bill extends for three more years the tax exclusion for employer-provided educational assistance.

It also provides an enhanced deduction which businesses can claim for the donation of computers and technology to schools.

Also, very importantly, a provision has been included that I have been working with a number of Senators over the last year. This provision builds on a small business initiative included in the 1993 budget plan. The original legislation stated that gains from stock held more than five years in publicly traded firms with assets less than $50 million would be taxed after the sale of stock at 50% of the capital gains tax rate. The new provision allows this gain to be rolled over into other small businesses of the same size on a fully tax-deferred basis.

This will hopefully keep more capital in the small business sector. Overcoming venture capital deficiencies in New Mexico is one of the major hurdles that our state constantly faces. Hopefully, this provision will do some good for our state.

Furthermore, small businesses with average gross receipts of less than $5 million will be exempt from the corporate alternative minimum tax. This covers a great majority of New Mexico companies.

Also in the estate tax area, owners of qualified family owned businesses and farms will be able to exclude—starting next year—up to $1.3 million of their estate from inheritance tax. This is a very big provision—particularly as the general estate tax will be incrementally increased from $600,000 to $1 million by the year 2006. This family-owned estate tax relief puts the entire exclusion in place next year. The requirements are that the family owned business or farm must be at least 50% of the estate and heirs must participate in the business for 10 years after descendent's death. This provision will help a great number of small firms, farms, and ranches pass on to their heirs estates which often have a vast majority of their value tied up in the business. The failure to provide this exclusion in the past has unfortunately forced some families to liquidate businesses after the principal owner died.

Also on the farm front, farmers who often face years of boom and bust are provided the option of 3-year income averaging for the next two years. I suppose we are going to see if this provides relief to farmers and consider whether to extend this option in the years that follow.

Finally, the tax deal also includes extension of the research and experimentation credit for another year as well as it extends the Generalized System of Preferences (GSP) through June, 1998. This provision is particularly important to our state's jewelry firms that import some of their stones and materials from lesser-developed countries.

These are some of the items that I feel that small businesses should know about. If you download the actual bill from the World Wide Web, Mr. President (the address is http://speakernews.house.gov/taxfull.htm), you'll be printing 304 pages. My staff had to do this, in fact. Hopefully, by highlighting these items, some small businesses won't be completely dependent on H&R Block and the various computer tax packages that sort out this material.

I recognize that if the standard of living is going to increase for citizens of this state, small business is going to be the primary engine in that effort. In any case, I am happy to report and restate that I think we have actually achieved something worthwhile this week in Washington.

WAIVING THE RULES REGARDING MEDIA CONCENTRATION

Mr. GORTON. Mr. President, I rise today to address a provision in the reconciliation bill that deals with spectrum. In an ill-advised concession, the Senate accepted a partial waiver of the duopoly and newspaper-broadcast cross-ownership restrictions that will allow broadcasters and newspaper owners in cities with populations over 400,000 to bid for the returned ''analog'' spectrum in those markets. I believe this simply is bad policy. As plainly explained in the report, the Senate, like the House—that originally sought an even broader waiver—put revenue concerns first. First, and ahead of what I believe to be graver concerns for the intellectual wealth and benefits that accrue from a diversity of voices and opinions in a marketplace.

Fortunately, although we have, in my view, compromised unacceptably, we have not done so unqualifiedly. The final bill provides for a waiver of the duopoly and newspaper-broadcaster cross ownership ban only in cases of cities of over 400,000. Moreover, the bill provides only a one-time waiver, only in large markets, which are likely to have more (and more diverse) media, and only under circumstances (the auction of ''duplicate'' spectrum) in which the number of broadcast voices could double.

BALANCED BUDGET ACT OF 1997

Mr. DODD. Mr. President, with today's passage of the Balanced Budget Act of 1997, the Senate has taken a historic step toward ensuring the long-term solvency of the Medicare program.

I am pleased that many of the provisions that I found to be so objectionable when this bill first came to the floor of the Senate one month ago, have since been removed. In stating my reasons for originally opposing the bill, I shared my deep concern over the proposal to raise the age at which individuals are eligible to receive Medicare from 65 to 67. The likelihood of these seniors finding affordable private insurance would have been slim—many would have been forced to forego coverage. It was a wise decision on the part of my colleagues serving as conferees on this bill that they did not decide to exacerbate the current problem of lack of health coverage for early retirees further with this measure.

I am also pleased that a provision that would have required the poorest and sickest seniors to pay up to $700 a year in home health costs has also been dropped. Looking to the most vulnerable Medicare beneficiaries to shoulder this level of cost under the guise of addressing the long-term financial challenges of this program would have been indefensible.

In addition to the removal of these onerous provisions, this legislation has been improved since the vote in the Senate by the commitment to continue Medicaid coverage for the 30,000 disabled children who will lose their Supplemental Security Income benefits as a result of eligibility changes in the welfare reform bill enacted last year. This provision, which was highlighted as a priority in the original budget agreement between President Clinton and Congress, was noticeably absent in both the House and Senate bills. Along with Senator CONRAD, I offered an amendment to continue health insurance for these children and was disappointed to see it fail by only nine votes. However, I am grateful to the conferees that protection for these children of working poor families was achieved in the conference negotiations.

This legislation will also significantly increase health coverage for children who currently lack insurance. We certainly have come a long way on this issue since the debates of earlier years. Even as recently as last year, the question was still whether or not to provide health insurance to our nation's children, rather than how we might accomplish this admirable goal. By adopting the Senate provision, which calls for $24 billion for this new initiative, we can now offer the hope to more than seven million children that cost will not be a barrier to securing health care.

Of course, I am disappointed that the important and courageous attempt to ask those Americans who can afford to contribute a little more for their health care to do so was dropped. It is important to remember that only the wealthiest 8% of seniors would have seen a rise in their premiums. I maintain my conviction that the adoption of means testing of Medicare premiums was a step in the right direction toward the long-term solvency of the critically important safety net that Medicare provides to millions of senior citizens.

I also continue to have significant concerns about the reductions in Medicare and Medicaid payments to hospitals and managed care organizations. In order to ensure that our nation's seniors and lower-income citizens receive the affordable and high-quality care they need, health care providers must continue to be adequately funded. I am particularly concerned about the reduction in payments to teaching and disproportionate share hospitals. These hospitals serve a population that is sicker and poorer than most hospitals. Reduction in payments of this magnitude threaten the ability of these hospitals to continue to serve as a safety net for the most vulnerable in our society.

In addition, I am concerned about the impact of the new HMO payment structure on low-income seniors who selected managed care plans because they truly need the additional benefits and low out-of-pocket costs that these plans can offer. These seniors cannot afford the high deductibles and copayments of Medicare fee-for-service, nor can they afford to purchase expensive Medigap coverage. While I am pleased that Congress has attempted to provide more health care choices for Medicare beneficiaries, I believe that without adequate funding, these choices will not be viable ones.

Despite these concerns, this legislation goes a long way toward providing many of our nation's citizens with the care they need and expect from Medicare. I view it as an important step toward ensuring that Medicare is here to serve future generations of Americans. It is for this reason, Mr. President, that I am pleased to support the Balanced Budget Act of 1997.

Mr. SMITH of New Hampshire. Mr. President, earlier this week, the White House and the Congress reached a historic agreement that will balance the budget by 2002. Today, I rise in support of the portion of the deal that provides tax cuts to American families and small businesses: the Taxpayer Relief Act, H.R. 2014. After enduring sixteen years without any tax relief, Americans will finally benefit from tax cuts that will affect many aspects of their lives. Under our tax package, not only will taxpayers immediately see their tax bill go down, but saving for retirement, paying for college, and investing for the future will be much easier. I am encouraged and pleased that the Republican-led Taxpayer Relief Act provides $95 billion in tax cuts over five years and represents an improved standard of living for taxpayers at every stage of life.

This tax relief comes at a time when the nation's tax burden is at an all time high. Partly due to President Clinton's tax hike back in 1993, today's taxpayers face a combined federal, state, and local tax burden of nearly 50% of their income—more than the cost of food, clothing, and shelter combined. In fact, for every eight hours of work, the average taxpayer spends about three hours just to pay the tax collector. And too many families could not survive without two incomes just to make ends meet. We cannot let this situation continue. By letting hard-working Americans keep more of their own money, we allow them to preserve their family, prepare for their own future, and invest in the nation's economy.

The future of the family. I can no longer stand by while families in New Hampshire lose more and more time together because they have to work longer and harder to send their pay to Washington. The Taxpayer Relief Act addresses this growing problem in several different ways. First, taxpayers with young children will get a $500 tax credit for every child. In 1999, a middle-income family in New Hampshire with two young children will save $1,000 with this credit! Second, the tax relief measure reduces the capital gains rate for taxpayers who invest for their future. If the same New Hampshire family realizes $2,000 in capital gains to help pay for college or buy a home, they will save an additional $100. It would also be easier for this family to sell their home, as the tax package exempts $500,000 of capital gains on the sale of a principal residence. Equally important, this tax cut benefits their grandparents since many senior citizens depend on capital gains as a primary source of retirement income. Since 56% of taxpayers with gains have incomes of less than $50,000, and the percentage of families who own stock has increased from 32% in 1989 to over 41% today, many Americans will welcome this revision.

Our plan also offers relief to parents who face higher expenses as their children grow older. Families can save for higher education by taking advantage of the plan's education accounts, penalty-free withdrawals for education, or popular tax-free prepaid state tuition plans. When the student reaches college, parents receive a HOPE tax credit for tuition and related expenses for four years of college. In the first two years, for example, parents can receive a tax credit up to $1,500 to help pay for their child's education. These provisions help parents in New Hampshire face the challenge of saving and paying for higher education in order to invest in a brighter future for their children.

Preparing for the future. Our savings rate is one of the lowest of all industrialized nations partly because too many Americans find it difficult to save for retirement and pay high taxes. Under our Taxpayer Relief Act, individuals planning for retirement will benefit from expanded Individual Retirement Accounts (IRAs). Specifically, we created a new ''back-loaded'' IRA—contributions are not tax-deductible, but withdrawals upon retirement are tax-free if the account is held for at least five years. Once the IRA is established, penalty-free withdrawals are allowed for a first-time home purchase or for higher education expenses. In addition, thanks to the efforts of Senator JUDD GREGG, the bill allows non-working spouses to contribute to an IRA whether or not the working spouse is already in an employer-sponsored retirement plan. As a result, a New Hampshire couple can make a yearly tax-deductible IRA contribution of $4,000, rather than just $2,000. After 35 years at a 7.5% rate of return, they will have saved a nice retirement nest egg totaling $617,000!

Investing in the future. Fortunately, small businesses will finally get a well-deserved break under the Taxpayer Relief Act. Under the bill, the home office deduction is expanded to help people who work at home. In addition, the increase in the health insurance premium deduction for self-employed individuals is phased in more quickly, rising from 40% this year to 80% in 2006. And by 2007, the premium is fully deductible. Most important to many New Hampshire families I talk to, the estate tax changes also help small businesses. Now, parents who wish to pass on their small, family-owned business or farm to their children can do so knowing that the first $1.3 million will be excluded from the extremely high inheritance tax.

Finally, the tax package addresses the need to encourage saving and investment by cutting the capital gains rate from 28% to 20% (and from 15% to 10% in the lower bracket) for sales after May 6, 1997. The current high rates discourage the risk taking and creativity necessary to achieve increased productivity and prosperity. A lower capital gains rate, however, will make it easier to free up capital to invest in research, technology and equipment; increase worker productivity; and ultimately create higher paying jobs. Without a doubt, this pro-growth initiative will enhance U.S. competitiveness.

I wish I could report the same degree of satisfaction with the final version of the social spending component of this effort. When I voted for an earlier version of this portion of the package, I did so with the hope that the conference negotiations would result in its improvement. I regret that the social spending provisions produced as a result of negotiations with President Clinton failed to live up to that hope.

The conference report on H.R. 2015 contained many valuable provisions. I am pleased that Medicare beneficiaries will have more choice about the type of health care delivery plan in which they will be enrolled, including—for 390,000 seniors—the option to open Medical Savings Accounts. I welcome the creation of a bipartisan commission to address Medicare's long-term problems. And I believe that the effort to reform Medicaid undertaken in H.R. 2015 is overdue.

Unfortunately, however, H.R. 2015 fails sufficiently to move toward the fundamental, structural reforms in Medicare we all know will be required to ensure the retirement security of future generations. Furthermore, I had serious concerns about the fiscal and social damage we risk doing by retreating from welfare reform and by creating new entitlement, particularly a flawed child health entitlement which some—inside and outside of government—plan to use as the foundation of a government-run national health care system. Ultimately, these reservations dictated a vote against this portion of the legislation.

I have been a strong advocate for a balanced budget, tax relief, and entitlement reform for the past thirteen years and I am elated that we have finally made it here. I support the tax cut portion of the Balanced Budget Act, which provides $95 billion in tax cuts for American families including a $500 per child tax credit, tuition tax credits, IRA expansion to include non-working spouses, a capital gains reduction to create jobs, and reductions in the inheritance tax. These initiatives are long overdue, and I am proud to be an early and vocal supporter of tax relief. However, I am concerned that the spending portion of the budget deal creates a new entitlement program, threatens to move us toward government-run health care, and significantly increases social spending which could negatively impact the Balanced Budget Agreement.

Given that President Clinton submitted a budget earlier this year which would have added $200 billion to the deficit, the Republican-led Congress can take pride in this final agreement that implements the tax cuts fought for by our party for so long. The Tax Relief Act will help American families keep more of what they earn, save for their retirement, and promote job creation and economic growth. I support a balanced budget and look forward to voting to give New Hampshire families their first tax cut in sixteen years.

DISTRICT OF COLUMBIA REVITALIZATION ACT

Mr. THOMPSON. Mr. President, I would like to comment on Title XI of this legislation, the District of Columbia Revitalization Act. This is a major piece of legislation, and in many ways a major accomplishment, given that it was hammered out by a broad group of interested parties, including members and staff from the Governmental Affairs Committee, over a relatively short period of time. Agreement on this package was preceded earlier this year by considerable work in the Governmental Affairs Subcommittee chaired by Senator BROWNBACK. Similar efforts were undertaken by the House Subcommittee on the District of Columbia. This Revitalization package was put together quickly, in a combined effort by all concerned parties, because of a mutual recognition that the District of Columbia's problems had become untenable. The broad recognition of the magnitude of the problem plus the possibly unique opportunity to come to agreement and enact reforms was what led so many people to agree on a package that virtually everyone regards as less than their ideal.

One significant concern I have about this package is the major financial responsibility the Federal taxpayer is undertaking in the years to come. Technically, the D.C. Revitalization package meets the scoring requirements of this Balanced Budget Act, but the out-year costs are enormous and have not been dealt with. We are still evaluating the full impact of this package, but Members should be aware that the $4.8 billion in pension liability the Federal Government will be assuming is actually closer to $48 billion over time. I do believe it may be possible for these potential out-year costs to be reduced. The Revitalization package includes a provision which I requested requiring the Secretary of the Treasury to conduct a study of the D.C. pension assets and report back within a year on how the Federal Government might put them to best use. The Governmental Affairs Committee will then have the opportunity to consider whether additional legislation in this area could improve the financial outlook. The Administration has indicated a willingness to work further on this issue with the Committee, and I certainly look forward to that. We should be working together to institute reforms that make the District work independently, not simply encouraging a Federal Government takeover of all of its problems. There are assets currently in the D.C. pension fund, and rather than simply spending down those assets, we should build upon the assets so the funds are available to make payments in the future.

Another area in which I question estimates of future costs is with the transfer of D.C. Corrections to the Federal Bureau of Prisons. I know the pressure was intense to close the Lorton Correctional Complex in Virginia, but here again this bill makes the federal bureaucracy responsible for absorbing the District's prison population. While the bill incorporates provisions for privatization, I believe the record will show that the Bureau of Prisons has consistently stood in the way of increased privatization in the Federal prison system. I have no reason to believe they will have a different response with regard to the Lorton prisoners.

Many may not know that the District of Columbia was already engaged in a program to privatize the corrections function and has already entered into private contracts for housing 2,400 prisoners. I know well from my experience in Tennessee that private corrections facilities are a cost-effective, efficient and safe alternative to publicly-operated facilities. I am disturbed that Congress has substituted its judgment for the District's in this instance without evaluating whether the District's privatization initiative for corrections would work.

Privatization can save valuable taxpayer dollars. In this instance, it is conceivable that the Federal Government could save the entire $885 million estimated for construction of new facilities if the District were allowed to continue on its current course. Because I believe these cost savings are important—and because this agreement was reached without sufficient debate—I want my colleagues to be aware that I, and other of my colleagues, want to work on follow-up legislation in this area as well. I think we can do better and I want to work toward that end.

In conclusion, while this D.C. Revitalization Act is the result of a major, almost unprecedented effort by many with the best interest of the citizens of the District in mind, the reforms will require some additional thought and work to make the package live up to its full potential.

Mr. DOMENICI. Mr. President, how much time do we have on each side equally?

The PRESIDING OFFICER. The Senator from New Mexico has 10 minutes remaining, and the Senator from New Jersey has 12 minutes remaining.

Mr. DOMENICI. Mr. President, I yield myself 5 of our 10 minutes.

First, Mr. President, usually we thank a lot of people. There are so many staff people that I am not going to thank them all, but I will put all of their names in the RECORD. There are so many heroes.

But I do want to pay tribute to a staff member from the House. His name is Rick May. He has been staff director of the Budget Committee in the House. He is a graduate of Ohio State. He works for Representative JOHN KASICH. He has been their budget overseer for 10 years, working on budget issues since 1983. He helped put together the alternative that JOHN KASICH offered in 1989. It started with just 30 votes. JOHN KASICH's leadership has grown. And right at his right hand has been Rick May. He is going to join a firm here in town, and I wish him well, and want the Senate RECORD to reflect that we appreciate what he has done.

Mr. President, before I begin my remarks, I would like to take a moment to thank all of my colleagues, on both sides of the aisle, who have seen me stand in this well time and time again, and have listened to me speak about a balanced Federal budget. I want to thank you all—from the bottom of my heart—for your patience and your support.

Mr. President, I would like to thank the ranking member of the Budget Committee, Senator LAUTENBERG. I turn to him and just say thank you.

You have been an active member of the Senate Budget Committee for many years, but in your first year as ranking member you have represented the interests of your party and your constituents in an honest and forthright manner. I have enjoyed working with you.

I would like to thank the chairman of the Finance Committee, Senator ROTH. Few have worked harder or longer to ease the tax burden on American families. But the package that you helped fashion, Senator ROTH, of lowering taxes is a significant step forward. It addressed a need that has been