freedom, the freedom to earn more money.

## TAX FREEDOM DAY 1980–1999

(Mr. GUTKNECHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUTKNECHT. This chart is labeled Tax Freedom Day, 1980 through 1999. Just look at the chart. Look at how we are moving.

In 1994, Tax Freedom Day was May 2. In 1995, it was May 3. In 1996, it was May 5. In 1997, it was May 7. Last year, it was May 10; and this year, today, May 11 is Tax Freedom Day. Finally, Americans get to start working for themselves.

This is not the right road to the 21st century. Ronald Reagan was able to actually push back Tax Freedom Day from May 4 to April 27, but since then we have lost ground.

Many people say we should meet the President halfway, but we should never meet the President halfway on the road going in the wrong direction.

## THE ADMINISTRATION HAS AUTHORIZED THE KILLING OF GRAY WHALES

(Mr. METCALF asked and was given permission to address the House for 1 minute.)

Mr. METCALF. Mr. Speaker, the day we have all dreaded has arrived. After years of U.S. policy in opposition to commercial whaling, the Clinton-Gore administration is reopening whaling. In northwest Washington State it will begin within a few days. The McCaw tribe has been authorized by this administration to begin killing gray whales.

Whales have been protected in the U.S., and these whales have learned not to fear boats. In fact, a multimillion dollar whale watching industry has developed, but that is all changing. Once the U.S. allows whale killing based on cultural subsistence, what can we say to Japan and Norway and the other nations that want to go commercial whaling?

This is a tragic day, and we will regret that this has happened.

## TAXPAYERS ARE FINALLY FREE OF THE TAXMAN

(Mr. CHABOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHABOT. Mr. Speaker, here is a subject we will never hear the other side talk about. That is Tax Freedom Day. Tax Freedom Day is the day where the taxpayer is finally free of the taxman and is finally working for himself or working for herself.

As of yesterday, the average taxpayer was still working to pay his or her taxes, Federal, State and local.

When Bill Clinton took office in 1993, Tax Freedom Day was April 29, according to this chart. The next year, it was April 30; and it was May 2 the year after that. Last year, it was May 10; and this year it is May 11.

As we can see from this chart, we have come a long way from 1981 when it was May 4, before the Reagan tax cuts pushed the day back about a week.

This is not progress, in my book. American taxpayers have less and less freedom, and government has more and more power over our lives. Tax Freedom Day, it is a concept that puts in stark terms just how much of our income we have to send to the government before we are free at last. Let us finally cut taxes in this country.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PEASE). Pursuant to clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Such rollcall votes, if postponed, will be taken after debate has concluded on all motions to suspend the rules, but not before 6 p.m. today.

## FASTENER QUALITY ACT AMENDMENTS ACT OF 1999

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1183) to amend the Fastener Quality Act to strengthen the protection against the sale of mismarked, misrepresented, and counterfeit fasteners and eliminate unnecessary requirements, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1183

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Fastener Quality Act Amendments Act of 1999''.

**SEC. 2. FINDINGS AND PURPOSE.**

Section 2 of the Fastener Quality Act (15 U.S.C. 5401) is amended to read as follows:

**''SEC. 2. FINDINGS.**

''The Congress finds that—

''(1) the United States fastener industry is a significant contributor to the global economy, employing thousands of workers in hundreds of communities;

''(2) the American economy uses billions of fasteners each year;

''(3) state-of-the-art manufacturing and improved quality assurance systems have dramatically improved fastener quality, so virtually all fasteners sold in commerce meet or exceed the consensus standards for the uses to which they are applied;

''(4) a small number of mismarked, misrepresented, and counterfeit fasteners do enter commerce in the United States; and

''(5) multiple criteria for the identification of fasteners exist, including grade identification markings and manufacturer's insignia, to enable purchasers and users of fasteners to accurately evaluate the characteristics of individual fasteners.''.

**SEC. 3. DEFINITIONS.**

Section 3 of the Fastener Quality Act (15 U.S.C. 5402) is amended to read as follows:

**''SEC. 3. DEFINITIONS.**

''As used in this Act, the term—

''(1) 'accredited laboratory' means a fastener testing facility used to perform end-of-line testing required by a consensus standard or standards to verify that a lot of fasteners conforms to the grade identification marking called for in the consensus standard or standards to which the lot of fasteners has been manufactured, and which—

''(A) meets the requirements of ISO/IEC Guide 25 (or another document approved by the Director under section 10(c)), including revisions from time to time; and

''(B) has been accredited by a laboratory accreditation body that meets the requirements of ISO/IEC Guide 58 (or another document approved by the Director under section 10(d)), including revisions from time to time;

''(2) 'consensus standard' means the provisions of a document that describes fastener characteristics published by a consensus standards organization or a Federal agency, and does not include a proprietary standard;

''(3) 'consensus standards organization' means the American Society for Testing and Materials, the American National Standards Institute, the American Society of Mechanical Engineers, the Society of Automotive Engineers, the International Organization for Standardization, any other organization identified as a United States consensus standards organization or a foreign and international consensus standards organization in the Federal Register at 61 Fed. Reg. 50582–83 (September 26, 1996), and any successor organizations thereto;

''(4) 'Director' means the Director of the National Institute of Standards and Technology;

''(5) 'distributor' means a person who purchases fasteners for the purpose of reselling them at wholesale to unaffiliated persons within the United States (an original equipment manufacturer and its dealers shall be considered affiliated persons for purposes of this Act);

''(6) 'fastener' means a metallic screw, nut, bolt, or stud having internal or external threads, with a nominal diameter of 6 millimeters or greater, in the case of such items described in metric terms, or ¼ inch or greater, in the case of such items described in terms of the English system of measurement, or a load-indicating washer, that is through-hardened or represented as meeting a consensus standard that calls for through-hardening, and that is grade identification marked or represented as meeting a consensus standard that requires grade identification marking, except that such term does not include any screw, nut, bolt, stud, or load-indicating washer that is—

''(A) part of an assembly;

''(B) a part that is ordered for use as a spare, substitute, service, or replacement part, unless that part is in a package containing more than 75 of any such part at the time of sale, or a part that is contained in an assembly kit;

''(C) produced and marked as ASTM A 307 Grade A, or a successor standard thereto;

''(D) produced in accordance with ASTM F 432, or a successor standard thereto;

''(E) specifically manufactured for use on an aircraft if the quality and suitability of those fasteners for that use has been approved—

''(i) by the Federal Aviation Administration; or

''(ii) by a foreign airworthiness authority as described in part 21.29, 21.500, 21.502, or

21.617 of title 14 of the Code of Federal Regulations;

''(F) manufactured in accordance with a fastener quality assurance system; or

''(G) manufactured to a proprietary standard, whether or not such proprietary standard directly or indirectly references a consensus standard or any portion thereof;

''(7) 'fastener quality assurance system' means—

''(A) a system that meets the requirements, including revisions from time to time, of—

''(i) International Organization for Standardization (ISO) Standard 9000, 9001, 9002, or TS16949;

''(ii) Quality System (QS) 9000 Standard;

''(iii) Verband der Automobilindustrie e. V. (VDA) 6.1 Standard; or

''(iv) Aerospace Basic Quality System Standard AS9000; or

''(B) any fastener manufacturing system—

''(i) that has as a stated goal the prevention of defects through continuous improvement;

''(ii) that seeks to attain the goal stated in clause (i) by incorporating—

''(I) advanced quality planning;

''(II) monitoring and control of the manufacturing process;

''(III) product verification embodied in a comprehensive written control plan for product and process characteristics, and process controls (including process influence factors and statistical process control), tests, and measurement systems to be used in production; and

''(IV) the creation, maintenance, and retention of electronic, photographic, or paper records required by the control plan regarding the inspections, tests, and measurements performed pursuant to the control plan; and

''(iii) that—

''(I) is subject to certification in accordance with the requirements of ISO/IEC Guide 62 (or another document approved by the Director under section 10(a)), including revisions from time to time, by a third party who is accredited by an accreditation body in accordance with the requirements of ISO/IEC Guide 61 (or another document approved by the Director under section 10(b)), including revisions from time to time; or

''(II) undergoes regular or random evaluation and assessment by the end user or end users of the screws, nuts, bolts, studs, or load-indicating washers produced under such fastener manufacturing system to ensure that such system meets the requirements of clauses (i) and (ii);

''(8) 'grade identification marking' means any grade-mark or property class symbol appearing on a fastener purporting to indicate that the lot of fasteners conforms to a specific consensus standard, but such term does not include a manufacturer's insignia or part number;

''(9) 'importer' means a distributor located within the United States who contracts for the initial purchase of fasteners manufactured outside the United States;

''(10) 'lot' means a quantity of fasteners of one part number fabricated by the same production process from the same coil or heat number of metal as provided by the metal manufacturer;

''(11) 'manufacturer' means a person who fabricates fasteners for sale in commerce;

''(12) 'proprietary standard' means the provisions of a document that describes characteristics of a screw, nut, bolt, stud, or load-indicating washer and is issued by a person who—

''(A) uses screws, nuts, bolts, studs, or load-indicating washers in the manufacture, assembly, or servicing of its products; and

''(B) with respect to such screws, nuts, bolts, studs, or washers, is a developer and issuer of descriptions that have characteristics similar to consensus standards and that bear such user's identification;

''(13) 'record of conformance' means a record or records for each lot of fasteners sold or offered for sale that contains—

''(A) the name and address of the manufacturer;

''(B) a description of the type of fastener;

''(C) the lot number;

''(D) the nominal dimensions of the fastener (including diameter and length of bolts or screws), thread form, and class of fit;

''(E) the consensus standard or specifications to which the lot of fasteners has been manufactured, including the date, number, revision, and other information sufficient to identify the particular consensus standard or specifications being referenced;

''(F) the chemistry and grade of material;

''(G) the coating material and characteristics and the applicable consensus standard or specifications for such coating; and

''(H) the results or a summary of results of any tests performed for the purpose of verifying that a lot of fasteners conforms to its grade identification marking or to the grade identification marking the lot of fasteners is represented to meet;

''(14) 'represent' means to describe one or more of a fastener's purported characteristics in a document or statement that is transmitted to a purchaser through any medium;

''(15) 'Secretary' means the Secretary of Commerce;

''(16) 'specifications' means the required characteristics identified in the contractual agreement with the manufacturer or to which a fastener is otherwise produced, except that the term does not include proprietary standards; and

''(17) 'through-harden' means heating above the transformation temperature followed by quenching and tempering for the purpose of achieving uniform hardness.''.

**SEC. 4. SALE OF FASTENERS.**

(a) AMENDMENT.—Sections 5 through 7 of the Fastener Quality Act (15 U.S.C. 5404–6) are repealed, and the following new section is inserted after section 3 of such Act:

**''SEC. 4. SALE OF FASTENERS.**

''(a) GENERAL RULE.—It shall be unlawful for a manufacturer or distributor, in conjunction with the sale or offer for sale of fasteners from a single lot, to knowingly misrepresent or falsify—

''(1) the record of conformance for the lot of fasteners;

''(2) the identification, characteristics, properties, mechanical or performance marks, chemistry, or strength of the lot of fasteners; or

''(3) the manufacturer's insignia.

''(b) REPRESENTATIONS.—A direct or indirect reference to a consensus standard to represent that a fastener conforms to particular requirements of the consensus standard shall not be construed as a representation that the fastener meets all the requirements of the consensus standard.

''(c) SPECIFICATIONS.—A direct or indirect contractual reference to a consensus standard for the purpose of identifying particular requirements of the consensus standard that serve as specifications shall not be construed to require that the fastener meet all the requirements of the consensus standard.

''(d) USE OF ACCREDITED LABORATORIES.—In the case of fasteners manufactured solely to a consensus standard or standards, end-of-line testing required by the consensus standard or standards, if any, for the purpose of verifying that a lot of fasteners conforms with the grade identification marking called for in the consensus standard or standards to which the lot of fasteners has been manufactured shall be conducted by an accredited laboratory.''.

(b) EFFECTIVE DATE.—Subsection (d) of section 4 of the Fastener Quality Act, as added by subsection (a) of this section, shall take effect 2 years after the date of enactment of this Act.

**SEC. 5. MANUFACTURERS' INSIGNIAS.**

Section 8 of the Fastener Quality Act (15 U.S.C. 5407) is redesignated as section 5 and is amended—

(1) by amending subsection (a) to read as follows:

''(a) GENERAL RULE.—Unless the specifications provide otherwise, fasteners that are required by the applicable consensus standard or standards to bear an insignia identifying their manufacturer shall not be offered for sale or sold in commerce unless—

''(1) the fasteners bear such insignia; and

''(2) the manufacturer has complied with the insignia recordation requirements established under subsection (b).''; and

(2) in subsection (b), by striking ''and private label'' and all that follows and inserting ''described in subsection (a).''.

**SEC. 6. REMEDIES AND PENALTIES.**

Section 9 of the Fastener Quality Act (15 U.S.C. 5408) is redesignated as section 6 and is amended—

(1) in subsection (b)(3), by striking ''of this section'' and inserting ''of this subsection'';

(2) in subsection (b)(4), by inserting ''arbitrate,'' after ''Secretary may''; and

(3) in subsection (d)—

(A) by inserting ''(1)'' after ''ENFORCEMENT.—''; and

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

''(2) The Secretary shall establish and maintain a hotline system to facilitate the reporting of alleged violations of this Act, and the Secretary shall evaluate allegations reported through that system and report any credible allegations to the Attorney General.''.

**SEC. 7. RECORDKEEPING REQUIREMENTS.**

Section 10 of the Fastener Quality Act (15 U.S.C. 5409) is redesignated as section 7 and is amended by striking subsections (a) and (b) and inserting the following:

''Manufacturers and importers shall retain the record of conformance for fasteners for 5 years, on paper or in photographic or electronic format in a manner that allows for verification of authenticity. Upon request of a distributor who has purchased a fastener, or a person who has purchased a fastener for use in the production of a commercial product, the manufacturer or importer of the fastener shall make available information in the record of conformance to the requester.''.

**SEC. 8. RELATIONSHIP TO STATE LAWS.**

Section 11 of the Fastener Quality Act (15 U.S.C. 5410) is redesignated as section 8.

**SEC. 9. CONSTRUCTION.**

Section 12 of the Fastener Quality Act (15 U.S.C. 5411) is redesignated as section 9 and is amended by striking ''in effect on the date of enactment of this Act''.

**SEC. 10. CERTIFICATION AND ACCREDITATION.**

Sections 13 and 15 of the Fastener Quality Act (15 U.S.C. 5412 and 14) are repealed, and the following new section is inserted at the end of that Act:

**''SEC. 10. CERTIFICATION AND ACCREDITATION.**

''(a) CERTIFICATION.—A person publishing a document setting forth guidance or requirements for the certification of manufacturing systems as fastener quality assurance systems by an accredited third party may petition the Director to approve such document for use as described in section 3(7)(B)(iii)(I). The Director shall act upon a petition within 180 days after its filing, and shall approve such petition if the document provides equal

or greater rigor and reliability as compared to ISO/IEC Guide 62.

''(b) ACCREDITATION.—A person publishing a document setting forth guidance or requirements for the approval of accreditation bodies to accredit third parties described in subsection (a) may petition the Director to approve such document for use as described in section 3(7)(B)(iii)(I). The Director shall act upon a petition within 180 days after its filing, and shall approve such petition if the document provides equal or greater rigor and reliability as compared to ISO/IEC Guide 61.

''(c) LABORATORY ACCREDITATION.—A person publishing a document setting forth guidance or requirements for the accreditation of laboratories may petition the Director to approve such document for use as described in section 3(1)(A). The Director shall act upon a petition within 180 days after its filing, and shall approve such petition if the document provides equal or greater rigor and reliability as compared to ISO/IEC Guide 25.

''(d) APPROVAL OF ACCREDITATION BODIES.—A person publishing a document setting forth guidance or requirements for the approval of accreditation bodies to accredit laboratories may petition the Director to approve such document for use as described in section 3(1)(B). The Director shall act upon a petition within 180 days after its filing, and shall approve such petition if the document provides equal or greater rigor and reliability as compared to ISO/IEC Guide 58. In addition to any other voluntary laboratory accreditation programs that may be established by private sector persons, the Director shall establish a National Voluntary Laboratory Accreditation Program, for the accreditation of laboratories as described in section 3(1)(B), that meets the requirements of ISO/IEC Guide 58 (or another document approved by the Director under this subsection), including revisions from time to time.

''(e) AFFIRMATION.—(1) An accreditation body accrediting third parties who certify manufacturing systems as fastener quality assurance systems as described in section 3(7)(B)(iii)(I) shall affirm to the Director that it meets the requirements of ISO/IEC Guide 61 (or another document approved by the Director under subsection (b)), including revisions from time to time.

''(2) An accreditation body accrediting laboratories as described in section 3(1)(B) shall affirm to the Director that it meets the requirements of ISO/IEC Guide 58 (or another document approved by the Director under subsection (d)), including revisions from time to time.

''(3) An affirmation required under paragraph (1) or (2) shall take the form of a self-declaration that the accreditation body meets the requirements of the applicable Guide, signed by an authorized representative of the accreditation body, without requirement for accompanying documentation. Any such affirmation shall be considered to be a continuous affirmation that the accreditation body meets the requirements of the applicable Guide, unless and until the affirmation is withdrawn by the accreditation body.''.

**SEC. 11. APPLICABILITY.**

At the end of the Fastener Quality Act, insert the following new section:

**''SEC. 11. APPLICABILITY.**

''The requirements of this Act shall be applicable only to fasteners fabricated 180 days or more after the date of the enactment of the Fastener Quality Act Amendments Act of 1999, except that if a manufacturer or distributor of fasteners fabricated before that date prepares a record of conformance for such fasteners, representations about such fasteners shall be subject to the requirements of this Act.''.

**SEC. 12. COMPTROLLER GENERAL REPORT.**

Not later than 2 years after the date of the enactment of this Act, the Comptroller General shall transmit to the Congress a report describing any changes in industry practice resulting from or apparently resulting from the enactment of section 3(6)(B) of the Fastener Quality Act, as added by section 3 of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from Colorado (Mr. UDALL) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill, H.R. 1183.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENNSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Fastener Quality Act was signed into law in 1990. It requires all threaded metallic fasteners of one-quarter inch diameter or greater that reference a consensus standard to be documented by a National Institute of Standards and Technology certified laboratory.

Although the legislation has been on the books for over 8 years, concerns over the bill's impact on the economy have delayed NIST's implementation of final regulations. NIST's regulations are slated to go into effect on June 24, 1999.

When enacted in 1990, the act was supposed to cover only high-strength critical application fasteners vital to the public safety. Yet all these fasteners represent only 1 percent of fasteners used in the United States. However, if the existing Fastener Quality Act regulations are implemented next month, even garden hose fasteners produced by Sheboygan Screw Products, Incorporated, in my home district would be forced to comply with the burdensome act.

I am not sure how faulty garden hose fasteners may pose a significant threat to public safety, but I am sure that regulating them will be expensive.

The Fastener Quality Act in its current form is unworkable, and implementing its regulations would cause great disruption to the United States economy without providing any significant public safety benefit.

Garden hose fasteners are only one example of the excesses associated with the law. A recent study conducted by the Department of Commerce concludes that significant improvements in fastener manufacturing and quality control have virtually eliminated the threat of substandard fasteners. These changes, however, are not reflected in the current law.

Mr. Speaker, H.R. 1183 continues the commitment of the Committee on Science to streamlining the outdated and unnecessary provisions of the act in a manner that recognizes the positive development of quality products in the fastener industry; focuses on assuring the public safety; and imposes the least possible additional burdens on an already regulated industry.

Specifically, provisions of H.R. 1183, first, fight fraud by clarifying that anyone intentionally misrepresenting the strength or other characteristic of a fastener is subject to both criminal penalties and civil remedies.

Second, ensure traceability by requiring virtually all fasteners sold in commerce to be labeled with the registered trademark of their manufacturer.

Third, reduce some of the burdensome paperwork requirements of the act by allowing documents to be stored and transmitted in electronic format.

Fourth, recognize industry's growing utilization of dramatically improved quality assurance in management systems by allowing fasteners manufactured in accordance with certain quality systems to be deemed in compliance with the requirements of the act.

The provisions of H.R. 1183 were crafted in consultation with the Committee on Commerce and the Committee on the Judiciary, as well as the Department of Commerce.

In addition, I wish to thank the chairwoman of the Subcommittee on Technology, the gentlewoman from Maryland (Mrs. MORELLA), and the ranking member of the subcommittee, the gentleman from Michigan (Mr. BARCIA), for their work on the legislation.

Finally, Mr. Speaker, I wish to again point out that the pending Fastener Quality Act regulations are slated to be implemented next month. With that in mind, I urge all of my colleagues to support the swift passage of H.R. 1183 and hope that the other body and the White House will follow our lead and act expeditiously in the coming weeks.

Mr. Speaker, I reserve the balance of my time.

Mr. UDALL of Colorado. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1183, the Fastener Quality Act Amendments Act of 1999.

The gentleman from Wisconsin (Mr. SENSENBRENNER) has already summarized the provisions of the legislation. I will only add that H.R. 1183 is the result of bipartisan efforts and that this bill represents the hard work of the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from California (Mr. BROWN), the ranking member of the Committee on Science, and the gentleman from Virginia (Mr. BLILEY) and the gentleman from Michigan (Mr. DINGELL), the ranking member on the Committee on Commerce.

Further, as always, it has been a pleasure working with the gentlewoman from Maryland (Mrs. MORELLA), my chairwoman on the Subcommittee on Technology.

While I am new to this committee and this issue, I have had a particular interest in this bill because it so directly relates to the work of the National Institute of Standards and Technology, NIST, an agency that has important facilities in my district.

H.R. 1183 remains true to the intent of the original Fastener Quality Act passed 10 years ago. H.R. 1183 maintains the necessary standards to ensure the quality of high-strength fasteners, while recognizing advances in manufacturing techniques, such as quality assurance systems.

Moreover, it would not have been possible to craft this legislation without the close cooperation of industry and labor. I want to specifically mention the Automotive Industry Fastener Manufacturers and affected labor groups for their frank and candid discussions with us, as well as their willingness to compromise.

Ultimately, it was this prevailing sense of cooperation that allowed us to develop this legislation.

In closing, I would urge my colleagues to support 1183.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield 4 minutes to the gentlewoman from Maryland (Mrs. MORELLA), the Chairwoman of the Subcommittee on Technology.

Mrs. MORELLA. Mr. Speaker, I thank the gentleman from Wisconsin (Mr. SENSENBRENNER) for yielding me this time. I also thank him for his leadership in bringing this very important piece of legislation to the floor, as well as the ranking member, the gentleman from California (Mr. BROWN), and to the ranking member of the Subcommittee on Technology, the gentleman from Michigan (Mr. BARCIA), as well as the gentleman from Colorado (Mr. UDALL) and other Members of the Subcommittee on Technology, the gentleman from Minnesota (Mr. GUTKNECHT), as well as Members of the Committee on Science and all its supporters.

As chair of the Committee on Science Subcommittee on Technology, we have held three hearings in the last 14 months to discuss the need for the existing Fastener Quality Act, as well as to consider any changes to the act that might be warranted.

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At the hearings we received testimony from a variety of fastener manufacturers, distributors, and consumers. There is a clear consensus that two factors have dramatically changed since passage of the Fastener Quality Act in 1990. First, the implementation of modern manufacturing quality procedures have dramatically increased the quality of fasteners used in U.S. commerce. In today's business place, heavy volume fastener users like automotive, aerospace, and heavy equipment manufacturers, they invent, they demand, and they ensure quality from their suppliers. They have a clear economic incentive to do so.

Secondly, the implementation of more stringent government procurement practices have eliminated the military's problems with substandard or mismarked fasteners. In fact, the Defense Industrial Supply Center has checked military inventories over the past 4 years and found no evidence of faulty fasteners at all.

Recognizing these important developments, H.R. 1183 is intended to modernize the existing 9-year-old act to better reflect the practices of today's fastener industry and to ensure that the flow of the 200 billion fasteners used annually in our Nation's chain of commerce is not unnecessarily disrupted.

The legislation that we are considering also creates a level playing ground for all fastener manufacturers, distributors, and consumers. It does not drive small manufacturers out of business, nor does it place U.S. manufacturers at a competitive disadvantage with their foreign competitors.

As the gentleman from Wisconsin (Chairman SENSENBRENNER) mentioned, Fastener Quality Act regulations are slated to take effect next month, on June 24. The proposed regulations significantly exceed the original congressional intent of the 1990 Act, which was to cover about 1 percent of fasteners used in the U.S. for critical applications.

Although it is difficult to determine the exact percentage of fasteners that would be covered by the additional regulations, industry estimates it to be at least 50 percent, possibly as much as 70 percent.

The Department of Commerce recently released a study that concluded current fastener quality presented little or no threat to public safety, and that changes made since 1990 in the fastener industry to improve the quality of fasteners have been significant.

With the Department's study in mind, it simply does not make sense to enact additional burdensome and costly fastener regulations. The Automobile Manufacturers Association, for example, projects the cost of compliance for the motor vehicle industry alone to be greater than $320 million a year, without necessarily enhancing vehicle safety.

So, Mr. Speaker, I am pleased that H.R. 1183 takes steps to modify the FQA in a way that focuses on assuring public safety without imposing costly new regulations.

H.R. 1183 was favorably reported by the Committee on Science on March 25 of this year, and it is bipartisan. It has been endorsed by many industry associations, including the National Association of Manufacturers, the U.S. Chamber of Commerce, and I strongly urge all my colleagues to support this commonsense legislation.

Mr. SENSENBRENNER. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Speaker, in 1990 Congress enacted the Fastener Quality Act to protect Americans from foreign manufacturers who were dumping substandard fasteners in the U.S. market. The Fastener Quality Act required all threaded, metallic, through-hardened fasteners of one-quarter inch in diameter or greater to be tested or documented by a laboratory certified by the National Institute of Standards and Technology, otherwise known as NIST. In short, Mr. Speaker, this was a $20 solution to a $5 problem.

Earlier this year, the Department of Commerce submitted a report to Congress recommending that the Fastener Quality Act be amended to, number one, limit coverage under the act to only high-strength fasteners; number two, deem fasteners compliant if they are manufactured by a NIST-approved facility; number three, reduce paperwork burdens; and finally, address fraud in commercial transactions involving fasteners.

NIST even testified in front of our committee that the agency did not want to enforce the Fastener Quality Act as it was written because it was ''overly burdensome.'' H.R. 1183 amends the Fastener Quality Act of 1990 to strengthen protections against the sale of mismarked, misrepresented, or counterfeit fasteners.

Let me make it very clear, Mr. Speaker, fraudulent marketing of fasteners is still a fraud. H.R. 1183 reduces the paperwork burdens of the Fastener Quality Act by allowing documents to be stored and transmitted by an electronic format.

Mr. Speaker, H.R. 1183 is the right solution to the real problem. I hope my colleagues will join me in supporting this important legislation.

Mr. SENSENBRENNER. Mr. Speaker, I yield 2 minutes to the gentlewoman from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, most Americans, myself included, do not completely realize the importance of fasteners in our everyday lives. Fasteners are the nuts, bolts, and screws that hold together everything from furniture and cars to construction equipment, bridges, and buildings.

I became more aware of the importance of these fasteners just last weekend when I had to assemble a piece of furniture for my home. Without nuts or bolts, the entertainment center I was assembling would have lacked the strength and stability to withstand the weight of my television.

Mr. Speaker, during the past decade the manufacturers and distributors of fasteners have taken significant steps to ensure the quality of their products. With the implementation of modern manufacturing quality procedures and improved procurement practices, the American fastener industry is a global quality leader.

Approximately 5,000 of the men and women who help make these fasteners

are residents of the State of Illinois. The Chicagoland area has the highest concentration of fastener manufacturers and distributors in the Nation, and is home to the largest U.S. producer of fasteners. These people continue to work tirelessly to make a quality product on which the world's builders and manufacturers can rely.

H.R. 1183 recognizes the efforts of these American companies and their workers. It prevents burdensome, costly, and duplicate regulations from being placed on the fastener industry, and holds companies accountable for the quality of their work.

H.R. 1183 changes the focus of the law from government regulation and bureaucracy to industry accountability. I ask my colleagues to support it.

Mr. SENSENBRENNER. Mr. Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. MANZULLO).

Mr. MANZULLO. Mr. Speaker, I rise in support of H.R. 1183, the Fastener Quality Amendments Act of 1999. In 1990, Congress enacted the Fastener Quality Act in the belief that public safety was at risk because of the sale of faulty and mismarked fasteners in this country.

In its desire to ensure quality, Congress ended up creating a bureaucratic and regulatory nightmare that threatened the existence of smaller fastener manufacturing companies. The act proved rigid and obsolete as quality assurance technology within the industry advanced quickly.

In the district that I represent, we have over 80 fastener companies, the Pearson family, the Goellner family, all the way to the larger fastener companies, such as Elco-Textron. There are employers that employ as many as 1,800 people down to those that employ as few as 12, and every single one of these companies supports passage of H.R. 1183.

These manufacturers understand that the FQA in its current form imposes redundant testing requirements and regulations that simply do not work. I am pleased to be able to inform these hard-working Americans that H.R. 1183 addresses their concerns by creating a better system for identifying, reporting, and prosecuting the knowing misrepresentation of a mismarked fastener.

The bill targets the true essence of the problem; that is, it attacks fastener fraud, instead of trying to regulate quality. Any fastener maker worth its reputation will ensure the quality of its product, or else it will not be in business very long.

Many businesses wait anxiously for January 1 of 2000 to see the effects of the Y2K bug, but to the American fastener industry, the dreaded date comes much sooner, next month in fact, and its impact will not be a mystery. For on June 24, unless Congress passes H.R. 1183 and the President signs it into law, the Fastener Quality Act will take effect. This will set in motion the process of fastener companies going out of business, and the dire consequences that that in turn will have on industries dependent on the production of fasteners.

I am pleased to support H.R. 1183, and urge its speedy passage.

Mr. DINGELL. Mr. Speaker, I support H.R. 1183, the Fastener Quality Act Amendments Act of 1999. The Fastener Quality Act, which would be amended by the bill before us today, was enacted in 1990 and originated in the Committee on Commerce. It resulted from an 18-month investigation conducted by the Committee's Subcommittee on Oversight and Investigations. This investigation uncovered deaths attributable to industrial and aircraft accidents in which fastener failures occurred; the use of substandard fasteners with false certificates in Army Corps of Engineer projects; defective fasteners in Army vehicles and in critical areas of Navy ships; and the falsification of test results for fasteners used in spacecraft and aircraft.

For the last nine years, the National Institute of Standards and Technology (NIST) at the Department of Commerce has attempted, without success, to issue regulations implementing the Fastener Quality Act. Last year, legislation was enacted which imposed yet another delay in the issuance of fastener regulations. Under the law passed last year, Congress has until June 23rd of this year to enact amendments to the Fastener Quality Act, or NIST is to go ahead and issue its regulations implementing the current law.

Why does the Fastener Quality Act need to be amended? The simple fact is that manufacturing in the United States has undergone the same technological revolution over the last 10 years that has occurred in virtually every other sector of American life. Manufacturing operations are now largely computer-controlled. Many of these systems can measure the conformity of each fastener being manufactured, and thereby reduce the need for end-of-the-line testing of a sample from each lot of fasteners being produced.

Similarly, it was never the intent of the law that fasteners manufactured to a proprietary standard be covered by the Act, since total responsibility for fasteners produced to a proprietary standard rests with the one setting that standard. Nevertheless, NIST's proposed regulations cover proprietary fasteners, subjecting manufacturers and consumers to unnecessary expense and costs. This bill exempts fasteners produced to proprietary standards from the requirements of the Fastener Quality Act.

The bill before us today is the product of an agreement involving the Department of Commerce and the fastener industry, as well as representatives of major industries that use fasteners. Not only does this legislation account for manufacturing innovations during the past 10 years, it also recognizes that problems in the fastener industry persist.

An article in the April 5, 1999, edition of a publication called Engineering News illustrates why the Fastener Quality Act is still very much needed. This article cites a Department of Commerce consultant who claims counterfeit fasteners were used in the 700-foot tall hoist that broke free from the scaffold of an office building under construction in Times Square last July, killing an elderly woman and injuring 12 others. While it is too soon to tell whether counterfeit fasteners caused or contributed to this terrible accident, David Sharp, a consultant to the Commerce Department's New York Office of Export Enforcement, was quoted as saying there is ''very clear evidence'' that mismarked fasteners were used in the scaffold and hoist. Mr. Sharp also claims that initial findings indicate the use of inferior steel in some of the fasteners involved in this accident.

Clearly, the Fastener Quality Act remains important today, and the legislation we are considering continues the important elements of the original Act. Fastener manufacturers and distributors are prohibited from knowingly misrepresenting or falsifying fastener characteristics, properties, mechanical or performance marks, chemistry, strength, manufacturer's insignia, or the record of conformance concerning a lot of fasteners. The record of conformance, which a manufacturer or importer of foreign-made fastener is to make available upon request to end users or purchasers, must also contain a summary of any end-of-the-line testing required by a consensus standard to which the fastener is produced.

Records of conformance are required to be held for five years. Fasteners manufactured using quality assurance systems approved by accredited third parties would be exempt from these requirements of the Act. An accrediting body is required to provide notice to NIST that it meets the requirements of the published guide with which it purports to comply. All the criminal and civil penalties of current law are continued without charge.

Mr. Speaker, the health and safety of the American public depends on fasteners that are able to do the job they are represented to perform. The Fastener Quality Act is a very important tool in achieving this objective, and the amendments before us today should reduce the regulatory burden on industry while maintaining essential protections. I urge my colleagues to vote for this legislation.

Mr. BLILEY. Mr. Speaker, I rise today in support of H.R. 1183, the Fastener Quality Act Amendments Act of 1999. As you know, this is a measure over which the Committee on Commerce and the Committee on Science share jurisdiction, and I am pleased to lend my support to this effort.

The Commerce Committee's interest in this matter goes back to the 100th Congress, at which time the Committee undertook an investigation of counterfeit and substandard fasteners. The investigation resulted in the issuance of a unanimously approved Subcommittee report entitled ''The Threat from Substandard Fasteners; Is America Losing Its Grip?'' which ultimately led to the approval by our respective committees of the Fastener Quality Act of 1990.

In the years since the enactment of the original Fastener Quality Act, we have had to revisit the statute on a number of occasions because the statutory requirements resulted in real-world outcomes that significantly increased the burden on legitimate businesses, had the potential to reduce the supply and increase the cost of critical use fasteners, and in the end would do very little to protect the public from substandard screws, nuts, and bolts. Most recently, the Congress enacted the Fastener Quality Act Amendments (P.L. 105–234) which exempted certain fasteners regulated by the Federal Aviation Administration from coverage under the Act. More importantly, however, the amendments delayed implementation of the rules implementing the Act

until the Secretary of Commerce reported to the Congress regarding the applicability of the original Act to modern day manufacturing practices and any recommended statutory changes.

On February 24, 1999, the Secretary of Commerce submitted his report to Congress, making several recommendations regarding the class of fasteners that should be covered by the Act, the use of quality management systems in the manufacturing process as a substitute for lot-testing of fasteners, and the reduction of paperwork burdens. Using these recommendations as a framework for discussion, the Science Committee, Commerce Committee, and the affected industries worked to craft the rewrite of the Fastener Quality Act which is contained in H.R. 1183.

I particularly want to commend Chairman SENSENBRENNER for his willingness to work with the Commerce Committee on this issue. He and his staff openly solicited our input, and the product before the House today reflects that effort. In particular, I want to commend him for his willingness to listen and accommodate the concerns of the Ranking Member of the Commerce Committee, the gentleman from Michigan, Mr. DINGELL. As you know, Mr. DINGELL was the original author of the Fastener Quality Act, and had a keen interest in these amendments.

Given our involvement in the process and the willingness of the Science Committee to address the concerns of members of the Commerce Committee, I did not exercise the Committee's right to a referral. By agreeing to waive its consideration of the bill, however, the Commerce Committee does not waive its jurisdiction over H.R. 1183. Chairman SENSENBRENNER and I engaged in an exchange of letters of this matter, and I submit them for the RECORD.

Mr. Speaker, H.R. 1183 makes badly needed changes to the Fastener Quality Act. I wholeheartedly support these amendments, and encourage my colleagues on both sides of the aisle to support them as well.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
*Washington, DC, April 17, 1999.*

Hon. F. JAMES SENSENBRENNER, Jr.
*Chairman, Committee on Science, Rayburn House Office Building, Washington, DC.*

DEAR CHAIRMAN SENSENBRENNER: On March 25, 1999, the Committee on Science ordered reported H.R. 1183, the Fastener Quality Act Amendments of 1999, with amendments. As you know, the Committee on Commerce was named as an additional committee of jurisdiction and has had a longstanding interest in the issue of fastener quality and the Fastener Quality Act (15 U.S.C. §5401 et al.). This interest goes back at least to the 100th Congress, at which time the Committee undertook an investigation of counterfeit and substandard fasteners. This investigation resulted in the issuance of a unanimously approved Subcommittee report—''The Threat from Substandard Fasteners: Is America Losing Its Grip?''—which ultimately led to the approval by our respective committees of the Fastener Quality Act of 1990.

As you know, the legislation, as amended, significantly restructures the Fastener Quality Act and adopts suggestions from both the Department of Commerce and the affected industries regarding changes in the Act. These changes must be enacted before June 23, 1999, when the rules promulgated by the Department of Commerce would otherwise become effective.

In light of the upcoming deadline, I recognize your desire to bring this legislation before the House in an expeditious manner. Given our involvement in the process thus far, and your assurance that we will work to address concerns raised by our minority before this legislation is considered by the House, I will not exercise the Committee's right to a referral. By agreeing to waive its consideration of the bill, however, the Commerce Committee does not waive its jurisdiction over H.R. 1183. In addition, the Commerce Committee reserves its authority to seek conferees on any provisions of the bill that are within its jurisdiction during any House-Senate conference that may be convened on this legislation. I ask for your commitment to support any request by the Commerce Committee for conferees on H.R. 1183 or similar legislation.

I request that you include this letter as a part of the Committee's report on H.R. 1183 and as part of the Record during consideration of the legislation on the House floor.

Thank you for your attention to these matters.

Sincerely,

TOM BLILEY,
*Chairman.*

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON SCIENCE,
*Washington, DC, April 22, 1999.*

Hon. TOM BLILEY,
*Chairman, House Committee on Commerce, Rayburn House Office Building, Washington, DC.*

DEAR CHAIRMAN BLILEY: Thank you for your letter of April 17, 1999 regarding H.R. 1183, the Fastener Quality Act Amendments of 1999.

I appreciate your waiving your Committee's right to a referral on this bill so that it can move expeditiously to the floor. I recognize your historic jurisdiction in this area and will support any request you may make to have conferees on H.R. 1183 or similar legislation.

The exchange of letters between our two committees will be included in the Committee report on H.R. 1183 and will be made part of the floor record.

Sincerely,

F. JAMES SENSENBRENNER, Jr.
*Chairman.*

Mr. EWING. Mr. Speaker, I would like to take this opportunity to express my support for this important legislation. As a member of the Science Committee I was pleased to support this legislation, which I believe will fix the Fastener Quality Act once and for all.

Since the original Fastener Quality Act was enacted in 1990, manufacturers have been faced with costly, counterproductive regulations which have not addressed the real issues of reporting and monitoring the quality of fasteners.

This legislation changes the Fastener Quality Act's emphasis from federal monitoring of production methods to a focus on the reporting, identification, traceability, and prosecution of efforts to sell intentionally mismarked fasteners.

Our main concern should be public safety and I believe this bill will address that issue, while eliminating some of the unnecessary regulation manufacturers have been faced with.

Requiring fasteners that are sold to be marked with the registered trademark of their manufacturers will help to ensure that only quality fasteners are distributed. I also believe that regarding fasteners as compliant if they are manufactured at a NIST approved facility will cut down significantly on excess paperwork and regulatory red-tape manufacturers are currently required to go through.

Republicans have worked hard since 1994 to eliminate burdensome and costly federal regulations imposed on businesses in our country and this legislation is another example of our commitment.

Again, I would like to express my strong support for this legislation and I hope that all members will support it.

Mr. SMITH of Michigan. Mr. Speaker, although the legislation is obscure, the story of the FQA holds an important lesson about how government can go overboard with regulations. This bill is an example of what we're trying to do to repeal costly and ineffective rules.

About 380 companies in the U.S. manufacture fasteners, employing about 44,000 people and ringing up about $7.5 billion in sales annually. Fasteners go into many products, including automobiles, aircraft, appliances, construction and agriculture machinery, and commercial buildings. Americans consume approximately 200 billion fasteners every year, 26 billion by the auto industry alone.

In the late 1980s, there were fears of harm from mismarked, substandard and fraudulently sold fasteners, mainly from abroad. Congress reacted by passing the FQA an 1990 (before I came to Congress). As originally written, it set federal standards for fasteners and required that they be tested at federally-certified laboratories.

The FQA has never gone into effect because no implementing regulations were written until 1998. Draft regulations had proven unworkable and rapid improvements in fasteners made some regulations out of date before they could be approved. By the time final implementing regulations were adopted last year, many questions had been raised about the FQA's regulatory burdens and the need for federal standards at all. Congress passed another law last year to delay the regulations from taking affect in order to have the Department of Commerce evaluate the need for the law.

In its study, the Department found no real threat to public safety from fasteners. At the same time, the regulations would have been extremely costly and created a new bureaucracy. The Automobile Manufacturers Association, for example, estimated that bureaucratic delays and other factors associated with the regulations would have cost the auto industry $318 million in the first year alone.

This bill will replace the law's federal standards with a simpler rule: tell the truth. So long as sellers accurately represent a fastener's quality, they will comply with the law. Those who misrepresent a fastener's quality, however, will be subject to serious legal penalties.

THis story shows both how government writes bad regulations and how they can be fixed. Too often, Congress allows itself to propose permanent regulatory solutions to temporary problems. The result is unnecessary expense. In this case, as in many others, market pressure did more to protect consumers than government could. Doing away with these rules represents the beginning of what many of us are trying to accomplish in reviewing and modifying laws to eliminate unnecessary government regulations.

Mr. STEBENOW. Mr. Speaker, I am a supporter of this legislation and appreciate the opportunity to share my thoughts on it with my colleagues. I would first like to thank Chairman SENSENBRENNER and Ranking Member BROWN of the Science Committee, as well as Chairman BLILEY and Ranking Member DINGELL of

the Commerce Committee for their efforts in bringing this bill to the floor today. It is the result of extensive talks between members of both committees and industry groups, and I believe we have reached a very satisfactory conclusion. This measure protects the safety of the citizens of this country while not impeding economic development, and does so in time to meet the June 1 deadline that was enacted during the last Congress.

For those that are not familiar with this issue, fasteners are nuts, bolts, screws used in manufacturing and construction. The fastener industry has a major impact on the economy operating 380 major manufacturing facilities with 44,000 employees and total U.S. sales of $7.5 billion. This activity is strongly tied to the automobile, aircraft, applicance, construction, agricultural machinery and equipment, and the commercial building industries. For example, more than 200 billion fasteners are consumed annually in this country, 26 billion by the auto industry alone, which has a significant impact in my home state of Michigan. Given that the estimated cost to business of the Fastener Quality Act of 1999 was $1 billion, it is appropriate that the original act has been updated to reflect changes in the fastener industry.

Mr. Speaker, this legislation promotes safety in a common-sense manner. It addresses the problems of substantial fasteners, requiring testing to be conducted by accredited laboratories and making it unlawful for a fastener manufacturer or distributor to knowingly misrepresent whether a product meets industry-set quality standards. Again, I support this bill and urge my colleagues to the same.

Mr. UDALL of Colorado. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PEASE). The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 1183, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

## TECHNOLOGY TRANSFER COMMERCIALIZATION ACT OF 1999

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 209) to improve the ability of Federal agencies to license federally owned inventions, as amended.

The Clerk read as follows:

H.R. 209

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Technology Transfer Commercialization Act of 1999''.

**SEC. 2. FINDINGS.**

The Congress finds that—

(1) the importance of linking our unparalleled network of over 700 Federal laboratories and our Nation's universities with United States industry continues to hold great promise for our future economic prosperity;

(2) the enactment of the Bayh-Dole Act in 1980 was a landmark change in United States technology policy, and its success provides a framework for removing bureaucratic barriers and for simplifying the granting of licenses for inventions that are now in the Federal Government's patent portfolio;

(3) Congress has demonstrated a commitment over the past 2 decades to fostering technology transfer from our Federal laboratories and to promoting public/private sector partnerships to enhance our international competitiveness;

(4) Federal technology transfer activities have strengthened the ability of United States industry to compete in the global marketplace; developed a new paradigm for greater collaboration among the scientific enterprises that conduct our Nation's research and development—government, industry, and universities; and improved the quality of life for the American people, from medicine to materials;

(5) the technology transfer process must be made ''industry friendly'' for companies to be willing to invest the significant time and resources needed to develop new products, processes, and jobs using federally funded inventions; and

(6) Federal technology licensing procedures should balance the public policy needs of adequately protecting the rights of the public, encouraging companies to develop existing government inventions, and making the entire system of licensing government technologies more consistent and simple.

**SEC. 3. COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.**

Section 12(b)(1) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(b)(1)) is amended by inserting ''or, subject to section 209 of title 35, United States Code, may grant a license to an invention which is federally owned, for which a patent application was filed before the signing of the agreement, and directly within the scope of the work under the agreement,'' after ''under the agreement,''.

**SEC. 4. LICENSING FEDERALLY OWNED INVENTIONS.**

(a) AMENDMENT.—Section 209 of title 35, United States Code, is amended to read as follows:

**''§ 209. Licensing federally owned inventions**

''(a) AUTHORITY.—A Federal agency may grant an exclusive or partially exclusive license on a federally owned invention under section 207(a)(2) only if—

''(1) granting the license is a reasonable and necessary incentive to—

''(A) call forth the investment capital and expenditures needed to bring the invention to practical application; or

''(B) otherwise promote the invention's utilization by the public;

''(2) the Federal agency finds that the public will be served by the granting of the license, as indicated by the applicant's intentions, plans, and ability to bring the invention to practical application or otherwise promote the invention's utilization by the public, and that the proposed scope of exclusivity is not greater than reasonably necessary to provide the incentive for bringing the invention to practical application, as proposed by the applicant, or otherwise to promote the invention's utilization by the public;

''(3) the applicant makes a commitment to achieve practical application of the invention within a reasonable time, which time may be extended by the agency upon the applicant's request and the applicant's demonstration that the refusal of such extension would be unreasonable;

''(4) granting the license will not tend to substantially lessen competition or create or maintain a violation of the Federal antitrust laws; and

''(5) in the case of an invention covered by a foreign patent application or patent, the interests of the Federal Government or United States industry in foreign commerce will be enhanced.

''(b) MANUFACTURE IN UNITED STATES.—A Federal agency shall normally grant a license under section 207(a)(2) to use or sell any federally owned invention in the United States only to a licensee who agrees that any products embodying the invention or produced through the use of the invention will be manufactured substantially in the United States.

''(c) SMALL BUSINESS.—First preference for the granting of any exclusive or partially exclusive licenses under section 207(a)(2) shall be given to small business firms having equal or greater likelihood as other applicants to bring the invention to practical application within a reasonable time.

''(d) TERMS AND CONDITIONS.—Any licenses granted under section 207(a)(2) shall contain such terms and conditions as the granting agency considers appropriate, and shall include provisions—

''(1) retaining a nontransferrable, irrevocable, paid-up license for any Federal agency to practice the invention or have the invention practiced throughout the world by or on behalf of the Government of the United States;

''(2) requiring periodic reporting on utilization of the invention, and utilization efforts, by the licensee, but only to the extent necessary to enable the Federal agency to determine whether the terms of the license are being complied with, except that any such report shall be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code; and

''(3) empowering the Federal agency to terminate the license in whole or in part if the agency determines that—

''(A) the licensee is not executing its commitment to achieve practical application of the invention, including commitments contained in any plan submitted in support of its request for a license, and the licensee cannot otherwise demonstrate to the satisfaction of the Federal agency that it has taken, or can be expected to take within a reasonable time, effective steps to achieve practical application of the invention;

''(B) the licensee is in breach of an agreement described in subsection (b);

''(C) termination is necessary to meet requirements for public use specified by Federal regulations issued after the date of the license, and such requirements are not reasonably satisfied by the licensee; or

''(D) the licensee has been found by a court of competent jurisdiction to have violated the Federal antitrust laws in connection with its performance under the license agreement.

''(e) PUBLIC NOTICE.—No exclusive or partially exclusive license may be granted under section 207(a)(2) unless public notice of the intention to grant an exclusive or partially exclusive license on a federally owned invention has been provided in an appropriate manner at least 15 days before the license is granted, and the Federal agency has considered all comments received before the end of the comment period in response to that public notice. This subsection shall not