF SALES OF CERTAIN FEDERAL LANDS.—The amounts realized from the sale or lease of lands or interests in lands which are part of the National Park System, the Forest Service System or the U.S. Fish and Wildlife refuge system shall not be scored with respect to the level of budget authority, outlays, or revenues.''

CRAIG AMENDMENT NO. 569

Mr. CRAIG proposed an amendment to the bill, S. 949, supra; as follows:

At the appropriate place insert the following:

SEC. . RESTRICTION ON THE USE OF TAX INCREASES.

(a) IN GENERAL.—In the Senate, for purposes of section 202 of House Concurrent Resolution 67 (104th Congress), it shall not be in order to consider any bill, joint resolution, amendment, motion, or conference report that provides an increase in direct spending offset by an increase in receipts.

(b) WAIVER.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(c) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the concurrent resolution, bill, or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

(d) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of direct spending and receipts for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

BROWNBACK (AND OTHERS) AMENDMENT NO. 570

Mr. BROWNBACK (for himself, Mr. KOHL, and Mr. MCCAIN) proposed an amendment to the bill, S. 949, supra; as follows:

At the end of the bill, add the following:

TITLE ____—BUDGET CONTROL

SEC. ___01. SHORT TITLE; PURPOSE.

(a) SHORT TITLE.—This title may be cited as the ''Bipartisan Budget Enforcement Act of 1997''.

(b) PURPOSE.—The purpose of this title is—

(1) to ensure a balanced Federal budget by fiscal year 2002;

(2) to ensure that the Bipartisan Budget Agreement is implemented; and

(3) to create a mechanism to monitor total costs of direct spending programs, and, in the event that actual or projected costs exceed targeted levels, to require the President and Congress to address adjustments in direct spending.

SEC. ___02. ESTABLISHMENT OF DIRECT SPENDING TARGETS.

(a) IN GENERAL.—The initial direct spending targets for each of fiscal years 1998 through 2002 shall equal total outlays for all direct spending except net interest as determined by the Director of the Office of Management and Budget (hereinafter referred to in this title as the ''Director'') under subsection (b).

(b) INITIAL REPORT BY DIRECTOR.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this title, the Director shall submit a report to Congress

setting forth projected direct spending targets for each of fiscal years 1998 through 2002.

(2) PROJECTIONS AND ASSUMPTIONS.—The Director's projections shall be based on legislation enacted as of 5 days before the report is submitted under paragraph (1). The Director shall use the same economic and technical assumptions used in preparing the concurrent resolution on the budget for fiscal year 1998 (H.Con.Res. 84).

SEC. ___03. ANNUAL REVIEW OF DIRECT SPENDING AND RECEIPTS BY PRESIDENT.

As part of each budget submitted under section 1105(a) of title 31, United States Code, the President shall provide an annual review of direct spending and receipts, which shall include—

(1) information on total outlays for programs covered by the direct spending targets, including actual outlays for the prior fiscal year and projected outlays for the current fiscal year and the 5 succeeding fiscal years; and

(2) information on the major categories of Federal receipts, including a comparison between the levels of those receipts and the levels projected as of the date of enactment of this title.

SEC. ___04. SPECIAL DIRECT SPENDING MESSAGE BY PRESIDENT.

(a) TRIGGER.—If the information submitted by the President under section ___03 indicates—

(1) that actual outlays for direct spending in the prior fiscal year exceeded the applicable direct spending target; or

(2) that outlays for direct spending for the current or budget year are projected to exceed the applicable direct spending targets,

the President shall include in his budget a special direct spending message meeting the requirements of subsection (b).

(b) CONTENTS.—

(1) INCLUSIONS.—The special direct spending message shall include—

(A) an analysis of the variance in direct spending over the direct spending targets; and

(B) the President's recommendations for addressing the direct spending overages, if any, in the prior, current, or budget year.

(2) ADDITIONAL MATTERS.—The President's recommendations may consist of any of the following:

(A) Proposed legislative changes to recoup or eliminate the overage for the prior, current, and budget years in the current year, the budget year, and the 4 outyears.

(B) Proposed legislative changes to recoup or eliminate part of the overage for the prior, current, and budget year in the current year, the budget year, and the 4 outyears, accompanied by a finding by the President that, because of economic conditions or for other specified reasons, only some of the overage should be recouped or eliminated by outlay reductions or revenue increases, or both.

(C) A proposal to make no legislative changes to recoup or eliminate any overage, accompanied by a finding by the President that, because of economic conditions or for other specified reasons, no legislative changes are warranted.

(c) PROPOSED SPECIAL DIRECT SPENDING RESOLUTION.—If the President recommends reductions consistent with subsection (b)(2)(A) or (B), the special direct spending message shall include the text of a special direct spending resolution implementing the President's recommendations through reconciliation directives instructing the appropriate committees of the House of Representatives and Senate to determine and recommend changes in laws within their jurisdictions. If the President recommends no reductions pursuant to (b)(2)(C), the special direct spending message shall include the text of a special resolution concurring in the President's recommendation of no legislative action.

SEC. ___05. REQUIRED RESPONSE BY CONGRESS.

(a) IN GENERAL.—It shall not be in order in the House of Representatives or the Senate to consider a concurrent resolution on the budget unless that concurrent resolution fully addresses the entirety of any overage contained in the applicable report of the President under section ___04 through reconciliation directives.

(b) WAIVER AND SUSPENSION.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn. This section shall be subject to the provisions of section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(c) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

SEC. ___06. RELATIONSHIP TO BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT.

Reductions in outlays or increases in receipts resulting from legislation reported pursuant to section ___05 shall not be taken into account for purposes of any budget enforcement procedures under the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. ___07. ESTIMATING MARGIN.

For any fiscal year for which the overage is less than one-half of 1 percent of the direct spending target for that year, the procedures set forth in sections ___04 and ___05 shall not apply.

SEC. ___08. EFFECTIVE DATE.

This title shall apply to direct spending targets for fiscal years 1998 through 2002 and shall expire at the end of fiscal year 2002.

FRIST (AND OTHERS) AMENDMENT NO. 571

Mr. FRIST (for himself, Mr. CONRAD, Mr. ABRAHAM, Mr. SESSIONS, and Mr. ROBB) proposed an amendment to the bill, S. 949, supra; as follows:

At the appropriate place, add the following:

SEC. . ENFORCEMENT OF BALANCED BUDGET.

(a) IN THE SENATE.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following:

''ENFORCEMENT BALANCED BUDGET IN THE SENATE

''SEC. 315. (a) POINT OF ORDER.—It shall not be in order in the Senate to consider any resolution or bill (or amendment, motion, or conference report on such resolution or bill) that provides or would cause a deficit (as determined for purposes of the Bipartisan Budget Agreement of May 16, 1997) for fiscal year 2002 or any fiscal year thereafter.

''(b) WAIVER AND SUSPENSION.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn. This section shall be subject to the provisions of section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985.

''(c) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

''(d) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, outlays, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.''.

(b) PRESIDENT'S BUDGET.—Section 1105(f) of title 31, United States Code, is amended by adding at the end the following: ''The budget shall also be prepared in a manner that does not cause a deficit for fiscal year 2002 or any fiscal year thereafter.''.

BYRD AMENDMENT NO. 572

Mr. BYRD proposed an amendment to the bill, S. 949, supra; as follows:

At the appropriate place, insert the following:

SEC. . DEBATE ON A RECONCILIATION BILL.

Section 310(e)(2) of the Congressional Budget Act of 1974 is amended to read as follows:

''(2) For purposes of consideration of any reconciliation bill reported under subsection (b)—

''(A) debate, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 30 hours;

''(B) time on the bill may only be yielded back by consent and a motion to further limit debate shall be debatable with debate limited to ½ hour equally divided;

''(C) time on amendments shall be limited to 30 minutes to be equally divided in the usual form and on any second degree amendment or motion to 20 minutes to be equally divided in the usual form; except that after the 15th hour of consideration of a bill, time on all amendments or motions shall be limited to 30 minutes.

''(D) no first degree amendment may be proposed after the 15th hour of consideration of a bill unless it has been submitted to the Journal Clerk prior to the expiration of the 15th hour;

''(E) no second degree amendment may be proposed after the 20th hour of consideration of a bill unless it has been submitted to the Journal Clerk prior to the expiration of the 20th hour; and

''(F) After no more than thirty hours of consideration of the measure, the Senate shall proceed, without any further debate on any question, to vote on the final disposition thereof to the exclusion of all amendments not then actually pending before the Senate at that time and to the exclusion of all motions, except a motion to table, or to reconsider and one quorum call on demand to establish the presence of a quorum (and motions required to establish a quorum) immediately before the final vote begins.''

KENNEDY (AND DASCHLE) AMENDMENT NO. 573

Mr. KENNEDY (for himself and Mr. DASCHLE) proposed an amendment to the bill, S. 949, supra; as follows:

On page 337, beginning with line 14, strike all through page 339, line 15, and insert the following.

(a) CIGARETTES.— Section 5701(b) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by striking ''$12 per thousand ($10 per thousand on cigarettes removed during 1991 or 1992)'' and inserting ''$33.50 per thousand'', and

(2) in paragraph (2), by striking ''$25.20 per thousand ($21 per thousand on cigarettes removed during 1991 or 1992)'' and inserting ''$70.35 per thousand''.

(b) CIGARS.—Section 5701(a) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by striking ''$1.125 cents per thousand (93.75 cents per thousand on cigars removed during 1991 or 1992)'' and inserting ''$3.141 cents per thousand'', and

(2) by striking ''equal to'' and all that follows in paragraph (2) and inserting ''equal to 35.59 percent of the price for which sold but not more than $83.75 per thousand.''

(c) CIGARETTE PAPERS.—Section 5701(c) of the Internal Revenue Code of 1986 is amended by striking ''0.75 cent (0.625 cent on cigarette papers removed during 1991 or 1992)'' and inserting ''2.09 cents''.

(d) CIGARETTE TUBES.—Section 5701(d) of the Internal Revenue Code of 1986 is amended by striking ''1.5 cents (1.25 cents on cigarette tubes removed during 1991 or 1992)'' and inserting ''4.18 cents''.

(e) SMOKELESS TOBACCO.—Section 5701(e) of the Internal Revenue code of 1986 is amended—

(1) in paragraph (1), by striking ''36 cents (30 cents on snuff removed during 1991 or 1992)'' and inserting ''$1.00'', and

(2) by striking ''12 cents (10 cents on chewing tobacco removed during 1991 or 1992)'' in paragraph (2) and inserting ''33.5 cents''.

(f) PIPE TOBACCO.—Section 5701(f) of the Internal Revenue Code of 1986 is amended by striking ''67.5 cents (56.25 cents on pipe tobacco removed during 1991 or 1992)'' and inserting ''$1.88''.

(g) IMPOSITION OF EXCISE TAX ON MANUFACTURE OR IMPORTATION OF ROLL-YOUR-OWN TOBACCO.—

(1) IN GENERAL.—Section 5701 (relating to rate of tax) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection.

''(g) ROLL-YOUR-OWN TOBACCO.—On roll-your-own tobacco, manufactured in or imported into the United States, there shall be imposed a tax of $1.74 cents per pound (and a proportionate tax at the like rate on all fractional parts of a pound).''

On page 349, between lines 2 and 3, insert the following:

''(k) APPROPRIATION OF PORTION OF RESULTING REVENUES FROM INCREASE IN TAXES ON TOBACCO PRODUCTS TO CHILDREN'S HEALTH INSURANCE INITIATIVES.—In addition to any amounts otherwise appropriated for the purpose of carrying out title XXI of the Social Security Act (relating to children's health insurance initiatives), there is appropriated from the increase in revenues resulting from the amendments made by this section $2,400,000,000 for each of the fiscal years 1998 through 2002.''.

COVERDELL (AND OTHERS) AMENDMENT NO. 574

Mr. COVERDELL (for himself, Mr. ABRAHAM, Mr. COATS, Mr. CRAIG, Mr. SANTORUM, and Mr. ASHCROFT) proposed an amendment to the bill, S. 949, supra, as follows:

On page 19, between lines 14 and 15, insert:

''(D) ADJUSTMENT.—The Secretary shall reduce the dollar amounts otherwise in effect under this paragraph for any calendar year to the extent necessary to increase Federal revenues by the amount the Secretary estimates Federal revenues will be reduced by reason of allowing distributions from education individual retirement accounts under section 530 to be used for qualified elementary and secondary education expenses described in section 530(b)(2)(A)(ii).''

On line 64, beginning with line 8, strike all through page 67, line 15, and insert:

''(1) EDUCATION INDIVIDUAL RETIREMENT ACCOUNT.—The term 'education individual retirement account' means a trust created or organized in the United States exclusively for the purpose of paying the qualified education expenses of the account holder, but only if the written governing instrument creating the trust meets the following requirements:

''(A) No contribution will be accepted—

''(i) unless it is in cash,

''(ii) after the date on which the account holder attains age 18, or

''(iii) except in the case of rollover contributions, if such contribution would result in aggregate contributions for the taxable year exceeding the sum of—

''(I) $2,000, plus

''(II) the amount of the credit allowable under section 25A for the taxable year for 1 qualifying child.

''(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which that person will administer the trust will be consistent with the requirements of this section.

''(C) No part of the trust assets will be invested in life insurance contracts.

''(D) The assets of the trust shall not be commingled with other property except in a common trust fund or common investment fund.

''(E) Upon the death of the account holder, any balance in the account will be distributed as required under section 529(b)(8) (as if such account were a qualified tuition program).

''(F) The account becomes an IRA Plus as of the date the account holder attains age 30 (and meets all requirements for an IRA Plus on and after such date), unless the account holder elects to have sections 529(b)(8) apply as of such date (as if such account were a qualified tuition program).

''(2) QUALIFIED EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified education expenses' means—

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

''(ii) in the case of taxable years beginning after December 31, 2000, qualified elementary and secondary education expenses (as defined in paragraph (5)).

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

''(3) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' has the meaning given such term by section 529(e)(5).

''(4) ACCOUNT HOLDER.—The term 'account holder' means the individual for whose benefit the education individual retirement account is established.

''(5) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified elementary and secondary education expenses' means tuition, fees, tutoring, special needs services, books, supplies, equipment, transportation, and supplementary expenses required for the enrollment or attendance at a public, private, or sectarian school of any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151.

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

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

''(c) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) IN GENERAL.—Any amount paid or distributed shall be includible in gross income to the extent required by section 529(c)(3) (determined as if such account were a qualified tuition program and as if qualified higher education expenses include qualified education expenses).

''(2) SPECIAL RULES FOR APPLYING ESTATE AND GIFT TAXES WITH RESPECT TO ACCOUNT.—Rules similar to the rules of paragraphs (2), (4), and (5) of section 529(c) shall apply for purposes of this section.

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

''(A) IN GENERAL.—The tax imposed by section 529(f) shall apply to payments and distributions from an education individual retirement account in the same manner as such tax applies to qualified tuition programs (as defined in section 529), except that section 529(f) shall be applied by reference by qualified education expenses.

KOHL (AND OTHERS) AMENDMENT NO. 575

Mr. KOHL (for himself, Mr. HATCH, Mr. DASCHLE, Mr. D'AMATO, Ms. MOSELEY-BRAUN, Mr. ABRAHAM, Mr. SPECTER, Ms. SNOWE, Mrs. BOXER, Mr. DEWINE, Mrs. MURRAY, and Mr. JOHNSON) proposed an amendment to the bill, S. 949, supra; as follows:

On page 20, between lines 5 and 6, insert:

SEC. 103. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

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

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

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

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

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

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

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

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

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

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

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

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

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

''(E) for the costs of seeking accreditation from a child care credentialing or accreditation entity.

''(2) QUALIFIED CHILD CARE FACILITY.—

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

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

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

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

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

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

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

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

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

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

''(A) the applicable recapture percentage, and

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

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

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

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

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

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

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

''(B) CHANGE IN OWNERSHIP.—

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

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

''(4) SPECIAL RULES.—

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

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

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

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

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

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

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

''(f) NO DOUBLE BENEFIT.—

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

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

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

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

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

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) is amended—

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

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

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

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

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

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

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

SEC. 104. EXPANSION OF COORDINATED ENFORCEMENT EFFORTS OF INTERNAL REVENUE SERVICE AND HHS OFFICE OF CHILD SUPPORT ENFORCEMENT.

(a) STATE REPORTING OF CUSTODIAL DATA.—Section 454A(e)(4)(D) of the Social Security Act (42 U.S.C. 654(e)(4)(D)) is amended by striking ''the birth date of any child'' and inserting ''the birth date and custodial status of any child''.

(b) MATCHING PROGRAM BY IRS OF CUSTODIAL DATA AND TAX STATUS INFORMATION.—

(1) NATIONAL DIRECTORY OF NEW HIRES.—Section 453(i)(3) of the Social Security Act (42 U.S.C. 653(i)(3)) is amended by striking ''a claim with respect to employment in a tax return'' and inserting ''information which is required on a tax return''.

(2) FEDERAL CASE REGISTRY OF CHILD SUPPORT ORDERS.—Section 453(h) of the such Act (42 U.S.C. 653(h)) is amended by adding at the end the following:

''(3) ADMINISTRATION OF FEDERAL TAX LAWS.—The Secretary of the Treasury shall have access to the information described in paragraph (2), consisting of the names and social security numbers of the custodial parents linked with the children in the custody of such parents, for the purpose of administering those sections of the Internal Revenue Code of 1986 which grant tax benefits based on support and residence provided dependent children.''

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1997.

GRAHAM AMENDMENT NO. 576

(Ordered to lie on the table.)

Mr. GRAHAM submitted an amendment intended to be proposed by him to the bill, S. 949, supra; as follows:

On page 93, strike lines 13 through 25, and insert:

''(ii) a silver coin described in section 5112(e) of title 31, United States Code,

''(iii) a platinum coin described in section 5112(k) of title 31, United States Code, or

''(iv) a coin issued under the laws of any State, or

''(B) any gold, silver, platinum, or palladium bullion of a fineness equal to or exceeding the minimum fineness required for metals which may be delivered in satisfaction of a regulated futures contract subject to regulation by the Commodity Futures Trading Commission under the Commodity Exchange Act,''.

On page 205, before line 12, insert the following:

(c) SPECIAL AMORTIZATION RULE.—

(1) CODE AMENDMENT.—Section 412(b)(2) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by inserting after subparagraph (D) the following:

''(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made under the plan but for the provisions of subsection (c)(7)(A)(i)(I).''.

(2) ERISA AMENDMENT.—Section 302(b)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(b)(2)) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by inserting after subparagraph (D) the following:

''(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made

under the plan but for the provisions of subsection (c)(7)(A)(i)(I).''.

(3) CONFORMING AMENDMENTS.—

(A) Section 412(c)(7)(D) is amended by adding ''and'' at the end of clause (i), by striking '', and'' at the end of clause (ii) and inserting a period, and by striking clause (iii).

(B) Section 302(c)(7)(D) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)(D)) is amended by adding ''and'' at the end of clause (i), by striking '', and'' at the end of clause (ii) and inserting a period, and by striking clause (iii).

(4) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to plan years beginning after December 31, 1998.

(B) SPECIAL RULE FOR 1999.—In the case of a plan's first year beginning in 1999, there shall be added to the amount required to be amortized under section 412(b)(2)(E) of the Internal Revenue Code of 1986 and section 302(b)(2)(E) of the Employee Retirement Income Security Act of 1974 (as added by paragraphs (1) and (2)) over the 20-year period beginning with such year, the unamortized balance (as of the close of the preceding plan year) of any amount required to be amortized under section 412(c)(7)(D)(iii) of such Code and section 302(c)(7)(D)(iii) of such Act (as repealed by paragraph (3)) for plan years beginning before 1999.

On page 639, between lines 11 and 12, insert:

(4) AMENDMENTS RELATED TO SECTION 1461.—

(A) Section 415(e)(5)(A) is amended to read as follows:

''(A) CERTAIN MINISTERS MAY PARTICIPATE.—For purposes of this part—

''(i) IN GENERAL.—A duly ordained, commissioned, or licensed minister of a church is described in paragraph (3)(B) if, in connection with the exercise of their ministry, the minister—

''(I) is a self-employed individual (within the meaning of section 401(c)(1)(B), or

''(II) is employed by an organization other than an organization which is described in section 501(c)(3) and with respect to which the minister shares common religious bonds.

''(ii) TREATMENT AS EMPLOYER AND EMPLOYEE.—For purposes of sections 403(b)(1)(A) and 404(a)(10), a minister described in clause (i)(I) shall be treated as employed by the minister's own employer which is an organization described in section 501(c)(3) and exempt from tax under section 501(a).''

(B) Section 403(b)(1)(A) is amended by striking ''or'' at the end of clause (i), by inserting ''or'' at the end of clause (ii), and by adding at the end the following new clause:

''(iii) for the minister described in section 415(e)(5)(A) by the minister or by an employer,''.

ALLARD AMENDMENT NO. 577

Mr. ALLARD proposed an amendment to the bill, S. 949, supra; as follows:

Beginning on page 94, line 8, strike all through page 101, line 16, and insert the following:

SEC. 311. 20-PERCENT MAXIMUM CAPITAL GAINS RATE FOR INDIVIDUALS AND INDEXING OF CERTAIN ASSETS ACQUIRED AFTER DECEMBER 31, 2000, FOR PURPOSES OF DETERMINING GAIN.

(a) IN GENERAL.—Subsection (h) of section 1 (relating to maximum capital gains rate) is amended to read as follows:

''(h) MAXIMUM CAPITAL GAINS RATE.—

''(1) IN GENERAL.—If a taxpayer has a net capital gain for any taxable year, the tax imposed by this section for such taxable year shall not exceed the sum of—

''(A) a tax computed at the rates and in the same manner as if this subsection had not been enacted on the greater of—

''(i) taxable income reduced by the net capital gain, or

''(ii) the amount of taxable income taxed at a rate below 28 percent, plus

''(B) 24 percent of the lesser of—

''(i) the unrecaptured section 1250 gain, or

''(ii) the amount of taxable income in excess of the sum of the amount on which tax is determined under subparagraph (A) plus the net capital gain determined without regard to unrecaptured section 1250 gain, plus

''(C) 28 percent of the amount of taxable income in excess of the sum of—

''(i) the adjusted net capital gain, plus

''(ii) the sum of the amounts on which tax is determined under subparagraphs (A) and (B), plus

''(D) 10 percent of so much of the taxpayer's adjusted net capital gain (or, if less, taxable income) as does not exceed the excess (if any) of—

''(i) the amount of taxable income which would (without regard to this paragraph) be taxed at a rate of 15 percent or less, over

''(ii) the taxable income reduced by the adjusted net capital gain, plus

''(E) 20 percent of the taxpayer's adjusted net capital gain (or, if less, taxable income) in excess of the amount on which a tax is determined under subparagraph (D).

''(2) NET CAPITAL GAIN TAKEN INTO ACCOUNT AS INVESTMENT INCOME.—For purposes of this subsection, 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).

''(3) ADJUSTED NET CAPITAL GAIN.—For purposes of this subsection, the term 'adjusted net capital gain' means net capital gain determined without regard to—

''(A) collectibles gain, and

''(B) unrecaptured section 1250 gain.

''(4) COLLECTIBLES GAIN.—For purposes of paragraph (3)—

''(A) IN GENERAL.—The term 'collectibles gain' means gain from the sale or exchange of a collectible (as defined in section 408(m) without regard to paragraph (3) thereof) which is a capital asset held for more than 1 year but only to the extent such gain is taken into account in computing gross income.

''(B) PARTNERSHIPS, ETC.—For purposes of subparagraph (A), any gain from the sale of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751 shall apply for purposes of the preceding sentence.

''(C) COORDINATION WITH SECTION 1022.—Gain from the disposition of a collectible which is an indexed asset to which section 1022(a) applies shall be disregarded for purposes of this subsection. A taxpayer may elect to treat any collectible specified in such election as not being an indexed asset for purposes of section 1022. Any such election, and any specification therein, once made, shall be irrevocable.

''(5) UNRECAPTURED SECTION 1250 GAIN.—For purposes of this subsection, the term 'unrecaptured section 1250 gain' means the excess (if any) of—

''(A) the amount which would be treated as ordinary income under section 1245 if all section 1250 property disposed of by the taxpayer were section 1245 property, over

''(B) the amount treated as ordinary income under section 1250.

In the case of a taxable year which includes May 7, 1997, unrecaptured section 1250 gain shall be determined by taking into account only the gain properly taken into account for the portion of the taxable year after May 6, 1997.

''(6) PRE-EFFECTIVE DATE GAIN.—

''(A) IN GENERAL.—In the case of a taxable year which includes May 7, 1997, adjusted net capital gain shall be determined without regard to pre-May 7, 1997, gain.

''(B) PRE-MAY 7, 1997, GAIN.—The term 'pre-May 7, 1997, gain' means the amount which would be adjusted net capital gain for the taxable year if adjusted net capital gain were determined by taking into account only the gain or loss properly taken into account for the portion of the taxable year before May 7, 1997.

''(C) SPECIAL RULES FOR PASS-THRU ENTITIES.—In applying subparagraph (A) with respect to any pass-thru entity, the determination of when gains and loss are properly taken into account shall be made at the entity level.

''(D) PASS-THRU ENTITY DEFINED.—For purposes of subparagraph (C), 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) MINIMUM TAX.—

(1) IN GENERAL.—Subsection (b) of section 55 is amended by adding at the end the following new paragraph:

''(3) MAXIMUM RATE OF TAX ON NET CAPITAL GAIN OF NONCORPORATE TAXPAYERS.—The amount determined under the first sentence of paragraph (1)(A)(i) shall not exceed the sum of—

''(A) the amount determined under such first sentence computed at the rates and in the same manner as if this paragraph had not been enacted on the taxable excess reduced by the excess of the net capital gain over the sum of the collectibles gain (as defined in section 1(h)(4)) and the pre-effective date gain (as defined in section 1(h)(6)), plus

''(B) 24 percent of the lesser of—

''(i) the unrecaptured section 1250 gain (as defined in section 1(h)(5)), or

''(ii) the amount of taxable excess in excess of the sum of—

''(I) the adjusted net capital gain, plus

''(II) the amount on which a tax is determined under subparagraph (A), plus

''(C) 10 percent of so much of the taxpayer's adjusted net capital gain (or, if less, taxable excess) as does not exceed the amount on which a tax is determined under section 1(h)(1)(B), plus

''(D) 20 percent of the taxpayer's adjusted net capital gain (or, if less, taxable excess) in excess of the amount on which tax is determined under subparagraph (C).''

(2) CONFORMING AMENDMENT.—Clause (ii) of section 55(b)(1)(A) is amended by striking ''clause (i)'' and inserting ''this subsection''.

(c) OTHER CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 291 is amended by inserting at the end the following new sentence: ''Any capital gain dividend treated as having been paid out of such difference to a shareholder which is not a corporation retains its characters as unrecaptured section 1250 gain for purposes of applying section 1(h) to such shareholder.''

(2) Paragraph (1) of section 1445(e) is amended by striking ''28 percent'' and inserting ''20 percent''.

(3) The second sentence of section 7518(g)(6)(A), and the second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, are each amended by striking ''28 percent'' and inserting ''20 percent''.

(d) INDEXING.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:

"SEC. 1022. INDEXING OF CERTAIN ASSETS ACQUIRED ON OR AFTER APRIL 1, 2002, FOR PURPOSES OF DETERMINING GAIN.

''(a) GENERAL RULE.—

''(1) INDEXED BASIS SUBSTITUTED FOR ADJUSTED BASIS.—Solely for purposes of determining gain on the sale or other disposition by a taxpayer (other than a corporation) of an indexed asset which has been held for more than 5 years, the indexed basis of the asset shall be substituted for its adjusted basis.

''(2) EXCEPTION FOR DEPRECIATION, ETC.—The deductions for depreciation, depletion, and amortization shall be determined without regard to the application of paragraph (1) to the taxpayer or any other person.

''(3) EXCEPTION FOR PRINCIPAL RESIDENCES.—Paragraph (1) shall not apply to any disposition of the principal residence (within the meaning of section 121) of the taxpayer .

''(b) INDEXED ASSET.—

''(1) IN GENERAL.—For purposes of this section, the term 'indexed asset' means—

''(A) common stock in a C corporation (other than a foreign corporation), and

''(B) tangible property,

which is a capital asset or property used in the trade or business (as defined in section 1231(b)).

''(2) STOCK IN CERTAIN FOREIGN CORPORATIONS INCLUDED.—For purposes of this section—

''(A) IN GENERAL.—The term 'indexed asset' includes common stock in a foreign corporation which is regularly traded on an established securities market.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to—

''(i) stock of a foreign investment company (within the meaning of section 1246(b)),

''(ii) stock in a passive foreign investment company (as defined in section 1296),

''(iii) stock in a foreign corporation held by a United States person who meets the requirements of section 1248(a)(2), and

''(iv) stock in a foreign personal holding company (as defined in section 552).

''(C) TREATMENT OF AMERICAN DEPOSITORY RECEIPTS.—An American depository receipt for common stock in a foreign corporation shall be treated as common stock in such corporation.

''(c) INDEXED BASIS.—For purposes of this section—

''(1) GENERAL RULE.—The indexed basis for any asset is—

''(A) the adjusted basis of the asset, increased by

''(B) the applicable inflation adjustment.

''(2) APPLICABLE INFLATION ADJUSTMENT.—The applicable inflation adjustment for any asset is an amount equal to—

''(A) the adjusted basis of the asset, multiplied by

''(B) the percentage (if any) by which—

''(i) the chain-type price index for GDP for the last calendar quarter ending before the asset is disposed of, exceeds

''(ii) the chain-type price index for GDP for the last calendar quarter ending before the asset was acquired by the taxpayer.

The percentage under subparagraph (B) shall be rounded to the nearest ⅒ of 1 percentage point.

''(3) CHAIN-TYPE PRICE INDEX FOR GDP.—The chain-type price index for GDP for any calendar quarter is such index for such quarter (as shown in the last revision thereof released by the Secretary of Commerce before the close of the following calendar quarter).

''(d) SUSPENSION OF HOLDING PERIOD WHERE DIMINISHED RISK OF LOSS; TREATMENT OF SHORT SALES.—

''(1) IN GENERAL.—If the taxpayer (or a related person) enters into any transaction which substantially reduces the risk of loss from holding any asset, such asset shall not be treated as an indexed asset for the period of such reduced risk.

''(2) SHORT SALES.—

''(A) IN GENERAL.—In the case of a short sale of an indexed asset with a short sale period in excess of 5 years, for purposes of this title, the amount realized shall be an amount equal to the amount realized (determined without regard to this paragraph) increased by the applicable inflation adjustment. In applying subsection (c)(2) for purposes of the preceding sentence, the date on which the property is sold short shall be treated as the date of acquisition and the closing date for the sale shall be treated as the date of disposition.

''(B) SHORT SALE PERIOD.—For purposes of subparagraph (A), the short sale period begins on the day that the property is sold and ends on the closing date for the sale.

''(e) TREATMENT OF REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—

''(1) ADJUSTMENTS AT ENTITY LEVEL.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the adjustment under subsection (a) shall be allowed to any qualified investment entity (including for purposes of determining the earnings and profits of such entity).

''(B) EXCEPTION FOR CORPORATE SHAREHOLDERS.—Under regulations—

''(i) in the case of a distribution by a qualified investment entity (directly or indirectly) to a corporation—

''(I) the determination of whether such distribution is a dividend shall be made without regard to this section, and

''(II) the amount treated as gain by reason of the receipt of any capital gain dividend shall be increased by the percentage by which the entity's net capital gain for the taxable year (determined without regard to this section) exceeds the entity's net capital gain for such year determined with regard to this section, and

''(ii) there shall be other appropriate adjustments (including deemed distributions) so as to ensure that the benefits of this section are not allowed (directly or indirectly) to corporate shareholders of qualified investment entities.

For purposes of the preceding sentence, any amount includible in gross income under section 852(b)(3)(D) shall be treated as a capital gain dividend and an S corporation shall not be treated as a corporation.

''(C) EXCEPTION FOR QUALIFICATION PURPOSES.—This section shall not apply for purposes of sections 851(b) and 856(c).

''(D) EXCEPTION FOR CERTAIN TAXES IMPOSED AT ENTITY LEVEL.—

''(i) TAX ON FAILURE TO DISTRIBUTE ENTIRE GAIN.—If any amount is subject to tax under section 852(b)(3)(A) for any taxable year, the amount on which tax is imposed under such section shall be increased by the percentage determined under subparagraph (B)(i)(II). A similar rule shall apply in the case of any amount subject to tax under paragraph (2) or (3) of section 857(b) to the extent attributable to the excess of the net capital gain over the deduction for dividends paid determined with reference to capital gain dividends only. The first sentence of this clause shall not apply to so much of the amount subject to tax under section 852(b)(3)(A) as is designated by the company under section 852(b)(3)(D).

''(ii) OTHER TAXES.—This section shall not apply for purposes of determining the amount of any tax imposed by paragraph (4), (5), or (6) of section 857(b).

''(2) ADJUSTMENTS TO INTERESTS HELD IN ENTITY.—

''(A) REGULATED INVESTMENT COMPANIES.—Stock in a regulated investment company (within the meaning of section 851) shall be an indexed asset for any calendar quarter in the same ratio as—

''(i) the average of the fair market values of the indexed assets held by such company at the close of each month during such quarter, bears to

''(ii) the average of the fair market values of all assets held by such company at the close of each such month.

''(B) REAL ESTATE INVESTMENT TRUSTS.—Stock in a real estate investment trust (within the meaning of section 856) shall be an indexed asset for any calendar quarter in the same ratio as—

''(i) the fair market value of the indexed assets held by such trust at the close of such quarter, bears to

''(ii) the fair market value of all assets held by such trust at the close of such quarter.

''(C) RATIO OF 80 PERCENT OR MORE.—If the ratio for any calendar quarter determined under subparagraph (A) or (B) would (but for this subparagraph) be 80 percent or more, such ratio for such quarter shall be 100 percent.

''(D) RATIO OF 20 PERCENT OR LESS.—If the ratio for any calendar quarter determined under subparagraph (A) or (B) would (but for this subparagraph) be 20 percent or less, such ratio for such quarter shall be zero.

''(E) LOOK-THRU OF PARTNERSHIPS.—For purposes of this paragraph, a qualified investment entity which holds a partnership interest shall be treated (in lieu of holding a partnership interest) as holding its proportionate share of the assets held by the partnership.

''(3) TREATMENT OF RETURN OF CAPITAL DISTRIBUTIONS.—Except as otherwise provided by the Secretary, a distribution with respect to stock in a qualified investment entity which is not a dividend and which results in a reduction in the adjusted basis of such stock shall be treated as allocable to stock acquired by the taxpayer in the order in which such stock was acquired.

''(4) QUALIFIED INVESTMENT ENTITY.—For purposes of this subsection, the term 'qualified investment entity' means—

''(A) a regulated investment company (within the meaning of section 851), and

''(B) a real estate investment trust (within the meaning of section 856).

''(f) OTHER PASS-THRU ENTITIES.—

''(1) PARTNERSHIPS.—

''(A) IN GENERAL.—In the case of a partnership, the adjustment made under subsection (a) at the partnership level shall be passed through to the partners.

''(B) SPECIAL RULE IN THE CASE OF SECTION 754 ELECTIONS.—In the case of a transfer of an interest in a partnership with respect to which the election provided in section 754 is in effect—

''(i) the adjustment under section 743(b)(1) shall, with respect to the transferor partner, be treated as a sale of the partnership assets for purposes of applying this section, and

''(ii) with respect to the transferee partner, the partnership's holding period for purposes of this section in such assets shall be treated as beginning on the date of such adjustment.

''(2) S CORPORATIONS.—In the case of an S corporation, the adjustment made under subsection (a) at the corporate level shall be passed through to the shareholders. This section shall not apply for purposes of determining the amount of any tax imposed by section 1374 or 1375.

''(3) COMMON TRUST FUNDS.—In the case of a common trust fund, the adjustment made under subsection (a) at the trust level shall be passed through to the participants.

''(4) INDEXING ADJUSTMENT DISREGARDED IN DETERMINING LOSS ON SALE OF INTEREST IN ENTITY.—Notwithstanding the preceding provisions of this subsection, for purposes of determining the amount of any loss on a sale or exchange of an interest in a partnership, S corporation, or common trust fund, the adjustment made under subsection (a) shall not be taken into account in determining the adjusted basis of such interest.

''(g) DISPOSITIONS BETWEEN RELATED PERSONS.—

''(1) IN GENERAL.—This section shall not apply to any sale or other disposition of property between related persons except to the extent that the basis of such property in the hands of the transferee is a substituted basis.

''(2) RELATED PERSONS DEFINED.—For purposes of this section, the term 'related persons' means—

''(A) persons bearing a relationship set forth in section 267(b), and

''(B) persons treated as single employer under subsection (b) or (c) of section 414.

''(h) TRANSFERS TO INCREASE INDEXING ADJUSTMENT.—If any person transfers cash, debt, or any other property to another person and the principal purpose of such transfer is to secure or increase an adjustment under subsection (a), the Secretary may disallow part or all of such adjustment or increase.

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

''(1) TREATMENT OF IMPROVEMENTS, ETC.—If there is an addition to the adjusted basis of any tangible property or of any stock in a corporation during the taxable year by reason of an improvement to such property or a contribution to capital of such corporation—

''(A) such addition shall never be taken into account under subsection (c)(1)(A) if the aggregate amount thereof during the taxable year with respect to such property or stock is less than $1,000, and

''(B) such addition shall be treated as a separate asset acquired at the close of such taxable year if the aggregate amount thereof during the taxable year with respect to such property or stock is $1,000 or more.

A rule similar to the rule of the preceding sentence shall apply to any other portion of an asset to the extent that separate treatment of such portion is appropriate to carry out the purposes of this section.

''(2) ASSETS WHICH ARE NOT INDEXED ASSETS THROUGHOUT HOLDING PERIOD.—The applicable inflation adjustment shall be appropriately reduced for periods during which the asset was not an indexed asset.

''(3) TREATMENT OF CERTAIN DISTRIBUTIONS.—A distribution with respect to stock in a corporation which is not a dividend shall be treated as a disposition.

''(4) ACQUISITION DATE WHERE THERE HAS BEEN PRIOR APPLICATION OF SUBSECTION (a)(1) WITH RESPECT TO THE TAXPAYER.—If there has been a prior application of subsection (a)(1) to an asset while such asset was held by the taxpayer, the date of acquisition of such asset by the taxpayer shall be treated as not earlier than the date of the most recent such prior application.

''(5) COLLAPSIBLE CORPORATIONS.—The application of section 341(a) (relating to collapsible corporations) shall be determined without regard to this section.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''

(e) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by inserting after the item relating to section 1021 the following new item:

''Sec. 1022. Indexing of certain assets acquired on or after April 1, 2002, for purposes of determining gain.''

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to taxable years ending after May 6, 1997.

(2) WITHHOLDING.—The amendment made by subsection (c)(2) shall apply only to amounts paid after the date of the enactment of this Act.

(3) INDEXING.—

(A) IN GENERAL.—The amendments made by subsections (d) and (e) shall apply to the disposition of any property the holding period of which begins on or after April 1, 2002.

(B) CERTAIN TRANSACTIONS BETWEEN RELATED PERSONS.—The amendments made by subsections (d) and (e) shall not apply to the disposition of any property acquired on or after April 1, 2002, from a related person (as defined in section 1022(g)(2) of the Internal Revenue Code of 1986, as added by this section) if—

(i) such property was so acquired for a price less than the property's fair market value, and

(ii) the amendments made by this section did not apply to such property in the hands of such related person.

(g) ELECTION TO RECOGNIZE GAIN ON ASSETS HELD ON OR AFTER APRIL 1, 2002.—For purposes of the Internal Revenue Code of 1986—

(1) IN GENERAL.—A taxpayer other than a corporation may elect to treat—

(A) any readily tradable stock (which is an indexed asset) held by such taxpayer on or after April 1, 2002, and not sold before the next business day after such date, as having been sold on such next business day for an amount equal to its closing market price on such next business day (and as having been reacquired on such next business day for an amount equal to such closing market price), and

(B) any other indexed asset held by the taxpayer on or after April 1, 2002, as having been sold on such date for an amount equal to its fair market value on such date (and as having been reacquired on such date for an amount equal to such fair market value).

(2) TREATMENT OF GAIN OR LOSS.—

(A) Any gain resulting from an election under paragraph (1) shall be treated as received or accrued on the date the asset is treated as sold under paragraph (1) and shall be recognized notwithstanding any provision of the Internal Revenue Code of 1986.

(B) Any loss resulting from an election under paragraph (1) shall not be allowed for any taxable year.

(3) ELECTION.—An election under paragraph (1) shall be made in such manner as the Secretary of the Treasury or his delegate may prescribe and shall specify the assets for which such election is made. Such an election, once made with respect to any asset, shall be irrevocable.

(4) READILY TRADABLE STOCK.—For purposes of this subsection, the term ''readily tradable stock'' means any stock which, as of April 1, 2002, is readily tradable on an established securities market or otherwise.

TORRICELLI (AND LANDRIEU) AMENDMENT NO. 578

Mr. TORRICELLI (for himself and Ms. LANDRIEU) proposed an amendment to the bill, S. 949, supra; as follows:

On page 267, between lines 15 and 16, insert the following:

SEC. . EXCLUSION FROM INCOME OF SEVERANCE PAYMENT AMOUNTS; TIME PERIODS FOR CARRYBACK AND CARRYFORWARD OF UNUSED CREDITS.

(a) EXCLUSION FROM INCOME OF SEVERANCE PAYMENT AMOUNTS.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 138 as section 139 and by inserting after section 137 the following new section:

''SEC. 138. SEVERANCE PAYMENTS.

''(a) IN GENERAL.—In the case of an individual, gross income shall not include any qualified severance payment.

''(b) LIMITATION.—The amount to which the exclusion under subsection (a) applies shall not exceed $2,000 with respect to any separation from employment.

''(c) QUALIFIED SEVERANCE PAYMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified severance payment' means any payment received by an individual if—

''(A) such payment was paid by such individual's employer on account of such individual's separation from employment,

''(B) such separation was in connection with a reduction in the work force of the employer, and

''(C) such individual does not attain employment within 6 months of the date of such separation in which the amount of compensation is equal to or greater than 95 percent of the amount of compensation for the employment that is related to such payment.

''(2) LIMITATION.—Such term shall not include any payment received by an individual if the aggregate payments received with respect to the separation from employment exceed $125,000.''

(b) TIME PERIODS FOR CARRYBACK AND CARRYFORWARD OF UNUSED CREDITS.—Section 39(a) (relating to unused credits) is amended—

(1) in paragraph (1), by striking ''3'' each place it appears and inserting ''1'' and by striking ''15'' each place it appears and inserting ''20''; and

(2) in paragraph (2), by striking ''18'' each place it appears and inserting ''22'' and by striking ''17'' each place it appears and inserting ''21''.

(c) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 138 and inserting the following new items:

''Sec. 138. Severance payments.

''Sec. 139. Cross references to other Acts.''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (c) shall apply to taxable years beginning after December 31, 1997, and before July 1, 2002.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to the carryback and carryforward of credits arising in taxable years beginning after December 31, 1997.

HARKIN (AND OTHERS) AMENDMENT NO. 579

Mr. HARKIN (for himself, Mr. D'AMATO, Mr. MACK, and Mr. SPECTER) proposed an amendment to the bill, supra; as follows:

On page 1027, between lines 7 and 8, insert the following:

Subtitle N—National Fund for Health Research

SEC. 5995. SHORT TITLE.

This subtitle may be cited as the ''National Fund for Health Research Act''.

SEC. 5996. FINDINGS.

Congress makes the following findings:

(1) Nearly 4 of 5 peer reviewed research projects deemed worthy of funding by the National Institutes of Health are not funded.

(2) Less than 3 percent of the nearly one trillion dollars our Nation spends on health care is devoted to health research, while the defense industry spends 15 percent of its budget on research and development.

(3) Public opinion surveys have shown that Americans want more Federal resources put into health research and are willing to pay for it.

(4) Ample evidence exists to demonstrate that health research has improved the quality of health care in the United States. Advances such as the development of vaccines, the cure of many childhood cancers, drugs that effectively treat a host of diseases and disorders, a process to protect our Nation's blood supply from the HIV virus, progress against cardiovascular disease including heart attack and stroke, and new strategies for the early detection and treatment of diseases such as colon, breast, and prostate cancer clearly demonstrates the benefits of health research.

(5) Health research which holds the promise of prevention of intentional and unintentional injury and cure and prevention of disease and disability, is critical to holding down health care costs in the long term.

(6) Expanded medical research is also critical to holding down the long-term costs of the medicare program under title XVIII of the Social Security Act. For example, recent research has demonstrated that delaying the onset of debilitating and costly conditions like Alzheimer's disease could reduce general health care and medicare costs by billions of dollars annually.

(7) The state of our Nation's research facilities at the National Institutes of Health and at universities is deteriorating significantly. Renovation and repair of these facilities are badly needed to maintain and improve the quality of research.

(8) Because discretionary spending is likely to decline in real terms over the next 5 years, the Nation's investment in health research through the National Institutes of Health is likely to decline in real terms unless corrective legislative action is taken.

(9) A health research fund is needed to maintain our Nation's commitment to health research and to increase the percentage of approved projects which receive funding at the National Institutes of Health.

SEC. 5997. ESTABLISHMENT OF FUND.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a fund, to be known as the ''National Fund for Health Research'' (hereafter in this section referred to as the ''Fund''), consisting of such amounts as are transferred to the Fund under subsection (b) any sums specifically designated for such purpose by future acts of Congress, and any interest earned on investment of amounts in the Fund.

(b) TRANSFERS TO FUND.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Fund amounts equivalent to one half the amounts for each of the fiscal years 1998 through 2002 derived for each such fiscal year under Section 311 through Section 314 of this act that exceeds the amount of Federal revenues estimated by the Joint Tax Committee as of the date of enactment of this act, to be gained from enactment of Section 311 through Section 314 for each such fiscal year.

(B) DETERMINATION BY SECRETARY.—Not later than 6 months after the end of each of the fiscal years described in subparagraph (A), the Secretary of the Treasury shall—

(i) make a determination as to the amount to be transferred to the Fund for the fiscal year involved under this subsection; and

(ii) subject to subsection (d), transfer such amount to the Fund.

(C) FUND ADMINISTERED BY HEALTH AND HUMAN SERVICES.—The Secretary of Health and Human Services shall administer funds transferred into the Fund.

(D) CAP ON TRANSFER.—Amounts transferred to the Fund under this subsection for any year in the 5-fiscal year period beginning on October 1, 1997, shall not in combination with the appropriated amount exceed an amount equal to the amount appropriated for the National Institutes of Health for fiscal year 1997 multiplied by 2.

(c) OBLIGATIONS FROM FUND.—

(1) IN GENERAL.—Subject to the provisions of paragraph (4), with respect to the amounts made available in the Fund in a fiscal year, the Secretary of Health and Human Services shall distribute—

(A) 2 percent of such amounts during any fiscal year to the Office of the Director of the * * *

* * * * *

Act with respect to health information communications; and

(D) the remainder of such amounts during any fiscal year to member institutes and centers, including the Office of AIDS Research, of the National Institutes of Health in the same proportion to the total amount received under this section, as the amount of annual appropriations under appropriations Acts for each member institute and Centers for the fiscal year bears to the total amount of appropriations under appropriations Acts for all member institutes and Centers of the National Institutes of Health for the fiscal year.

(2) PLANS OF ALLOCATION.—The amounts transferred under paragraph (1)(D) shall be allocated by the Director of the National Institutes of Health or the various directors of the institutes and centers, as the case may be, pursuant to allocation plans developed by the various advisory councils to such directors, after consultation with such directors.

(3) GRANTS AND CONTRACTS FULLY FUNDED IN FIRST YEAR.—With respect to any grant or contract funded by amounts distributed under paragraph (1), the full amount of the total obligation of such grant or contract shall be funded in the first year of such grant or contract, and shall remain available until expended.

(4) TRIGGER AND RELEASE OF MONIES.—

(A) TRIGGER AND RELEASE.—No expenditure shall be made under paragraph (1) during any fiscal year in which the annual amount appropriated for the National Institutes of Health is less than the amount so appropriated for the prior fiscal year.

(d) REQUIRED APPROPRIATION.—No transfer may be made for a fiscal year under subsection (b) unless an appropriations Act providing for such a transfer has been enacted with respect to such fiscal year.

KENNEDY (AND D'AMATO) AMENDMENT NO. 580

(Ordered to lie on the table.)

Mr. KENNEDY (for himself, and Mr. D'AMATO) submitted an amendment intended to be proposed by them to the bill, S. 949, supra; as follows:

On page 267, between lines 15 and 16, insert the following:

SEC. 780. TAX TREATMENT OF CONSOLIDATIONS OF LIFE INSURANCE DEPARTMENTS OF MUTUAL SAVINGS BANKS.

(a) GENERAL RULE.—Section 594 (relating to alternative tax for mutual savings banks conducting life insurance business) is amended by adding at the end thereof the following new subsection:

''(c) TREATMENT OF CONSOLIDATIONS.—If 2 or more life insurance departments to which subsection (a) applied are consolidated into a single life insurance company pursuant to a requirement of State law—

''(1) such consolidation shall be treated as a reorganization described in section 368(a)(1)(E), and

''(2) any payments required to be made to policyholders in connection with such consolidation shall be treated as policyholder dividends deductible under section 808 but only if—

''(A) such payments are only with respect to policies in effect immediately before such consolidation,

''(B) such payments are only with respect to policies which are participating before and after such consolidation,

''(C) such payments shall cease with respect to any policy if such policy lapses after such consolidation,

''(D) the policyholders before such consolidation had no divisible right to the surplus of any such department and had no right to vote, and

''(E) the approval of such policyholders was not required for such consolidation.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on December 31, 1991.

MOSELEY-BRAUN (AND OTHERS) AMENDMENT NO. 581

Ms. MOSELEY-BRAUN (for herself, Mr. KENNEDY, and Mr. WELLSTONE) proposed an amendment to the bill, S. 949, supra; as follows:

On page 267, between lines 15 and 16, insert the following:

Subtitle G—Tax Credit for Public Elementary and Secondary School Construction

SEC. 781. TAX CREDIT FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOL CONSTRUCTION.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to general business credits) is amended by adding at the end the following new section:

''SEC. 45B. CREDIT FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOL CONSTRUCTION.

''(a) IN GENERAL.—For purposes of section 38, the amount of the school construction credit determined under this section for an eligible taxpayer for any taxable year with respect to an eligible school construction project shall be an amount equal to the lesser of—

''(1) the applicable percentage of the qualified school construction costs, or

''(2) the excess (if any) of—

''(A) the taxpayer's allocable school construction amount with respect to such project under subsection (d), over

''(B) any portion of such allocable amount used under this section for preceding taxable years.

''(b) ELIGIBLE TAXPAYER; ELIGIBLE SCHOOL CONSTRUCTION PROJECT.—For purposes of this section—

''(1) ELIGIBLE TAXPAYER.—The term 'eligible taxpayer' means any person which—

''(A) has entered into a contract with a local educational agency for the performance of construction or related activities in connection with an eligible school construction project, and

''(B) has received an allocable school construction amount with respect to such contract under subsection (d).

''(2) ELIGIBLE SCHOOL CONSTRUCTION PROJECT.—

''(A) IN GENERAL.—The term 'eligible school construction project' means any project related to a public elementary school or secondary school that is conducted for 1 or more of the following purposes:

''(i) Construction of school facilities in order to ensure the health and safety of all students, which may include—

''(I) the removal of environmental hazards,

''(II) improvements in air quality, plumbing, lighting, heating and air conditioning, electrical systems, or basic school infrastructure, and

''(III) building improvements that increase school safety.

''(ii) Construction activities needed to meet the requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) or of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

''(iii) Construction activities that increase the energy efficiency of school facilities.

''(iv) Construction that facilitates the use of modern educational technologies.

''(v) Construction of new school facilities that are needed to accommodate growth in school enrollments.

''(vi) Such other construction as the Secretary of Education determines appropriate.

''(B) SPECIAL RULES.—For purposes of this paragraph—

''(i) the term 'construction' includes reconstruction, renovation, or other substantial rehabilitation, and

''(ii) an eligible school construction project shall not include the costs of acquiring land (or any costs related to such acquisition).

''(c) QUALIFIED SCHOOL CONSTRUCTION COSTS; APPLICABLE PERCENTAGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified school construction costs' means the aggregate amounts paid to an eligible taxpayer during the taxable year under the contract described in subsection (b)(1).

''(2) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means, in the case of an eligible school construction project related to a local educational agency, the higher of the following percentages:

''(A) If the local educational agency has a percentage or number of children described in clause (i)(I) or (ii)(I) of section 1125(c)(2)(A) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6335(c)(2)(A)), the applicable percentage is 10 percent.

''(B) If the local educational agency has a percentage or number of children described in clause (i)(II) or (ii)(II) of such section, the applicable percentage is 15 percent.

''(C) If the local educational agency has a percentage or number of children described in clause (i)(III) or (ii)(III) of such section, the applicable percentage is 20 percent.

''(D) If the local educational agency has a percentage or number of children described in clause (i)(IV) or (ii)(IV) of such section, the applicable percentage is 25 percent.

''(E) If the local educational agency has a percentage or number of children described in clause (i)(V) or (ii)(V) of such section, the applicable percentage is 30 percent.

''(d) ALLOCABLE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—Subject to paragraph (3), a local educational agency may allocate to any person a school construction amount with respect to any eligible school construction project.

''(2) TIME FOR MAKING ALLOCATION.—An allocation shall be taken into account under paragraph (1) only if the allocation is made at the time the contract described in subsection (b)(1) is entered into (or such later time as the Secretary may by regulation allow).

''(3) COORDINATION WITH STATE PROGRAM.—A local educational agency may not allocate school construction amounts for any calendar year—

''(A) which in the aggregate exceed the amount of the State school construction ceiling allocated to such agency for such calendar year under subsection (e), and

''(B) which is consistent with any specific allocation required by the State or this section.

''(e) STATE CEILINGS AND ALLOCATION.—

''(1) IN GENERAL.—A State educational agency shall allocate to local educational agencies within the State for any calendar year a portion of the State school construction ceiling for such year. Such allocations shall be consistent with the State application which has been approved under subsection (f) and with any requirement of this section.

''(2) STATE SCHOOL CONSTRUCTION CEILING.—

''(A) IN GENERAL.—The State school construction ceiling for any State for any calendar year shall be an amount equal to the State's allocable share of the national school construction amount.

''(B) STATE'S ALLOCABLE SHARE.—The State's allocable share of the national school construction amount for a fiscal year shall bear the same relation to the national school construction amount for the fiscal year as the amount the State received under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received by all States under such section for such preceding fiscal year.

''(C) NATIONAL SCHOOL CONSTRUCTION AMOUNT.—The national school construction amount for any calendar year is the lesser of—

''(i) $1,000,000,000, or

''(ii) the amount made available for such year under the School Infrastructure Improvement Trust Fund established under section 9512,

reduced by any amount described in paragraph (3).

''(3) SPECIAL ALLOCATIONS FOR INDIAN TRIBES AND TERRITORIES.—

''(A) ALLOCATION TO INDIAN TRIBES.—The national school construction amount under paragraph (2)(C) shall be reduced by 1.5 percent for each calendar year and the Secretary of Interior shall allocate such amount among Indian tribes according to their respective need for assistance under this section.

''(B) ALLOCATION TO TERRITORIES.—The national school construction amount under paragraph (2)(C) shall be reduced by 0.5 percent for each calendar year and the Secretary of Education shall allocate such amount among the territories according to their respective need for assistance under this section.

''(4) REALLOCATION.—If the Secretary of Education determines that a State is not making satisfactory progress in carrying out the State's plan for the use of funds allocated to the State under this section, the Secretary may reallocate all or part of the State school construction ceiling to 1 or more other States that are making satisfactory progress.

''(e) STATE APPLICATION.—

''(1) IN GENERAL.—A State educational agency shall not be eligible to allocate any amount to a local educational agency for any calendar year unless the agency submits to the Secretary of Education (and the Secretary approves) an application containing such information as the Secretary may require, including—

''(A) an estimate of the overall condition of school facilities in the State, including the projected cost of upgrading schools to adequate condition;

''(B) an estimate of the capacity of the schools in the State to house projected student enrollments, including the projected cost of expanding school capacity to meet rising student enrollment;

''(C) the extent to which the schools in the State have the basic infrastructure elements necessary to incorporate modern technology into their classrooms, including the projected cost of upgrading school infrastructure to enable the use of modern technology in classrooms;

''(D) the extent to which the schools in the State offer the physical infrastructure needed to provide a high-quality education to all students; and

''(E) an identification of the State agency that will allocate credit amounts to local educational agencies within the State.

''(2) SPECIFIC ITEMS IN ALLOCATION.—The State shall include in the State's application the process by which the State will allocate the credits to local educational agencies within the State. The State shall consider in its allocation process the extent to which—

''(A) the school district served by the local educational agency has—

''(i) a high number or percentage of the total number of children aged 5 to 17, inclusive, in the State who are counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333(c)); or

''(ii) a high percentage of the total number of low-income residents in the State;

''(B) the local educational agency lacks the fiscal capacity, including the ability to raise funds through the full use of such agency's bonding capacity and otherwise, to undertake the eligible school construction project without assistance;

''(C) the local area makes an unusually high local tax effort, or has a history of failed attempts to pass bond referenda;

''(D) the local area contains a significant percentage of federally owned land that is not subject to local taxation;

''(E) the threat the condition of the physical facility poses to the safety and well-being of students;

''(F) there is a demonstrated need for the construction, reconstruction, renovation, or rehabilitation based on the condition of the facility;

''(G) the extent to which the facility is overcrowded; and

''(H) the extent to which assistance provided will be used to support eligible school construction projects that would not otherwise be possible to undertake.

''(3) IDENTIFICATION OF AREAS.—The State shall include in the State's application the process by which the State will identify the areas of greatest needs (whether those areas are in large urban centers, pockets of rural poverty, fast-growing suburbs, or elsewhere) and how the State intends to meet the needs of those areas.

''(4) ALLOCATIONS ON BASIS OF APPLICATION.—The Secretary of Education shall evaluate applications submitted under this subsection and shall approve any such application which meets the requirements of this section.

''(g) REQUIRED ALLOCATIONS.—Notwithstanding any process for allocation under a State application under subsection (f), in the case of a State which contains 1 or more of the 100 school districts within the United States which contains the largest number of poor children (as determined by the Secretary of Education), the State shall allocate each calendar year to the local educational agency serving such districts that portion of the State school construction ceiling which bears the same ratio to such ceiling as the number of children in such district for the

preceding calendar year who are counted for purposes of section 1124(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333(c)) bears to the total number of children in such State who are so counted.

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

''(1) ELEMENTARY SCHOOL; LOCAL EDUCATIONAL AGENCY; SECONDARY SCHOOL; STATE EDUCATIONAL AGENCY.—The terms 'elementary school', 'local educational agency', 'secondary school', and 'State educational agency' have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

''(2) TERRITORIES.—The term 'territories' means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

''(3) STATE.—The term 'State' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.''

(b) INCLUSION IN GENERAL BUSINESS CREDIT.—

(1) IN GENERAL.—Section 38(b) is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following new paragraph:

''(13) the school construction credit determined under section 45D(a).''

(2) TRANSITION RULE.—Section 39(d) is amended by adding at the end the following new paragraph:

''(8) NO CARRYBACK OF SECTION 45D CREDIT BEFORE ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to the school construction credit determined under section 45D may be carried back to a taxable year ending before the date of the enactment of section 45D.''

(c) ESTABLISHMENT OF SCHOOL INFRASTRUCTURE IMPROVEMENT TRUST FUND.—

(1) IN GENERAL.—Subchapter A of chapter 98 is amended by adding at the end the following new section:

''SEC. 9512. SCHOOL INFRASTRUCTURE IMPROVEMENT TRUST FUND.

''(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'School Infrastructure Improvement Trust Fund', consisting of such amounts as may be credited or paid to such Trust Fund as provided in this section or section 9602(b).

''(b) TRANSFERS TO TRUST FUND.—

''(1) IN GENERAL.—There are hereby appropriated to the Trust Fund for any calendar year an amount equal to the lesser of—

''(A) the revenue surplus determined under paragraph (2) for the preceding calendar year, or

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

''(2) REVENUE SURPLUS.—The revenue surplus determined under this paragraph for any calendar year is an amount equal to the excess (if any) of—

''(A) the Secretary's estimate of revenues received in the Treasury of the United States for the calendar year, over

''(B) the amount the Director of the Congressional Budget Office estimated would be so received in the report provided to the Committees on the Budget of the House and the Senate pursuant to section 202(f)(1) of the Congressional Budget Act of 1974, as amended.

''(c) EXPENDITURES FROM TRUST FUND.—Amounts in the Trust Fund shall be transferred to the general fund of the Treasury at such times as the Secretary determines appropriate to offset any decrease in Federal revenues by reason of credits allowed under section 38 which are attributable to the school construction credit determined under section 45D.''

(2) CONFORMING AMENDMENT.—The table of section for subchapter A of chapter 98 is amended by adding at the end the following new item:

''Sec. 9512. School Infrastructure Improvement Trust Fund.

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

''Sec. 45B. Credit for public elementary and secondary school construction.''

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

FEINGOLD (AND BUMPERS) AMENDMENT NO. 582

Mr. FEINGOLD (for himself and Mr. BUMPERS) proposed an amendment to the bill, S. 949, supra; as follows:

On page 400, between lines 14 and 15, insert the following:

SEC. . CERTAIN MINERALS NOT ELIGIBLE FOR PERCENTAGE DEPLETION.

(a) IN GENERAL.—Section 613(b)(1) (relating to percentage depletion rates) is amended—

(A) in subparagraph (A), by striking ''and uranium''; and

(B) in subparagraph (B), by striking ''asbestos,'', ''lead,'', and ''mercury,'',

(b) CONFORMING AMENDMENTS.—

(1) Section 613(b)(3)(A) is amended by inserting ''other than lead, mercury, or uranium'' after ''mental mines''.

(2) Section 613(b)(4) is amended by striking ''asbestos (if paragraph (1)(B) does not apply),''.

(3) Section 613(b)(7) is amended by striking ''or'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', or'', and by inserting after subparagraph (C) the following:

''(D) mercury, uranium, lead, and asbestos.''

(4) Section 613(c)(4)(D) is amended by striking ''lead,'' and ''uranium,''.

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

GRAHAM AMENDMENT NO. 583

Mr. ROTH (for Mr. GRAHAM) proposed an amendment to the bill, S. 949, supra; as follows:

On page 93, strike lines 13 through 25, and insert:

''(ii) a silver coin described in section 5112(e) of title 31, United States Code,

''(iii) a platinum coin described in section 5112(k) of title 31, United States Code, or

''(iv) a coin issued under the laws of any State, or

''(B) any gold, silver, platinum, or palladium bullion of a fineness equal to or exceeding the minimum fineness required for metals which may be delivered in satisfaction of a regulated futures contract subject to regulation by the Commodity Futures Trading Commission under the Commodity Exchange Act,

On page 205, before line 12, insert the following:

(c) SPECIAL AMORTIZATION RULE.—

(1) CODE AMENDMENT.—Section 412(b)(2) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by inserting after subparagraph (D) the following:

''(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made under the plan but for the provisions of subsection (c)(7)(A)(i)(I).''.

(2) ERISA AMENDMENT.—Section 302(b)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(b)(2)) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by inserting after subparagraph (D) the following:

''(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made under the plan but for the provisions of subsection (c)(7)(A)(i)(I).''.

(3) CONFORMING AMENDMENTS.—

(A) Section 412(c)(7)(D) is amended by adding ''and'' at the end of clause (i), by striking '', and'' at the end of clause (ii) and inserting a period, and by striking clause (iii).

(B) Section 302(c)(7)(D) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)(D)) is amended by adding ''and'' at the end of clause (i), by striking '', and'' at the end of clause (ii) and inserting a period, and by striking clause (iii).

(4) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to plan years beginning after December 31, 1998.

(B) SPECIAL RULE FOR 1999.—In the case of a plan's first year beginning in 1999, there shall be added to the amount required to be amortized under section 412(b)(2)(E) of the Internal Revenue Code of 1986 and section 302(b)(2)(E) of the Employee Retirement Income Security Act of 1974 (as added by paragraphs (1) and (2)) over the 20-year period beginning with such year, the unamortized balance (as of the close of the preceding plan year) of any amount required to be amortized under section 412(c)(7)(D)(iii) of such Code and section 302(c)(7)(D)(iii) of such Act (as repealed by paragraph (3)) for plan years beginning before 1999.

On page 639, between lines 11 and 12, insert:

(4) AMENDMENTS RELATED TO SECTION 1461.—

(A) Section 415(e)(5)(A) is amended to read as follows:

''(A) CERTAIN MINISTERS MAY PARTICIPATE.—For purposes of this part—

''(i) IN GENERAL.—A duly ordained, commissioned, or licensed minister of a church is described in paragraph (3)(B) if, in connection with the exercise of their ministry, the minister—

''(I) is a self-employed individual (within the meaning of section 401(c)(1)(B), or

''(II) is employed by an organization other than an organization which is described in section 501(c)(3) and with respect to which the minister shares common religious bonds.

''(ii) TREATMENT AS EMPLOYER AND EMPLOYEE.—For purposes of sections 403(b)(1)(A) and 404(a)(10), a minister described in clause (i)(I) shall be treated as employed by the minister's own employer which is an organization described in section 501(c)(3) and exempt from tax under section 501(a).''

(B) Section 403(b)(1)(A) is amended by striking ''or'' at the end of clause (i), by inserting ''or'' at the end of clause (ii), and by adding at the end the following new clause:

''(iii) for the minister described in section 415(e)(5)(A) by the minister or by an employer.''.

NICKLES (AND BOND) AMENDMENT NO. 584

Mr. ROTH (for Mr. NICKLES, for himself and Mr. BOND) proposed an amendment to the bill, S. 949, supra; as follows:

On page 212, between lines 11 and 12, insert the following:

SEC. . SENSE OF THE SENATE WITH RESPECT TO SELF-EMPLOYMENT TAX OF LIMITED PARTNERS.

(a) FINDINGS.—The Senate finds that—

(1) the Department of the Treasury issued Proposed Regulation 1.1402(a)–2 in January 1997 relating to the definition of a limited partner for self-employment tax purposes under section 1402(a)(13) of the Internal Revenue Code;

(2) since 1977, section 1402(a)(13) of such Code has provided that—

(A) a limited partner's net earnings from self-employment include only guaranteed payments made to the individual for services actually rendered and do not include a limited partner's distributive share of the income or loss of the partnership, and

(B) a general partner's net earnings from self-employment include the partner's distributive share;

(3) the proposed regulations provide generally—

(A) that a partner will not be treated as a limited partner if the individual—

(i) has personal liability for partnership debts,

(ii) has authority to contract on behalf of the partnership, or

(iii) participates in the partnership's trade or business for more than 500 hours during the taxable year;

(B) that an individual meeting any one of these three criteria will be treated as a general partner, and net earnings from self-employment will include the partner's distributive share of partnership income and loss, resulting in substantial tax liability because there is a 15.3 percent tax on self-employment income below $65,400 in 1997 and a 2.9 percent hospital insurance tax on self-employment income above that amount;

(4) certain types of entities, such as limited liability companies and limited liability partnerships, were not widely used at the time the present rule relating to limited partners was enacted, and that the proposed regulations attempt to address owners of such entities.

(5) the Senate is concerned that the proposed change in the treatment of individuals who are limited partners under applicable State law exceeds the regulatory authority of the Treasury Department and would effectively change the law administratively without congressional action; and

(6) the proposed regulations address and raise significant policy issues and the proposed definition of a limited partner may have a substantial impact on the tax liability of certain individuals and may also affect individuals' entitlement to social security benefits.

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

(1) the Department of the Treasury and the Internal Revenue Service should withdraw Proposed Regulation 1.1402(a)–(2) which imposes a tax on limited partners; and

(2) Congress, not the Department of the Treasury or the Internal Revenue Service, should determine the tax law governing self-employment income for limited partners.

SPECTER AMENDMENT NO. 585

Mr. ROTH (for Mr. SPECTER) proposed an amendment to the bill S. 949, supra; as follows:

On page 20, between lines 5 and 6, insert the following;

SEC. 105. ADOPTION EXPENSES.

(a) DISTRIBUTIONS FROM CERTAIN PLANS MAY BE USED WITHOUT PENALTY TO PAY ADOPTION EXPENSES.—

(1) IN GENERAL.—Section 72(t)(2) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following:

''(E) DISTRIBUTIONS FROM CERTAIN PLANS FOR ADOPTION EXPENSES.—Distributions to an individual from an individual retirement plan of so much of the qualified adoption expenses (as defined in section 23(d)(1)) of the individual as does not exceed $2,000.''.

(C) CONFORMING AMENDMENT.—Section 72(t)(2)(B) is amended by striking ''or (D)'' and inserting '', (D) or (E)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments and distributions after December 31, 1996.

FAIRCLOTH (AND OTHERS) AMENDMENT NO. 586

Mr. ROTH (for Mr. FAIRCLOTH, for himself, Mr. HELMS, and Mr. LOTT) proposed an amendment to the bill, S. 949, supra; as follows:

On page 267, between lines 15 and 16, insert the following:

SECTION . CURRENT REFUNDINGS OF CERTAIN TAX-EXEMPT BONDS.

(a) IN GENERAL.—Subsection (c) of section 10632 of the Revenue Act of 1987 (relating to bonds issued by Indian tribal governments) is amended by adding at the end the following new sentence: ''The amendments made by this section shall not apply to any obligation issued after such date if—

''(1) such obligation is issued (or is part of a series of obligations issued) to refund an obligation issued on or before such date,

''(2) the average maturity date of the issue of which the refunding obligation is a part is not later than the average maturity date of the obligations to be refunded by such issue,

''(3) the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation, and

''(4) the net proceeds of the refunding obligation are used to redeem the refunded obligation not later than 90 days after the date of the issuance of the refunding obligation.

For purposes of paragraph (2), average maturity shall be determined in accordance with section 147(b)(2)(A) of the Internal Revenue Code of 1986.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to refunding obligations issued after the date of the enactment of this Act.

GORTON AMENDMENT NO. 587

Mr. ROTH (for Mr. GORTON) proposed an amendment to the bill, S. 949, supra; as follows:

At the end of title VII, insert:

SEC. . SPECIAL RULE FOR THRIFTS WHICH BECOME LARGE BANKS.

(a) IN GENERAL.—Section 593(g)(2) (defining applicable excess reserves) is amended by adding at the end the following new subparagraph:

''(C) SPECIAL RULE FOR THRIFTS WHICH BECAME LARGE BANKS IN 1995.—

''(i) IN GENERAL.—In the case of a bank (as defined in section 581) which became a large bank (as defined in section 585(c)(2)) for its first taxable year beginning after December 31, 1994, the balance taken into account under subparagraph (A)(ii) shall not be less than the amount which would be the balance of such reserves as of the close of its last taxable year beginning before January 1, 1995, if the additions to such reserves for all taxable years had been determined under section 585(b)(2)(A).

''(ii) APPLICATION OF CUT-OFF METHOD; ETC.—In the case of a taxpayer to which this subparagraph applies—

''(I) paragraph (5)(B) shall apply, and

''(II) this subparagraph shall not apply in determining the amount taken into account by the taxpayer under subparagraph (A)(ii) for purposes of paragraphs (5) and (6) or subsection (e)(1).''

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendment made by section 1616 of the Small Business Job Protection Act of 1996.

SANTORUM AMENDMENT NO. 588

Mr. ROTH (for Mr. SANTORUM) proposed an amendment to the bill, S. 949, supra; as follows:

On page 267, between lines 15 and 16, insert the following:

SEC. . SENSE OF THE SENATE.

(a) FINDINGS.—The Senate finds that—

(1) Congress has not provided a genuine tax cut for America's middle-class families since 1981;

(2) President Clinton promised middle-class tax cuts in 1992;

(3) President Clinton raised taxes by $240,000,000,000 in 1993;

(4) President Clinton vetoed middle-class tax cuts in 1995;

(5) the Middle-class American worker had to work until May 9 in order to earn enough money to pay all Federal, State, and local taxes in 1997;

(6) the Joint Economic Committee reports that real total Government taxes per household in 1994 totaled $18,600;

(7) more than 70 percent of the tax cuts in both the House of Representatives and the Senate tax relief bills will go to Americans earning less than $75,000 annually;

(8) the Joint Economic Committee estimates that a family of 4 earning $30,000 will receive 53 percent of the tax relief under the reconciliation bill;

(9) the earned income tax credit was already expanded in President Clinton's 1993 tax bill;

(10) the fiscal year 1998 budget resolution does not make the $500-per-child tax credit refundable; and

(11) those who receive the earned income tax credit do not pay Federal income taxes but receive a substantial cash transfer from the Federal Government in the form of refund checks above and beyond income tax rebates.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that America's middle-class taxpayers shoulder the biggest tax burden and that only those who pay Federal income taxes should benefit from the Federal income tax cuts contained in the Revenue Reconciliation Act of 1997.

BURNS AMENDMENT NO 589

Mr. ROTH (for Mr. BURNS) proposed an amendment to the bill, S. 949, supra; as follows:

On page 267, between lines 15 and 16, insert the following:

SEC. 780. AVERAGING OF FARM INCOME OVER 3 YEARS.

(a) IN GENERAL.—Subpart B of part II of subchapter E of chapter 1 of the Internal Revenue Code of 1986 (relating to taxable

year for which items of gross income included) is amended by adding the following new section:

"SEC. 460A. AVERAGING OF FARM INCOME.

''(a) IN GENERAL.—At the election of a taxpayer engaged in a farming business, the tax imposed by section 1 for such taxable year shall be equal to the sum of—

''(1) a tax computed under such section on taxable income reduced by elected farm income, plus

''(2) the increase in tax which would result if taxable income for the 3 prior taxable years were increased by the elected farm income.

''(b) DEFINITIONS.—In this section—

''(1) ELECTED FARM INCOME.—

''(A) IN GENERAL.—The term 'elected farm income' means so much of the taxable income for the taxable year—

''(i) which is attributable to any farming business; and

''(ii) which is specified in the election under subsection (a).

''(B) TREATMENT OF GAINS.—For purposes of subparagraph (A), gain from the sale or other disposition of property (other than land) regularly used by the taxpayer in a farming business for a substantial period shall be treated as attributable to a farming business.

''(2) FARMING BUSINESS.—The term 'farming business' has the meaning given such term by section 263A(e)(4).''

(b) CLERICAL AMENDMENT.—The table of sections for such subpart B is amended by adding at the end the following new item:

''Sec. 460A. Averaging of farm income.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act and before January 1, 2001.

Section 503 of the bill is amended on page 161, line 4 by striking ''July 31, 1999'' and inserting ''May 31, 1999.''

WELLSTONE (AND OTHERS) AMENDMENT NO. 590

Mr. WELLSTONE (for himself, Mr. BINGAMAN, Mr. KERRY, Mr. KENNEDY, Mr. REED, and Mr. DODD) proposed an amendment to the bill, S. 949, supra; as follows:

Strike section 201 and insert the following:

SEC. 201. REFUNDABLE CHILD TAX CREDIT.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. HIGHER EDUCATION TUITION AND RELATED EXPENSES.

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year the amount equal to 50 percent of qualified tuition and related expenses paid by the taxpayer during such taxable year for education furnished during any academic period beginning in such year.

''(2) SPECIAL RULE FOR EDUCATION AT COMMUNITY COLLEGES AND VOCATIONAL SCHOOLS.—In the case of qualified tuition and related expenses for education furnished at a community college or vocational school, paragraph (1) shall be applied by substituting '75 percent' for '50 percent'.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—The amount allowed as a credit under subsection (a) for any taxable year with respect to the qualified tuition and related expenses of any 1 individual shall not exceed $1,500.

''(2) ELECTION REQUIRED.—

''(A) IN GENERAL.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses of an individual unless the taxpayer elects to have this section apply with respect to such individual for such year.

''(B) CREDIT ALLOWED ONLY FOR 2 TAXABLE YEARS.—An election under this paragraph shall not take effect with respect to an individual for any taxable year if an election under this paragraph (by the taxpayer or any other individual) is in effect with respect to such individual for any 2 prior taxable years.

''(C) COORDINATION WITH EXCLUSIONS.—An election under this paragraph shall not take effect with respect to an individual for any taxable year if there is in effect for such taxable year an election under section 529(c)(3)(B) or 530(c)(1) (by the taxpayer or any other individual) to exclude from gross income distributions from a qualified tuition program or education individual retirement account used to pay qualified higher education expenses of the individual.

''(3) CREDIT ALLOWED FOR YEAR ONLY IF INDIVIDUAL IS AT LEAST ½ TIME STUDENT FOR PORTION OF YEAR.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses of an individual unless such individual is an eligible student for at least one academic period which begins during such year.

''(4) CREDIT ALLOWED ONLY FOR FIRST 2 YEARS OF POSTSECONDARY EDUCATION.—No credit shall be allowed under subsection (a) for any taxable year with respect to the qualified tuition and related expenses of an individual if the individual has completed (before the beginning of such taxable year) the first 2 years of postsecondary education at an eligible educational institution.

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

''(1) IN GENERAL.—The amount which would (but for this subsection) be taken into account under subsection (a) for the taxable year shall be reduced (but not below zero) by the amount determined under paragraph (2).

''(2) AMOUNT OF REDUCTION.—The amount determined under this paragraph is the amount which bears the same ratio to the amount which would be so taken into account as—

''(A) the excess of—

''(i) the taxpayer's modified adjusted gross income for such taxable year, over

''(ii) $40,000 ($80,000 in the case of a joint return), bears to

''(B) $10,000 ($20,000 in the case of a joint return).

''(3) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

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

''(1) QUALIFIED TUITION AND RELATED EXPENSES.—

''(A) IN GENERAL.—The term 'qualified tuition and related expenses' means tuition and fees required for the enrollment or attendance of—

''(i) the taxpayer,

''(ii) the taxpayer's spouse, or

''(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151,

at an eligible educational institution and books required for courses of instruction of such individual at such institution.

''(B) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—Such term does not include expenses with respect to any course or other education involving sports, games, or hobbies, unless such course or other education is part of the individual's degree program.

''(C) EXCEPTION FOR NONACADEMIC FEES.—Such term does not include student activity fees, athletic fees, insurance expenses, or other expenses unrelated to an individual's academic course of instruction.

''(D) REDUCTION FOR SCHOLARSHIPS, ETC.—

"For reduction for scholarships, etc. and limitation based on grants, see subsection (g)(2).

''(2) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means an institution—

''(A) which is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

''(B) which is eligible to participate in a program under title IV of such Act.

''(3) ELIGIBLE STUDENT.—The term 'eligible student' means, with respect to any academic period, a student who—

''(A) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

''(B) is carrying at least ½ the normal full-time work load for the course of study the student is pursuing.

''(4) COMMUNITY COLLEGE.—The term 'community college' means any institution of higher education (as defined in section 1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)) that awards an associate's degree.

''(5) VOCATIONAL SCHOOL.—The term 'vocational school' means a postsecondary vocational institution (as defined in section 481 of such Act (20 U.S.C. 1088)).

''(e) TREATMENT OF EXPENSES PAID BY DEPENDENT.—If a deduction under section 151 with respect to an individual is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins—

''(1) no credit shall be allowed under subsection (a) to such individual for such individual's taxable year, and

''(2) qualified tuition and related expenses paid by such individual during such individual's taxable year shall be treated for purposes of this section as paid by such other taxpayer.

''(f) TREATMENT OF CERTAIN PREPAYMENTS.—If qualified tuition and related expenses are paid by the taxpayer during a taxable year for an academic period which begins during the first 3 months following such taxable year, such academic period shall be treated for purposes of this section as beginning during such taxable year.

''(g) SPECIAL RULES.—

''(1) IDENTIFICATION REQUIREMENT.—No credit shall be allowed under subsection (a) to a taxpayer with respect to the qualified tuition and related expenses of an individual unless the taxpayer includes the name and taxpayer identification number of such individual on the return of tax for the taxable year.

''(2) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS, ETC.—

''(A) IN GENERAL.—The amount of qualified tuition and related expenses otherwise taken into account under subsection (a) with respect to an individual for an academic period shall be reduced (before the application of subsections (b) and (c)) by the sum of any amounts paid for the benefit of such individual which are allocable to such period as—

''(i) a qualified scholarship which is excludable from gross income under section 117,

''(ii) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or under chapter 1606 of title 10, United States Code, and

''(iii) a payment (other than a gift, bequest, devise, or inheritance within the

meaning of section 102(a)) for such individual's educational expenses, or attributable to such individual's enrollment at an eligible educational institution, which is excludable from gross income under any law of the United States.

''(B) EXCEPTION FOR ROOM AND BOARD.—Subject to subparagraph (C), subparagraph (A) shall not apply to that portion of any amount which is properly allocable to room and board relating to the attendance of the individual at an eligible educational institution.

''(C) LIMITATION ON QUALIFIED TUITION AND RELATED EXPENSES.—In no event shall the qualified tuition and related expenses of an individual for any academic period exceed the excess (if any) of—

''(i) the costs of attendance (as defined in section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll) of the individual for such period, over

''(ii) the aggregate amounts described in subparagraph (A) for such period (without regard to subparagraph (B)).

''(3) DENIAL OF CREDIT IF STUDENT CONVICTED OF A FELONY DRUG OFFENSE.—No credit shall be allowed under subsection (a) for qualified tuition and related expenses for the enrollment or attendance of a student for any academic period if such student has been convicted of a Federal or State felony offense consisting of the possession or distribution of a controlled substance before the end of the taxable year with or within which such period ends.

''(4) DENIAL OF CREDIT WHERE NO HIGH SCHOOL DEGREE.—No credit shall be allowed under subsection (a) for qualified tuition and related expenses for the enrollment or attendance of a student for any academic period if such student has not received a high school degree (or its equivalent) before the beginning of such period. This paragraph shall not apply to a student if the student did not receive such degree by reason of enrollment in an early admission program to an eligible educational institution.

''(5) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any expense for which a deduction is allowed under any other provision of this chapter.

''(6) NO CREDIT FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

''(7) NONRESIDENT ALIENS.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

''(h) INFLATION ADJUSTMENTS.—

''(1) DOLLAR LIMITATION ON AMOUNT OF CREDIT.—

''(A) IN GENERAL.—In the case of a taxable year beginning after 1998, the $1,500 amount in subsection (b)(1) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

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

''(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

''(2) INCOME LIMITS.—

''(A) IN GENERAL.—In the case of a taxable year beginning after 2000, the $40,000 and $80,000 amounts in subsection (c)(2) shall each be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

''(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.

''(i) COORDINATION WITH MEANS-TESTED PROGRAM.—For purposes of any means-tested Federal program, any refund made to an individual (or the spouse of an individual) shall not be treated as income (and shall not be taken into account in determining resources for the month of its receipt and the following month).

''(j) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations providing for a recapture of credit allowed under this section in cases where there is a refund in a subsequent taxable year of any amount which was taken into account in determining the amount of such credit.''

(b) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Paragraph (2) of section 6213(g) (relating to the definition of mathematical or clerical errors) is amended by striking ''and'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', and'', and by inserting after subparagraph (H) the following new subparagraph:

''(I) an omission of a correct TIN required under section 35(g)(1) (relating to higher education tuition and related expenses) to be included on a return.''

(c) RETURNS RELATING TO TUITION AND RELATED EXPENSES.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by inserting after section 6050R the following new section:

''SEC. 6050S. RETURNS RELATING TO HIGHER EDUCATION TUITION AND RELATED EXPENSES.

''(a) IN GENERAL.—Any person—

''(1) which is an eligible educational institution which receives payments for qualified tuition and related expenses with respect to any individual for any calendar year, or

''(2) which is engaged in a trade or business and which, in the course of such trade or business, makes payments during any calendar year to any individual which constitute reimbursements or refunds (or similar amounts) of qualified tuition and related expenses of such individual,

shall make the return described in subsection (b) with respect to the individual at such time as the Secretary may by regulations prescribe.

''(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

''(1) is in such form as the Secretary may prescribe,

''(2) contains—

''(A) the name, address, and TIN of the individual with respect to whom payments described in subsection (a) were received from (or were paid to),

''(B) the name, address, and TIN of any individual certified by the individual described in subparagraph (A) as the taxpayer who will claim the individual as a dependent for purposes of the deduction allowable under section 151 for any taxable year ending with or within the calendar year, and

''(C) the—

''(i) aggregate amount of payments for qualified tuition and related expenses received with respect to the individual described in subparagraph (A) during the calendar year, and

''(ii) aggregate amount of reimbursements or refunds (or similar amounts) paid to such individual during the calendar year, and

''(D) such other information as the Secretary may prescribe.

''(c) APPLICATION TO GOVERNMENTAL UNITS.—For purposes of this section—

''(1) a governmental unit or any agency or instrumentality thereof shall be treated as a person, and

''(2) any return required under subsection (a) by such governmental entity shall be made by the officer or employee appropriately designated for the purpose of making such return.

''(d) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return under subparagraph (A) or (B) of subsection (b)(2) a written statement showing—

''(1) the name, address, and phone number of the information contact of the person required to make such return, and

''(2) the aggregate amounts described in subparagraph (C) of subsection (b)(2).

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

''(e) DEFINITIONS.—For purposes of this section, the terms 'eligible educational institution' and 'qualified tuition and related expenses' have the meanings given such terms by section 35.

''(f) RETURNS WHICH WOULD BE REQUIRED TO BE MADE BY 2 OR MORE PERSONS.—Except to the extent provided in regulations prescribed by the Secretary, in the case of any amount received by any person on behalf of another person, only the person first receiving such amount shall be required to make the return under subsection (a).

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section. No penalties shall be imposed under section 6724 with respect to any return or statement required under this section until such time as such regulations are issued.''

(2) ASSESSABLE PENALTIES.—

(A) Subparagraph (B) of section 6724(d)(1) (relating to definitions) is amended by redesignating clauses (ix) through (xiv) as clauses (x) through (xv), respectively, and by inserting after clause (viii) the following new clause:

''(ix) section 6050S (relating to returns relating to payments for qualified tuition and related expenses),''.

(B) Paragraph (2) of section 6724(d) is amended by striking ''or'' at the end of the next to last subparagraph, by striking the period at the end of the last subparagraph and inserting '', or'', and by adding at the end the following new subparagraph:

''(Z) section 6050S(d) (relating to returns relating to qualified tuition and related expenses).''

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050R the following new item:

''Sec. 6050S. Returns relating to higher education tuition and related expenses.''

(d) COORDINATION WITH SECTION 135.—Subsection (d) of section 135 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

''(2) COORDINATION WITH HIGHER EDUCATION CREDIT.—The amount of the qualified higher education expenses otherwise taken into account under subsection (a) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the amount of such expenses which are taken into account in determining the credit allowable to the taxpayer or any other person under section 35 with respect to such expenses.

(e) CLERICAL AMENDMENT.—The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 35 the following new items:

''Sec. 35. Higher education tuition and related expenses.

''Sec. 36. Overpayments of tax.''

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid after December 31, 1997 (in taxable years ending after such date), for education furnished in academic periods beginning after such date.

On page 13, beginning with line 21, strike all through page 14, line 4, and insert:

''(B) THRESHOLD AMOUNT.—For purposes of subparagraph (A), the term 'threshold amount' means—

''(i) $90,000 in the case of a joint return,

''(ii) $70,000 in the case of an individual who is not married, and

''(iii) $45,000 in the case of a married individual filing a separate return.

ENZI AMENDMENT NO. 591

Mr. ROTH (for Mr. ENZI) proposed an amendment to the bill, S. 949, supra; as follows:

On page 190, line 1, strike ''(III)'' and insert ''(IV)'' and insert a new subparagraph (A)(ii)(III)—

''(VI) the upgrading and maintenance of intercity primary and rural air service facilities, and the purchase of intercity air service between primary and rural airports and regional hubs; and ''.

WELLSTONE (AND OTHERS) AMENDMENT NO. 592

Mr. WELLSTONE (for himself, Mr. DOMENICI, Mr. REID, and Mr. CONRAD) proposed an amendment to the bill, S. 949, supra; as follows:

At the appropriate place, insert:

''SEC. 2107A. MENTAL HEALTH PARITY.

''(a) PROHIBITION.—In the case of a health plan that enrolls children through the use of assistance provided under a grant program conducted under this title, such plan, if the plan provides both medical and surgical benefits and mental health benefits, shall not impose treatment limitations or financial requirements on the coverage of mental health benefits if similar limitations or requirements are not imposed on medical and surgical benefits.

''(b) RULE OF CONSTRUCTION.—Nothing in this section shall be construed—

''(1) as prohibiting a health plan from requiring preadmission screening prior to the authorization of services covered under the plan or from applying other limitations that restrict coverage for mental health services to those services that are medically necessary; and

''(2) as requiring a health plan to provide any mental health benefits.

''(c) SEPARATE APPLICATION TO EACH OPTION OFFERED.—In the case of a health plan that offers a child described in subsection (a) 2 or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

''(d) DEFINITIONS.—In this section:

''(1) MEDICAL OR SURGICAL BENEFITS.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan, but does not include mental health benefits.

''(2) MENTAL HEALTH BENEFITS.—The term 'mental health benefits' means benefits with respect to mental health services, as defined under the terms of the plan, but does not include benefits with respect to the treatment of substance abuse and chemical dependency.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the full Committee on Energy and Natural Resources to consider the nomination of Patrick A. Shea to be Director of the Bureau of Land Management.

The hearing will take place Thursday, July 17, 1997, at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

For further information, please call Camille Heninger Flint at (202) 224–5070.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee to meet on Friday, June 27, after last vote, for a business meeting on issues relating to the matter of issuing subpoenas for the special investigation hearings.

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

ADDITIONAL STATEMENTS

COMMEMORATING THE LIFE OF JACQUES-YVES COUSTEAU

● Mr. HOLLINGS. Mr. President, in every area of human endeavor, major advances often seem to depend on a single individual whose unique vision and dedication to pursuing that vision break through existing barriers to understanding. On Tuesday, the world lost one of those individuals, a pioneer in the area of oceanography and marine conservation. I am speaking, of course, of Jacques-Yves Cousteau.

I have had the pleasure and honor of knowing Jacques Cousteau as a friend and colleague for more than three decades. Our relationship was based on a common passion for exploring and protecting the oceans. We also shared a lifelong interest in ocean and coastal management and in sustainable development and use of marine resources. One of the most valuable perks of membership in the U.S. Senate is the opportunity it affords us to meet gifted leaders from every walk of life. Few of those leaders have made a greater or more lasting contribution than Jacques-Yves Cousteau.

Jacques' first adventure underwater was in Vermont at age 10. For the next 75 years, he continued his adventures, and he brought the rest of us with him. He was a pioneer in undersea exploration, and I can testify firsthand that diving with him was an unforgettable experience. He developed the first scuba gear, took the first underwater color pictures, and started the first undersea colony.

Probably as important as his scientific and technical achievements, Jacques brought the oceans to life for millions of Americans through breathtaking books, films, and his documentary television series, ''The Undersea World of Jacques Cousteau.'' His film ''The Silent World'' brought viewers aboard his ship, the *Calypso*, for the first time and won an Oscar for best documentary. He went on to win 2 more Oscars, 10 Emmys, and numerous other awards by astonishing viewers with the life under the waters all over the world from the Red Sea to Antarctica and from the Caribbean to the Indian Ocean.

As Jacques continued to explore the ocean, he became deeply committed to protecting it against pollution and other manmade hazards. In 1971, he accepted the Senate Commerce Committee's invitation to testify and spoke to us about the International Conference on Ocean Pollution. He later testifed before the committee on other ocean issues. His testimony and other activities were key to public realization that the oceans are not a vast and unlimited resource, that human activities do indeed have profound impacts on the oceans, and consequently, that we have a duty to protect the marine environment.

A number of years later, I was privileged to present Jacques with the 1983 Neptune Award of the American Oceanic Organization. The award recognized his extraordinary contribution to promoting the use, understanding, and protection of the oceans. At the award ceremony, Jacques showed his new film on his trip up the Amazon River. None of those present will forget his evocative description of the pink dolphins and flooded forests of the Amazon. Jacques had a rare gift for allowing people to see the wonderful diversity of life beneath the water's surface.

Jacques-Yves Cousteau taught the world how to appreciate, understand, explore, use, and preserve the oceans which cover 71 percent of the Earth's surface. We will greatly miss his wit, wisdom, and zest for life.●