for the impounding, storage, and carriage of nonproject water for domestic, municipal, industrial, and other beneficial purposes; to the Committee on Energy and Natural Resources.

By Ms. COLLINS (for herself and Ms. SNOWE):

S. 1853. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel FRITHA; to the Committee on Commerce, Science, and Transportation.

By Mr. HATCH (for himself, Mr. KOHL, and Mr. DEWINE):

S. 1854. A bill to reform the Hart-Scott-Rodino Antitrust Improvements Act of 1976; to the Committee on the Judiciary.

By Mr. MURKOWSKI:

S. 1855. A bill to establish age limitations for airmen; to the Committee on Commerce, Science, and Transportation.

By Mr. SCHUMER (for himself and Mr. TORRICELLI):

S. 1856. A bill to amend title 28 of the United States Code to authorize Federal district courts to hear civil actions to recover damages or secure relief for certain injuries to persons and property under or resulting from the Nazi government of Germany; to the Committee on the Judiciary.

By Mr. DOMENICI:

S. 1857. A bill to provide for conveyance of certain Navajo Nation lands located in northwestern New Mexico and to resolve conflicts among the members of such Nation who hold interests in allotments on such lands; to the Committee on Indian Affairs.

By Mr. BREAUX:

S. 1858. A bill to revitalize the international competitiveness of the United States-flag maritime industry through tax relief; to the Committee on Finance.

By Mr. GRAMS:

S. 1859. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit to taxpayers investing in economically distressed rural communities, and for other purposes; to the Committee on Finance.

By Mr. GRAMS:

S. 1860. A bill to amend the Internal Revenue Code of 1986 to expand income averaging to small agriculture-related businesses; to the Committee on Finance.

S. 1861. A bill to amend the Internal Revenue Code of 1986 to provide comprehensive tax relief for small family farmers, and for other purposes; to the Committee on Finance.

By Mr. JEFFORDS:

S. 1862. A bill entitled ''Vermont Infrastructure Bank Program''; to the Committee on Environment and Public Works.

By Mr. BAUCUS:

S. 1863. A bill to amend the Internal Revenue Code of 1986 to provide an incentive to small businesses to establish and maintain qualified pension plans by allowing a credit against income taxes for contributions to, and start-up costs of, the plan; to the Committee on Finance.

By Mr. BURNS:

S. 1864. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit to primary health providers who establish practices in health professional shortage areas; to the Committee on Finance.

By Mr. DEWINE (for himself and Mr. DOMENICI):

S. 1865. A bill to provide grants to establish demonstration mental health courts; to the Committee on the Judiciary.

By Mr. SMITH of New Hampshire (for himself, Mr. BAUCUS, Mr. CRAPO, Mr. REID, Mr. CHAFEE, Mr. LOTT, Mr. DASCHLE, Mr. WARNER, Mr. INHOFE, Mr. THOMAS, Mr. BOND, Mr. VOINOVICH, Mr. BENNETT, Mrs. HUTCHISON, Mr. MOYNIHAN, Mr. LAUTENBERG, Mr. GRAHAM, Mr. LIEBERMAN, Mrs. BOXER, Mr. WYDEN, Ms. SNOWE, Ms. COLLINS, Mr. REED, Mr. DODD, Mr. KENNEDY, Mr. KERRY, Mr. LEAHY, Mr. JEFFORDS, and Mr. GREGG):

S. 1866. A bill to redesignate the Coastal Barrier Resources System as the ''John J. Chafee Coastal Barrier Resources System''; considered and passed.

By Mr. SMITH of New Hampshire:

S.J. Res. 37. A joint resolution urging the President to negotiate a new base rights agreement with the Government of Panama in order for United States Armed Forces to be stationed in Panama after December 31, 1999; read the first time.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. INHOFE (for himself, Mr. WARNER, Mr. ROBERTS, and Mr. LOTT):

S. Res. 220. A resolution expressing the sense of the Senate regarding the February 2000 deployment of the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit to an area of potential hostilities and the essential requirements that the battle group and expeditionary unit have received the essential training needed to certify the warfighting proficiency of the forces comprising the battle group and expeditionary unit; to the Committee on Armed Services.

STATEMENTS OF INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CAMPBELL:

S. 1851. A bill to amend the Elementary and Secondary Education Act of 1965 to ensure that seniors are given an opportunity to serve as mentors, tutors, and volunteers for certain programs; to the Committee on Health, Education, Labor, and Pensions.

THE SENIORS AS VOLUNTEERS IN OUR SCHOOLS ACT OF 1999

Mr. CAMPBELL. Mr. President, today I introduce the ''Seniors As Volunteers in Our Schools Act of 1999,'' a bill which will be an important step in ensuring that our schools provide a safe and caring place for our children to learn and grow. This bill will help build lasting partnerships between our local school systems, our children and our country's growing number of senior citizens.

Under the bill, school administrators and teachers are encouraged to use qualified seniors as volunteers in federally funded programs and activities authorized by the Elementary and Secondary Education Act (ESEA.) It specifically encourages the use of seniors as volunteers in the safe and drug free schools programs, Indian education programs, the 21st Century Community before- and after-school programs and gifted and talented programs. I believe the best way to get older Americans to serve as volunteers is to ask them. My bill does just that.

The Seniors as Volunteers in Our Schools Act creates no new programs; rather it suggests another allowable use of funds already allocated. The discretion whether to take advantage of this new resource continues to remain solely with the school systems.

Studies show that consistent guidance by a mentor or caring adult can help reduce teenage pregnancy, substance abuse and youth violence. Evidence also shows that the presence of adults on playgrounds, and in hallways and study halls, stabilizes the learning environment. And recently, the Colorado School Safety Summit, convened by Governor Bill Owens, recommended connecting each child to a caring adult as a way to reduce youth violence.

Our country is in the midst of an age revolution. There are twice as many older adults today as there were 30 years ago. America now possesses not only the largest, but also the healthiest, best-educated, and most vigorous group of seniors in history.

In the years ahead, an increasing number of us will be living decades longer than our own parents and grandparents. We need to think of those extra years of life as a resource. I believe seniors can be role models and share the wisdom, experience, and skills they have acquired over a lifetime of learning.

I know firsthand of the importance of mentoring based on my own experiences as a teacher. A mentor can have a profound positive impact on a child's life.

What better way to expand the number of mentors than to invite our seniors/elders to volunteer in schools? What better way to make our schools safer for our children than to have more adults visibly involved?

I do not expect this legislation to solve all the problems confronting our schools today. But, I see it as a practical way to help make our schools safer, more caring places for our children. If our institutions create opportunities that allow them to make a genuine contribution, I believe America's growing senior population can play an important role in supporting our nations' schools. And, older adults have what the working-age population lacks: time.

I urge my colleagues to support passage of this legislation.

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

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

S. 1851

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 ''Seniors as Volunteers in Our Schools Act''.

SEC. 2. REFERENCES.

Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.).

SEC. 3. GOVERNOR'S PROGRAMS.

Section 4114(c) (20 U.S.C. 7114(c)) is amended—

(1) in paragraph (11), by striking ''and'' after the semicolon;

(2) by redesignating paragraph (12) as paragraph (13); and

(3) by inserting after paragraph (11) the following:

''(12) drug and violence prevention activities that use the services of appropriately qualified seniors for activities that include mentoring, tutoring, and volunteering; and''.

SEC. 4. LOCAL DRUG AND VIOLENCE PREVENTION PROGRAMS.

Section 4116(b) (20 U.S.C. 7116(b)) is amended—

(1) in paragraph (2), by inserting ''(including mentoring by appropriately qualified seniors)'' after ''mentoring'';

(2) in paragraph (2)(C)—

(A) in clause (ii), by striking ''and'' after the semicolon;

(B) in clause (iii), by inserting ''and'' after the semicolon; and

(C) by adding after clause (iii) the following:

''(iv) drug and violence prevention activities that use the services of appropriately qualified seniors for such activities as mentoring, tutoring, and volunteering;'';

(3) in paragraph (4)(C), by inserting ''(including mentoring by appropriately qualified seniors) after ''mentoring programs''; and

(4) in paragraph (8), by inserting ''and which may involve appropriately qualified seniors working with students'' after ''settings''.

SEC. 5. NATIONAL PROGRAMS.

Section 4121(a) (20 U.S.C. 7131(a)) is amended—

(1) in paragraph (10), by inserting '', including projects and activities that promote the interaction of youth and appropriately qualified seniors'' after ''responsibility''; and

(2) in paragraph (13), by inserting '', including activities that integrate appropriately qualified seniors in activities, such as mentoring, tutoring, and volunteering'' after ''title''.

SEC. 6. GIFTED AND TALENTED CHILDREN.

Section 10204(b)(3) (20 U.S.C. 8034(b)(3)) is amended by striking ''and parents'' and inserting '', parents, and appropriately qualified senior volunteers''.

SEC. 7. 21ST CENTURY COMMUNITY LEARNING CENTERS.

Section 10904(a)(3) (20 U.S.C. 8244(a)(3)) is amended—

(1) in subparagraph (D), by striking ''and'' after the semicolon;

(2) by redesignating subparagraph (E) as subparagraph (F); and

(3) by inserting after subparagraph (D) the following:

''(E) a description of how the school or consortium will encourage and use appropriately qualified seniors as volunteers in activities identified under section 10905; and''.

SEC. 8. AUTHORIZED SERVICES AND ACTIVITIES.

Section 9115(b) (20 U.S.C. 7815(b)) is amended—

(1) in paragraph (6), by striking ''and'' after the semicolon;

(2) in paragraph (7), by striking the period and inserting ''; and''; and

(3) by inserting after paragraph (7) the following:

''(8) activities that recognize and support the unique cultural and educational needs of Indian children, and incorporate appropriately qualified tribal elders and seniors.''.

SEC. 9. IMPROVEMENTS OF EDUCATIONAL OPPORTUNITIES FOR INDIAN CHILDREN.

Section 9121(c) (20 U.S.C. 7831(c)) is amended—

(1) by redesignating subparagraph (K) as subparagraph (L);

(2) in subparagraph (J), by striking ''or'' after the semicolon; and

(3) by inserting after subparagraph (J) the following:

''(K) activities that recognize and support the unique cultural and educational needs of Indian children, and incorporate appropriately qualified tribal elders and seniors; or''.

SEC. 10. PROFESSIONAL DEVELOPMENT.

Section 9122(d)(1) (20 U.S.C. 7832(d)(1)) is amended by striking the period the second place it appears and inserting '', and may include programs designed to train tribal elders and seniors.''.

SEC. 11. NATIVE HAWAIIAN COMMUNITY-BASED EDUCATION LEARNING CENTERS.

Section 9210(b) (20 U.S.C. 7910(b)) is amended—

(1) by redesignating paragraph (3) as paragraph (4);

(2) in paragraph (2), by striking ''and''; and

(3) by inserting after paragraph (2) the following:

''(3) programs that recognize and support the unique cultural and educational needs of Native Hawaiian children, and incorporate appropriately qualified Native Hawaiian elders and seniors; and''.

SEC. 12. ALASKA NATIVE STUDENT ENRICHMENT PROGRAMS.

Section 9306(b) (20 U.S.C. 7935(b)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) activities that recognize and support the unique cultural and educational needs of Alaskan Native children, and incorporate appropriately qualified Alaskan Native elders and seniors;''.

By Mr. BENNETT:

S. 1852. A bill to authorize the Secretary of the Interior to enter into contracts with the Weber Basin Water Conservancy District, Utah, to use Weber Basin Project facilities for the impounding, storage, and carriage of nonproject water for domestic, municipal, industrial, and other beneficial purposes; to the Committee on Energy and Natural Resources.

THE USE OF WEBER BASIN PROJECT FACILITIES FOR NONPROJECT WATER

● Mr. BENNETT. Mr. President, I am pleased to take a step in addressing the long-term water needs of Summit County, Utah. The bill I am introducing today authorizes the Secretary of the Interior to enter into contracts with the Weber Basin Water Conservancy District. This legislation would permit non-federal water intended for domestic, municipal, industrial, and other uses to utilize federal facilities of the original Weber Basin Project for various purposes such as storage and transportation.

In this case, the Smith Morehouse Dam and Reservoir was constructed by the Weber Basin Water Conservancy District in the early 1980's using local funding resources in order to create a supply of non-federal project water. However, it has been determined that there is currently a need to deliver approximately 5,000 acre feet of this non-federal Smith Morehouse water in conjunction with approximately 5,000 acre feet of federal Weber Basin project water to the Snyderville Basin area of Summit County, Utah and to Park City, Utah.

In 1996, the Weber Basin Water Conservancy District entered into a Memorandum of Understanding and Agreement to deliver this water approximately 14 miles from Weber Basin Weber River sources within a certain time frame and dependent upon the execution of an Interlocal Agreement with Park City and Summit County. The Warren Act requires that legislation be enacted to enable the District to move ahead with this agreement with Summit County and Park City to deliver the water utilizing built Weber Basin Project facilities built by the Bureau of Reclamation.

There is an immediate need for the delivery of water to this area. The Utah State Engineer halted the approval of new groundwater developments in the area last year. At the same time, Summit county is experiencing tremendous growth; in fact it is one of the highest growth areas in the state. The areas to be served are within the area taxed by the Weber Basin District, and there is a definite need for a public entity to build a project to supply an adequate, reliable, and cost effective water delivery project to meet the future demands of this area.

Since there is precedent allowing the wheeling of non-federal water through federal facilities, my colleagues should realize that this is a non-controversial piece of legislation. Therefore, I hope that Congress will move quickly to pass this legislation next session and I look forward to working closely with my colleagues on the Energy Committee to move it quickly.●

By Mr. HATCH (for himself, Mr. KOHL, and Mr. DEWINE):

S. 1854. A bill to reform the Hart-Scott-Rodino Antitrust Improvements Act of 1976; to the Committee on the Judiciary.

THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1999

Mr. HATCH. Mr. President, I am pleased to introduce today the Hart-Scott-Rodino Antitrust Improvements Act of 1999. I also am pleased to note that joining with me in sponsoring this important bipartisan legislation are Senators DEWINE and KOHL the chairman and ranking member of the Antitrust, Business Rights and Competition Subcommittee of the Committee on the Judiciary. I thank my colleagues on both sides of the aisle for their efforts and cooperation in working to craft this balanced reform measure which is long overdue.

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 requires companies contemplating a merger of acquisition to file a premerger notification with the Antitrust Division of the Department of Justice or the Federal Trade Commission if the size of the companies and the size of the proposed transaction are greater than certain

monetary thresholds. These monetary thresholds have not been changed—even for inflation—since the legislation was originally enacted in 1976, over 23 years ago. When the statute was first enacted, Congress intended to limit the scope of the Hart-Scott-Rodino Act to very large companies involved in very large transactions. At that time, the House Judiciary Committee reported that the statute would apply ''only to the largest 150 mergers annually: These are the most likely to 'substantially lessen competition'—the legal standard of the Clayton act.'' However, because the monetary thresholds in the statute have never been updated, nearly 5,000 transactions were reported.

Because these monetary thresholds have not been kept current, companies frequently are required to notify the Antitrust Division and the FTC of proposed transactions that do not raise competitive issues. As a result, the agencies are required to expend valuable resources performing needless reviews of transactions that were never intended to be reviewed. In short, current law unnecessarily imposes a costly regulatory and financial burden upon companies, particularly upon small businesses, as well as a sizable drain on the resources of the agencies. Because of the unnecessarily low monetary thresholds, the current Act simply fails to reflect the true economic impact of mergers and acquisitions in today's economy.

In addition, after a premerger notification is filed, the Hart-Scott-Rodino Act imposes a 30-day waiting period during which the proposed transaction may not close and the Antitrust Division or the FTC conducts an antitrust investigation. Prior to the expiration of this waiting period, the agency investigating the transaction may make a ''second request''—a demand for additional information or documentary material that is relevant to the proposed transaction. Unfortunately, many second requests require the production of an enormous volume of materials, many of which are unnecessary for even the most comprehensive merger review. Complying with such second requests has become very burdensome, often costing companies in excess of $1 million to comply. Second requests also extend the waiting period for an additional 20 days, a period of time which does not begin to run until the agencies have determined that the transacting companies have ''substantially complied'' with the second request. This procedure results in many lawful transactions being unnecessarily delayed for extended periods of time.

Mr. President, the legislation that I am introducing today will correct these problems with the Hart-Scott-Rodino Act. First, the legislation increases the size-of-transaction threshold from $15 million to $35 million, effectively exempting from the Act's notification requirement mergers and acquisitions that, based on the FTC's data, do not pose any competitive concerns. Such mergers make up at least one-third of transactions reported in 1999. Therefore, this modest legislation provides significant regulatory and financial relief for small- and medium-sized companies. In addition, the legislation indexes the threshold for inflation, so that the problem of an expanding economy outgrowing the statute's monetary threshold will not recur.

In addition to providing regulatory and financial relief for companies, another purpose of this legislation is to ensure that the Antitrust Division and the FTC efficiently allocate their finite resources to those transactions that truly deserve antitrust scrutiny. To ensure budget neutrality, the legislation adjusts the amount of the filing fee that parties must submit with their notification: For transactions valued between $35 million and $100 million, the filing fee remains unchanged at $45,000; for transactions valued at more than $100 million, the filing fee is increased to $100,000. I have worked with the business community to ensure that this filing fee adjustment is fair by imposing a higher fee on transactions which likely will require more of the agencies' resources to review. Although I would prefer that the filing fees be eliminated completely, in the interest of seeing the reforms in this bill become law, this legislation does not include such a measure.

Second, this legislation reforms the second request process by limiting the scope of the information and documents that the agencies may require transacting companies to produce. Under this legislation, second requests must be limited to information that (1) is not unreasonably cumulative or duplicative and (2) does not impose a cost or burden on the transacting parties that substantially outweighs any benefit to the agencies in conducting their antitrust review. If a company believes that the second request does not meet this standard, then that company may petition a United States magistrate judge for review of the second request. Similarly, if the company produces information and documents pursuant to a second request, but the agency determines that the company has not ''substantially compiled'' with the request, then the company also may petition the magistrate judge for a determination on substantial compliance. To ensure that proposed transactions are not unreasonably delayed, the bill provides deadlines by which the agency must notify a company of its failure to comply with a second request and also imposes certain controls, so that the process is not tied up in litigation by either the transacting party or the government.

Finally, this legislation requires that the Antitrust Division and the FTC jointly report to Congress annually regarding the second request process and jointly publish guidelines on how companies can comply with second requests.

Mr. President, the bill that I am introducing today sets forth reforms to the Hart-Scott-Rodino Act that are long overdue. It provides significant regulatory and financial relief for businesses, while ensuring that transactions that truly deserve antitrust scrutiny will continue to be reviewed. As this bill moves through the legislative process, I remain willing to address any concerns any of my colleagues may have, and look forward to working with the Administration to see that this proposed legislation becomes law, thereby providing relief for small business that is long overdue. I urge my colleagues to support the Hart-Scott-Rodino Antitrust Improvements Act of 1999.

Mr. KOHL. Mr. President, I rise today to co-sponsor the Hart-Scott-Rodino Antitrust Improvements Act of 1999 and to commend Chairman HATCH for his efforts on this legislation. This measure would amend the Hart-Scott-Rodino Act and make several changes to enhance the merger review process undertaken by the Antitrust Division of the Department of Justice and the Federal Trade Commission. We believe that reforms to this statute are long overdue—the threshold hasn't been changed since the statute's enactment in 1976—but we also view the proposals in this legislation as a starting point, and not necessarily the last word on this subject.

The Hart-Scott-Rodino Act is crucial to the enforcement of competition policy in today's economy—it ensure that the antitrust agencies have sufficient time to review mergers and acquisitions prior to their completion. The statute requires that, prior to consummating a merger or acquisition of a certain minimum size, the companies involved must formally notify the antitrust agencies and must provide certain information regarding the proposed transaction. For those transactions covered by the Act, the parties to a merger or acquisition may not close their transaction until the expiration of a thirty day waiting period after making their Hart-Scott-Rodino Act filing. This waiting period may be extended by the antitrust agencies requesting additional information from the parties to the transaction in which case, under current law, the parties may not complete the deal until twenty days after supplying the government with the requested information.

While this statute has a very laudable purpose, especially with the tremendous numbers of mergers and acquisitions taking place in recent years, some of its provisions are in need of revision. Most importantly, while inflation has caused the value of a dollar to drop by more than a half in the past 25 years, the monetary test that subjects a transaction to the provisions of the statute has not been revised since the law's enactment in 1976. As a result, many transactions that are of a relatively small size and pose little antitrust concerns are nevertheless swept

into the ambit of the Hart-Scott-Rodino review process. This legislation would raise the size of transaction covered by the Hart-Scott-Rodino Act from $15 million to $35 million. This will both lessen the agencies' burden of reviewing small transactions unlikely to seriously affect competition and enable the agencies to allocate their resources to properly focus on those transactions most worthy of scrutiny. Further, exempting smaller transactions from the Hart-Scott-Rodino process will significantly lessen regulatory burdens and expenses imposed on small businesses. The parties to these smaller transactions will no longer need to pay the $45,000 filing fee—or face the often even more onerous legal fees and other expenses typically incurred in preparing a Hart-Scott-Rodino filing—for mergers and acquisitions that usually don't pose any competitive concerns.

In exempting this class of transactions from Hart-Scott-Rodino review, however, it is important that we not cause the antitrust agencies to lose the funding they need to carry out their increasingly demanding mission of enforcing the nation's antitrust laws. Therefore, we have attempted to ensure that our measure is revenue-neutral—indeed, it would raise filing fees for transactions valued at over $100,000,000, which makes sense because these transactions require more scrutiny. In considering this legislation, of course, we will need to carefully study the budgetary implications of this reform to ensure that our goal of revenue-neutrality has been met. As this measure moves forward, however, we ought to consider whether bigger deals of, say, $1 billion or $10 billion and over should require higher fees.

This legislation makes other changes designed to enhance the efficiency of the pre-merger review process. The waiting period has been extended from twenty to thirty days after the parties' compliance with the government's request for additional information, a more realistic waiting period in this era of increasingly complex mergers generating enormous amounts of relevant information and documents. As in the Federal Rules of Civil Procedure, when a deadline for action occurs on a weekend or holiday, the deadline is extended to the next business day. This simple provision will eliminate gamesmanship by parties who currently may time their compliance so that the waiting period ends on a weekend or holiday, effectively shortening the waiting period to the previous business day.

Mr. President, some have expressed concerns regarding the difficulties and expense imposed on business in complying with allegedly overly burdensome or duplicative government requests for additional information. So we believe that it is reasonable to consider methods to prevent abuse of this process by overbroad or unreasonable requests. Therefore, this legislation includes provisions to amend the statute to add a right of appeal to a U.S. Magistrate Judge to adjudicate disputes regarding the propriety of government requests for additional information. We have not reached any final conclusions regarding the wisdom of these provisions; they are certainly worth ''floating'' as ideas, and the process will determine if they should be included as part of a final product. Further, we should keep in mind that if this right of appeal provision is enacted it will impose significant additional litigation burdens on the antitrust agencies which might require a corresponding increase in funding for these agencies. Our goal, again, is to improve the functioning of the pre-merger review system which is so vital to antitrust enforcement and, in that context, this provision deserves at least a supportive ''look.''

Mr. President, let me make one additional point. We recognize that all will not agree with the necessity or efficacy of all of these reform proposals. We are, of course, willing to consider any modification to this legislation that will advance our goals of a more efficient merger review process. But virtually everyone agrees that Hart-Scott-Rodino needs to be updated and we're pleased that this measure moves us forward.

By Mr. MURKOWSKI:

S. 1855. A bill to establish age limitations for airmen; to the Committee on Commerce, Science, and Transportation.

THE AIRLINE PILOT RETIREMENT AGE

Mr. MURKOWSKI. Mr. President, I rise to introduce legislation that attempts to diminish the scope of a problem that is facing our air transport industry, namely a critical shortage of pilots. The pilot shortage is starting to have effects in many rural states.

In response to this problem. I am today introducing a bill that would repeal the Federal Aviation Administration (FAA) rule which now requires pilots who fly under Part 121 to retire at ago 60. Under my legislation, pilots in excellent health would be allowed to continue to pilot commercial airliners until their 65th birthday.

The Age 60 rule was instituted 40 years ago when commercial jets were first entering service. The rule was established without the benefit of medical or scientific studies or public comment. The most recent study, the results of which were released in 1993, examined the correlation between age and accident rate as pilots approach 60. That study found no increase in accidents.

The FAA contends that although science does not dictate retirement at the age of 60, it is the age range when sharp increases in disease mortality and morbidity occur. In FAA's view it is too risky to allow older pilots to fly the largest aircraft, carrying the greatest number of passengers over the longest non-stop distances, in the highest density traffic.

However, 44 countries worldwide have relaxed then age 60 rule within the last ten years primarily because the pilot shortage is a worldwide phenomenon. Many of these air carriers currently fly into U.S. airspace.

One of the ways carriers are attempting to adapt to the shortage is to lower their flight time requirements. In my view, this is a risk factor the FAA should be concerned about.

How did this shortage occur? The reason is simple: There has been an explosive growth of the major airlines worldwide, and there's a shortage of military pilots who used to feed the system. In addition, there is an aging pilot pool that must retire at age 60.

Add to this domino effect the decline in the number of people learning to fly, due primarily to the cost, and the pool of available pilots has shrunk.

The shortage acutely affects my home state of Alaska because we depend on air transport far more than any other state. Rural residents in Alaska have no way out other than by air service. There are no rural routes, state or interstate highways serving most rural residents in Alaska and the airplane for many of them is their lifeline to the outside world.

The pilot shortage has left Alaskan carriers scrambling for pilots. Alaska's carriers must hire from the available pilot pool in the lower 48. Many of these pilots view flying in Alaska as a stepping stone that allows them to build up flight time. Although they get great flying experience in my home state, in nearly all instances when a pilot gets a higher-pay job offer with a larger carrier in the lower 48, he leaves Alaska.

According to the Alaska Air Carriers Association, raising the retirement age to 65 will help alleviate the shortage and keep experienced pilots flying and serving rural Alaskans.

Mr. President, I would note that what is happening across the country is that the major carriers are luring pilots from commuter airlines, who in turn recruit from the air charter and corporate industry, who in turn hire flight instructors, agriculture pilots, etc. Which leaves rural carriers strapped. The big fish are feeding off the little ones.

Small carriers simply cannot compete with the salaries, benefits and training costs of the major carriers. They simply do not have the financial resources.

According to figures provided by the Federal Aviation Administration, there were 694,000 pilots in 1988 and 616,342 in 1997. Within that number, private pilot certificates fell from approximately 300,000 in 1988 to 247,604 in 1997. Commercial certificates, like air taxi and small commuter pilots, fell from 143,000 in 1988 to 125,300 in 1997. The number of total pilots in Alaska fell from more than 10,000 in 1988 to approximately 8,700 in 1997.

However, light is beginning to show at the end of the tunnel.

Organizations such as the Aircraft Owners and Pilots Association (AOPA) and the General Aviation Manufacturers Association (GAMA) have been monitoring this shortage for some time and have stepped up to the plate to get people interested in flying. AOPA has started a pilot mentoring program in 1994 and approximately 30,000 have entered the program. GAMA's ''Be a Pilot'' program is starting to bring more potential pilots into flight training.

Even the Air Force is starting to institute new programs to keep pilots.

In Alaska, as a result of a precedent-setting program involving Yute Air, the Association of Village Council Presidents, the University of Alaska, Anchorage, Aero Tech Flight Service, Inc., and the FAA, a program was developed to train rural Alaska Natives to fly. Seven are on their way to pilot careers.

Also, the number of students working on pilot licenses at the University's Flight Technology program has almost doubled in two years.

It is my hope that the shortage has hit rock bottom. But even so, it will take years before a cadre of qualified pilots is ready to take to the friendly skies.

Mr. President, the time has come for Congress to wrestle with this problem. As long as a pilot can pass the rigorous medical exam, he or she should be allowed to fly. Air service is critical to keep commerce alive, especially in rural states.

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

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

S. 1855

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

SECTION 1. AGE AND OTHER LIMITATIONS.

(a) GENERAL.—Notwithstanding any other provision of law, beginning on the date that is 30 days after the date of enactment of this Act—

(1) section 121.383(c) of title 14, Code of Federal Regulations, shall not apply;

(2) no certificate holder may use the services of any person as a pilot on an airplane engaged in operations under part 121 of title 14, Code of Federal Regulations, if that person is 65 years of age or older; and

(3) no person may serve as a pilot on an airplane engaged in operations under part 121 of title 14, Code of Federal Regulations, if that person is 65 years of age or older.

(b) CERTIFICATE HOLDER.—For purposes of this section, the term ''certificate holder'' means a holder of a certificate to operate as an air carrier or commercial operator issued by the Federal Aviation Administration.

By Mr. DOMENICI:

S. 1857. A bill to provide for conveyance of certain Navajo Nation lands located in northwestern New Mexico and to resolve conflicts among the members of such Nation who hold interests in allotments on such lands; to the Committee on Indian Affairs.

● Mr. DOMENICI. Mr. President, I am pleased today to be introducing the Bisti PRLA Dispute Resolution Act, which will resolve a conflict regarding coal mining leases in New Mexico. A coal company and the Navajo Nation have been deadlocked within the Department of Interior appeals process regarding preference right lease applications (PRLAs) in the Bisti region of northwestern New Mexico. When enacted, this legislation will resolve a complex set of issues arising from legal rights the Arch Coal Company acquired in federal lands, which are now situated among lands which constitute tribal property and the allotments of members of the Navajo Nation. Both the company and the Nation support this legislation to resolve the situation.

There are many reasons the solution embodied in this bill achieves broad benefits to the interested parties and the public. It will allow the Navajo Nation to complete the land selections that were made in 1981 to promote tribal member resettlement following the partition of lands in Arizona. It also guarantees that Arch Coal, Inc. will be compensated for the economic value of its coal reserves. An independent panel will make recommendations to the Secretary of Interior regarding the fair market value of the coal reserves, gives the company bidding rights, protects a state's financial interest in its share of federal Mineral Leasing Act payments, and allows the Navajo Nation full fee ownership in their lands.

The Secretary of Interior will issue a certificate of bidding rights to Arch Coal upon relinquishment of its interests in the PLRAs. The amount of that certificate will equal the fair market value of the coal reserves as defined by the Department of Interior's regulations. A panel consisting of representatives of the Department of Interior, Arch Coal, and the Governors of Wyoming and New Mexico will help determine fair market value. While the Interior Department is authorized to exchange PRLAs for bidding rights, the Department has not done so, largely because of the difficulty it perceives in determining the fair market value of the coal reserves. The panel method in this legislation will promote the objectivity of that process.

Upon the relinquishment of the PRLAs and the issuance of a certificate of bidding rights, the Department of Interior will execute patents to the Navajo Nation of the selected lands encompassed by the PRLAs. This is a win-win situation for all parties involved; is endorsed by the affected parties, and is a fair resolution to this ongoing problem. I hope for prompt action on this legislation early next year.●

By Mr. BREAUX:

S. 1858. A bill to revitalize the international competitiveness of the United States-flag maritime industry through tax relief; to the Committee on Finance.

THE NATIONAL SECURITY SEALIFT ENHANCEMENT ACT OF 1999

Mr. BREAUX. Mr. President, I am pleased today to introduce tax reform legislation that is long overdue in the effort to revitalize the nation's fourth arm of defense, the United States flag merchant marine. My bill, the National Security Sealift Enhancement Act of 1999, would provide targeted tax relief to enable the United States-flag ocean-going commercial fleet to better compete with foreign-flag commercial fleets registered in nations that have exempted companies from taxes.

Currently, United States companies operating U.S.-flag vessels, and foreign-flag vessels operating under the application of national laws such as Japan or France, are forced to compete against companies that operate vessels under flag-of-convenience registries. Flag-of-convenience shipping registries operate under the legal authority of nations such as Panama, Liberia, Vanuatu, or the Marshall Islands, and attract shipping companies because of the deminimus regulatory costs they impose on companies operating under their flag. All of these nations exempt companies from taxes on income, and employees operating on the vessels do not pay tax on income they earn working aboard. The owners can employ foreign laborers, usually from third world nations, for very little pay, often working in unacceptable conditions. Additionally, the vessel operations are not required to comply with rigorous United States Coast Guard safety and environmental standards, and these operators use private companies to inspect their vessels to ensure that they are in compliance with international safety laws.

Mr. President, we are all well aware of the critical role played by the American maritime industry in the economy of Louisiana and our nation. In my home state alone, the total economic impact of that industry was estimated in 1997 to be over $28 billion, supporting approximately 230,000 jobs throughout Louisiana. That economic impact constitutes almost 30 percent of the total gross state product for Louisiana. Louisiana companies were among the first to respond to the nation's call to provide for the rapid transport of critical equipment, munitions, and supplies to the Persian Gulf in those critical days following the 1990 Iraqi invasion of Kuwait. However, the very existence of the American flag fleet, and thus the related economic and national defense benefits that flow from that fleet, are severely threatened by U.S. tax rules that unfairly hamper and restrict American shipping.

I have worked from the first days of my arrival in the Congress to strengthen the U.S.-flag maritime industry and level the playing field in international shipping. Despite the well-intentioned efforts of the Congress, the Maritime Administration and other federal agencies to support the U.S.-flag commercial fleet, unfavorable and clearly non-competitive U.S. tax policies have led

to the continuing decline of that fleet. In fact, according to statistics maintained by the Maritime Administration, the commercial fleet of the United States has fallen into 11th place internationally, in total carrying capacity, ranking behind those fleets of Panama, Liberia, Malta, the Bahamas, and other nations who offer significant economic and tax advantages to their commercial vessels and crews.

These same issues have also plagued other industrialized nations that operate shipping under the application of national laws and policies. For instance, between the period of 1975 and 1992, the national flag fleet operations in terms of deadweight carrying capacity decreased by 94% in the United Kingdom, 98% in Norway, 73% in France, 53% in Germany, 73% in Sweden, 98% in Denmark, and 47% in Japan.

In order to combat decreases in the operation of shipping under national registries, nations have taken steps to provide direct subsidies or indirect support schemes that help owners offset the higher costs of operating under national laws. Other nations, such as Denmark and Norway, have created what are called international registries, or open registries, and have reduced taxes and societal costs to help offset the costs as compared to flag-of convenience vessels. Out of the eleven largest shipping registries, by carrying capacity, seven operate as flag-of-convenience registries or open registries. The other four nations are Greece, Japan, the People's Republic of China (which operates it's fleet as a governmentally controlled entity), and the United States.

Mr. President, what is even more astounding is that the percentage of cargoes carried by U.S.-flag vessels in the foreign trades has also declined precipitously. At the end of World War II, after we had been forced to rebuild our shipping fleet in order to satisfy our defense logistic needs, almost 60 percent of the U.S. oceanborne commerce in international trade was carried aboard U.S.-flag vessels. Today, that figure is a mere 3 percent. To state this another way, 97 out of every 100 tons of cargo imported into or exported from the United States is carried aboard foreign-flagged ships. Through a wide variety of favorable tax incentives, including in most cases a total exemption from taxation, many foreign jurisdictions have succeeded in developing commercial maritime fleets that far exceed the capacity of that in the U.S.

What truly concerns me is that the United States is rapidly undermining its very national security through its failure to enable the U.S.-flag commercial fleet to compete on an equal footing with foreign-flagged shipping. I recognize the strategic importance of the U.S.-flag merchant marine and American merchant mariners, and share the views of other senior political and military leaders that the ability of the U.S. to move its military personnel and supplies overseas quickly and effectively is critical to its national security. The United States cannot rely on foreign allies to achieve our national security objectives. We must be able to act decisively, and to act unilaterally, when our strategic interests are jeopardized. To ensure the maritime industry's ability to accomplish this crucial task, the military utilizes privately-owned U.S.-flagged commercial vessels to supplement the military's own transportation systems in both times of war and peace. Without such capability, the military would have to build and operate, at a significantly greater expense to the government and ultimately the U.S. taxpayers, many more military transport vessels to ensure it can effectively respond to military contingencies in a timely manner.

As General Colin Powell so accurately observed following the Persian Gulf War in 1991:

> Our [nation's] strategy requires us to be able to project power quickly and effectively across the oceans to deal with the crisis we couldn't avoid or predict. Sealift will be critical to fulfilling this strategic requirement. . . . [The military] also acknowledges that the merchant marine and our maritime industry will be vital to our national security for many years to come . . .

We simply cannot stand idly by while this vital national security asset is undercut through counter productive tax policies that do not allow the U.S.-flag commercial fleet to operate competitively, in the most competitive of all markets—that of international shipping.

Mr. President, to preserve that vital national security asset, I believe it is essential to provide a tax environment for U.S.-flag carriers that more closely approaches the favorable tax treatment provided by other maritime nations to their own merchant fleets, while also creating incentives for the construction of new vessels in U.S. shipyards. Foreign tax incentives have significantly undermined the ability of the U.S. to retain a viable commercial fleet for defense purposes and to enhance the balance of trade. By way of example, U.S.-flag commercial vessel operators must pay a 34 percent tax on corporate income and a 50 percent duty on vessel repairs made in foreign countries; they are subject to far more restrictive (and expensive) Coast Guard and other federal operational and safety requirements; and their crewmembers engaged in the foreign trade do not share in the tax relief otherwise provided to U.S. citizens working abroad. On the other hand, owners of foreign-flagged vessels of the Bahamas, Liberia, Malta, Panama and many other countries are totally exempt from any taxation. Therefore, it is not surprising to see that the Bahamas, Liberia, Malta, and Panama have four of the top five commercial fleets in the world, and that vessel owners from around the world regularly register their ships with these countries to avoid taxation.

Mr. President, I am not proposing to exempt U.S.-flag vessel owners from U.S. income taxes. Rather, I have developed a comprehensive yet narrowly focused bill that provides the necessary relief to alleviate the tax burden on the U.S.-flag fleet. This legislation is designed to provide a tax environment for U.S.-flag carriers that more closely approaches the favorable tax treatment provided by other maritime nations to their own merchant fleets. The Act includes the following provisions:

Capital Construction Fund (CCF) Reform. Title I of the Act would expand the CCF to allow deposits of earnings from U.S. flag, foreign-built ships to be contributed to a CCF for the construction of vessels in the United States. Qualified withdrawals from a CCF would continue to apply only to U.S. built vessels and would be expanded to include vessels that operate between coastwise points of the United States. Contributions to a CCF would no longer be treated as preference items under the corporate Alternative Minimum Tax, and owners of U.S. flag ships would also be allowed to deposit into a CCF the duty arising from foreign ship repairs.

Election to Expense U.S. Flag Vessels. Significantly, for the majority of the foreign flag commercial fleet, there is no applicable depreciation schedule for commercial vessels because those vessels and their corporate owners and operators are totally exempt from income taxation. Other maritime nations that impose income taxes on commercial vessel operations still have depreciation schedules far more lenient than the anti-competitive 10-year schedule applicable to U.S.-flagged vessels. Therefore, in order to be internationally competitive, Title II of the Act would enable the owner of any U.S. flag vessel engaged in the international trade of the U.S. to fully deduct that vessel in the year in which the vessel is acquired and documented under the U.S. flag.

Seaman's Wage Exclusion. Consistent with the current policies and objectives of Section 911 of the Internal Revenue Code, Title III of the Act would extend the foreign earned income exclusion to American merchant mariners by changing the definition of ''foreign country'' to include a principal place of employment aboard a commercial vessel operating outside the United States, and amending the foreign residence test to include work aboard a vessel.

Alternative Minimum Tax Relief. In order to be internationally competitive, Title IV of the Act repeals the Alternative Minimum Tax (AMT) with respect to shipping income. No such tax exists on commercial vessels of any other foreign country, and the changes proposed elsewhere in this Act will essentially be meaningless if the AMT continues to apply to shipping income.

Deduction of Expenses. The existing tax provision which permits the deduction of expenses with respect to conventions, seminars or other meetings on U.S.-flag cruise vessels traveling between U.S. ports would be expanded by

Title V of the Act to include U.S.-flag cruises between the United States and foreign ports.

Mr. President, absent the tax reforms in the attached proposal, U.S.-flag carriers in Louisiana and elsewhere will continue to face a formidable tax cost disadvantage against foreign flag carriers, who pay little or no tax to their home countries. This cost differential impedes the ability of U.S.-flag carriers to compete in the global marketplace, as evidenced by the ever growing share of non-U.S. flag carriers currently carrying this nation's imports and exports. It is universally recognized that key components of a strong national economy are a strong national merchant marine and shipyard industrial base, and it is now appropriate to alleviate the tax burden on the U.S.-flag fleet and simultaneously promote construction in U.S. shipyards. I urge my colleagues to strongly support this legislation for the good of our American flag fleet and the security of our nation.

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

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

S. 1858

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Security Sealift Enhancement Act of 1999''.

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

TITLE I—CAPITAL CONSTRUCTION FUND

SEC. 101. AMENDMENTS OF INTERNAL REVENUE CODE OF 1986.

(a) TREATMENT OF CERTAIN LEASE PAYMENTS.—

(1) Paragraph (1) of section 7518(e) of the Internal Revenue Code of 1986 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 new subparagraph:

''(D) the payments of amounts which reduce the principal amount (as determined under regulations) of a qualified lease of a qualified vessel or container which is part of the complement of an eligible vessel.''.

(2) Paragraph (4) of section 7518(f) of such Code is amended by inserting ''or to reduce the principal amount of any qualified lease'' after ''indebtedness''.

(b) AUTHORITY TO MAKE DEPOSITS UNDER THE TARIFF ACT OF 1930.—

(1) Paragraph (1) of section 7518(a) of such Code is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) the amount elected for deposit under subsection (i) of section 466 of the Tariff Act of 1930 (19 U.S.C. 1466).''.

(2) Subparagraph (A) of section 7518(d)(2) of such Code is amended to read as follows:

''(A) amounts referred to in subsections (a)(1)(B) and (E).''.

(c) AUTHORITY TO MAKE DEPOSITS FOR PRIOR YEARS BASED ON AUDIT ADJUSTMENTS.—Subsection (a) of section 7518 of such Code is amended by adding at the end thereof the following new paragraph:

''(4) DEPOSITS FOR PRIOR YEARS.—To the extent permitted by joint regulations, deposits may be made in excess of the limitation described in paragraph (1) (and any limitation specified in the agreement) for the taxable year if, by reason of a change in taxable income for a period taxable year that has become final pursuant to a closing agreement or other similar agreement entered into during the taxable year, the amount of the deposit could have been made for such prior taxable year.''.

(d) TREATMENT OF CAPITAL GAINS AND LOSSES.—

(1) Paragraph (3) of section 7518(d) of such Code is amended to read as follows:

''(3) CAPITAL GAIN ACCOUNT.—The capital gain account shall consist of—

''(A) amounts representing long-term capital gains (as defined in section 1222) on assets held in the fund, reduced by

''(B) amounts representing long-term capital losses (as defined in such section) on assets held in the fund.''.

(2) Subparagraph (B) of section 7518(d)(4) of such Code is amended to read as follows:

''(B)(i) amounts representing short-term capital gains (as defined in section 1222) on assets held in the fund, reduced by

''(ii) amounts representing short-term capital losses (as defined in such section) on assets held in the fund,''.

(3) Subparagraph (B) of section 7518(g)(3) of such Code is amended by striking ''gain'' and all that follows and inserting ''long-term capital gain (as defined in section 1222), and''.

(4) The last sentence of subparagraph (A) of section 7518(g)(6) of such Code is amended by striking ''20 percent (34 percent in the case of a corporation)'' and inserting ''the rate applicable to net capital gain under such section 1(h)(1)(C) or 1201(a), as the case may be''.

(e) COMPUTATION OF INTEREST WITH RESPECT TO NONQUALIFIED WITHDRAWALS.—

(1) Subparagraph (C) of section 7518(g)(3) of such Code is amended—

(A) by striking clause (i) and inserting the following new clause:

''(i) no addition to the tax shall be payable under section 6651, and'', and

(B) by striking ''paid at the applicable rate (as defined in paragraph (4))'' in clause (ii) and inserting ''paid in accordance with section 6601''.

(2) Subsection (g) of section 7518 of such Code is amended by striking paragraph (5) and (6) as paragraphs (4) and (5), respectively.

(3) Subparagraph (A) of section 7518(g)(5) of such Code, as redesignated by paragraph (2), is amended by striking ''paragraph (5)'' and inserting ''paragraph (4)''.

(f) OTHER CHANGES.—

(1) Paragraph (2) of section 7518(b) of such Code is amended by striking ''interest-bearing securities approved by the Secretary'' and inserting ''interest-bearing securities and other income-producing assets (including accounts receivable) approved by the Secretary''.

(2) The last sentence of paragraph (1) of section 7518(e) of such Code is amended by striking ''and containers'' each place it appears.

(3) Subparagraph (B) of section 543(a)(1) of such Code is amended to read as follows:

''(B) interest on amounts set aside in a capital construction fund under section 607 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1177), or in a construction reserve fund under section 511 of such Act (46 App. U.S.C. 1161),''.

(4) Subsection (c) of section 56 of such Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(5) Section 7518(e) is amended by adding at the end the following new paragraph:

''(3) QUALIFIED WITHDRAWAL.—In the case of amounts in any fund as of the date of the enactment of this paragraph, and any earnings thereon, for purposes of this subsection, the term 'qualified withdrawal' has the meaning given such term by applying subsection (i)(2) as of such date.''

''(g) DEFINITIONS.—Subsection (i) of Section 7518 of such Code is amended to read as follows:

''(i) DEFINITIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), terms used in this section shall have the same meaning as in section 607(k) of the Merchant Marine Act, 1936.

''(2) OTHER DEFINITIONS.—For the purposes of this section—

''(A) The term 'eligible vessel' means any vessel—

''(i) documented under the laws of the United States, and

''(ii) operated in the foreign or domestic commerce of the United States or in the fisheries of the United States.

''(B) QUALIFIED VESSEL.—The term 'qualified vessel' means any vessel—

''(i) constructed in the United States and, if reconstructed, reconstructed in the United States,

''(ii) documented under the laws of the United States, and

''(iii) which the person maintaining the fund agrees with the Secretary will be operated in the fisheries of the United States, or in the United States foreign, Great Lakes, noncontiguous domestic trade, or other oceangoing domestic trade between two coastal points in the United States or in support of operations conducted on the Outer Continental shelf.

''(C) VESSEL.—The term 'vessel' includes containers or trailers intended for use as part of the complement of one or more eligible vessels and cargo handling equipment which the Secretary determines is intended for use primarily on the vessel. The term 'vessel' also includes an ocean-going towing vessel or an ocean-going barge or comparable towing vessel or barge operated on the Great Lakes.

''(D) FOREIGN COMMERCE.—The terms 'foreign commerce' and 'foreign trade' have the meanings given such terms in section 905 of the Merchant Marine Act, 1936, except that these terms should include commerce or trade between foreign ports.

''(E) QUALIFIED LEASE.—The term 'qualified lease' means any lease with a term of at least 5 years.''

SEC. 102. AMENDMENT TO THE TARIFF ACT OF 1930.

Section 466 of the Tariff Act of 1930 (19 U.S.C. 1466) is amended by adding at the end the following new subsection:

''(i) ELECTION TO DEPOSIT DUTY INTO A CAPITAL CONSTRUCTION FUND IN LIEU OF PAYMENT TO THE SECRETARY OF THE TREASURY.—At the election of the owner or master of any vessel referred to in subsection (a) of this section which is an eligible vessel (as defined in section 7518(i)(2) of the Internal Revenue Code of 1986), the portion of any duty imposed by subsection (a) which is deposited in a fund established under section 607 of the Merchant Marine Act, 1936 shall be treated as paid to the Secretary of the Treasury in satisfaction of the liability for such duty.''

SEC. 103. EFFECTIVE DATE.

(A) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this title shall apply to taxable years ending after the date of the enactment of this Act.

(b) CHANGES IN COMPUTATION OF INTEREST.—The amendments made by section 101(e) shall apply to withdrawals made after December 31, 1998, including for purposes of computing interest on such a withdrawal for periods on or before such date.

(c) QUALIFIED LEASES.—The amendments made by section 101(a) shall apply to leases in effect on, or entered into after, December 31, 1998.

(d) AMENDMENT TO THE TARIFF ACT OF 1930.—The amendment made by section 102 shall apply with respect to entries not yet liquidated by December 31, 1998, and to entries made on or after such date.

TITLE II—ELECTION TO EXPENSE UNITED STATES FLAG VESSELS

SEC. 201. ELECTION TO EXPENSE CERTAIN UNITED STATES FLAG VESSELS.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 179A the following new section:

''SEC. 179B. DEDUCTION FOR UNITED STATES FLAG VESSELS.

''(a) TREATMENT AS EXPENSES.—A taxpayer may elect to treat the cost of any vessel that is a qualified United States flag vessel as an expense which is not chargeable to its capital account.

''(b) YEAR IN WHICH DEDUCTION ALLOWED. The deduction under subsection (a) shall be allowed for the taxable year in which the vessel first becomes a qualified United States flag vessel.

''(c) DEFINITIONS.—

''(1) QUALIFIED UNITED STATES FLAG VESSEL.—For purposes of this section, the term 'qualified United States flag vessel'' means a United States flag vessel that is operated exclusively in the foreign trade of the United States.

''(2) COST.—For purposes of this section, the term 'cost' means an amount equal to the lesser of—

''(A) the purchase price of the vessel, or

''(B) the adjusted basis of the vessel, determined under section 1011, at the time that the vessel becomes a qualified United States flag vessel.

''(d) BASIS REDUCTION.—

(1) IN GENERAL.—For purposes of this title, the basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

(2) ORDINARY INCOME RECAPTURE.—For purposes of section 1245, the amount of the deduction allowable under subsection (a) with respect to any property which is of a character subject to the allowance for depreciation shall be treated as a deduction allowed for depreciation under section 167.''

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 263(a) of such Code is amended by striking ''or'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting ''; or'', and by adding at the end the following new subparagraph:

''(I) expenditures for which a deduction is allowed under section 179B.''.

(2) Subparagraph (B) of section 312(k)(3) of such Code is amended by striking ''or 179A'' each place it appears and inserting '', 179A, or 179B''.

(3) Subparagraph (C) of section 1245(a)(2) of such Code is amended by inserting ''179B,'' after ''179A,''.

(4) The table of sections for part VI of subchapter B of chapter 1 of such Code is amended by inserting after the item relating to section 179A the following new item:

''Sec. 179B. Deduction for United States flag vessels.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

TITLE III—INCOME EXCLUSION FOR MERCHANT SEAMEN

SEC. 301. INCOME OF MERCHANT SEAMAN EXCLUDABLE FROM GROSS INCOME AS FOREIGN EARNED INCOME.

(a) SECTION 911 EXCLUSION.—Section 911(d) of the Internal Revenue Code of 1986 (relating to citizens or residents of the United States living abroad) is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following:

''(9) APPLICATION TO CERTAIN MERCHANT MARINE CREWS.—In applying this section to an individual who is a citizen or resident of the United States and who is employed for a minimum of 90 days during a taxable year as a regular member of the crew of a vessel or vessels owned, operated, or chartered by a United States citizen—

''(A) the individual shall be treated as a qualified individual without regard to the requirements of paragraph (1); and

''(B) any earned income attributable to services performed by that individual so employed on such vessel while it is engaged in transportation between the United States and a foreign country or possession of the United States shall be treated (except as provided by subsection (b)(1)(B)) as foreign earned income regardless of where payments of such income are made.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

TITLE IV—EXEMPTION FROM ALTERNATIVE MINIMUM TAX

SEC. 401. EXEMPTION FROM ALTERNATIVE MINIMUM TAX FOR CORPORATIONS THAT OPERATE UNITED STATES FLAG VESSELS.

(a) IN GENERAL.—Section 55 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

''(f) EXEMPTION FOR CORPORATIONS THAT OPERATE UNITED STATES FLAG VESSELS.—

''(1) IN GENERAL.—The tentative minimum tax of a corporation shall be zero for any taxable year in which the corporation is a qualified corporation.

''(2) DEFINITIONS.—For purposes of this subsection—

''(A) QUALIFIED CORPORATION.—The term 'qualified corporation' means any domestic corporation if—

''(i) substantially all of the assets of such corporation are related to the maritime transportation business, and

''(ii) such corporation owns or demise charters a fleet of 4 or more qualified United States flag vessels.

''(B) QUALIFIED UNITED STATES FLAG VESSEL.—The term 'qualified United States flag vessel' means a United States flag vessel having a deadweight tonnage of not less than 10,000 deadweight tons that is operated exclusively in the foreign trade of the United States during each of the 360 days immediately preceding the last day of the taxable year. Days during which the vessel is drydocked, surveyed, inspected, or repaired shall be considered days of operation for purposes of this subsection.

''(C) FOREIGN TRADE.—The term 'foreign trade' has the meaning given to such term by section 7518(i)(2).''

b. EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

TITLE V—CONVENTIONS ON UNITED STATES-FLAG CRUISE SHIPS

SEC. 501. CONVENTIONS ON UNITED STATES-FLAG CRUISE SHIPS.

(a) IN GENERAL.—Section 274(h)(2) of the Internal Revenue Code of 1986 (relating to conventions on cruise ships) is amended by striking ''that—'' and all that follows through ''possessions of the United States.'' and inserting ''that the cruise ship is a vessel registered in the United States.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

By Mr. GRAMS:

S. 1859. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit to taxpayers investing in economically distressed rural communities, and for other purposes; to the Committee on Finance.

RURAL REVITALIZATION ACT OF 1999

S. 1860. A bill to amend the Internal Revenue Code of 1986 to expand income averaging to small agriculture-related businesses; to the Committee on Finance.

INCOME AVERAGING LEGISLATION

S. 1861. A bill to amend the Internal Revenue Code of 1986 to provide comprehensive tax relief for small family farmers, and for other purposes; to the Committee on Finance.

FARMER TAX RELIEF ACT OF 1999

Mr. GRAMS. Mr. President, I rise today to offer a multi-faceted package of tax cuts and federal program changes to help our nation's farmers weather this period of low commodity prices. I will first note that this bill is obviously not a cure-all for the farmers' plight, but significant tax reform is an essential component of creating an environment where farmers can thrive. Regulatory reform, crop insurance reform, and improvements in our agriculture trade policies are also critical elements of boosting farm income.

The bill I introduce is a collection of tax reform concepts that have been considered individually, but not as a package of comprehensive relief to farmers. Some were in the congressional tax cut package that the President summarily vetoed, denying relief to farmers, middle class workers, and small business owners. All of the provisions of this bill would benefit the farm community, and should not be tossed aside due to partisan posturing as was the case with this past summer's tax relief bill. By offering this multi-part

legislation, I hope to provide a vehicle to move comprehensive tax relief for an important sector in the American economy and culture that has not shared in the prosperity of recent years.

The first provision in this legislation is the Farm and Ranch Risk Management Accounts, which were also a part of the recent tax cut bill that the President vetoed. This provision would allow producers to put up to 20% of net farm income in a tax deferred account where the funds could be held in reserve for up to five years for financial emergencies. Farmers operate in a volatile market, and they need all the risk management tools we can provide. When farmers earn a profit they usually invest in additional farm assets, and this would give them a tax incentive and opportunity to instead save more income as a buffer during down cycles.

The second provision of my tax bill would accelerate the 100% deductibility of health insurance premiums for the self-employed to make them immediately effective, rather than the full phase-in by 2003. I will note again that this was one of the critical provisions in the tax cut bill that was vetoed by the President, and is also included in my health care legislation. Farmers should not receive the same tax considerations on health benefits as everyone else who obtains insurance through their employment, so that they do not have to choose between decent health care and other necessities of life. This provision equalizes the tax treatment for these farmers.

The third provision would raise the effective exemption from estate taxes to $5 million and raise the gift tax exemption to $25,000. According to USDA figures, farmers are six times more likely to face inheritance taxes than other Americans. Farmers must farm more and more acres now to just eke out a humble income. Thus, they accumulate large capital investments through the years that provide them a modest living, but when they die their estate is treated as if they were very rich, and many have never even had a new pickup. Many of these families want to leave their property to their children, so that they can continue the heritage of farming the land. However, the estate tax can reach such prohibitive levels that sometimes the property must be sold to satisfy the insatiable tax revenue appetite of the federal government.

At the present time, the average age of farmers is 58 years old. We are just a few years from a period of significant transfers of real property from one generation to another. With all the obstacles to success that producers currently face, why is the federal government adding to their burdens by jeopardizing the time honored tradition of passing the family farm down from generation to generation, when it only generates one percent of federal taxes? Taxes should be gathered to pay for the necessities of government, not to transfer wealth from one segment of the population to another. And even if you believe that such wealth transfer is a legitimate function of tax policy, can we at least agree that family farms should be shielded from the takings? The estate tax can be as high as 55%, which is unfair, threatening the continuity of family-owned businesses.

The next provision amends the tax code to treat lands which are contiguous to a principal residence and which were farmed for five years before the principal residence as part of such residence, allowing it to be part of the exclusion of gain from the sale of the principal residence. This allows older farmers to sell their property without facing extraordinary capital gains taxes as a consequence.

The legislation also acknowledges that farm income can fluctuate significantly from year to year, and that farmers need a break when income goes does significantly after several good years. The bill thus includes a provision to reach back into a previous tax year and pull income from good years into a current down year. Farmers would then be recompensed for tax overpayments from previous years. Current law permits farmers to lower their tax burdens in good years by averaging in income from less profitable past periods, but it does not allow previous good years to be averaged in to current low income levels. This provision would provide this assistance to struggling farmers, again, giving them some tools to work within a very volatile market.

The bill also includes a provision to exempt from the alternative minimum tax certain income from unincorporated farms. Thanks to initiatives to provide tax credits to working families, many farm families would be able to reduce their tax burden if they were not bumping up against the alternative minimum tax. This correction is needed because the alternative minimum tax also does not always permit farmers to take advantage of current laws concerning farmer income averaging.

My legislation contains a provision to exclude from gross income up to $350,000 of capital gain from the transfer of property in complete or partial satisfaction of qualified farm indebtedness of a taxpayer, subject to means testing. This would exclude capital gains taxes from the forced liquidations of farm property.

The bill also ensures that farm landlords are treated the same as small business people and other commercial landlords, and removes the requirement that they pay self-employment tax on cash rent income. This item corrects an IRS technical advice memorandum to ensure that farmers, like other real estate owners, do not have to pay self-employment taxes on income from cash rent.

The measure also amends current law to emphasis certain beneficial farm program goals. They include a requirement that USDA, when approving applications for loans and grants under the Consolidated Farm and Rural Development Act, places a high priority on projects that encourage the creation of farmer-owner facilities that process value-added agricultural products; an amendment to the Federal Agriculture Improvement and Reform Act to give USDA discretion to use funds for rural development technical assistance; an amendment to the Rural Development Act to emphasize market development education and technical assistance for operators of small- and medium-sized farms, in addition to production assistance. The amendment also requires USDA to explore new marketing avenues such as direct farm to consumer markets, local value-added processing, and farmer-owned cooperatives.

We need a renaissance of new thinking and new marketing opportunities for our farmers. I want to ensure that existing programs are focused on helping farmers receive a larger share of the value of their products. As I have said before, I've always been struck by how we have a Department of Housing and Urban Development and a Department of Agriculture, but no real government emphasis on rural development. I hope that these provisions can help rebuild our rural economies.

The next two components of the bill restore a tax-exemption for value-added farmer-owned cooperatives that was taken away by a recent IRS ruling, and extends declaratory judgment relief for the cooperatives affected by this ruling.

Finally, the bill also includes a provision that increases the threshold amount that triggers when a farmer and employed farm worker would have to pay payroll taxes. The current threshold is $150, and this bill would raise it to $3,000. Farmers need the flexibility to be able to hire part-time workers, such as other nearby farmers or teenagers during the summer. We should free them from the burden and paperwork of having to pay payroll taxes on a minimal amount of expenditures on employees. This $150 figure in current law obviously does not reflect current realities on the farm, and Congress should make this much needed adjustment in the threshold figure.

Again, I believe that it is important to emphasize that major tax relief for farmers is a critical component of making Freedom to Farm work, and that's why I'm introducing this bill. I hope that hearings will be held next year on Freedom to Farm, and some adjustments my need to be made to current law. In fact, I have my own bill pending that would extend the term for producers' marketing loans from nine months up to thirty-six months, to give farmers more flexibility, and thus more market power, in determining when to put their grain on the market. No one on this side of the aisle argues that Freedom to Farm is perfect, but there are fundamental concepts in the bill that farmers requested and I believe still want, such as the freedom to

make their own decisions on what and how much to plant. I believe farmers want to plant for the market, not the government.

This bill reflects my commitment to try to deliver on the promises to farmers that were made when Freedom to Farm was passed, such as trade expansion, fast track authority, regulatory reform, and crop insurance reform.

Of course, if the administration was truly attempting to be accommodating the needs of the farm community, there would be less need for the regulatory reform bills currently pending. I know American farmers can complete worldwide, but we cannot drag our feet on creating a climate in which they can succeed. I believe this farmer tax relief bill is a critical piece of the puzzle.

Mr. President, the second tax relief measure I am introducing today would expand income averaging to small agriculture-related businesses.

Before 1986, American farmers, agricultural-related businesses and others could apply income averaging for tax purposes. But the Tax Reform Act of 1986 entirely eliminated income averaging. Congress acted primarily on the assumption that tax reduction would substantially reduce the number of taxpayers whose fluctuating incomes could subject them to higher progressive rates and there was no need for income average. While it was understandable that Congress took such action at that time, I believe it was clearly a mistake because Congress completely ignored the nature of agriculture and our rural communities.

Today, low commodity prices have made the income of American farmers and agriculture-related businesses fluctuate more wildly than that of any other group of taxpayers. In my own state of Minnesota, income in farm communities had decreased dramatically in recent years.

In response to this critical situation, Congress reinstated income averaging for individual farmers temporarily in the Taxpayer Relief Act of 1997, and last year Congress made it permanent for farmers. This was good change and I was pleased to join Senator BURNS and others in passing this important legislation. In my package of tax relief for farmers just discussed, I have added new flexibility for farmers to use income averaging to their benefit.

Unfortunately, Congress unintentionally left one important group out of last year's relief legislation. American small agriculture-related businesses, those who work hard to provide seeds, fertilizer, farming equipment and other farm products for farmers, whose income depends on farmers' income, are not included in current law providing income averaging. As a result, these small businesses are facing hardship and need this relief as well.

Expanding income averaging to small agriculture-related businesses would provide modest, but much needed, assistance to these businesses and allow them to continue serving farmers and rural communities. It also is consistent with the approach Congress took in the past regarding income averaging. Unlike the permanent income averaging for farmers, my legislation would sunset income averaging for agriculture-related businesses in three years. In addition, it only covers small businesses, not big corporations.

Mr. President, the third tax bill I will introduce today is the Rural Revitalization Tax Credit (RRTC) Act. This bill fits into my overall goal of making rural America a better place to live.

The objective is to attract business investment to rural areas to provide jobs for those who value life in the small towns of rural America. These jobs can also be invaluable for farm families suffering hard times through low commodity prices, crop diseases or weather disasters. Full or part time jobs can often help farmers help their family farms in down cycles.

This legislation is designed to encourage business investment in high poverty rural communities. It would create rural revitalization tax credits which include a development credit that is provided to any company locating in high poverty rural communities. A company would receive a 6 percent tax credit annually of the amount of the investment, which amounts to about 25 percent of the value of the original investment over 7 years.

It also creates a wage tax credit which allows employers in high poverty rural communities to receive up to $3,000 per employee hired in that community. In addition, qualified businesses are allowed to write off up to $37,500 as an expense the cost of depreciable, tangible personal property. This proposal is similar to urban empowerment zone proposals introduced in the Congress. We want to apply it to rural America as well.

Mr. President, this measure will not solve all the problems that farmers and people in rural areas are facing, but I believe it is one way to create more economic opportunities in our rural communities to preserve and improve the excellent quality of life in these areas.

I send the three bills to the desk and ask that they be assigned to the appropriate committees.

The PRESIDING OFFICER. The bills will be received and appropriately referred.

Mr. GRAMS. I thank the President. I yield the floor.

By Mr. JEFFORDS:

S. 1862. A bill entitled ''Vermont Infrastructure Bank Program''; to the Committee on Environment and Public Works.

VERMONT INFRASTRUCTURE BANK PROGRAM

Mr. JEFFORDS. Mr. President, I rise today to introduce legislation to permit my home state of Vermont to enter the State Infrastructure Bank (SIB) program. Before the enactment of the Transportation Equity Act for the 21st Century (TEA–21) all 50 states were qualified for SIB revolving funds. These funds are capitalized with federal and state contributions and used to provide loans and other sorts of non-grant aid to transportation projects. TEA–21 expanded the SIB program to California, Florida, Missouri, and Rhode Island. With this bill, I am proposing to add Vermont as a participant in the SIB program.

The SIB program functions to authorize loans to public or private organizations to cover the whole or partial costs of an approved project, and to make allowances for the planning and development of funding streams for repayment, which would not begin until five years after the completion of the project. Also, there is a provision in the TEA–21 for the creation of a multistate infrastructure bank system among the pilot states. In this system, states are encouraged to share both funds and ideas for curbing pollution and traffic problems and encouraging other forms of transportation.

It is my feeling that Vermont can be a national model on the efficiency of meeting clean air standards and managing sprawl while promoting economic growth. Under the SIB program the Vermont Agency of Transportation (VAOT) will collaborate with other state agencies and local organizations such as the Chittenden County Metropolitan Planning Organization (CCMPO) in order to reduce traffic, pollution, and growth problems that arise.

In order to fulfill these goals through creative, cutting-edge projects, VAOT will require sufficient funds. To secure these funds, the legislation that I am introducing today would extend the SIB program to include Vermont. This program will be an invaluable resource in the funding of projects that will prevent our beautiful state from moving in the direction of gridlock and congestion.

Vermont can be a model for the nation—an example for other states facing similar issues of finding a balance between growth and livability. Vermont's participation in the SIB program would provide more options to find the solutions that will permit this proper balance to be attained.

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

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

S. 1862

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

SECTION 1. STATE INFRASTRUCTURE BANK PILOT PROGRAM.

Section 1511(b)(1)(A) of the Transportation Equity Act for the 21st Century (23 U.S.C. 181 note; 112 Stat. 251) is amended by inserting ''Vermont,'' after ''Florida''.

By Mr. BAUCUS:

S. 1863. A bill to amend the Internal Revenue Code of 1986 to provide an incentive to small businesses to establish and maintain qualified pension plans

by allowing a credit against income taxes for contributions to, and start-up costs of, the plan; to the Committee on Finance.

SMALL EMPLOYER PENSION START-UP INCENTIVE ACT

Mr. BAUCUS. Mr. President, I rise to introduce a bill I believe will provide important benefits for our country's small businesses and the millions of people who work for them. The Small Employer Pension Start-up Incentive Act (SEPSI) will provide help to small businesses who want to help their employees save for their retirement.

Congress has spent a great deal of time recently exploring the impact on our country of the impending wave of baby boomer retirements. Much of this debate has centered around strengthening the Social Security Trust Fund, so we can keep the promise we made to all working Americans that Social Security will be there for them when they retire. During this debate, however, we have all but neglected the important role the private pension system plays in American's retirement security.

Social Security was never intended to provide the sole source of income for our retirees. Despite that, however, it is the only source of retirement income for 16% of elderly Americans. And it is the primary source of income for two-thirds of all retirees. Unless we can change this disturbing trend, preserving Social Security for the 21th Century will not be enough—there will still be far too many Americans who will spend their retirement years one step away from poverty.

In addition to preserving Social Security, we must help Americans better prepare for their retirement years. When the President submitted this budget this year, he proposed dedicating most of our projected surpluses to create Universal Savings Accounts for all Americans. I strongly believe the concept behind the USA proposal was a good one. If our projected surpluses actually materialize, we have an unprecedented opportunity to plan for our nation's future, to make the kinds of investments that will pay off for ourselves and for our children. Helping strengthen our private pension system is one of those key investments we should be making now, before the wave of retirements begins.

An important place to start is with our small businesses and their employees. Over 38 million workers in this country work for small businesses, that is, companies with less than 100 employees each. And even though almost everyone employed by a large company has access to a pension plan through their employer, only 20% of small business employees have pension plans available where they work. This means 31 million working Americans have no opportunity to save for their retirement through their employers.

Small business owners don't offer plans, not because they don't want to, but because they simply can't afford to. Administrative costs are disproportionately high for businesses with few employees, as are the costs associated with meeting all of the regulatory requirements that can apply to pension plans. And their employees, who frequently earn minimum wage and don't have access to health insurance either, couldn't afford to set money aside for their retirement even if their employers offered pension plans.

The bill I am introducing today will help reverse this trend. The Small Employer Pension Start-up Incentive Act will provide two new tax credits to small businesses that are providing pension plans to their employees for the first time. The first credit will help defray the administrative costs that accompany starting a new pension plan. It will provide up to $500 per year in tax relief for small businesses to compensate for the administrative costs they incur in providing a new plan. The credit would be available for three years, for employers with up to 100 workers.

The second credit goes right to the heart of the pension problem—it helps subsidize the contributions employers make into a new plan on behalf of their employees. Studies have shown that pension participation increases dramatically when employers offer to match employee savings. But in far too many small businesses, neither the employer nor the employee can afford to set aside the money. My bill will provide a 50% tax credit for any employer contributions into a new pension plan on behalf of their lower paid employees, up to a maximum of 3% of the salaries of these workers. The credit will be available for the first 5 years of any new qualified pension plan offered by a small business employing up to 50 workers.

I believe that enactment of the Small Employer Pension Start-up Incentive Act will help dramatically increase the number of Americans working for small businesses that can begin saving for their retirement. Providing these tax credits to small businesses, along with the other pension reform proposals that are included in S. 741, the Pension Coverage and Portability Act I introduced with Senators GRAHAM and GRASSLEY, will go a long way toward helping Americans plan for a secure retirement in the 21st century.

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

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

S. 1863

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 ''Small Employer Pension Start-up Incentive Act''.

SEC. 2. CREDIT FOR SMALL EMPLOYER PENSION PLAN CONTRIBUTIONS AND START-UP COSTS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following new section:

''SEC. 45D. SMALL EMPLOYER PENSION PLAN CREDIT.

''(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible employer, the small employer pension plan credit determined under this section for any taxable year is an amount equal to the sum of—

''(1) 50 percent of the qualified employer contributions of the taxpayer for the taxable year, and

''(2) the qualified start-up costs paid or incurred by the taxpayer during the taxable year.

''(b) LIMITATIONS.—

''(1) LIMITS ON CONTRIBUTIONS.—For purposes of subsection (a)(1)—

''(A) qualified employer contributions may only be taken into account for each of the first 5 taxable years ending after the date the employer establishes the qualified employer plan to which the contribution is made, and

''(B) the amount of the qualified employer contributions taken into account with respect to any qualified employee for any such taxable year shall not exceed 3 percent of the compensation (as defined in section 414(s)) of the qualified employee for such taxable year.

''(2) LIMITS ON START-UP COSTS.—The amount of the credit determined under subsection (a)(2) for any taxable year shall not exceed—

''(A) $500 for each of the first, second, and third taxable years ending after the date the employer established the qualified employer plan to which such costs relate, and

''(B) zero for each taxable year thereafter.

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

''(1) ELIGIBLE EMPLOYER.—

''(A) IN GENERAL.—The term 'eligible employer'' means, with respect to any year, an employer which has no more than—

''(i) for purposes of subsection (a)(1), 50 employees, and

''(ii) for purposes of subsection (a)(2), 100 employees,

who received at least $5,000 of compensation from the employer for the preceding year.

''(B) 2-YEAR GRACE PERIOD.—An eligible employer who establishes and maintains a qualified employer plan for 1 or more years and who fails to be an eligible employer for any subsequent year shall be treated as an eligible employer for the 2 years following the last year the employer was an eligible employer.

''(C) REQUIREMENT FOR NEW QUALIFIED EMPLOYER PLANS.—Such term shall not include an employer if the employer (or any predecessor employer) established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued, for service in the 3 taxable years ending prior to the first taxable year in which the credit under this section is allowed.

''(2) QUALIFIED EMPLOYER CONTRIBUTIONS.—

''(A) IN GENERAL.—The term 'qualified employer contributions' means, with respect to any taxable year, any employer contributions made on behalf of a qualified employee to a qualified employer plan for a plan year ending with or within the taxable year.

''(B) EMPLOYER CONTRIBUTIONS.—The term 'employer contributions' shall not include any elective deferral (within the meaning of section 402(g)(3)).

''(3) QUALIFIED EMPLOYEE.—The term 'qualified employee' means an individual who—

''(A) is eligible to participate in the qualified employer plan to which the employer contributions are made, and

''(B) is not a highly compensated employee (within the meaning of section 414(q)) for the year for which the contribution is made.

''(4) QUALIFIED START-UP COSTS.—The term 'qualified start-up costs' means any ordinary and necessary expenses of an eligible employer which are paid or incurred in connection with—

''(A) the establishment or maintenance of a qualified employer plan in which qualified employees are eligible to participate, and

''(B) providing educational information to employees regarding participation in such plan and the benefits of establishing an investment plan.

''(5) QUALIFIED EMPLOYER PLAN.—The term 'qualified employer plan' has the meaning given such term in section 4972(d).

''(d) SPECIAL RULES.—

''(1) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person. All qualified employer plans of an employer shall be treated as 1 qualified employer plan.

''(2) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowable under this chapter for any qualified start-up costs or qualified employer contributions for which a credit is determined under subsection (a).

''(3) ELECTION NOT TO CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.''.

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (defining current year business credit) 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) in the case of an eligible employer (as defined in section 45D(c)), the small employer pension plan credit determined under section 45D(a).''.

(c) CONFORMING AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Sec. 45D. Small employer pension plan credit.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred or contributions made in connection with qualified employer plans established after December 31, 1999.

By Mr. BURNS:

S. 1864. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit to primary health providers who establish practices in health professional shortage areas; to the Committee on Finance.

THE HEALTH CARE ACCESS IMPROVEMENT ACT

● Mr. BURNS. Mr. President, I rise today to introduce a bill which will dramatically expand rural America's access to modern health care.

The Health Care Access Improvement Act creates a significant tax incentive, which encourages doctors, dentists, physician assistants, licensed mental health providers, and nurse practitioners to establish practices in underserved areas. Until now, rural areas have not been able to compete with the financial draw of urban settings and therefore have had trouble attracting medical professionals to their communities. The $1,000 per month tax credit will allow health care workers to enjoy the advantages of rural life without drastic financial sacrifices. But the real winners in this bill are the thousands of Americans whose access to health care is almost impossible due to a lack of doctors and dentists in small town America.

There are nine counties in the great state of Montana which do not have even one doctor. In these rural settings, agriculture is often the only employer. Farming and ranching is hard, dangerous work. Serious injuries can happen in an instant. And while Montanans have always been known as a heartier breed of people, we get sick too. It is unreasonable to expect the farmer who has had a run-in with an auger or the elderly rancher's widow to drive two hours or more to get stitched up or to have a crown on a tooth replaced. As doctors, dentists, physicians assistants, mental health providers, and nurse practitioners are attracted to under-served areas, Montanans and others in isolated communities will finally enjoy the medical treatment they deserve.

Mr. President, everyone wins with this legislation. Rural Montana, rural America, and providers all benefit from increased access, service and a better quality of life. I look forward to this legislation's quick passage.●

By Mr. DEWINE (for himself and Mr. DOMENICI):

S. 1865. A bill to provide grants to establish demonstration mental health courts; to the Committee on the Judiciary.

AMERICA'S LAW ENFORCEMENT AND MENTAL HEALTH PROJECT ACT OF 1999

● Mr. DEWINE. Mr. President, I rise today to introduce ''America's Law Enforcement and Mental Health Project. This bill is designed to address the impact that the increased deinstitutionalization of America's mentally ill has had on our criminal justice system. This is a serious problem affecting both the health and safety of our Nation. Essentially, the situation we have today in our prisons and jails is the result of over thirty years of cuts in the budgets of mental health institutions, as well as the outlawing of involuntary commitments. Faced with fewer dollars and greater legal requirements, these mental health care facilities began de-institutionalizing America's mentally ill in record numbers. According to one estimate, the number of persons finding treatment in mental health facilities plummeted from 560,000 in 1955 to just 100,000 in 1989.

A recent Justice Department study revealed that 16 percent of all inmates in America's State prisons and local jails today are mentally ill. The American Jails Association estimates that 600,000 to 700,000 seriously mentally ill persons each year are being booked into local jails alone. In my own home State of Ohio, 18 percent of all prison inmates were in mental health programs last year. That's the highest percentage in the country.

Far too many of our nation's mentally ill persons have ended up in our prisons and jails. In fact, today, the Los Angeles County Jail is the largest mental health care institution in our country. It treats 3,200 seriously mentally ill people every day. The impact on law enforcement has been significant. Institutions and agencies designed to fight crime have had to spend valuable time and scarce resources providing mental health services to prisoners. In Ohio, nearly 1 in 5 prisoners need special psychiatric services or accommodations.

Tragically, many mentally ill inmates could have received proper treatment from a variety of private and public sources before they ended up in the prison system. Part of the problem is a serious lack of coordination between our local law enforcement and social service systems. The interaction within law enforcement—between our courts and prisons—is even worse. All too often, the mentally ill act out their symptoms on the streets. They are arrested for minor offenses and wind up in jail, where appropriate treatment simply does not exist. They serve their sentences or are paroled, but find themselves right back in the system after committing further crimes—often more serious—only a short time later.

The Justice Department has found that over 75 percent of mentally ill inmates are repeat offenders. In some States, the problem is even worse. California's Department of Corrections, for example, recently reported that 94 percent of mentally ill parolees returned to prison within two years, versus 57 percent of the parolee population at large.

Throughout this destructive cycle, law enforcement and corrections spend time and money trying to cope with the unique problems posed by these individuals. Certainly, some mentally ill offenders must be incarcerated because of the severity of their crimes. Many others who commit very minor offenses could receive appropriate care early on, reducing recidivism and unnecessary burdens on our police and corrections officials, as well as many mentally ill offenders, themselves.

That's why, Mr. President, I am introducing America's Law Enforcement and Mental Health Project (LAMP), to begin to identify—early—those who are mentally ill within our justice system and to use the power of the court to assist them in obtaining the treatment they need. This will be a step toward making some of the changes necessary to effectively address the issues surrounding the mentally ill in our justice system.

This bill would establish a federal grant program to help states and localities develop ''Mental Health Courts'' in their jurisdictions. These courts would be specialized courts with separate dockets. They would hear cases exclusively involving nonviolent of-

fenses committed by mentally ill or retarded individuals. Fundamentally, Mental Health Courts would enable state and local courts to offer alternative sentences or alternatives to prosecution for those offenders who could be served best by mental health services.

To deal with the separate needs of mentally ill offenders, these Mental Health Courts would be staffed by a core group of specialized professionals, including a dedicated judge, prosecutor, public defender and court liaison to the mental health service community. The courts would promote efficiency and consistency by centrally managing all outstanding cases involving a mentally ill defendant admitted to the Mental Health Court.

The Mental Health Court judge ultimately would decide whether or not to hear each case referred to the court. The Mental Health Court would not deal with defendants unless they are deemed mentally ill by a qualified mental professional or the mental health court judge. Similarly, participation in the court by the mentally ill would be completely voluntary. Once the defendant volunteers for the Mental Health Court, however, he or she would be expected to follow the decision of the court. For instance, in any given case, the Mental Health Court judge, attorneys, and health services liaison may all agree on a plan of treatment as an alternative sentence or in lieu of prosecution. The defendant must adhere strictly to this court-imposed treatment plan. The court must then provide supervision with periodic review. This way, the court could quickly deal with any failure of the defendant to fulfill the treatment plan obligations. In this sense, the Mental Heath Court would function similar to drug courts.

Mr. President, the idea of Mental Health Courts is innovative, but not untested. Broward County, Florida, established the nation's first Mental Health Court almost two years ago. This court hears an average of 69 cases per month. Remarkably, Broward's Mental Health Court has been able to link over one-third of all its defendants with community health care providers or private psychiatric help. Notably, less than ten percent of all defendants were deemed inappropriate for mental health court and only eight percent refused community health services.

Although a voluntary system, Broward has found that many mentally ill persons do choose to have their cases heard in the Mental Health Court. These defendants don't always know what treatment options are available to them before they fall into the hands of the criminal justice system. A judicial program offering the possibility of effective treatment—rather than jail time—gives a measure of hope and a chance for rehabilitation to defendants.

Other jurisdictions across America have studied the Broward County model and have established their own Mental Health Courts or seek to do so, such as Butler County in my state of Ohio. King County, Washington, also has developed a more expansive Mental Health Court this past year. Our nation's communities are trying desperately to find the best way to cope with the problems associated with mental illness. Law enforcement agencies and correctional facilities simply do not have the means, nor the expertise, to properly treat mentally ill inmates in general. Mental Health Courts offer an alternative.

Mr. President, I urge my colleagues to join in support of this legislation.●

ADDITIONAL COSPONSORS

S. 115

At the request of Ms. SNOWE, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 115, a bill to require that health plans provide coverage for a minimum hospital stay for mastectomies and lymph node dissection for the treatment of breast cancer and coverage for secondary consultations.

S. 345

At the request of Mr. ALLARD, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 345, a bill to amend the Animal Welfare Act to remove the limitation that permits interstate movement of live birds, for the purpose of fighting, to States in which animal fighting is lawful.

S. 405

At the request of Mr. HOLLINGS, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 405, a bill to prohibit the operation of civil supersonic transport aircraft to or from airports in the United States under certain circumstances.

S. 486

At the request of Mr. GRAMS, his name was added as a cosponsor of S. 486, a bill to provide for the punishment of methoamphetamine laboratory operators, provide additional resources to combat methamphetamine production, trafficking, and abuse in the United States, and for other purposes.

S. 514

At the request of Mr. COCHRAN, the name of the Senator from North Carolina (Mr. EDWARDS) was added as a cosponsor of S. 514, a bill to improve the National Writing Project.

S. 791

At the request of Mr. ROBB, his name was added as a cosponsor of S. 791, a bill to amend the Small Business Act with respect to the women's business center program.

S. 1075

At the request of Mrs. BOXER, the name of the Senator from Utah (Mr. BENNETT) was added as a cosponsor of S. 1075, a bill to promote research to identify and evaluate the health effects of silicone breast implants, and to insure that women and their doctors receive accurate information about such implants.

S. 1187

At the request of Mr. DORGAN, the names of the Senator from Texas (Mr. GRAMM) and the Senator from Illinois (Mr. FITZGERALD) were added as cosponsors of S. 1187, a bill to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

S. 1264

At the request of Mr. KENNEDY, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 1264, a bill to amend the Elementary and Secondary Education Act of 1965 and the National Education Statistics Act of 1994 to ensure that elementary and secondary schools prepare girls to compete in the 21st century, and for other purposes.

S. 1384

At the request of Mr. ABRAHAM, the names of the Senator from Virginia (Mr. WARNER), the Senator from Pennsylvania (Mr. SANTORUM), and the Senator from South Dakota (Mr. DASCHLE) were added as cosponsors of S. 1384, a bill to amend the Public Health Service Act to provide for a national folic acid education program to prevent birth defects, and for other purposes.

S. 1394

At the request of Mr. TORRICELLI, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. 1394, a bill to require the Secretary of the Treasury to mint coins in commemoration of the U.S.S. *New Jersey*, and for other purposes.

S. 1436

At the request of Mr. CONRAD, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 1436, a bill to amend the Agricultural Marketing Transition Act to provide support for United States agricultural producers that is equal to the support provided agricultural producers by the European Union, and for other purposes.

S. 1516

At the request of Mr. THOMPSON, the names of the Senator from Hawaii (Mr. AKAKA), the Senator from Maine (Ms. COLLINS), the Senator from Georgia (Mr. CLELAND), the Senator from Illinois (Mr. DURBIN), the Senator from New Jersey (Mr. TORRICELLI), the Senator from Ohio (Mr. VOINOVICH), and the Senator from North Carolina (Mr. EDWARDS) were added as cosponsors of S. 1516, a bill to amend title III of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11331 et seq.) to reauthorize the Federal Emergency Management Food and Shelter Program, and for other purposes.

S. 1539

At the request of Mr. DODD, the names of the Senator from Maine (Ms. SNOWE) and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. 1539, a bill to provide for