United States; to the Committee on the Judiciary.

By Mr. SANTORUM;

S, 598. A bill to amend the Federal Agriculture Improvement and Reform Act of 1996 to improve the farmland protection program; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CHAFEE (for himself, Mr. HATCH, Mr. COCHRAN, Ms. SNOWE, Mr. ROBERTS, Mr. SPECTER, and Ms. COLLINS):

S. 599. A bill to amend the Internal Revenue Code of 1986 to provide additional tax relief to families to increase the affordability of child care, and for other purposes; to the Committee on Finance.

By Mr. WELLSTONE:

S. 600. A bill to combat the crime of international trafficking and to protect the rights of victims; to the Committee on Foreign Relations.

By Mr. COCHRAN:

S. 601. A bill to improve the foreign language assistance program; to the Committee on Health, Education, Labor, and Pensions.

By Mr. SHELBY (for himself, Mr. BOND, Mr. COVERDELL, Mr. HAGEL, Mr. KYL, Mr. BURNS, Mr. GRAMM, Mr. ASHCROFT, Mr. THOMAS, Mr. ABRAHAM, Mr. GRASSLEY, Mr. HELMS, Mr. INHOFE, Mr. SESSIONS, Mr. GRAMS, Mr. COCHRAN, Mr. HUTCHINSON, and Ms. SNOWE):

S. 602. A bill to amend chapter 8 of title 5, United States Code, to provide for congressional review of any rule promulgated by the Internal Revenue Service that increases Federal Revenue, and for other purposes; to the Committee on Governmental Affairs.

By Mr. SHELBY:

S. 603. A bill to promote competition and greater efficiency of airlines to ensure the rights of airline passengers, to provide for full disclosure to those passengers, and for other purposes; to the Committee on Commerce, Science, and Transportation.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. MURKOWSKI (for himself, Mr. TORRICELLI, Mr. LOTT, Mr. HELMS, Mr. THOMAS, Mr. BURNS, Mr. KYL, and Mr. ROCKEFELLER):

S. Con. Res. 17. A concurrent resolution concerning the 20th Anniversary of the Taiwan Relations Act; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. FEINSTEIN:

S. 585. A bill to require health insurance coverage for certain reconstructive surgery; to the Committee on Health, Education, Labor, and Pensions.

RECONSTRUCTIVE SURGERY ACT OF 1999

● Mrs. FEINSTEIN. Mr. President, today, I am introducing a bill to require health insurance plans to cover medically necessary reconstructive surgery for congenital defects, developmental abnormalities, trauma, infection, tumors, or disease.

This bill is modeled on a new California law and responds to the growing incidence of denials of coverage by insurance, often managed care. Despite physicians' judgment that surgery is often medically necessary, too many plans are labeling it ''cosmetic surgery.'' The American Medical News calls the HMO's response that these surgeries are cosmetic as, ''a classic health plan word game. . . .''

Testifying before the California Assembly Committee on Insurance, Dr. Henry Kawamoto put it well. He said:

It used to be that if you were born with something deforming, or were in an accident and had bad scars, the surgery performed to fix the problem was considered reconstructive surgery. Now, insurers of many kinds are calling it cosmetic surgery and refusing to pay for it.

The Los Angeles Times reported on July 9, 1997, ''There has been a virtual wipeout of coverage to repair the appearance of children whose looks are affected by illness, congenital abnormalities or trauma.''

Similarly, the New York University Physician reported in their spring 1998 issue:

Before the advent of managed care, repairing abnormalites was considered reconstructive surgery and insurance companies reimbursed for the medical, hospital and surgical costs of their rehabilitation. But in today's reconfigured medical reimbursement system, many insurance companies and managed care organizations will not pay for reconstruction of facial deformities because it is deemed a ''cosmetic'' and not a ''functional'' repair.

This bill is endorsed by the March of Dimes, the American Academy of Pediatrics, the National Organization for Rare Disorders, the American Society of Plastic and Reconstructive Surgeons, the American College of Surgeons, the American Association of Pediatric Plastic Surgeons, the American Society of Craniofacial Surgery, the American Society of Maxillofacial Surgeons, the American Society of Plastic and Reconstructive Surgeons and the National Foundation for Facial Reconstruction.

The children who face refusals to pay for surgery are the true evidence that this bill is needed.

Hanna Gremp, a 6-year old from my own state of California, was born with a congenital birth defect, called bilateral microtia, the absence of an inner ear. Once the first stage of the surgery was complete, the Gremp's HMO denied the next surgery for Hanna. They called the other surgeries ''cosmetic'' and not medically necessary.

Michael Hatfield, a 19-year old from Texas, who has gone through similar struggles. He was born with a congenital birth defect, that is known as a midline facial cleft. The self-insured plan his parents had only paid for a small portion of the surgery which reconstructed his nose. The HMO also refused to pay any part of the surgery that reconstructed his cheekbones and eye sockets. The HMO considered some of these surgeries to be ''cosmetic.''

Cigna Health Care denied coverage for surgery to construct an ear for a little California girl born without an ear and only after adverse press coverage reversed its position saying that, ''It was determined that studies have show some functional improvement following surgery.''

Qual-Med, another California HMO, denied coverage for reconstructive surgery for a little boy without an ear, a condition called microtia, and after only many appeals and two years delay, authorized it.

The bill uses medically-recognized terms to distinguish between medically necessary surgery and cosmetic surgery. It defines medically necessary reconstructive surgery as surgery ''performed to correct or repair abnormal structures of the body caused by congenital defects, developmental abnormalities, trauma, infection, tumors, or disease to (1) improve functions; or (2) give the patient a normal appearance, to the extent possible, in the judgment of the physician performing the surgery.'' The bill specifically excludes cosmetic surgery, defined as ''surgery that is performed to alter or reshape normal structures of the body in order to improve appearance.''

Examples of conditions for which surgery might be medically necessary are the following: cleft lips and palates, burns, skull deformities, benign tumors, vascular lesions, missing pectoral muscles that cause chest deformities, Crouson's syndrome (failure of the mid-face to develop normally), and injuries from accidents.

The American Society of Plastic and Reconstructive Surgeons has released a survey on reconstructive surgery, concluding that 53.5 percent of surgeons surveyed have had pediatric patients who in the last two years were denied coverage for reconstructive surgery. Of those same surgeons surveyed whose pediatric patients were totally or partially denied coverage, 74 percent had patients denied for initial procedures and 53 percent denied for subsequent procedures.

Another reason for this bill is that only 17 out of 50 states have state legislation which requires insurance coverage for children's deformities and congenital defects. My own state, California, passed legislation in 1998 requiring insurance plans to cover medically necessary reconstructive surgery, and on September 23, 1998 it was signed by former Governor Pete Wilson. This bill was enacted after many sad personal stories, and hours of testimony were presented to the state legislators.

This bill is an effort to address yet one more development in the health insurance industry that almost daily is creating new hassles when people try to get coverage for the plan they pay for every month.

We need our body parts to function and fortunately modern medicine today often make that happen. We can restore, repair and make whole parts which by fate, accident, genes, or whatever, do not perform as they should. I hope this bill can make that happen.●

By Mr. KOHL (for himself, and Mr. SESSIONS):

S. 586. A bill to amend title 11, United States Code, to limit the value of certain real property that a debtor may elect to exempt under State or local law, and for other purposes to the Committee on the Judiciary.

BANKRUPTCY ABUSE REFORM ACT OF 1999

Mr. KOHL. Mr. President, I rise today, with Senator SESSIONS, to introduce the bipartisan Bankruptcy Abuse Reform Act of 1999, legislation which addresses a serious problem that threatens Americans' confidence in our bankruptcy laws. The measure would cap at $100,000 the State homestead exemption that an individual filing for personal bankruptcy can claim. It passed the Senate last year when it was included in the Consumer Bankruptcy Reform Act of 1998 (H.R. 3150), and I hope that we can all support this measure again this year. The goal of our measure is simple but vitally important: to make sure that our Bankruptcy Code is more than just a beachball for crooked millionaires who want to hide their assets.

Let me tell you why this legislation is critically needed. In chapter 7 Federal personal bankruptcy proceedings, the debtor is allowed to exempt certain possessions and interests from being used to satisfy his outstanding debts. One of the chief things that a debtor seeks to protect is his home, and I agree with that in principle. Few question that debtors should be able to keep a roof over their heads. But, in practice, this homestead exemption has become a source of great abuse.

Under section 522 of the Code, a debtor may opt to exempt his home according to local, State, or Federal bankruptcy provisions. The Federal exemption allows the debtor to shield up to $15,000 of value in his house. The State exemptions vary tremendously: some States do not allow the debtor to exempt any of his home's value, while a handful of states set no ceiling and allow an unlimited exemption. The vast majority of states have exemptions under $40,000.

Our proposal would amend Section 522 to cap State exemptions so that no debtor could ever exempt more than $100,000 of the value of his home.

Mr. President, in the past few years, the ability of debtors to use State homestead exemptions has led to flagrant abuses of the Bankruptcy Code. Multimillionaire debtors have moved to one of the states with unlimited exemptions—most often Florida or Texas—bought multi-million-dollar houses, and continued to live like kings even after declaring bankruptcy. This shameless manipulation of the Bankruptcy Code cheats honest creditors out of compensation and rewards only those who can ''game'' the system. Oftentimes, the creditor who is robbed is the American taxpayer. In recent years, S&L swindlers, convicted insider trader convicts, and others have managed to protect their ill-gotten gains through this loophole.

The owner of a failed Ohio S&L, who was convicted of securities fraud, wrote off most of $300 million in bankruptcy claims, but still held on to the multi-million dollar ranch he bought in Florida. A convicted Wall Street financier filed bankruptcy while owing at least $50 million in debts and fines, but still kept his $5 million Florida mansion with 11 bedrooms and 21 bathrooms. And just last year, movie star Burt Reynolds wrote off over $8 million in debt through bankruptcy, but still held onto his $2.5 million Florida estate. These deadbeats stay wealthy while legitimate creditors—including the U.S. Government—get the short end of the stick.

Simply put, the current practice is grossly unfair and contravenes the intent of our laws: People are supposed to get a fresh start, not a head start, under the Bankruptcy Code.

Mr. President, the legislation that I have introduced today is simple, effective and straightforward. It caps the homestead exemption at $100,000, which is far more than estimated median home equity of people in bankruptcy. It is endorsed by the National Bankruptcy Review Commission. And it will protect middle class Americans while preventing the abuses that are making the middle class question the integrity of our laws—the abuses the average American taxpayer is paying for out of pocket.

Indeed, it is even generous to debtors. Less than ten states have a homestead exemption that exceeds $100,000. More than two-thirds of states cap the exemption at $40,000 or less. My own home state of Wisconsin has a $40,000 exemption and that, in my opinion, is more than sufficient.

Mr. President, this proposal is an effort to make our bankruptcy laws more equitable. I urge my colleagues to support this important measure.

By Mr. ASHCROFT:

S. 587. A bill to provide for the mandatory suspension of Federal benefits to convicted drug traffickers, and for other purposes; to the Committee on the Judiciary.

NO FEDERAL BENEFITS FOR DRUG TRAFFICKERS ACT OF 1999

Mr. ASHCROFT. Mr. President, the time for mixed messages in our war against drugs has passed. There was a time when our message on illegal drugs was crystal clear. ''Just say no.'' The results of that simple message were also clear: The decade of the 1980's saw substantial and persistent decreases in the level of drug use, and in the level of teenage drug use in particular. Sadly, however, the current Administration has offered America and its children a mixed message on drugs.

The President himself has shifted the message from ''just say no'' to ''just don't inhale.'' Even the head of the Drug Enforcement Agency candidly has admitted that in the current climate we lack the will to win the war against drugs. This is intolerable. We must return to a clear message in the war against drugs—a message of zero tolerance for those who would attempt to ruin our children's lives through the scourge of illegal drugs. The government must speak clearly and unequivocally. Trafficking in illegal drugs will not be tolerated.

However, we will not succeed in convincing either drug dealers or our children that we are serious about the war on drugs if we send them mixed messages. One mixed message sent by current law is that convicted drug dealers remain eligible for federal government benefits. We need to change that practice.

Mr. President, the bill I introduce today, the ''No Federal Benefits for Drug Traffickers Act'' requires the suspension of federal benefits to convicted drug traffickers. This bill will send a clear message that we mean what we say in the war against drugs. Current federal law provides for the denial of federal benefits (excluding certain programs like food stamps, aid to families with dependent children, and approved drug treatment programs) for individuals convicted of drug trafficking offenses. Unfortunately, however, the law gives judges unlimited discretion to decide whether or not to suspend a convicted drug trafficker's federal benefits. For example, under current law a repeat offender could retain his full federal benefits.

The ''No Federal Benefits for Drug Traffickers Act'' addresses this loophole in the current law by mandating the suspension of a convicted drug trafficker's federal benefits for at least a minimum period of time. Specifically, the bill requires the suspension of a convicted drug offender's federal benefits for a minimum of one year. The bill also mandates suspension of benefits for at least three years upon a second conviction.

In addition, the bill closes a loophole that allowed drug trafficker who were supposed to be barred from receiving federal benefits for life because of three separate drug trafficking convictions to regain their eligibility for federal benefits. Once again we need to make our message clear and unmistakable. Under the bill I introduce today, life means life and it is truly three strikes and you're out.

This is what we need in the war against drugs—a clear message. Those who choose to traffic in drugs have no legitimate claim to federal benefits. This is common sense. There is no need for exceptions or discretion. There is a need for clarity, and this bill provides that clarity.

By Mr. HARKIN:

S. 589. A bill to require the National Park Service to undertake a study of the Loess Hills area in western Iowa to review options for the protection and interpretation of the area's natural, cultural, and historical resources; to the Committee on Energy and Natural Resources.

LOESS HILLS PRESERVATION ACT OF 1999

Mr. HARKIN. Mr. President, today, I am introducing legislation calling

upon the National Park Service to conduct a study of the Loess Hills in western Iowa. This study would be the first official step towards possible national protection for the Loess Hills.

Specifically, this legislation would require the National Park Service to monitor the area between Waubansie State Park and Stone Park to study the possibility of a portion of this area to receive National Park status.

Loess Hills is a unique national treasure that was formed by ancient glaciers and hundreds of centuries of westerly winds. Only the loess soil in China has accumulated as high as Iowa's. Although these hills have survived for hundreds of centuries, today they are beginning to crumble. Urban sprawl is unfortunately beginning to take its toll on Loess Hills. Protecting this area must be given a high priority.

In 1986, the Loess Hills area was designated as a National Natural Landmark by the National Park Service. This gives recognition to this area as an area of national significance. Although this designation encourages landowners to use conservation practices in use of the area, this designation does nothing to control land ownership or to restrict land use.

The only thing holding the loess in place is the roots of the vegetation. Today, however, as the human exploitation of the hills continues to increase the destruction of the vegetation, loess is left once again blowing in the winds as the fragile hills begins to flatten.

This is of great concern to me. This area which marks one of the only remaining natural ecosystems in the state is one of the few areas where Iowans can experience nature. Iowa presently ranks 49th among the 50 states in National Park and Forest space. Iowa is also 400 miles away from a sizable national recreation area (the Boundary Waters Canoe Area). The Loess Hills, however, is an area of national significance and has the potential to be a much needed National Park for the Plains States.

Mr. President, since 1992, I have secured funding through the United States Department of Agriculture to design better bridges and other structures in the Loess Hills area to reduce soil erosion. But more needs to be done.

One thing I would like to make clear—this study can only be successfully implemented with the participation of local governments in western Iowa and private property owners.

The Loess Hills are an Iowa treasure. This legislation would begin the process of making Loess Hills a national treasure.

I invite my colleagues to join me as co-sponsors of this much needed legislation. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 589

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 ''Loess Hills Preservation Act of 1999''.

SEC. 2. FINDINGS.

The Congress finds that—

(1) The Loess Hills area in western Iowa, formed by ancient glaciers and hundreds of centuries of westerly winds blowing across the Missouri River, has resulted in the largest loess formation in the United States, and one of the two largest in the world;

(2) portions of the Loess Hills remain undeveloped and provide an important opportunity to protect an historic and unique natural resource;

(3) a program to study the Loess Hills can only be successfully implemented with the cooperation and participation of affected local governments and landowners;

(4) in 1986, the Loess Hills area was designated as a National Natural Landmark in recognition of the area's nationally significant natural resources;

(5) although significant natural resources remain in the area, increasing development in the area has threatened the future stability and integrity of the Loess Hills area; and

(6) the Loess Hills area merits further study by the National Park Service, in cooperation with the State of Iowa, local governments, and affected landowners, to determine appropriate means to better protect, preserve, and interpret the significant resources in the area;

SEC. 3. DEFINITIONS.

As used in this Act—

(1) the term ''Loess Hills'' means the area in the State of Iowa located between Waubansie State Park and Stone Park, and which includes Plymouth, Woodbury, Monona, Harrison, Pottawattamie, Mills, and Fremont counties.

(2) the term ''Secretary'' means the Secretary of the Interior.

(3) the term ''State'' means the State of Iowa.

SEC. 4. LOESS HILLS STUDY.

(a) The Secretary shall undertake a study of the Loess Hills area to review options for the protection and interpretation of the area's natural, cultural, and historical resources. The study shall include, but need not be limited to an analysis of the suitability and feasibility of designating the area as—

(1) a unit of the National Park System;

(2) a National Heritage Area or Heritage Corridor; or

(3) such other designation as may be appropriate.

(b) The study shall examine the appropriateness and feasibility of cooperative protection and interpretive efforts between the United States, the State, and its political subdivisions.

(c) The Secretary shall consult in the preparation of the study with State and local governmental entities, affected landowners, and other interested public and private organizations and individuals.

(d) The study shall be completed within one year after the date funds are made available. Upon its completion, the Secretary shall transmit a report of the study, along with any recommendations, to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Resources of the United States House of Representatives.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated such sums as may be necessary to carry out this Act.

By Mr. FEINGOLD (for himself and Mr. LEAHY):

S. 590. A bill to amend the Internal Revenue Code of 1986 to repeal the percentage depletion allowance for certain hardrock mines, and for other purposes; to the Committee on Finance.

ELIMINATION OF DOUBLE SUBSIDIES FOR THE HARDROCK MINING INDUSTRY ACT OF 1999

Mr. FEINGOLD. Mr. President, I am pleased to introduce legislation to eliminate from the federal tax code percentage depletion allowances for hardrock minerals mined on federal public lands. I am joined in introducing this legislation by my colleague from Vermont, Mr. LEAHY.

The President proposes the elimination of the percentage depletion allowance on public lands in his FY 2000 budget. The President's FY 2000 budget estimates that, under this legislation, income to the federal treasury from the elimination of percentage depletion allowances for hardrock mining on public lands would total $478 million over five years, more than $95 million in this year alone. These savings are calculated as the excess amount of federal revenues above what would be collected if depletion allowances were limited to ''sunk costs'' in capital investments. Percentage depletion allowances are contained in the tax code for extracted fuel, minerals, metal and other mined commodities. These allowances have a combined value, according to 1994 estimates by the Joint Committee on Taxation, of $4.8 billion.

Mr. President, these percentage depletion allowances were initiated by the Corporation Excise Act of 1909. That's right, 1909. Provisions for a depletion allowance based on the value of the mine were made under a 1912 Treasury Department regulation, but difficulty in applying this accounting principle to mineral production led to the initial codification of the mineral depletion allowance in the Tariff Act of 1913. The Revenue Act of 1926 established percentage depletion much in its present form for oil and gas. The percentage depletion allowance was then extended to metal mines, coal, and other hardrock minerals by the Revenue Act of 1932, and has been adjusted several times since.

Percentage depletion allowances were historically placed in the tax code to reduce the effective tax rates in the mineral and extraction industries far below tax rates on other industries, providing incentives to increase investment, exploration and output. However, percentage depletion also makes it possible to recover many times the amount of the original investment.

There are two methods of calculating a deduction to allow a firm to recover the costs of their capital investment: cost depletion, and percentage depletion. Cost depletion allows for the recovery of the actual capital investment—the costs of discovering, purchasing, and developing a mineral reserve—over the period during which the reserve produces income. Using

cost depletion, a company would deduct a portion of its original capital investment minus any previous deductions, in an amount that is equal to the fraction of the remaining recoverable reserves. Under this method, the total deductions cannot exceed the original capital investment.

However, under percentage depletion, the deduction for recovery of a company's investment is a fixed percentage of ''gross income''—namely, sales revenue—from the sale of the mineral. Under this method, total deductions typically exceed, let me be clear on that point, Mr. President, exceed the capital that the company invested.

The rates for percentage depletion are quite significant. Section 613 of the U.S. Code contains depletion allowances for more than 70 metals and minerals, at rates ranging from 10 percent to 22 percent.

In addition to repealing the percentage depletion allowances for minerals mined on public lands, Mr. President, my bill also creates a new fund, called the Abandoned Mine Reclamation Fund. One fourth of the revenue raised by the bill, or approximately $120 million dollars, will be deposited into an interest bearing fund in the Treasury to be used to clean up abandoned hardrock mines in states that are subject to the 1872 Mining Law. Mineral Policy Center estimates that there are 557,650 hardrock abandoned mine sites nationwide and the cost of cleaning them up will range from $32.7 billion to $71.5 billion.

There are currently no comprehensive federal or state programs to address the need to clean up old mine sites. Reclaiming these sites requires the enactment of a program with explicit authority to clean up abandoned mine sites and the resources to do it. My legislation is a first step toward providing the needed authority and resources.

Mr. President, in today's budget climate we are faced with the question of who should bear the costs of exploration, development, and production of natural resources: all taxpayers, or the users and producers of the resource? For more than a century, the mining industry has been paying next to nothing for the privilege of extracting minerals from public lands and then abandoning its mines. Now those mines are adding to the nation's environmental and financial burdens. We face serious budget choices this fiscal year, yet these subsidies remain a persistent tax expenditure that raise the deficit for all citizens or shift a greater tax burden to other taxpayers to compensate for the special tax breaks provided to the mining industry.

Mr. President, the measure I am introducing is fairly straightforward. It eliminates the percentage depletion allowance for hardrock minerals mined on public lands while continuing to allow companies to recover reasonable cost depletion.

Though at one time there may have been an appropriate role for a government-driven incentive for enhanced mineral production, there is now sufficient reason to adopt a more reasonable depletion allowance that is consistent with those given to other businesses.

Mr. President, the time has come for the Federal Government to get out of the business of subsidizing business. We can no longer afford its costs in dollars or its cost to the health of our citizens. This legislation is one step toward the goal of ending these corporate welfare subsidies.

I ask unanimous consent that a copy of the legislation be printed in the RECORD.

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

S. 590

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 ''Elimination of Double Subsidies for the Hardrock Mining Industry Act of 1999''.

SEC. 2. REPEAL OF PERCENTAGE DEPLETION ALLOWANCE FOR CERTAIN HARDROCK MINES.

(a) IN GENERAL.—Section 613(a) of the Internal Revenue Code of 1986 (relating to percentage depletion) is amended by inserting ''(other than hardrock mines located on lands subject to the general mining laws or on land patented under the general mining laws)'' after ''In the case of the mines''.

(b) GENERAL MINING LAWS DEFINED.—Section 613 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''(f) GENERAL MINING LAWS.—For purposes of subsection (a), the term 'general mining laws' means those Acts which generally comprise chapters 2, 12A, and 16, and sections 161 and 162 of title 30 of the United States Code.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 3. ABANDONED MINE RECLAMATION FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to establishment of trust funds) is amended by adding at the end the following:

''SEC. 9511. ABANDONED MINE RECLAMATION FUND.

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

''(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the Trust Fund amounts equivalent to 25 percent of the additional revenues received in the Treasury by reason of the amendments made by section 2 of the Elimination of Double Subsidies for the Hardrock Mining Industry Act of 1999.

''(c) EXPENDITURES FROM TRUST FUND.—

''(1) IN GENERAL.—Amounts in the Trust Fund shall be available, as provided in appropriation Acts, to the Secretary of the Interior for—

''(A) the reclamation and restoration of lands and water resources described in paragraph (2) adversely affected by mineral (other than coal and fluid minerals) and mineral material mining, including—

''(i) reclamation and restoration of abandoned surface mine areas and abandoned milling and processing areas,

''(ii) sealing, filling, and grading abandoned deep mine entries,

''(iii) planting on lands adversely affected by mining to prevent erosion and sedimentation,

''(iv) prevention, abatement, treatment, and control of water pollution created by abandoned mine drainage, and

''(v) control of surface subsidence due to abandoned deep mines, and

''(B) the expenses necessary to accomplish the purposes of this section.

''(2) LANDS AND WATER RESOURCES.—

''(A) IN GENERAL.—The lands and water resources described in this paragraph are lands within States that have land and water resources subject to the general mining laws or lands patented under the general mining laws—

''(i) which were mined or processed for minerals and mineral materials or which were affected by such mining or processing, and abandoned or left in an inadequate reclamation status before the date of the enactment of this section,

''(ii) for which the Secretary of the Interior makes a determination that there is no continuing reclamation responsibility under State or Federal law, and

''(iii) for which it can be established to the satisfaction of the Secretary of the Interior that such lands or resources do not contain minerals which could economically be extracted through remining of such lands or resources.

''(B) CERTAIN SITES AND AREAS EXCLUDED.—The lands and water resources described in this paragraph shall not include sites and areas which are designated for remedial action under the Uranium Mill Tailings Radiation Control Act of 1978 (42 U.S.C. 7901 et seq.) or which are listed for remedial action under the Comprehensive Environmental Response Compensation and Liability Act of 1980 (42 U.S.C. 9601 et seq.).

''(3) GENERAL MINING LAWS.—For purposes of paragraph (2), the term 'general mining laws' means those Acts which generally comprise chapters 2, 12A, and 16, and sections 161 and 162 of title 30 of the United States Code.''

(b) CONFORMING AMENDMENT.—The table of sections for subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''Sec. 9511. Abandoned Mine Reclamation Trust Fund.''

By Mr. BOND:

S. 592. A bill to improve the health of children; to the Committee on Finance.

HEALTHY KIDS 2000 ACT

Mr. BOND. Mr. President, one year ago today, the Birth Defects Prevention Act passed the House of Representatives, clearing its way for the President's signature.

With this new funding, the Centers for Disease Control has implemented a national strategy, in conjunction with the States and local organizations such as the March of Dimes, to prevent the devastating incidence of birth defects.

Building upon that success, today I rise to introduce the Healthy Kids 2000 Act—comprehensive approach which addresses the broad spectrum of health issues affecting our nation's children.

And I want to thank the March of Dimes and the National Association of Children's Hospitals for supporting me in this effort to improve the health of our nation's children and pregnant women as we move into the new millennium.

I also want to thank my colleague from Ohio, MIKE DEWINE, for his work on children's health issues, and for allowing me to adopt some of his ideas for inclusion in this bill. Senator DEWINE has been a dedicated leader on children's health, and has been essential to the development of the sections of this bill that focus on poison control centers and pediatric research within the National Institutes of Health.

I am struck, every time I go into the neonatal wards across my home state of Missouri, at the tiny one and two pound babies, hooked up to monitors and tubes and looking so helpless. Many of them will survive; a few may not. My first thought is always one of thanks that I have been blessed with a very healthy son.

The good news is that we are making progress in preventing diseases and in making sick and injured children well. Healing never thought possible a few years ago for those who are burn victims, or born with birth defects, or trauma victims, or even cancer patients, now occurs on a daily basis around our country.

The question about how to finance health care and how to improve access to and the quality of health care, however, are the hottest challenges we face as a nation.

There are some things we can all agree on: that the care and well-being of our children should come first, particularly those who are ill. Prenatal care is also paramount, because a great deal of child health is determined in the womb.

Thus as a nation, we must stand up and speak for those who cannot speak for themselves.

That is why I am introducing the ''Healthy Kids 2000 Act.'' The idea behind it is simple: we want pregnant women to be healthy, and we want children to be healthy. So we are going to remove some of the barriers they encounter in receiving good, appropriate health care.

This bill will give States the flexibility to enroll eligible pregnant women in the State Children's Health Insurance Program (CHIP) and to coordinate essential outreach efforts to enroll qualified children. This program has already been funded by Congress to assist 10 million children whose families lack health insurance. These children are eligible to receive basic health care services like immunizations and antibiotics for ear infections, but pregnant women are not now eligible. Since so much of a child's health is determined in the womb, it is imperative that low-income pregnant women receive quality prenatal care.

Similarly, we need to ensure that the National Institutes of Health research machine is focusing on diseases and conditions which afflict our nation's children, such as birth defects, SIDS, cystic fibrosis, juvenile diabetes, and arthritis, just to name a few. A simple statistic will highlight this need: 80% of prescription medications marketed in the U.S. today are not approved by the FDA for use by children under 12 because studies have not been conducted to document their safety or whether or not they work for children. That is a terrible disservice to the young people of our country who may need the relief of a particular prescription drug.

This bill will also consolidate programs and provide more funds for local initiatives to prevent birth defects and maternal mortality.

150,000 infants are born each year with a serious birth defect, and birth defects are still the leading cause of infant death. During the 1990s we have witnessed an increase in maternal death during pregnancy and childbirth. There is no question that we need better approaches to ensure that women have healthier, safe pregnancies, and healthier babies. And my bill will help fund these vital prevention strategies.

This bill will also ensure direct access to obstetric care, and direct access to pediatric care. Children have health needs that are very different than those of the adult population. Diseases and medications behave differently than in adults, and when children are treated, it should be by those who understand those differences.

Finally, this initiative will assist children's hospitals in educating the next generation of pediatricians. Even with strapped budgets, teaching children's hospitals offer the more egalitarian health care in this country. These hospitals turn no one away. And it is essential that we support this noble mission by equipping children's hospitals with the tools to continue their educational and research efforts.

So much of the most important work in our society goes unnoticed, and unrewarded. Saving the lives of our children, improving the health of our children, even caring for our children on a daily basis is not glamorous work, or sometimes even all that much fun. Doctors, nurses, mothers, fathers, child-care workers and teachers are performing the most difficult, and the most important, work of our society: raising up the next generation to be happy, healthy, and productive citizens.

We must assist them in their efforts, and we can take a positive step by debating and enacting Healthy Kids 2000.

Mr. President, I ask unanimous consent that letters of support be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF
CHILDREN'S HOSPITALS,
Alexandria, VA, March 9, 1999.

Hon. CHRISTOPHER ''KIT'' BOND,
U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR BOND: The National Association of Children's Hospitals (N.A.C.H.), which represents more than 100 children's hospitals across the country, strongly supports your efforts to address the full spectrum of children's health care needs through your new ''Healthy Kids 200 Act,'' legislation that knits together several important individual initiatives to improve the health and well-being of our nation's children.

This legislation takes a comprehensive approach to addressing barriers and obstacles, both health system and governmental, that families and pediatric providers encounter in improving the health care of children. Its focus on strengthening health coverage, graduate medical education, research, and public health protections for children clearly reflects the children's hospitals' own fourfold missions of clinical care, education, research, and public health advocacy for child health. Together, they are essential to the ability of communities to meet the unique health care needs of their children.

CHILDREN'S HEALTH COVERAGE

This legislation recognizes that the prescription for good, comprehensive health care for children is not only health insurance coverage but also quality and access to care. The ''Healthy Kids 200 Act'' would provide important health care protections for children as well as enable providers, professionals, systems, and workers to assure improved quality of health care for children.

By providing families access to providers that specialize in pediatrics for the care delivered to their children, the legislation takes the important step of ensuring that children receive health care in the most appropriate setting and condition possible.

The legislation recognizes that, as the President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry writes, ''[c]hildren have health and development needs that are markedly different from adults and require age-appropriate care. Developmental changes, dependency on others, and different patterns of illness, disability and injury require that attention be paid to the unique needs of children in the health system.''

In addition, the legislation improves upon the State Children's Health Insurance Program (SCHIP) by allowing states the option to use SCHIP to provide health insurance coverage for pregnant women. The linkages between prenatal care and healthy children have long been understood in American social policy, including Medicaid, the Maternal and Child Health Block Grant and WIC. As the GAO found in its report Health Insurance; Coverage Leads to Increased Health Care Access for Children, Medicaid coverage of maternal and child health improves health care access but also decreases infant and child mortality.

For these reasons, N.A.C.H. supports giving states the option of covering low income, uninsured pregnant women through SCHIP, as well as the bill's provision to establish automatic enrollment of their infants upon birth through that critical first year of life.

PEDIATRIC EDUCATION

N.A.C.H. applauds you for including in the ''Healthy Kids 2000 Act'' the commitment to commensurate federal graduate medical education support for independent children's hospitals proposed by the ''Children's Hospitals Education and Research Act,'' which you have twice co-sponsored with Senator Bob Kerrey (D–MO). Through the establishment of a capped time-limited fund, the legislation would go a long way toward providing a more equitable competitive playing field for independent children's hospitals.

Like all teaching hospitals, children's hospitals receive less and less support for their graduate medical education (GME) programs from most insurers. Unlike other teaching hospitals, independent children's hospitals receive virtually no support for GME from the one remaining, stable source of GME support—the Medicare program—because

they serve children, not the elderly. Yet, these hospitals play a critical role in training the next generation of health care providers for children. Although they represent less than one percent of all hospitals, they train nearly 30 percent of all pediatricians and nearly half of all pediatric subspecialists.

PEDIATRIC RESEARCH

As centers of research devoted to improving the prevention, diagnosis, treatment, and evaluation of children's illnesses and conditions, children's hospitals very much appreciate your efforts to bring new visibility the need for increased NIH investment in pediatric biomedical research overall and in pediatric research training in particular. While there are a variety of ways to structure this increased investment in NIH, we know that you share our conviction that in the end, the result must be a real increase in total support for pediatric research. Its purpose should be to stimulate significant additional pediatric research investment and growth in the number of researchers focusing on children's health, not to cause a shift in funding that comes at the expense of any current NIH research efforts for children.

PEDIATRIC PUBLIC HEALTH PROMOTION

With so many children's hospitals serving as their states' or regions' poison control centers, N.A.C.H. especially appreciates the provisions of your legislation to stabilize and improve our nation's poison control system. Over half of the two million poisonings reported in 1996 were by parents of children under age 6. Almost 2 out of 3 poison calls are on behalf of children under age 18. Legislation that serves to improve and stabilize this critical system will undoubtedly improve the lives and health of children as well.

N.A.C.H. also supports the bill's provisions to improve prenatal care and birth defects research through the Centers for Disease Control and Prevention, which are important to reduce morbidity and mortality from birth, improving health, and preventing lifelong health care costs for children and adults.

In conclusion, Senator Bond, we commend you for the breadth and depth that this bill undertakes to improve the health of our nation's children. This legislation certainly sets the standard for what the 106th Congress should consider and pass with respect to child health.

If you have any questions or need additional information, call Peters Willson or Bruce Lesley at 703–684–1355.

Sincerely,

LAWRENCE A. MCANDREWS.

MARCH OF DIMES,
BIRTH DEFECTS FOUNDATION,
Washington, DC, March 8, 1999.

Hon. CHRISTOPHER BOND,
U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR BOND: On behalf of more than 3 million volunteers and 1500 staff members of the March of Dimes, I want to commend you for introducing the ''Healthy Kids 2000 Act.'' We are particularly pleased that you have included in this legislation three specific initiatives important to the Foundation and to the health of mothers, infants and children.

The first section of the bill, ''Health Care Accessibility and Accountability for Mothers and Newborns,'' includes a much needed initiative to improve access to health care for pregnant women. Numerous studies have shown that prenatal care improves the likelihood that a child will be born healthy. Your proposal that states be given the flexibility to cover prenatal care for income-eligible pregnant women through the new State Children's Health Insurance Program (S–CHIP) is an important step to take. If enacted, this provision would help provide women the prenatal and maternity care they need to have healthy, full term babies. The March of Dimes strongly supports access to prenatal care. Because of the Foundation's concern that more than 350,000 women do not have access to these needed services, the Foundation has identified the expansion of S–CHIP to cover pregnant women as one of its highest federal legislative priorities for 1999.

The Foundation is also pleased to support the ''Pediatric Public Health Promotion'' provision that would establish a National Center for Birth Defects Research and Prevention at the Centers for Disease Control and Prevention. This change in law would elevate the visibility of the birth defects activities of the CDC, authorized by the Birth Defects Prevention Act (P.L. 105–168), which you guided to enactment in 1998. As you know, for many years the March of Dimes has been a strong supporter of federal birth defects research and prevention activities. We applaud you for proposing to integrate the activities of various programs to further promote the prevention of birth defects.

In addition, the March of Dimes commends you on including the ''Pediatric Research Initiative'' in the ''Healthy Kids 2000 Act.'' If enacted, this initiative would establish the authorization needed to obtain additional funding for pediatric biomedical research within the National Institutes of Health. The Foundation believes that a partnership between the public and private sectors is the more effective way to raise the level of investment in clinical research pertaining to children. The March of Dimes urges Congress to strengthen the national commitment to all children.

We thank you for your leadership and are eager to work with you on this and other legislative initiatives important to the health of the nation's mothers, infants and children.

Sincerely,

DR. JENNIFER L. HOWSE,
President.

By Mr. COVERDELL (for himself, Mr. TORRICELLI, and Mr. ABRAHAM):

S. 593. A bill to amend the Internal Revenue Code of 1986 to increase maximum taxable income for the 15 percent rate bracket, to provide a partial exclusion from gross income for dividends and interest received by individuals, to provide a long-term capital gains deduction for individuals, to increase the traditional IRA contribution limit, and for other purposes; to the Committee on Finance.

THE SMALL SAVERS ACT

Mr. COVERDELL. Mr. President, I rise today, joined by my good friends Senator TORRICELLI and Senator ABRAHAM, to introduce legislation whose time I believe has clearly come. We are faced with a real crisis. That crisis is the state of personal savings, savings by families that let them prepare for the bumps in the road.

Families are not saving, and I believe it is not happening because our government takes too much from them. A recent report by the Congressional Budget Office showed that taxes on the American public are at their highest level since World War II. Too many middle-class families have been squeezed to the point where they live paycheck to paycheck without the option of saving for the future.

Today, the Nation's economy remains the envy of the world. The United States has the first federal budget surplus in thirty years, unemployment is down and the stock market is up, but there are troubling signs on the horizon. Manufacturing activity slowed in December for the seventh straight month, dropping to its lowest level in almost eight years as global economic problems continued to hinder exports. At the same time, personal savings are at Depression-era lows.

In 1982, families saved nine percent of their personal income. In 1992, it was between five and six percent. Last year, it was one-half of one percent and headed into the red. Personal savings is so important because it helps prepare families for any crisis that could occur, such as a health emergency or job loss.

Having said that, I believe we would all do well to remember the lessons from the biblical parable of Joseph. Recall that Joseph warned Pharaoh his kingdom would experience seven years of plenty followed by seven years of famine. His message to Pharaoh was to build reserves during the years of plenty in preparation for the years of famine, so that his people would not suffer. To ensure the longevity of our recent economic gains, it is important to remember the lessons of Joseph and heed the words of President Kennedy who, in his second State of the Union address said: ''Pleasant as it is to bask in the warmth of recovery . . . the time to repair the roof is when the sun is shining.''

One-third of Americans have no savings at all, and the next third have less than $3,000 in savings. Although the baby-boom generation has contributed to the explosion of people investing in the equities, only two in five baby boomers will have enough savings to maintain their current standard of living when they begin to retire in 2011.

The Small Savers Act would help to reverse these troubling trends. First, our proposal returns middle class taxpayers to the lowest Federal income tax bracket. Under our legislation, 7 million taxpayers would no longer find themselves taxed at 28%. Instead, they would be taxed at the 15% bracket.

Second, it would encourage modest savings and investment. We propose to enable savers to earn $500, or $250 for singles, in interest and dividends without paying a tax. According to the Joint Economic Committee, 30 million low and middle income taxpayers would be able to save tax free. Our proposal also would wipe out capital gains taxes for 10 million low and middle income investors by exempting the first $5,000 of long-term capital gains. For those committed to ending the taxation of capital gains, this would be an opportunity to take that first step while encouraging lower and middle class workers to invest for their future.

Finally, we provide for a modest $1,000 increase in the contribution limit for deductible IRA contributions, from $2,000 to $3,000, and index for inflation after 2009. These contribution limits have not been raised since 1981.

The Nation faces many challenges in the years ahead. None is more important than sustaining economic growth and ensuring our retirement security. The Small Savers Act is a modest and progressive step to begin shoring up personal savings and to keep the Nation on the path to long-term economic health.

By Mrs. FEINSTEIN:

S. 594. A bill to ban the importation of large capacity ammunition feeding devices; to the Committee on the Judiciary.

LARGE-CAPACITY AMMUNITION MAGAZINE IMPORT BAN OF 1999

Mr. FEINSTEIN. Mr. President, I rise today to introduce legislation that will plug a gaping loophole in our gun laws and protect us all from the deadly, tragic violence of assault weapons.

This bill is not about gun control. This bill is not about politics. And this bill is not about partisanship. But this bill is about stopping foreign manufacturers from skirting the laws that already apply to companies within our borders.

The bill we introduce today will address, finally, the loophole in the law that allows foreign manufacturers to flood our shores with high capacity ammunition clips, while domestic manufacturers are prohibited from selling those very clips.

Our bill bans future importation of all ammunition clips with a capacity of greater than 10 rounds.

Mr. President, this legislation would not ban the sale or possession of clips already in circulation. And the domestic manufacture of these clips is already illegal for most purposes. Under current law, U.S. manufacturers are already prohibited from manufacturing large capacity clips for sale to the general public, but foreign companies continue to do so.

As the author of the 1994 provision, I can assure you that this was not our intent. We intended to ban the future manufacture of all high capacity clips, leaving only a narrow clause allowing for the importation of clips already on their way to this country. Instead, the Bureau of Alcohol, Tobacco and Firearms has allowed millions of foreign clips into this country, with no true method of determining date of manufacture.

In fact, between March and August of last year alone, BATF approved more than 8 million large-capacity clips for importation into America.

Many of these clips were surely manufactured after 1994, but ATF has no way to determining whether or not this is true. As a result, they simply must take the word of the exporting company or country.

The clips come from at least 20 different countries, from Austria to Zimbabwe.

The clips approved during this one short period accounted for almost 128 million rounds of ammunition—and every round represents the potential for taking one human life.

These clips come in sizes ranging from 15 rounds per clip to 30, 75, 90, or even 250 rounds per clip.

Twenty thousand clips of 250-rounds came from England;

Two million 15-round magazines came from Italy;

Five thousand clips of 70-rounds came from the Czech Republic.

And the list goes on, and on.

Mr. President, 250-round clips have no sporting purpose. They are not used for self defense. They have only one use—the purposeful killing of other men, women and children.

It is both illogical and irresponsible to permit foreign companies to sell items to the American public—particularly items that are so often used for deadly purposes—that U.S. companies are prohibited from selling. It is time to plug this loophole and close our borders to these tools of death and destruction. Our domestic manufacturers are complying with the law, and we must now force foreign manufacturers to comply as well.

In April of last year, President Clinton and Treasury Secretary Rubin closed one loophole in the 1994 ban on assault weapons by blocking further imports of modified semiautomatic assault weapons. However, the Department of Justice advises me that the President lacks the legal authority to take the same action regarding large-capacity clips. As a result, we must take legislative action to stop further imports of these killer clips.

In closing our borders to these high capacity clips, we will not put an end to all incidents of gun violence. But we will limit the destructive power of that violence. We will not stop every troubled child who decides to commit an act of violence from doing so, but we can limit the tools that a child can find to carry out the act.

Each of us has been touched in some way by the devastating effects of gun violence. Each of our states has faced unnecessary tragedy and senseless destruction as a result of the high-powered, high-capacity weapons falling into the hands of gangs, drive-by shooters, cop killers, grievance killers, and yes, even children. My own state of California has too often been the subject of national attention due to incidents of gun violence.

Just a few short months ago in Oakland, California, officer James Williams became yet another example of what can happen when a troubled teenager gets hold of a high-capacity weapon. Soon after midnight on a Sunday early this New Year, Officer Williams and two colleagues found themselves searching the side of the road for a gun that had reportedly been thrown by suspects involved in a recent chase. Officer Williams had been out of the police academy for only eleven weeks, and was undoubtedly looking forward to getting home to see his three children.

But tragically, James Williams never made it home that night. While Williams searched for the lost gun, a 19-year-old man stood on the freeway overpass above and fired the shots that would change Williams' family forever. Using a Hungarian made AK–47 with a Chinese made high-capacity ammunition clip, the teenager fired many shots—too many.

One Telfon-coated bullet from this high capacity clip fatally wounded officer Williams, tearing through his bulletproof vest and leaving his three children without a father. And that lone bullet tore through more than just James Williams' body armor. It tore through the very fabric of his entire family, and its damage cannot be repaired.

To many, Officer Williams has now become just another statistic in the fight against gun violence. But he is more than that to his family, and he must mean more than that to us, as well. We must fight to end the tragedies faced by so many families across this nation. We must fight to give meaning to the countless lives that have been extinguished before their time.

One phenomenon which has most tragically revealed the problems presented by these high capacity clips has been the use of these clips by youngsters to kill other youngsters.

In Springfield, Oregon, a 15-year-old boy used a 30-round clip to kill two of his fellow students and wound 22 others.

In Jonesboro, Arkansas, one of two boys carried a Universal carbine equipped with a 15-round killer clip. Firing every one of those 15 bullets, the boy helped his partner kill five people and wound 10 more.

And just last December in Los Angeles, 27 year old LAPD officer Bryan Brown was shot and killed by an assailant with a rifle and double magazine. Following the tragic shooting, Officer Brown's 7 year old son asked, ''Why did my daddy have to die?''

Mr. President, Officer Brown and Officer Williams gave their lives to protect the lives of so many others, and their children have now been left without a father. We must do what we can to make the lives of our law enforcement officers more safe.

And we must also do what we can to bring foreign companies into compliance with the same laws we impose on companies here at home. The only way we can accomplish these goals is to pass this simple bill.

In 1994, we fired a first shot in the fight against assault weapons and killer clips by banning the assault weapons most commonly used in crime and to kill police officers. I am proud to have authored that legislation, and many of my colleagues who joined me in that fight remember how hard we worked to make a difference. Our opponents told

us our efforts would accomplish nothing—but they were wrong. They told us our efforts would infringe upon the rights of innocent gun owners—again, they were wrong.

In fact, recent statistics prove that the assault weapons ban is working to reduce crime and to save the lives of law enforcement officers and countless others.

A recent study by the Bureau of Alcohol, Tobacco and Firearms showed that compared to other guns, the use of assault weapons in crimes is rapidly falling. In fact, while assault weapons accounted for more than 6% of the guns traced in crimes before the 1994 crime bill went into effect, these guns now account for less than 2.4% of those traces.

But it has now become apparent that the 1994 ban on assault weapons left open certain loopholes. Through those loopholes fall the lives of courageous police officers like Officer James Williams.

There is no convincing reason to allow foreign manufacturers to circumvent the ban on assault weapons while domestic manufacturers comply. And there is no convincing reason to keep an unlimited supply of these clips flowing onto our shores and into the hands of American criminals.

The ban on assault weapons is working to save lives and to keep us safe. But we must act to fix those loopholes which still remain. Last year we came close—we offered this bill as an amendment on short notice and lost by only a few votes. I am confident that once my colleagues understand what this bill does—and more importantly what it does not do—we will win our fight.

I urge my colleagues to support this bill, and I look forward to voting on this issue in the near future.

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

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

S. 594

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 ''Large Capacity Ammunition Magazine Import Ban Act of 1999''.

SEC. 2. BAN ON IMPORTING LARGE CAPACITY AMMUNITION FEEDING DEVICES.

Section 922(w) of title 18, United States Code, is amended—

(1) in paragraph (1), by striking ''(1) Except as provided in paragraph (2)'' and inserting ''(1)(A) Except as provided in subparagraph (B)'';

(2) in paragraph (2), by striking ''(2) Paragraph (1)'' and inserting ''(B) Subparagraph (A)'';

(3) by inserting before paragraph (3) the following:

''(2) It shall be unlawful for any person to import a large capacity ammunition feeding device.''; and

(4) in paragraph (4)—

(A) by striking ''(1)'' each place it appears and inserting ''(1)(A)''; and

(B) by striking ''(2)'' and inserting ''(1)(B)''.

SEC. 3. CONFORMING AMENDMENT.

Section 921(a)(31) of title 18, United States Code, is amended by striking ''manufactured after the date of enactment of the Violent Crime Control and Law Enforcement Act of 1994''.

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

S. 595. A bill to amend the Internal Revenue Code of 1986 to establish a graduated response to shrinking domestic oil and gas production and surging foreign oil imports, and for other purposes; to the Committee on Finance.

THE DOMESTIC OIL AND GAS CRISIS TAX RELIEF AND FOREIGN OIL RELIANCE REVERSAL ACT OF 1999

Mr. DOMENICI. Mr. President, I rise today to introduce the Domestic Oil and Gas Crisis Tax Relief and Foreign Oil Reliance Reversal Act of 1999.

It is a comprehensive, graduated approach to ensure that the United States retains control of its foreign policy and its economic destiny.

I believe that oil is essential to our way of life. Oil is power.

It has been pointed out by numerous commentators that major oil reserves and political volatility go together. The Middle East has the world's most abundant and cheapest oil, unfortunately, the U.S. does not.

Saudi Arabia, United Arab Emirates and Kuwait are our current allies, but Iran and Iraq are not. Russia is a major natural gas producer, but reliable Russia is not.

Our dependence on foreign oil is reaching 57 percent, projected to reach 68 percent by 2010 if current prices prevail.

This isn't the usual boom and bust that the oil and gas industry goes through. The price has dropped by half in the past two years. In real terms, oil now costs roughly what it did before 1973. And prices could stay low or drop lower according to the March 6th, Economist magazine.

Chairman Greenspan, thus, far has been more cautious.

At a Budget Committee hearing recently, I asked Chairman Greenspan about the oil and gas depressed prices. For the first time that I can remember, Greenspan blessed Independent Petroleum Association of America (IPAA) numbers.

Greenspan said, ''In the short term, profits for the oil and gas industry are likely to come under pressure. According to industry surveys, exploration and production spending in the U.S. is projected to decline 21 percent this year to $22.6 billion from $28.2 billion in 1998. A recent survey by the Independent Petroleum Association of America (IPAA) estimates that over 36 thousand crude oil wells and more than 56 thousand natural gas wells have been shut down since November 1997. During the same period, the IPAA estimates that 24 thousand jobs in the industry have been eliminated * * * The financial pressures are most serious among small producers in the United States.''

Let me describe the financial pressures facing New Mexico.

One of the city officials told me that oil and gas revenues were so low that the town of Eunice has to decide which it will keep open—the school or the hospital. There isn't enough tax revenue in the coffers to do both! In New Mexico, the oil and gas industry is a major source of revenue. For some communities it is the only significant source.

The bill I am introducing today is a comprehensive, graduated response to the problem of the shrinking domestic oil and gas industry. It builds upon, and includes all of the provisions included in S. 325 introduced by Senator KAY BAILEY HUTCHISON and cosponsored by Senators NICKLES, MURKOWSKI, BREAUX and LANDREU and myself.

The Hutchison bill focuses on helping our independent producers and maintaining marginal wells. These are wells that produce less than 15 barrels a day by IRS definition, but in reality, on average produce about 2.2 barrels of oil a day. There are a lot of marginal wells in the United States, and together they produce as much oil as the United States imports from Saudi Arabia.

I am also told if prices stay where they are the state could lose half of those wells by the end of the year.

Title I of the bill I am introducing today is part of S. 325. It includes a marginal well tax credit designed to prolong marginal domestic oil and gas well production. The credit is equal to $3.00 a barrel.

The bill also provides a Federal income tax exclusion for income earned from inactive wells. It is an incentive for producers to keep pumping and not to plug the wells because low prices make them uneconomic. Once a well is plugged, the oil from that well is lost for ever.

The bill expands the Enhanced Oil Recovery credit (EOR) that was enacted in 1990.

Enhanced oil recovery techniques can recover the other seventy-five percent of the oil left behind when regular techniques have pumped as much oil as they can from a well. The EOR credit is expanded to cover additional techniques and to be used by AMT taxpayers.

The oil and gas industry is a capital intensive industry.

When the price of oil drops, the cash flow for small producers dries up. There are countless producers who haven't been able to make an interest payment on their operating loans in months and as loans come due, the banks haven't been willing to renew them.

The world is feasting on cheap oil, and yet the oil patch is starving for capital. This credit crunch is made all the more painful because producers know that they have accumulated tax

benefits and credits that they have not been able to use, first, because they were Alternative Minimum Tax (AMT) taxpayers, and more recently, because low prices have devastated their bottomline.

The AMT was intended to make sure that profitable companies paid their fair share of taxes. It has not worked as it was intended. In practice, the AMT imposes four penalties on investments made by U.S.-based taxpayers who explore for and produce oil and natural gas. Penalties are imposed on drilling investment and asset depreciation. These penalties significantly increase the after-tax costs and the business risks of drilling new wells. This is a very imprudent policy at a time when the U.S. is experiencing historically low drilling activity and growing import dependency.

The AMT increases the cost of capital of AMT taxpayers by approximately 15 to 20 percent over what it would be under the regular corporate income tax according to testimony given before the Senate Finance Committee.

TITLE II of the bill tries to correct the past imprudence of the AMT and other tax cod provisions by providing domestic oil and gas industry crisis tax relief triggered when the price of oil is below $15 a barrel.

This title of the bill creates what I call a ''credits to cash'' program.

The purpose is to transform earned tax credits and other accumulated tax benefits into working capital for the cash-strapped domestic oil and gas producers and service companies.

This is accomplished by creating a ten year carry-back for unused AMT credits, and unused percentage depletion for oil and gas producers. The bill would also eliminate one of the most restrictive limitations on an oil and gas producer's ability to claim his intangible drilling costs—the so-called 65 percent net income limitation. The bill repeals it so that producers can finally recover their out of pocket costs.

The bill also includes a provision similar to a bill introduced by Congressman THOMAS. My bill allows both producers and the oil and gas service industry to go back ten years and use up their Net operating losses (NOL)s.

HARD TIMES TAX RELIEF WHEN PRICE OF OIL IS LESS THAN $14 A BARREL

The National Energy Policy Act partially eliminated Intangible Drilling Costs as a preference item under the AMT. This bill finishes the job for any year when the price of oil is less than $14 a barrel (phased out when oil prices hit $17)

IDCs are up front, out of pocket costs that have to be paid before a producer even knows whether there will be any oil produced.

IDCs are one of the principal ordinary and necessary business costs of the oil and gas industry. IDCs can comprise up to 80 percent of the total costs incurred in developing a well.

IDCs are comparable to research and development costs because they are incurred before a capital asset is known to exist. Examples of IDCs include amounts paid to negotiate and finalize drilling contracts; costs to prepare the drill site, costs of transporting and setting up the rigs and costs of cementing casing in place; costs for wages, fuel, repairs, supplies, and other costs in the drilling, shooting and cleaning of wells, onsite preparation for the drilling of wells, and the construction of the physical structures that are necessary for the drilling of wells. IDCs are funded with cold, hard cash and typically cannot be financed by a bank or financial institution, and must be paid through an operator's internal cash flow or outside equity money supplied by an investor.

Under the regular corporate tax, IDCs are generally allowed to be expensed.

If they were the expenses of any other business they would not be included as add-back preference items for purposes of the AMT. We took the first step to correcting this injustice in the National Energy Policy Act. It is time to finish the job now.

Percentage depletion is also an ordinary and necessary business cost. It recognizes that the economic profit from successful wells must compensate for economic losses from dry holes and marginal wells that do not recover their investment. Percentage depletion also recognizes that oil and gas properties are wasting assets with no residual value. These expenses correspond to ordinary business expenses that are deductible for every other business without limitations.

The bill would also eliminate the depreciation adjustment under the AMT for oil and gas assets so that the depreciation schedules for the regular tax are also used for AMT.

The oil and gas industry must spend significant amounts of capital to acquire, find, develop and produce oil and gas resources The regular tax system's modified accelerated cost recovery system (MACRS) is designed to encourage such investments. The incentive of accelerated tax depreciation is especially important in periods when oil is cheap and companies are under economic pressure to reduce capital investment and jobs. Yet, the depreciation adjustment required under the AMT results in removing much of the regular tax incentive precisely when it is needed most. This occurs because companies in the industry are more likely to be subject to AMT in periods of low commodity prices.

While the AMT is the second tax system imbedded in our Internal Revenue code, the Accumulated Current Earnings (ACE) effectively acts as a third system of taxation, in addition to the regular tax system and the AMT. ACE generally acts to measure income in the same manner ''earnings and profits'' which is a measure of income used by ''C'' corporations to determine whether their dividends will be taxable. Under ACE, a corporate taxpayer must compute the deductions for equipment depreciation (pre-1994), and intangible drilling cost recovery in a third manner in addition to that mandated under the regular tax system and the AMT.

Congress has nibbled at fixing the ACE several times in the 1990's. It is time to get rid of it and its complexity. The bill eliminates the Adjusted Current Earnings adjustment (ACE) as it applies to IDCs.

The bill would also permit the EOR credit and the Section 29 credit to reduce the Alternative Minimum Tax.

The Alternative Minimum Tax (AMT) imposes tax penalties on the oil and gas industry. It taxes investment, not income, and it is more punitive the less profitable a company is. The longer prices are low and profits thin, the harsher is the AMT's impact.

The bill recognizes that the Oil for Food program is contributing to the depressed oil and gas prices and is causing economic hardship for our domestic oil and gas producers. To compensate our domestic industry for the economic loss that is being caused by this UN policy, the bill would restore percentage depletion to 27.5 percent. It also would include the remaining tax provisions included in S. 325 e.g., Allows expensing geological and geophysical expenditures Allows producers to make an election to Expense Delay Rentals payments; and provides an Extension of Spudding rule

Title III of the bill would be triggered whenever foreign oil reliance exceeds 50 percent. The purpose of this title is to reverse the trend of increased foreign dependence of oil and gas by encouraging exploration and development of oil and gas reserves here at home in the U.S. Our goal should be to double current domestic oil and gas production.

The bill provides a 20 percent exploration and development credit.

Title IV recognizes that 60 percent foreign oil dependence is a national security risk and provides for an emergency procedure. When foreign imports exceed 60 percent the President is required to implement an energy security strategic plan designed to prevent crude oil and product imports from exceeding 60 percent. I will remind my colleagues that when we experienced the economic disruption of the 1973 oil embargo our dependence on foreign oil was only 36 percent.

Mr. President, we need a comprehensive response to foreign oil dependence. We need to have a healthy domestic oil and gas industry. This bill along with measures to help the industry through the current credit crunch are essential. I ask that my colleagues join me in developing a comprehensive plan to insure our energy and foreign policy independence.

Mr. President, I ask unanimous consent that the text of the bill and a summary be printed in the RECORD.

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

S. 595

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

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Domestic Oil and Gas Crisis Tax Relief and Foreign Oil Reliance Reversal Act of 1999.''

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

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to establish a graduated response to shrinking domestic oil and gas production and surging foreign oil imports;

(2) to prevent the abandonment of marginal oil and gas wells responsible for half of the domestic oil and gas production of the United States;

(3) to transform earned tax credits and other tax benefits into working capital for the cash-strapped domestic oil and gas producers and service companies;

(4) to reverse the trend of increased dependence on foreign oil and gas by encouraging exploration and development of oil and gas reserves in the United States to achieve the goal of doubling current domestic oil and gas production; and

(5) to provide an emergency procedure for times when foreign imports exceed 60 percent of the total United States crude and oil product consumption, thereby recognizing that when imports exceed a statutory level a national security threat exists that demands Presidential action.

SEC. 3. FINDINGS.

Congress finds the following:

(1) Foreign oil consumption in the United States is estimated to be equal to 56 percent of total oil consumption and could reach 68 percent by the year 2010 if current prices prevail.

(2) The number of oil and gas rigs operating in the United States is at the lowest count since 1944, when records of this number began to be recorded.

(3) If oil prices do not increase soon, the United States could lose at least half of its marginal wells which, in the aggregate, produce as much oil as the amount of oil the United States imports from Saudi Arabia.

(4) Oil and gas prices are unlikely to increase for the next several years.

(5) Declining production, well abandonment, and the lack of exploration and development are shrinking the domestic oil and gas industry.

(6) It is essential in order for the United States to have a vibrant economy to have a healthy domestic oil and gas industry.

(7) The world's richest oil producing regions in the Middle East are experiencing great political stability.

(8) The policy of the United Nations may make Iraq the swing oil producing nation, thereby granting an enemy of the United States a tremendous amount of power.

(9) Reliance on foreign oil for more than 60 percent of the daily oil and gas consumption in the United States is a national security threat.

(10) The United States is the leader of the free world and has a worldwide responsibility to promote economic and political security.

(11) The exercise of traditional responsibilities in the United States and abroad in foreign policy requires that the United States be free of the risk of energy blackmail in times of gas and oil shortages.

(12) The level of the United States security is directly related to the level of domestic production of oil, natural gas liquids, and natural gas.

(13) A national energy policy should be developed which ensures that adequate supplies of oil are available at all times free of the threat of embargo or other foreign hostile acts.

SEC. 4. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

TITLE I—DOMESTIC OIL AND GAS PRODUCTION PRESERVATION PROVISIONS

SEC. 101. TAX CREDIT FOR MARGINAL DOMESTIC OIL AND NATURAL GAS WELL PRODUCTION.

(a) PURPOSE.—The purpose of this section is to prevent the abandonment of marginal oil and gas wells responsible for half of the domestic production of oil and gas in the United States.

(b) CREDIT FOR PRODUCING OIL AND GAS FROM MARGINAL WELLS.—Subpart D of part IV of subchapter A of chapter 1 (relating to business credits) is amended by adding at the end the following new section:

''SEC. 45D. CREDIT FOR PRODUCING OIL AND GAS FROM MARGINAL WELLS.

''(a) GENERAL RULE.—For purposes of section 38, the marginal well production credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified crude oil production and the qualified natural gas production which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The credit amount is—

''(A) $3 per barrel of qualified crude oil production, and

''(B) 50 cents per 1,000 cubic feet of qualified natural gas production.

''(2) REDUCTION AS OIL AND GAS PRICES INCREASE.—

''(A) IN GENERAL.—The $3 and 50 cents amounts under paragraph (1) shall each be reduced (but not below zero) by an amount which bears the same ratio to such amount (determined without regard to this paragraph) as—

''(i) the excess (if any) of the applicable reference price over $14 ($1.56 for qualified natural gas production), bears to

''(ii) $3 ($0.33 for qualified natural gas production).

The applicable reference price for a taxable year is the reference price for the calendar year preceding the calendar year in which the taxable year begins.

''(B) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2000, each of the dollar amounts contained in subparagraph (A) shall be increased to an amount equal to such dollar amount multiplied by the inflation adjustment factor for such calendar year (determined under section 43(b)(3)(B) by substituting '1999' for '1990').

''(C) REFERENCE PRICE.—For purposes of this paragraph, the term 'reference price' means, with respect to any calendar year—

''(i) in the case of qualified crude oil production, the reference price determined under section 29(d)(2)(C), and

''(ii) in the case of qualified natural gas production, the Secretary's estimate of the annual average wellhead price per 1,000 cubic feet for all domestic natural gas.

''(c) QUALIFIED CRUDE OIL AND NATURAL GAS PRODUCTION.—For purposes of this section—

''(1) IN GENERAL.—The terms 'qualified crude oil production' and 'qualified natural gas production' mean domestic crude oil or natural gas which is produced from a marginal well.

''(2) LIMITATION ON AMOUNT OF PRODUCTION WHICH MAY QUALIFY.—

''(A) IN GENERAL.—Crude oil or natural gas produced during any taxable year from any well shall not be treated as qualified crude oil production or qualified natural gas production to the extent production from the well during the taxable year exceeds 1,095 barrels or barrel equivalents.

''(B) PROPORTIONATE REDUCTIONS.—

''(i) SHORT TAXABLE YEARS.—In the case of a short taxable year, the limitations under this paragraph shall be proportionately reduced to reflect the ratio which the number of days in such taxable year bears to 365.

''(ii) WELLS NOT IN PRODUCTION ENTIRE YEAR.—In the case of a well which is not capable of production during each day of a taxable year, the limitations under this paragraph applicable to the well shall be proportionately reduced to reflect the ratio which

the number of days of production bears to the total number of days in the taxable year.

''(3) DEFINITIONS.—

''(A) MARGINAL WELL.—The term 'marginal well' means a domestic well—

''(i) the production from which during the taxable year is treated as marginal production under section 613A(c)(6), or

''(ii) which, during the taxable year—

''(I) has average daily production of not more than 25 barrel equivalents, and

''(II) produces water at a rate not less than 95 percent of total well effluent.

''(B) CRUDE OIL, ETC.—The terms 'crude oil', 'natural gas', 'domestic', and 'barrel' have the meanings given such terms by section 613A(e).

''(C) BARREL EQUIVALENT.—The term 'barrel equivalent' means, with respect to natural gas, a conversion ratio of 6,000 cubic feet of natural gas to 1 barrel of crude oil.

''(d) OTHER RULES.—

''(1) PRODUCTION ATTRIBUTABLE TO THE TAXPAYER.—In the case of a marginal well in which there is more than one owner of operating interests in the well and the crude oil or natural gas production exceeds the limitation under subsection (c)(2), qualifying crude oil production or qualifying natural gas production attributable to the taxpayer shall be determined on the basis of the ratio which taxpayer's revenue interest in the production bears to the aggregate of the revenue interests of all operating interest owners in the production.

''(2) OPERATING INTEREST REQUIRED.—Any credit under this section may be claimed only on production which is attributable to the holder of an operating interest.

''(3) PRODUCTION FROM NONCONVENTIONAL SOURCES EXCLUDED.—In the case of production from a marginal well which is eligible for the credit allowed under section 29 for the taxable year, no credit shall be allowable under this section unless the taxpayer elects not to claim the credit under section 29 with respect to the well.''.

''(c) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b) is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following new paragraph:

''(13) the marginal oil and gas well production credit determined under section 45D(a).''.

(d) CREDIT ALLOWED AGAINST REGULAR AND MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 38 (relating to limitation based on amount of tax) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) SPECIAL RULES FOR MARGINAL OIL AND GAS WELL PRODUCTION CREDIT.—

''(A) IN GENERAL.—In the case of the marginal oil and gas well production credit—

''(i) this section and section 39 shall be applied separately with respect to the credit, and

''(ii) in applying paragraph (1) to the credit—

''(I) subparagraphs (A) and (B) thereof shall not apply, and

''(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the marginal oil and gas well production credit).

''(B) MARGINAL OIL AND GAS WELL PRODUCTION CREDIT.—For purposes of this subsection, the term 'marginal oil and gas well production credit' means the credit allowable under subsection (a) by reason of section 45D(a).''.

(2) CONFORMING AMENDMENT.—Subclause (II) of section 38(c)(2)(A)(ii) is amended by inserting ''or the marginal oil and gas well production credit'' after ''employment credit''.

(e) CARRYBACK.—Subsection (a) of section 39 (relating to carryback and carryforward of unused credits generally) is amended by adding at the end the following new paragraph:

''(3) 10-YEAR CARRYBACK FOR MARGINAL OIL AND GAS WELL PRODUCTION CREDIT.—In the case of the marginal oil and gas well production credit—

''(A) this section shall be applied separately from the business credit (other than the marginal oil and gas well production credit),

''(B) paragraph (1) shall be applied by substituting '10 taxable years' for '1 taxable years' in subparagraph (A) thereof, and

''(C) paragraph (2) shall be applied—

''(i) by substituting '31 taxable years' for '21 taxable years' in subparagraph (A) thereof, and

''(ii) by substituting '30 taxable years' for '20 taxable years' in subparagraph (B) thereof.''

(f) COORDINATION WITH SECTION 29.—Section 29(a) is amended by striking ''There'' and inserting ''At the election of the taxpayer, there''.

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

''45D. Credit for producing oil and gas from marginal wells.''

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to production after the date of the enactment of this Act.

SEC. 102. EXCLUSION OF CERTAIN AMOUNTS RECEIVED FROM RECOVERED INACTIVE WELLS.

(a) PURPOSE.—The purpose of this section is to encourage producers to reopen wells that have not been producing oil and gas because the wells have been plugged or abandoned.

(b) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and by inserting after section 138 the following new section:

''SEC. 139. OIL OR GAS PRODUCED FROM A RECOVERED INACTIVE WELL.

''(a) IN GENERAL.—Gross income does not include income attributable to independent producer oil from a recovered inactive well.

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

''(1) INDEPENDENT PRODUCER OIL.—The term 'independent producer oil' means crude oil or natural gas in which the economic interest of the independent producer is attributable to an operating mineral interest (within the meaning of section 614(d)), overriding royalty interest, production payment, net profits interest, or similar interest.

''(2) CRUDE OIL AND NATURAL GAS.—The terms 'crude oil' and 'natural gas' have the meanings given such terms by section 613A(e).

''(3) RECOVERED INACTIVE WELL.—The term 'recovered inactive well' means a well if—

''(A) throughout the time period beginning any time prior to January 15, 1999, and ending on such date, such well is inactive or has been plugged and abandoned, as determined by the agency of the State in which such well is located that is responsible for regulating such wells, and

''(B) during the 5-year period beginning on the date of the enactment of this section, such well resumes producing crude oil or natural gas.

''(4) INDEPENDENT PRODUCER.—The term 'independent producer' means a producer of crude oil or natural gas whose allowance for depletion is determined under section 613A(c).

''(c) DEDUCTIONS.—No deductions directly connected with amounts excluded from gross income by subsection (a) shall be allowed.

''(d) ELECTION.—

''(1) IN GENERAL.—This section shall apply for any taxable year only at the election of the taxpayer.

''(2) MANNER.—Such election shall be made, in accordance with regulations prescribed by the Secretary, not later than the time prescribed for filing the return (including extensions thereof) and shall be made annually on a property-by-property basis.''

(c) MINIMUM TAX.—Section 56(g)(4)(B) is amended by adding at the end the following new clause:

''(iii) INACTIVE WELLS.—In the case of income attributable to independent producers of oil recovered from an inactive well, clause (i) shall not apply to any amount allowable as an exclusion under section 139.''

(d) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following:

''Sec. 139. Oil or gas produced from a recovered inactive well.

''Sec. 140. Cross references to other Acts.;;

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

SEC. 103. ENHANCED OIL RECOVERY CREDIT EXTENDED TO CERTAIN NONTERTIARY RECOVERY METHODS.

(A) PURPOSE.—The propose of section is to extend the productive lives of existing domestic oil and gas wells in order to recover the 75 percent of the oil and gas that is not recoverable using primary oil and gas recovery techniques.

(b) IN GENERAL.—Clause (i) of section 43(c)(2)(A) (defining qualified enhanced oil recovery project) is amended to read as follows:

''(i) which involves the application (in accordance with sound engineering principles) of—

''(I) one or more tertiary recovery methods (as defined in section 193(b)(3)) which can reasonably be expected to result in more than an insignificant increase in the amount of crude oil which will ultimately be recovered, or

''(II) one or more qualified nontertiary recovery methods which are required to recover oil with traditionally immobile characteristics or from formations which have proven to be uneconomical or noncommercial under conventional recovery methods,''

(c) QUALIFIED NONTERTIARY RECOVERY METHODS.—Section 43(c)(2) is amended by adding at the end the following new subparagraphs:

''(C) QUALIFIED NONTERTIARY RECOVERY METHOD.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified nontertiary recovery method' means any recovery method described in clause (ii), (iii), or (iv), or any combination there of.

''(ii) ENHANCED GRAVITY DRAINAGE (EGD) METHODS.—The methods described in this clause are as follows:

''(I) HORIZONTAL DRILLING.—The drilling of horizontal, rather than vertical, wells to penetrate any hydrocarbon-bearing formation which has an average in situ calculated permeability to fluid flow of less than or equal to 12 or less millidarcies and which has been demonstrated by use of a vertical wellbore to be uneconomical unless drilled with lateral horizontal lengths in excess of 1,000 feet.

''(II) GRAVITY DRAINAGE.—The production of oil by gravity flow from drainholes that are drilled from a shaft or tunnel dug within or below the oil-bearing zone.

''(iii) MARGINALLY ECONOMIC RESERVOIR REPRESSURIZATION (MERR) METHODS.—The methods described in this clause are as follows, except that this clause shall only apply to the first 1,000,000 barrels produced in any project:

''(I) CYCLIC GAS INJECTION.—The increase or maintenance of pressure by injection of hydrocarbon gas into the reservoir from which it was originally produced.

''(II) FLOODING.—The injection of water into an oil reservoir to displace oil from the reservoir rock and into the bore of a producing well.

''(iv) OTHER METHODS.—Any method used to recover oil having an average laboratory measured air permeability less than or equal to 100 millidarcies when averaged over the productive interval being completed, or an in situ calculated permeability to fluid flow less than or equal to 12 millidarcies or oil defined by the Department of Energy as being immobile.

''(D) AUTHORITY TO ADD OTHER NONTERTIARY RECOVERY METHODS.—The Secretary shall provide procedures under which—

''(i) the Secretary may treat methods not described in clause (ii), (iii), or (iv) of subparagraph (C) as qualified nontertiary recovery methods, and

''(ii) a taxpayer may request the Secretary to treat any method not so described as a qualified nontertiary recovery method.

The Secretary may only specify methods as qualified nontertiary recovery methods under this subparagraph if the Secretary determines that such specification is consistent with the purposes of subparagraph (C) and will result in greater production of oil and natural gas.''

(d) CONFORMING AMENDMENT.—Clause (iii) of section 43(c)(2)(A) is amended to read as follows:

''(iii) with respect to which—

''(I) in the case of a tertiary recovery method, the first injection of liquids, gases, or other matter commences after December 31, 1990, and

''(II) in the case of a qualified nontertiary recovery method, the implementation of the method begins after December 31, 1998.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1998.

TITLE II—DOMESTIC OIL AND GAS INDUSTRY CRISIS TAX RELIEF

SEC. 200. PURPOSE.

The purpose of this title is to transform earned tax credits and other accumulated tax benefits into working capital for the cash-strapped domestic oil and gas producers and service companies.

Subtitle A—Credits to Cash Provisions

SEC. 201. 10-YEAR CARRYBACK FOR UNUSED MINIMUM TAX CREDIT.

(a) IN GENERAL.—Section 53(c) of the Internal Revenue Code of 1986 (relating to limitation) is amended by adding at the end the following new paragraph:

''(2) SPECIAL RULE FOR TAXPAYERS WITH UNUSED ENERGY MINIMUM TAX CREDITS.—

''(A) IN GENERAL.—If, during the 10-taxable year period ending with the current taxable year, a taxpayer has an unused energy minimum tax credit for any taxable year in such period (determined without regard to the application of this paragraph to the current taxable year)—

''(i) paragraph (1) shall not apply to each of the taxable years in such period for which the taxpayer has an unused energy minimum tax credit (as so determined), and

''(ii) the credit allowable under subsection (a) for each of such taxable years shall be equal to the excess (if any) of—

''(II) the sum of the regular tax liability and the net minimum tax for such taxable year, over

''(II) the sum of the credits allowable under subparts A, B, D, E, and F of this part.

''(B) ENERGY MINIMUM TAX CREDIT.—For purposes of this paragraph, the term 'energy minimum tax credit' means the minimum tax credit which would be computed with respect to any taxable year if the adjusted net minimum tax were computed by only taking into account items attributable to—

''(i) the taxpayer's mineral interests in oil and gas property, and

''(ii) the taxpayer's active conduct of a trade or business of providing tools, products, personnel, and technical solutions on a contractual basis to persons engaged in oil and gas exploration and production.''

(b) CONFORMING AMENDMENTS.—Section 53(c) of such Code (as in effect before the amendment made by subsection (a)) is amended—

(1) by striking ''The'' and inserting:

''(1) IN GENERAL.—Except as provided in paragraph (2), the '', and

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998, and to any taxable year beginning on or before such date to the extent necessary to apply section 53(c)(2) of the Internal Revenue Code of 1986 (as added by subsection (a)).

SEC. 202. 10-YEAR CARRYBACK FOR PERCENTAGE DEPLETION FOR OIL AND GAS PROPERTY.

(a) IN GENERAL.—Subsection (d)(1) of section 613A (relating to limitations on percentage depletion in case of oil and gas wells) is amended to read as follows:

''(1) LIMITATION BASED ON TAXABLE INCOME.—

''(A) IN GENERAL.—The deduction for the taxable year attributable to the application of subsection (c) shall not exceed the taxpayer's taxable income for the year computed without regard to—

''(i) any depletion on production from an oil or gas property which is subject to the provisions of subsection (c),

''(ii) any net operating loss carryback to the taxable year under section 172,

''(iii) any capital loss carryback to the taxable year under section 1212, and

''(iv) in the case of a trust, any distributions to its beneficiary, except in the case of any trust where any beneficiary of such trust is a member of the family (as defined in section 267(c)(4)) of a settlor who created inter vivos and testamentary trusts for members of the family and such settlor died within the last six days of the fifth month in 1970, and the law in the jurisdiction in which such trust was created requires all or a portion of the gross or net proceeds of any royalty or other interest in oil, gas, or other mineral representing any percentage depletion allowance to be allocated to the principal of the trust.

''(B) CARRYBACKS AND CARRYFORWARDS.—

''(i) IN GENERAL.—If any amount is disallowed as a deduction for the taxable year (in this subparagraph referred to as the 'unused depletion year') by reason of application of subparagraph (A), the disallowed amount shall be treated as an amount allowable as a deduction under subsection (c) for—

''(I) each of the 10 taxable years preceding the unused depletion year, and

''(II) the taxable year following the unused depletion year,

subject to the application of subparagraph (A) to such taxable year.

''(ii) APPLICABLE RULES.—Rules similar to the rules of section 39 shall apply for purposes of this subparagraph.

''(C) ALLOCATION OF DISALLOWED AMOUNTS.—For purposes of basis adjustments and determining whether cost depletion exceeds percentage depletion with respect to the production from a property, any amount disallowed as a deduction on the application of this paragraph shall be allocated to the respective properties from which the oil or gas was produced in proportion to the percentage depletion otherwise allowable to such properties under subsection (c).''

''(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1998, and to any taxable year beginning on or before such date to the extent necessary to apply section 613A(d)(1)(B) of the Internal Revenue Code of 1986 (as added by subsection (a)).

SEC. 203. 10-YEAR NET OPERATING LOSS CARRYBACK FOR LOSSES ATTRIBUTABLE TO OIL SERVICING COMPANIES AND MINERAL INTERESTS OF OIL AND GAS PRODUCERS.

''(a) IN GENERAL.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

''(H) LOSSES ON OPERATING MINERAL INTERESTS OF OIL AND GAS PRODUCERS AND OILFIELD SERVICING COMPANIES.—In the case of a taxpayer which has an eligible oil and gas loss (as defined in subsection (j)) for a taxable year, such eligible oil and gas loss shall be a net operating loss carryback to each of the 10 taxable years preceding the taxable year of such loss.''

(b) ELIGIBLE OIL AND GAS LOSS.—Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) ELIGIBLE OIL AND GAS LOSS.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible oil and gas loss' means the lesser of—

''(A) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to—

''(i) mineral interests in oil and gas wells, and

''(ii) the active conduct of a trade or business of providing tools, products, personnel, and technical solutions on a contractual basis to persons engaged in oil and gas exploration and production,

are taken into account, and

''(B) the amount of the net operating loss for such taxable year.

''(2) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), an eligible oil and gas loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

''(3) ELECTION.—Any taxpayer entitled to a 10-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1998, and to any taxable year beginning on or before such date to the extent necessary to apply section 172(b)(1)(H) of the Internal Revenue Code of 1986 (as added by subsection (a)).

SEC. 204. WAIVER OF LIMITATIONS.

If refund or credit of any overpayment of tax resulting from the application of the

amendments made by this subtitle is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

Subtitle B—Hard Times Tax Relief

SEC. 211. PHASE-OUT OF CERTAIN MINIMUM TAX PREFERENCES RELATING TO ENERGY PRODUCTION.

(a) ENERGY PREFERENCES FOR INTEGRATED OIL COMPANIES.—Section 56 (relating to alternative minimum taxable income) is amended by adding at the end the following new subsection:

''(h) ADJUSTMENT BASED ON ENERGY PREFERENCE.—

''(1) IN GENERAL.—In computing the alternative minimum taxable income of any taxpayer which is an integrated oil company (as defined in section 291(b)(4)) for any taxable year beginning after 1998, there shall be allowed as a deduction an amount equal to the alternative tax energy preference deduction.

''(2) PHASE-OUT OF DEDUCTION AS OIL PRICES INCREASES.—The amount of the deduction under paragraph (1) (determined without regard to this paragraph) shall be reduced (but not below zero) by the amount which bears the same ratio to such amount as—

''(A) the amount by which the reference price for the calendar year preceding the calendar year in which the taxable year begins exceeds $14, bears to

''(B) $3.

For purposes of this paragraph, the reference price for any calendar year shall be determined under section 29(d)(2)(C) and the $14 amount under subparagraph (A) shall be adjusted at the same time and in the same manner as under section 43(b)(3).

''(3) ALTERNATIVE TAX ENERGY PREFERENCE DEDUCTION.—For purposes of paragraph (1), the term 'alternative tax energy preference deduction' means an amount equal to the sum of—

''(A) the intangible drilling cost preference, and

''(B) the depletion preference.

''(4) INTANGIBLE DRILLING COST PREFERENCE.—For purposes of this subsection, the term 'intangible drilling cost preference' means the amount by which alternative minimum taxable income would be reduced if it were computed without regard to section 57(a)(2).

''(5) DEPLETION PREFERENCE.—For purposes of this subsection, the term 'depletion preference' means the amount by which alternative minimum taxable income would be reduced if it were computed without regard to section 57(a)(1).

''(6) ALTERNATIVE MINIMUM TAXABLE INCOME.—For purposes of paragraphs (1), (4), and (5), alternative minimum taxable income shall be determined without regard to the deduction allowable under this subsection and the alternative tax net operating loss deduction under subsection (a)(4).

''(7) REGULATIONS.—The Secretary may by regulation provide for appropriate adjustments in computing alternative minimum taxable income or adjusted current earnings for any taxable year following a taxable year for which a deduction was allowed under this subsection to ensure that no double benefit is allowed by reason of such deduction.''

(b) REPEAL OF LIMIT ON REDUCTION FOR INDEPENDENT PRODUCERS.—Subparagraphs (E) of section 57(a)(2) (relating to exception for independent producers) is amended to read as follows:

''(E) EXCEPTION FOR INDEPENDENT PRODUCERS.—In the case of any oil or gas well, this paragraph shall not apply to any taxpayer which is not an integrated oil company (as defined in section 291(b)(4)).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after, and amounts paid or incurred in taxable years after, December 31, 1998.

SEC. 212. DEPRECIATION ADJUSTMENT NOT TO APPLY TO OIL AND GAS ASSETS.

(a) IN GENERAL.—Subparagraph (B) of section 56(a)(1) (relating to depreciation adjustments) is amended to read as follows:

''(B) EXCEPTIONS.—This paragraph shall not apply to—

''(i) property described in paragraph (1), (2), (3), or (4) of section 168(f), or

''(ii) property used in the active conduct of the trade or business of exploring for, extracting, developing, or gathering crude oil or natural gas.''

(b) CONFORMING AMENDMENT.—Paragraph (4)(A) of section 56(g) (relating to adjustments based on adjusted current earnings) is amended by adding at the end the following new clause:

''(vi) OIL AND GAS PROPERTY.—In the case of property used in the active conduct of the trade or business of exploring for, extracting, developing, or gathering crude oil or natural gas, the amount allowable as depreciation or amortization with respect to such property shall be determined in the same manner as for purposes of computing the regular tax.''

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service in taxable years beginning after December 31, 1998.

SEC. 213. REPEAL CERTAIN ADJUSTMENTS BASED ON ADJUSTED CURRENT EARNINGS RELATING TO OIL AND GAS ASSETS.

(a) DEPRECIATION.—Clause (vi) of section 56(g)(4)(A), as added by section 212(b), is amended to read as follows:

''(vi) OIL AND GAS PROPERTY.—This subparagraph shall not apply to property used in the active conduct of the trade or business of exploring for, extracting, developing, or gathering crude oil or natural gas.''

(b) INTANGIBLE DRILLING COSTS.—Clause (i) of section 56(g)(4)(D) is amended by striking the second sentence and inserting ''In the case of any oil or gas well, this clause shall not apply in the case of amounts paid or incurred in taxable years beginning after December 31, 1998.''.

(c) DEPLETION.—Clause (ii) of section 56(g)(4)(F) is amended to read as follows:

''(ii) EXCEPTION FOR OIL AND GAS WELLS.—In the case of any taxable year beginning after December 31, 1998, clause (i) (and subparagraph (C)(i)) shall not apply to any deduction for depletion computed in accordance with section 613A.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 214. ENHANCED OIL RECOVERY CREDIT AND CREDIT FOR PRODUCING FUEL FROM A NONCONVENTIONAL SOURCE ALLOWED AGAINST MINIMUM TAX.

(a) ENHANCED OIL RECOVERY CREDIT ALLOWED AGAINST REGULAR AND MINIMUM TAX.—

(1) ALLOWING CREDIT AGAINST MINIMUM TAX.—Subsection (c) of section 38 (relating to limitation based on amount of tax), as amended by section 101(d), is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) SPECIAL RULES FOR ENHANCED OIL RECOVERY CREDIT.—

''(A) IN GENERAL.—In the case of the enhanced oil recovery credit—

''(i) this section and section 39 shall be applied separately with respect to the credit, and

''(ii) in applying paragraph (1) to the credit—

''(I) subparagraphs (A) and (B) thereof shall not apply, and

''(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the enhanced oil recovery credit).

''(B) ENHANCED OIL RECOVERY CREDIT.—For purposes of this subsection, the term 'enhanced oil recovery credit' means the credit allowable under subsection (a) by reason of section 43(a).''.

(2) CONFORMING AMENDMENTS.—

(A) Subclause (II) of section 38(c)(2)(A)(ii), as amended by section 101(d), is amended by striking ''or the marginal oil and gas well production credit'' and inserting '', the marginal oil and gas well production credit, or the enhanced oil recovery credit''.

(B) Subclause (II) of section 38(c)(3)(A)(ii), as added by section 101(d), is amended by inserting ''or the enhanced oil recovery credit'' after ''recovery credit''.

(b) CREDIT FOR PRODUCING FUEL FROM A NON-CONVENTIONAL SOURCE.—

(1) ALLOWING CREDIT AGAINST MINIMUM TAX.—Section 29(b)(6) is amended to read as follows:

''(6) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) for any taxable year shall not exceed—

''(A) the regular tax for the taxable year and the tax imposed by section 55, reduced by

''(B) the sum of the credits allowable under subpart A and section 27.''

(2) CONFORMING AMENDMENTS.—

(A) Section 53(d)(1)(B)(iii) is amended by inserting ''as in effect on the date of the enactment of the Domestic Oil and Gas Crisis Tax Reliance Reversal Act of 1999,'' after ''29(b)(6)(B),''.

(B) Section 55(c)(2) is amended by striking ''29(b)(6),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

Subtitle C—Oil-for-Food Program Compensating Tax Benefits

SEC. 220. PURPOSE.

The purpose of this subtitle is to provide compensation to the domestic oil and gas industry in the form of tax benefits to offset the depressing impact that the Oil-for-Food Program is having on the world market.

SEC. 221. INCREASE IN PERCENTAGE DEPLETION FOR STRIPPER WELLS.

(a) IN GENERAL.—Subparagraph (C) of section 613A(c)(6) (relating to oil and natural gas produced from marginal properties) is amended—

(1) by striking ''25 percent'' and inserting ''27.5 percent'' in the matter preceding clause (i); and

(2) by striking ''$20'' and inserting ''$28'' in clause (ii).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 222. NET INCOME LIMITATION ON PERCENTAGE DEPLETION REPEALED FOR OIL AND GAS PROPERTIES.

(a) IN GENERAL.—Section 613(a) (relating to percentage depletion) is amended by striking the second sentence and inserting: ''Except in the case of oil and gas properties, such allowance shall not exceed 50 percent of the taxpayer's taxable income from the property (computed without allowances for depletion).''

(b) CONFORMING AMENDMENTS.—

(1) Section 613A(c)(7) (relating to special rules) is amended by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C).

(2) Section 613A(c)(6) (relating to oil and natural gas produced from marginal properties) is amended by striking subparagraph (H).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 223. ELECTION TO EXPENSE GEOLOGICAL AND GEOPHYSICAL EXPENDITURES AND DELAY RENTAL PAYMENTS.

(a) PURPOSE.—The purpose of this section is to recognize that geological and geophysical expenditures and delay rentals are ordinary and necessary business expenses that should be deducted in the year the expense is incurred.

(b) ELECTION TO EXPENSE GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.—

(1) IN GENERAL.—Section 263 (relating to capital expenditures) is amended by adding at the end the following new subsection:

''(j) GEOLOGICAL AND GEOPHYSICAL EXPENDITURES FOR DOMESTIC OIL AND GAS WELLS.—Notwithstanding subsection (a), a taxpayer may elect to treat geological and geophysical expenses incurred in connection with the exploration for, or development of, oil or gas within the United States (as defined in section 638) as expenses which are not chargeable to capital account. Any expenses so treated shall be allowed as a deduction in the taxable year in which paid or incurred.''

(2) CONFORMING AMENDMENT.—Section 263A(c)(3) is amended by inserting by inserting ''263(j),'' after ''263(i),''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to expenses paid or incurred after the date of the enactment of this Act.

(B) TRANSITION RULE.—In the case of any expenses described in section 263(j) of the Internal Revenue Code of 1986, as added by this subsection, which were paid or incurred on or before the date of the enactment of this Act, the taxpayer may elect, at such time and in such manner as the Secretary of the Treasury may prescribe, to amortize the unamortized portion of such expenses over the 36-month period beginning with the month in which the date of the enactment of this Act occurs. For purposes of this subparagraph, the unamortized portion of any expense is the amount remaining unamortized as of the first day of the 36-month period.

(c) ELECTION TO EXPENSE DELAY RENTAL PAYMENTS.—

(1) IN GENERAL.—Section 263 (relating to capital expenditures), as amended by subsection (b)(1), is amended by adding at the end the following new subsection:

''(k) DELAY RENTAL PAYMENTS FOR DOMESTIC OIL AND GAS WELLS.—

''(1) IN GENERAL.—Notwithstanding subsection (a), a taxpayer may elect to treat delay rental payments incurred in connection with the development of oil or gas within the United States (as defined in section 638) as payments which are not chargeable to capital account. Any payments so treated shall be allowed as a deduction in the taxable year in which paid or incurred.

''(2) DELAY RENTAL PAYMENTS.—For purposes of paragraph (1), the term 'delay rental payment' means an amount paid for the privilege of deferring development of an oil or gas well.''

(2) CONFORMING AMENDMENT.—Section 263A(c)(3), as amended by subsection (b)(2), is amended by inserting ''263(k),'' after ''263(j),''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to payments made or incurred after the date of the enactment of this Act.

(B) TRANSITION RULE.—In the case of any payments described in section 263(k) of the Internal Revenue Code of 1986, as added by this subsection, which were made or incurred on or before the date of the enactment of this Act, the taxpayer may elect, at such time and in such manner as the Secretary of the Treasury may prescribe, to amortize the unamortized portion of such payments over the 36-month period beginning with the month in which the date of the enactment of this Act occurs. For purposes of this subparagraph, the unamortized portion of any payment is the amount remaining unamortized as of the first day of the 36-month period.

SEC. 224. EXTENSION OF SPUDDING RULE.

(a) IN GENERAL.—Section 461(i)(2)(A) (relating to special rule for spudding of oil or gas wells) is amended by striking ''90th day'' and inserting ''180th day''.

(b) EFFECTIVE DATE—The amendment made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE III—FOREIGN OIL RELIANCE REVERSAL PROVISIONS

SEC. 300. PURPOSE.

The purpose of this title is to reverse the trend of increased foreign dependence of oil and gas by encouraging exploration and development of oil and gas reserves in the United States to achieve the goal of doubling current domestic oil and gas production.

"SEC. 301. CRUDE OIL AND NATURAL GAS EXPLORATION AND DEVELOPMENT CREDIT.

(a) CRUDE OIL AND NATURAL GAS EXPLORATION AND DEVELOPMENT CREDIT.—Subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

"SEC. 30B. CRUDE OIL AND NATURAL GAS EXPLORATION AND DEVELOPMENT CREDIT.

''(a) GENERAL RULE.—The crude oil and natural gas exploration and development credit determined under this section for any applicable taxable year shall be an amount equal to the sum of—

''(1) 20 percent of so much of the taxpayer's qualified investment for the taxable year as does not exceed $1,000,000, plus

''(2) 10 percent of so much of such qualified investment for the taxable year as exceeds $1,000,000.

''(b) APPLICALE TAXABLE YEAR.—For purposes of subsection (a)—

''(1) IN GENERAL.—The term 'applicable taxable year' means any taxable year beginning in a calendar year during which the imports of foreign crude and oil product are determined by the Secretary of Energy to exceed 50 percent of the amount of United States crude and oil product consumption for such year.

''(2) DETERMINATION.—A determination under paragraph (1) shall be made not later than March 1 of each year with respect to the preceding calendar year.

''(c) QUALIFIED INVESTMENT.—For purposes of this section, the term 'qualified investment' means amounts paid or incurred by a taxpayer—

''(1) for the purpose of ascertaining the existence, location, extent, or quality of any crude oil or natural gas deposit, including core testing and drilling test wells located in the United States or in a possession of the United States as defined in section 638, or

''(2) for the purpose of developing a property (located in the United States or in a possession of the United States as defined in section 638) on which there is a reservoir capable of commercial production and such amounts are paid or incurred in connection with activities which are intended to result in the recovery of crude oil or natural gas on such property.

''(d) LIMITATION BASED ON AMOUNT OF TAX.—

''(1) LIABILITY FOR TAX.—The credit allowable under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(A) the sum of—

''(i) the taxpayer's tentative minimum tax liability under section 55(b) for such taxable year determined without regard to this section, plus

''(ii) the taxpayer's regular tax liability for such taxable year (as defined in section 26(b)), over

''(B) the sum of the credits allowable against the taxpayer's regular tax liability under part IV (other than section 43 of this section).

''(2) APPLICATION OF THE CREDIT.—Each of the following amounts shall be reduced by the full amount of the credit determined under paragraph (1):

''(A) the taxpayer's tentative minimum tax under section 55(b) for the taxable year, and

''(B) the taxpayer's regular tax liability (as defined in section 26(b)) reduced by the sum of the credits allowable under part IV (other than section 43 of this section).

If the amount of the credit determined under paragraph (1) exceeds the amount described in subparagraph (B) of paragraph (2), then the excess shall be deemed to be the adjusted net minimum tax for such taxable year for purposes of section 53.

''(3) CARRYBACK AND CARRYFORWARD OF UNUSED CREDIT.—

''(A) IN GENERAL.—If the amount of the credit allowed under subsection (a) for any taxable year exceeds the limitation under paragraph (1) for such taxable year (hereafter in this paragraph referred to as the 'unused credit year'), such excess shall be—

''(i) an oil and gas exploration and development credit carryback to each of the 3 taxable years preceding the unused credit year, and

''(ii) an oil and gas exploration and development credit carryforward to each of the 15 taxable years following the unused credit year,

and shall be added to the amount allowable as a credit under subsection (a) for such years, except that no portion of the unused oil and gas exploration and development credit for any taxable year may be carried to a taxable year ending before the date of the enactment of this section.

''(B) LIMITATIONS.—The amount of the unused credit which may be taken into account under subparagraph (A) for any succeeding taxable year shall not exceed the amount by which the limitation provided by paragraph (1) for such taxable year exceeds the sum of—

''(i) the credit allowable under subsection (a) for such taxable year, and

''(ii) the amounts which, by reason of this paragraph, are added to the amount allowable for such taxable year and which are attributable to taxable years preceding the unused credit year.

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

''(1) AGGREGATION OF QUALIFIED INVESTMENT EXPENSES.—

''(A) CONTROLLED GROUPS; COMMON CONTROL.—In determining the amount of the credit under this section, all members of the same controlled group of corporations (within the meaning of section 52(a)) and all persons under common control (within the meaning of section 52(b)) shall be treated as a single taxpayer for purposes of this section.

''(B) APPORTIONMENT OF CREDIT.—The credit (if any) allowable by this section to members of any group (or to any person) described in subparagraph (A) shall be such member's or person's proportionate share of

the qualified investment expenses giving rise to the credit determined under regulations prescribed by the Secretary.

''(2) PARTNERSHIPS, S CORPORATIONS, ESTATES AND TRUSTS.—

''(A) PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership, the credit shall be allocated among partners under regulations prescribed by the Secretary. A similar rule shall apply in the case of an S corporation and its shareholders.

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

''(3) ADJUSTMENTS FOR CERTAIN ACQUISITIONS AND DISPOSITIONS.—Under regulations prescribed by the Secretary, rules similar to the rules contained in section 41(f)(3) shall apply with respect to the acquisition or disposition of a taxpayer.

''(4) SHORT TAXABLE YEARS.—In the case of any short taxable year, qualified investment expenses shall be annualized in such circumstances and under such methods as the Secretary may prescribe by regulation.

''(5) DENIAL OF DOUBLE BENEFIT.—

''(A) DISALLOWANCE OF DEDUCTION.—Any deduction allowable under this chapter for any costs taken into account in computing the amount of the credit determined under subsection (a) shall be reduced by the amount of such credit attributable to such costs.

''(B) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is determined under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditures shall be reduced by the amount of the credit so allowed.''

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

''Sec. 30B. Crude oil and natural gas exploration and development credit.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 1998.

TITLE IV—NATIONAL SECURITY EMERGENCY PROVISIONS

SEC. 400. PURPOSE.

The purpose of this title is to recognize that a national security threat exists when foreign crude oil, oil product, and natural gas imports exceed 60 percent of United States oil and gas consumption and to create an emergency procedure to address that threat.

SEC. 401. DUTIES OF THE PRESIDENT.

(a) ESTABLISHMENT OF CEILING.—The President shall establish a National Security Energy Independence Ceiling (Referred to in this title as the ''ceiling level'') which shall represent a ceiling level beyond which foreign crude oil, oil product, and natural gas imports as a share of United States crude and oil product consumption shall not rise.

(b) LEVEL OF CEILING.—The ceiling level established under subsection (a) shall not exceed 60 percent of United States crude oil, oil product, and natural gas consumption for any annual period.

(c) REPORT.—

(1) CONTENTS.—

(A) IN GENERAL.—The President shall prepare and submit an annual report to Congress containing a national security projection for energy independence (in this title referred to as the ''projection''), which shall contain a forecast of domestic oil and liquid natural gas (commonly known as ''NGL'') demand and production, and imports of crude oil, oil product, and natural gas, for the subsequent 3 years.

(B) REQUIRED ADJUSTMENTS.—The projection shall contain appropriate adjustments for expected price and production changes.

(2) PRESENTATION.—The projection prepared under paragraph (1) shall be presented to Congress with the Budget.

(3) CERTIFICATION.—The President shall certify in the report whether foreign crude oil, oil product, and natural gas imports will exceed the ceiling level for any year during the 3 years succeeding the date of the report.

SEC. 402. CONGRESSIONAL REVIEW.

(a) REVIEW.—Congress shall have 10 continuous session days after submission of each projection under section 401 to review the projection and make a determination whether the ceiling level will be violated within 3 years.

(b) CERTIFICATION BINDING.—Unless disapproved or modified by joint resolution, the Presidential certification shall be binding 10 session days after submitted to Congress.

SEC. 403. NATIONAL SECURITY AND OIL AND GAS PRODUCTION ACTIONS.

(a) NATIONAL SECURITY AND OIL AND GAS PRODUCTION POLICY.—

(1) SUBMISSION.—Upon certification under section 401(c)(3) that the ceiling level will be exceeded, the President shall, within 90 days, submit a National Security and Oil and Gas Production Policy (in this section referred to as the ''policy'') to Congress. The policy shall prevent crude oil, oil product, and natural gas imports from exceeding the ceiling level.

(2) APPROVAL.—Unless disapproved or modified by joint resolution, the policy shall be effective 90 session days after submitted to Congress.

(b) CONTENTS OF POLICY.—The National Security and Oil Production Policy may include—

(1) energy conservation actions, including improved fuel efficiency for automobiles;

(2) expansion of the Strategic Petroleum Reserves to maintain a larger cushion against projected oil import blockages;

(3) additional production incentives for domestic oil and gas, including tax and other incentives for stripper well production, offshore, frontier, and other oil produced with tertiary recovery techniques;

(4) regulatory burden relief; and

(5) other policy initiatives designed to lower foreign import reliance.

DOMESTIC OIL AND GAS CRISIS TAX RELIEF AND FOREIGN OIL RELIANCE REVERSAL ACT OF 1999

SEC. 2. PURPOSES.

To establish a graduated response to shrinking domestic oil and gas production and surging foreign oil imports;

To prevent the abandonment of marginal oil and gas wells responsible for half of U.S. domestic production;

To transform earned tax credits and other benefits into working capital for the cash-strapped domestic oil and gas producers and service companies;

To compensate U.S. producers for the hardship the Oil for Food program is causing them;

To reverse the trend of increased foreign oil and gas dependence by encouraging exploration and development of oil and gas reserves in the U.S. to achieve the goal of doubling current domestic oil and gas production;

To provide an emergency procedure when foreign imports exceed 60 percent, thereby recognizing that when imports exceed a Congressionally legislated peril point, a national security threat exists that demands Presidential action.

SEC. 3. FINDINGS.

(a) FINDINGS.—The Congress finds that—

(1) U.S. foreign oil consumption is estimated at 56 percent and could reach 68 percent by 2010 if current prices prevail.

(2) The number of oil and gas rigs operating in the United States is at the lowest count since 1944, when records of this tally began.

(3) If prices do not increase soon, the U.S. could lose at least half of its marginal wells which in aggregate produce as much oil as we import from Saudi Arabia;

(4) Oil and gas prices are unlikely to increase for at least several years;

(5) Declining production, well abandonment and greatly reduced exploration and development are shrinking the domestic oil and gas industry;

(6) The world's richest oil producing regions in the Middle East are experiencing greater political instability;

(7) U.N. policy may make Iraq the swing oil producing nation, thereby granting Saddem Hussein a tremendous amount of power;

(8) Reliance on foreign oil for more than 60 percent of our daily oil and gas consumption is a national security threat;

(9) the level of the United States energy security is directly related to the level of domestic production of oil, natural gas liquids, and natural gas; and

(10) a national security policy should be developed which ensures that adequate supplies of oil shall be available at all times free of the threat of embargo or other foreign hostile acts.

SEC. 4. TABLE OF CONTENTS.

(214) Permit EOR credit and Section 29 credit to reduce the Alternative Minimum Tax.

C. Tax benefits to offset the depressing impact on oil prices that the Food for Oil Program is having

(221) Restore percentage depletion to 27.5 percent.

(222) Repeal net income limitation on percentage depletion.

(223) Allow Expensing geological and geophysical expenditures.

(223) Allow Election to Expense Delay Rentals payments.

(224) Extension of Spudding rule.

TITLE III—FOREIGN OIL RELIANCE REVERSAL PROVISIONS TRIGGERED WHEN IMPORTS EXCEED 50 PERCENT

(300) Purpose: To reverse the trend of increased foreign dependence of oil and gas by encouraging exploration and development of oil and gas reserves in the U.S. to achieve the goal of doubling current domestic oil and gas production.

(301) 20 percent exploration and development credit when imports exceed 50 percent.

TITLE IV—NATIONAL SECURITY EMERGENCY WHEN IMPORTS EXCEED 60 PERCENT

(400) Purpose: To provide an emergency procedure when foreign imports exceed 60 percent to require the President to implement an energy security strategic plan to designed to prevent crude and product imports from exceeding 60 percent.

(401) Duties of the President.

(402) Congressional Review of the Strategic plan proposed by the President.

(403) Energy Security strategic plan and course of action.

By Mr. SMITH of New Hampshire (for himself, Mr. INHOFE, Mr. BURNS, Mr. ENZI, and Mr. MURKOWSKI):

S. 597. A bill to amend section 922 of chapter 44 of title 28, United States Code, to protect the right of citizens under the Second Amendment to the Constitution of the United States; to the Committee on the Judiciary.

SECOND AMENDMENT RIGHTS PROTECTION ACT OF 1999

Mr. SMITH of New Hampshire. Mr. President, I rise to introduce the ''Second Anendment Rights Protection Act of 1999.'' I am pleased and honored that Senators INHOFE, BURNS, ENZI, and MURKOWSKI are joining me as original cosponsors.

Mr. President, the Second Amendment Rights Protection Act of 1999 encompasses all of the provisions of the Smith Amendment, which passed the Senate by a vote of 69–31 on July 21, 1998, during consideration of the Commerce, Justice, State appropriations bill for fiscal year 1999. Only a substantially modified version of the Smith amendment was included in the final omnibus appropriations measure.

The National Instant Criminal Background Check System (NICS) went into effect on December 1, 1998. My bill would require the immediate destruction of all information submitted by any person who has been cleared by the NICS to purchase a firearm. There is no reason why such private information on law-abiding gun owners should be retained. I continue to be troubled by the Clinton administration's insistence upon doing so.

In addition, Mr. President, my bill would prohibit the imposition of any tax or fee in connection with the NICS. Once again, in his budget submission for fiscal year 2000, President Clinton is seeking to fund NICS with a gun tax.

With the Smith amendment last year, we told President Clinton ''no'' to the gun tax. Let us tell him ''no'' again, once and for all, by enacting the Second Amendment Rights Protection Act.

Finally, Mr. President, my bill would create a private cause of action for any individual who is aggrieved by a violation of its provisions.

Mr. President, I ask unanimous consent for the printing of the text of my bill, the Second Amendment Rights Protection Act of 1999, in the RECORD.

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

S. 597

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 ''Second Amendment Rights Protection Act of 1999.''

SEC. 2. PROTECTION OF SECOND AMENDMENT RIGHTS.

Subsection (t) of section 922 of chapter 44 of Title 18, United States Code, is amended by inserting at the end thereof the following new paragraph:

''(7) None of the funds appropriated pursuant to any provision of law may be used for (1) any system to implement this subsection that does not require and result in the immediate destruction of all information, in any form whatsoever, submitted by or on behalf of any person who has been determined not be prohibited from owning a firearm; (2) the implementation or collection of any tax or fee by any officer, agent, or employee of the United States, or by any state or local officer or agent acting on behalf of the United States, in connection with the implementation of this subsection, provided, that any person aggrieved by a violation of this provision may bring an action in the Federal district court for the district in which the person resides; provided further, that any person who is successful with respect to any such action shall receive damages, punitive damages, and such other remedies as the court may determine to be appropriate, including a reasonable attorney's fee.''

By Mr. SANTORUM:

S. 598. A bill to amend the Federal Agriculture Improvement and Reform Act of 1996 to improve the farmland protection program; to the Committee on Agriculture, Nutrition, and Forestry.

FARMLAND PROTECTION ACT OF 1999

Mr. SANTORUM. Mr. President, I rise today to introduce legislation that would reauthorize the Farmland Protection Program that was originally authorized with passage of the 1996 Farm Bill.

Every year more than one million acres of our nation's most productive farmland is lost to urbanization. This is land that produces three-quarters of America's fruits and vegetables, and more than half of our dairy products. While state and local governments have taken the lead in preservation efforts, the demand for assistance continues to grow.

Considering the importance of agriculture to our nation, and to generations of families throughout our country, I was proud to take a lead role in the United States Senate to assist farmers and communities in confronting the obstacle of growing pressure on the use of farmland. As such, I, with the support of many Senate colleagues, established the Federal Farmland Protection Program to stem the loss of valuable farmland, and to provide states with adequate tools to accomplish that goal. Those efforts resulted in a $35 million authorization in the 1996 Farm Bill.

This money has been used to help states leverage dollars in order to purchase development rights, and keep productive farmland in use—all through voluntary efforts. In just three short years, the funds were exhausted due to the overwhelming response by farmers and state governments. In fact, by the end of fiscal year 1997 the original $35 million authorization had been spent, and the demand outstripped funding availability by 900 percent.

The legislation that I'm introducing today, the Farmland Protection Act of 1999, would provide a $50 million per year authorization for the much-needed funds to carry out the important work of farmland preservation. In addition, my bill would allow non-profit organizations to participate in the program—where there is no established government program—as they are currently precluded from doing so in certain states.

Mr. President, I am proud to introduce this legislation that will enable us to take another giant step forward in protecting a valuable resource to many Americans. To date, nineteen states have capitalized on this opportunity to augment their preservation efforts, and hopefully, the Farmland Protection Act of 1999 will give more states the tools to assist their local farming community.

Mr. President, I ask unanimous consent that a copy 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. 598

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 ''Farmland Protection Act of 1999''.

SEC. 2. FARMLAND PROTECTION PROGRAM.

Section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note; Public Law 104–127) is amended to read as follows:

"SEC. 388. FARMLAND PROTECTION PROGRAM.

"(a) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term 'eligible entity' means—

"(1) any agency of any State or local government, or federally recognized Indian tribe; and

"(2) any organization that—

"(A) is organized for, and at all times since its formation has been operated principally for, 1 or more of the conservation purposes specified in clause (i), (ii), or (iii) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

"(B) is an organization described in section 501(c)(3) of the Code that is exempt from taxation under section 501(a) of the Code; and

"(C)(i) is described in section 509(a)(2) of the Code; or

"(ii) is described in section 509(a)(3) of the Code and is controlled by an organization described in section 509(a)(2) of the Code.

"(b) AUTHORITY.—The Secretary of Agriculture shall establish and carry out a farmland protection program under which the Secretary shall provide grants to eligible entities, to provide the Federal share of the cost of purchasing conservation easements or other interests in land with prime, unique, or other productive soil for the purpose of protecting topsoil by limiting nonagricultural uses of the land.

"(c) ELIGIBLE ENTITIES.—The Secretary may provide a grant to an eligible entity described in subsection (a)(2) for the purchase of a conservation easement or other interest in land within the jurisdiction of a State or local government or federally recognized Indian tribe only if the appropriate agency of the State or local government or the federally recognized Indian tribe does not operate a farmland protection program.

"(d) FEDERAL SHARE.—The Federal share of the cost of purchasing a conservation easement or other interest described in subsection (b) shall be not more than 50 percent.

"(e) CONSERVATION PLAN.—Any land for which a conservation easement or other interest is purchased under this section shall be subject to the requirements of a conservation plan that requires, at the option of the Secretary, the conversion of the land to less intensive uses.

"(f) RANKING CRITERIA.—The Secretary shall consult with appropriate agencies of States and local governments and federally recognized Indian tribes in developing criteria for ranking applications for grants under this section.

"(g) FUNDING.—For each fiscal year, the Secretary shall use not more than $50,000,000 of the funds of the Commodity Credit Corporation to carry out this section.".

By Mr. CHAFEE (for himself, Mr. HATCH, Mr. COCHRAN, Ms. SNOWE, Mr. ROBERTS, Mr. SPECTER, and Ms. COLLINS):

S. 599. A bill to amend the Internal Revenue Code of 1986 to provide additional tax relief to families to increase the affordability of child care, and for other purposes; to the Committee on Finance.

THE CARING FOR CHILDREN ACT

Mr. CHAFEE. Mr. President, I am pleased today to introduce the Caring for Children Act, legislation to help all families with their child care needs.

I want to thank my colleagues who have worked so hard to put this bill together. Senator HATCH, who was a leader in the development of the child care block grant, and is always a stalwart supporter of children. Senator SNOWE, who has worked on this issue for many years. Senator ROBERTS, who has taken an active interest in this issue. Senator SPECTER, who made an enormous contribution to the development of this bill. And Senators SUSAN COLLINS and THAD COCHRAN, who we are very fortunate to have on our child care proposal.

Our proposal is straightforward and far-reaching. It makes the current child care credit more equitable for lower and middle income families. And, for the first time, makes the credit available to families where one parent stays at home to care for the children. That is a critical step and an important change for families across America.

Raising children in today's world is a true challenge. In many families, both parents must work in order to support the family. Often, the child care expenses consume all or most of one parent's income. How often do we hear the refrain, particularly from women, that after they pay for day care, there is little or nothing left of their wages.

Another common complaint is from parents who desperately want to stay home and raise their children themselves—especially in those very critical, early years of childhood—but who simply cannot afford to forgo that second income.

The legislation we are introducing today responds to both of these concerns. We believe that parents should make their own decisions about who is going to care for their children. The government and the Tax Code should not be promoting one choice over another.

By making more of the existing child care tax credit available to lower and middle income families, and making it available also to families where one parent stays at home, we are sending the message that the choice is yours, and we support your choice.

Our bill makes several changes to the existing dependent care tax credit. First, the maximum credit percentage is increased from 30 percent to 50 percent to provide more benefits to those most in need. Second, the income level at which the maximum credit begins to be reduced is moved from $10,000 to $30,000, so that more lower-income families will qualify for the maximum amount of assistance. Third, we propose to completely phase out the credit for wealthier families. Finally, families where one spouse stays at home to care for the children will be eligible for a credit similar to the one they would receive if both parents were working outside the home and the child was in daycare.

We also acknowledge that we cannot solve the entire child care problem through the Tax Code alone. Many low-income families do not have taxable income, and therefore cannot benefit from a tax credit. The Child Care and Development Block Grant (CCDBG) provides critical funding to help these lower-income families—and I have been a strong supporter of the program. Recognizing the critical role CCDBG plays in subsidizing daycare for low-income families in the states, our proposal doubles the block grant over a five-year period.

Of course, the problem with child care is not limited to just affordability. Many parents cannot find an available child care slot. Our proposal addresses this issue of accessibility by providing a tax credit to businesses to build or renovate on or near-site child care centers for their employees.

Finally, there is the issue of quality daycare. Parents cannot be productive in the workplace if they are constantly worrying about the health and safety of their children in daycare. We have all read the horrifying stories in the newspapers about daycare facilities that are unsafe or unsanitary, about the poor record of enforcement of standards in many states.

While we acknowledge that the federal government should not be setting standards for daycare providers, we do believe the states should set at least minimum health and safety standards and enforce them rigorously. Our legislation beefs up this enforcement by rewarding states with a good enforcement record and penalizing those with poor records.

I am very proud of this legislation, and proud that this group was able to come together and produce this initiative. Child care is a problem that must be solved, and we are committed to doing that. I look forward to working with my colleagues in the Congress to find workable, affordable solutions for all families. I ask unanimous consent that the legislation be printed in the RECORD.

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

S. 599

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Caring for Children Act".

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

TITLE I—TAX RELIEF TO INCREASE CHILD CARE AFFORDABILITY

SEC. 101. EXPANSION OF DEPENDENT CARE TAX CREDIT.

(a) PERCENTAGE OF EMPLOYMENT-RELATED EXPENSES DETERMINED BY TAXPAYER STATUS.—Section 21(a)(2) of the Internal Revenue Code of 1986 (defining applicable percentage) is amended to read as follows:

''(2) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (1), the term 'applicable percentage' means 50 percent reduced (but not below zero) by 1 percentage point for each $1,500, or fraction thereof, by which the taxpayers's adjusted gross income for the taxable year exceeds $30,000.''.

(b) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Section 21(e) of the Internal Revenue Code of 1986 (relating to special rules) is amended by adding at the end the following:

''(11) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Notwithstanding subsection (d), in the case of any taxpayer with one or more qualifying individuals described in subsection (b)(1)(A) under the age of 4 at any time during the taxable year, such taxpayer shall be deemed to have employment-related expenses with respect to such qualifying individuals in an amount equal to the greater of—

''(A) the amount of employment-related expenses incurred for such qualifying individuals for the taxable year (determined under this section without regard to this paragraph), or

''(B) $150 for each month in such taxable year during which such qualifying individual is under the age of 4.''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1998.

SEC. 102. PROMOTION OF DEPENDENT CARE ASSISTANCE PROGRAMS.

(a) PROMOTION OF DEPENDENT CARE ASSISTANCE PROGRAMS.—The Secretary of Labor shall establish a program to promote awareness of the use of dependent care assistance programs (as described in section 129(d) of the Internal Revenue Code of 1986) by employers.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the program under paragraph (1) $1,000,000 for each of fiscal years 2000, 2001, 2002, and 2003.

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

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

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

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to 20 percent of the qualified child care expenditures of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $100,000.

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

''(1) QUALIFIED CHILD CARE EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

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

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

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

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

''(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees,

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

''(iv) under a contract to provide child care resource and referral services to employees of the taxpayer.

''(2) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified child care expenditure' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(3) QUALIFIED CHILD CARE FACILITY.—

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

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

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

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

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

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

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

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

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

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

''(A) the applicable recapture percentage, and

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

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

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

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

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

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

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

''(B) CHANGE IN OWNERSHIP.—

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

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

''(4) SPECIAL RULES.—

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

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

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

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

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

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

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

''(f) NO DOUBLE BENEFIT.—

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

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

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

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

''(g) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2003.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of the Internal Revenue Code of 1986 is amended—

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

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

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

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

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

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE II—ENCOURAGING QUALITY CHILD CARE

Subtitle A—Dissemination of Information About Quality Child Care

SEC. 201. COLLECTION AND DISSEMINATION OF INFORMATION.

(a) COLLECTION AND DISSEMINATION OF INFORMATION.—The Secretary of Health and Human Services shall, directly or through a contract awarded on a competitive basis to a qualified entity, collect and disseminate—

(1) information concerning health and safety in various child care settings that would assist—

(A) the provision of safe and healthful environments by child care providers; and

(B) the evaluation of child care providers by parents; and

(2) relevant findings in the field of early childhood learning and development.

(b) INFORMATION AND FINDINGS TO BE GENERALLY AVAILABLE.—

(1) SECRETARIAL RESPONSIBILITY.—The Secretary of Health and Human Services shall make the information and findings described in subsection (a) generally available to States, units of local governments, private nonprofit child care organizations (including resource and referral agencies), employers, child care providers, and parents.

(2) DEFINITION OF GENERALLY AVAILABLE.—For purposes of paragraph (1), the term ''generally available'' means that the information and findings shall be distributed through resources that are used by, and available to, the public, including such resources as brochures, Internet web sites, toll-free telephone information lines, and public and private resource and referral organizations.

SEC. 202. GRANTS FOR THE DEVELOPMENT OF A CHILD CARE TRAINING INFRASTRUCTURE.

(a) AUTHORITY TO AWARD GRANTS.—The Secretary of Health and Human Services shall award grants to eligible entities to develop distance learning child care training technology infrastructures and to develop model technology-based training courses for child care providers and child care workers. The Secretary shall, to the maximum extent possible, ensure that grants for the development of distance learning child care training technology infrastructures are awarded in those regions of the United States with the fewest training opportunities for child care providers.

(b) ELIGIBILITY REQUIREMENTS.—To be eligible to receive a grant under subsection (a), an entity shall—

(1) develop the technological and logistical aspects of the infrastructure described in this section and have the capability of implementing and maintaining the infrastructure;

(2) to the maximum extent possible, develop partnerships with secondary schools, institutions of higher education, State and local government agencies, and private child care organizations for the purpose of sharing equipment, technical assistance, and other technological resources, including—

(A) sites from which individuals may access the training;

(B) conversion of standard child care training courses to programs for distance learning; and

(C) ongoing networking among program participants; and

(3) develop a mechanism for participants to—

(A) evaluate the effectiveness of the infrastructure, including the availability and affordability of the infrastructure, and the training offered the infrastructure; and

(B) make recommendations for improvements to the infrastructure.

(c) APPLICATION.—To be eligible to receive a grant under subsection (a), an entity shall submit an application to the Secretary at such time and in such manner as the Secretary may require, and that includes—

(1) a description of the partnership organizations through which the distance learning programs will be disseminated and made available;

(2) the capacity of the infrastructure in terms of the number and type of distance learning programs that will be made available;

(3) the expected number of individuals to participate in the distance learning programs; and

(4) such additional information as the Secretary may require.

(d) LIMITATION ON FEES.—No entity receiving a grant under this section may collect fees from an individual for participation in a distance learning child care training program funded in whole or in part by this section that exceed the pro rata share of the amount expended by the entity to provide materials for the training program and to develop, implement, and maintain the infrastructure (minus the amount of the grant awarded by this section).

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as requiring a child care provider to subscribe to or complete a distance learning child care training program made available by this section.

SEC. 203. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this subtitle $50,000,000 for each of fiscal years 2000 through 2004.

Subtitle B—Increased Enforcement of State Health and Safety Standards

SEC. 211. ENFORCEMENT OF STATE HEALTH AND SAFETY STANDARDS.

(a) IDENTIFICATION OF STATE INSPECTION RATE.—

(1) IN GENERAL.—Section 658E(c)(2)(G) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(2)(G)) is amended by striking the period and inserting '', and provide the percentage of completed child care provider inspections that were required under State law for each of the 2 preceding fiscal years.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to State plans under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) on and after September 1, 1999.

(b) INCREASED OR DECREASED ALLOTMENTS.—Section 658O(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m(b)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by inserting '', subject to paragraph (5),'' after ''shall''; and

(2) by adding at the end the following:

''(5) INCREASED OR DECREASED ALLOTMENT BASED ON STATE INSPECTION RATE.—

''(A) INCREASED ALLOTMENT FOR FISCAL YEARS 2000, 2001, AND 2002.—

''(i) IN GENERAL.—Subject to clause (iii), for fiscal years 2000, 2001, and 2002, the allotment determined for a State under paragraph (1) for each such fiscal year shall be increased by an amount equal to 10 percent of such allotment for the fiscal year involved with respect to any State—

''(I) that certifies to the Secretary that the State has not reduced the scope of any State child care health or safety standards or requirements that were in effect as of December 31, 1998; and

''(II) that, with respect to the preceding fiscal year, had a percentage of completed child care provider inspections (as required to be reported under section 658E(c)(2)(G)), that equaled or exceeded the target inspection and enforcement percentage specified under clause (ii) for the fiscal year for which the allotment is to be paid.

''(ii) TARGET INSPECTION AND ENFORCEMENT PERCENTAGE.—For purposes of clause (i)(II), the target inspection and enforcement percentage is—

''(I) for fiscal year 2000, 75 percent;

''(II) for fiscal year 2001, 80 percent; and

''(III) for fiscal year 2002, 100 percent.

''(iii) PRO RATA REDUCTIONS IF INSUFFICIENT APPROPRIATIONS.—The Secretary shall make pro rata reductions in the percentage increase otherwise required under clause (i) for a State allotment for a fiscal year as necessary so that the aggregate of all the allotments made under this section do not exceed the amount appropriated for that fiscal year under section 658B.

''(B) DECREASED ALLOTMENT FOR FISCAL YEARS 2001 AND 2002.—

''(i) IN GENERAL.—The allotment determined for a State under paragraph (1) for each of fiscal years 2001 and 2002 shall be decreased by an amount equal to 10 percent of such allotment for the fiscal year involved with respect to any State that, with respect to the preceding fiscal year, had a percentage of completed child care provider inspections (as required to be reported under section 658E(c)(2)(G)) that was below the minimum inspection and enforcement percentage specified under clause (ii) for the fiscal year for which the allotment is to be paid.

''(ii) MINIMUM INSPECTION AND ENFORCEMENT PERCENTAGE.—For purposes of clause (i), the minimum inspection and enforcement percentage is—

''(I) for fiscal year 2001, 50 percent; and

''(II) for fiscal year 2002, 75 percent.

''(iii) REQUIREMENT TO EXPEND STATE FUNDS TO REPLACE REDUCTION.—If the allotment determined for a State for a fiscal year is reduced by reason of clause (i), the State shall, during the immediately succeeding fiscal year, expend additional State funds

under the State plan funded under this subchapter by an amount equal to the amount of such reduction.''.

Subtitle C—Removal of Barriers to Increasing the Supply of Quality Child Care

SEC. 221. INCREASED AUTHORIZATION OF APPROPRIATIONS FOR THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT.

Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

''SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this subchapter—

''(1) for fiscal year 1999, $1,182,672,000;

''(2) for fiscal year 2000, $1,500,000,000;

''(3) for fiscal year 2001, $1,750,000,000;

''(4) for fiscal year 2002, $2,000,000,000;

''(5) for fiscal year 2003, $2,250,000,000; and

''(6) for fiscal year 2004, $2,500,000,000.''.

SEC. 222. SMALL BUSINESS CHILD CARE GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish a program to award grants to States to assist States in providing funds to encourage the establishment and operation of employer operated child care programs.

(b) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including an assurance that the funds required under subsection (e) will be provided.

(c) AMOUNT OF GRANT.—The Secretary shall determine the amount of a grant to a State under this section based on the population of the State as compared to the population of all States.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts provided under a grant awarded under this section to provide assistance to small businesses located in the State to enable the small businesses to establish and operate child care programs. Such assistance may include—

(A) technical assistance in the establishment of a child care program;

(B) assistance for the start up costs related to a child care program;

(C) assistance for the training of child care providers;

(D) scholarships for low-income wage earners;

(E) the provision of services to care for sick children or to provide care to school aged children;

(F) the entering into of contracts with local resource and referral or local health departments;

(G) care for children with disabilities; or

(H) assistance for any other activity determined appropriate by the State.

(2) APPLICATION.—To be eligible to receive assistance from a State under this section, a small business shall prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require.

(3) PREFERENCE.—

(A) IN GENERAL.—In providing assistance under this section, a State shall give priority to applicants that desire to form a consortium to provide child care in geographic areas within the State where such care is not generally available or accessible.

(B) CONSORTIUM.—For purposes of subparagraph (A), a consortium shall be made up of 2 or more entities which may include businesses, nonprofit agencies or organizations, local governments, or other appropriate entities.

(4) LIMITATION.—With respect to grant funds received under this section, a State may not provide in excess of $100,000 in assistance from such funds to any single applicant.

(e) MATCHING REQUIREMENT.—To be eligible to receive a grant under this section a State shall provide assurances to the Secretary that, with respect to the costs to be incurred by an entity receiving assistance in carrying out activities under this section, the entity will make available (directly or through donations from public or private entities) non-Federal contributions to such costs in an amount equal to—

(1) for the first fiscal year in which the entity receives such assistance, not less than 50 percent of such costs ($1 for each $1 of assistance provided to the entity under the grant);

(2) for the second fiscal year in which an entity receives such assistance, not less than 66⅔ percent of such costs ($2 for each $1 of assistance provided to the entity under the grant); and

(3) for the third fiscal year in which an entity receives such assistance, not less than 75 percent of such costs ($3 for each $1 of assistance provided to the entity under the grant).

(f) REQUIREMENTS OF PROVIDERS.—To be eligible to receive assistance under a grant awarded under this section a child care provider shall comply with all applicable State and local licensing and regulatory requirements and all applicable health and safety standards in effect in the State.

(g) ADMINISTRATION.—

(1) STATE RESPONSIBILITY.—A State shall have responsibility for administering the grant awarded under this section and for monitoring entities that receive assistance under such grant.

(2) AUDITS.—A State shall require each entity receiving assistance under a grant awarded under this section to conduct an annual audit with respect to the activities of the entity. Such audits shall be submitted to the State.

(3) MISUSE OF FUNDS.—

(A) REPAYMENT.—If the State determines, through an audit or otherwise, that an entity receiving assistance under a grant awarded under this section has misused the assistance, the State shall notify the Secretary of the misuse. The Secretary, upon such a notification, may seek from such an entity the repayment of an amount equal to the amount of any misused assistance plus interest.

(B) APPEALS PROCESS.—The Secretary shall by regulation provide for an appeals process with respect to repayments under this paragraph.

(h) REPORTING REQUIREMENTS.—

(1) 2-YEAR STUDY.—

(A) IN GENERAL.—Not later than 2 years after the date on which the Secretary first provides grants under this section, the Secretary shall conduct a study to determine—

(i) the capacity of entities to meet the child care needs of communities within a State;

(ii) the kinds of partnerships that are being formed with respect to child care at the local level; and

(iii) who is using the programs funded under this section and the income levels of such individuals.

(B) REPORT.—Not later than 28 months after the date of enactment of this Act, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(2) 4-YEAR STUDY.—

(A) IN GENERAL.—Not later than 4 years after the date on which the Secretary first provides grants under this section, the Secretary shall conduct a study to determine the number of child care facilities funded through entities that received assistance through a grant made under this section that remain in operation and the extent to which such facilities are meeting the child care needs of the individuals served by such facilities.

(B) REPORT.—Not later than 52 months after the date of enactment of this Act, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(i) DEFINITION.—As used in this section, the term ''small business'' means an employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year.

(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section, $60,000,000 for the period of fiscal years 2000 through 2002. With respect to the total amount appropriated for such period in accordance with this subsection, not more than $5,000,000 of that amount may be used for expenditures related to conducting evaluations required under, and the administration of, this section.

(k) TERMINATION OF PROGRAM.—The program established under subsection (a) shall terminate on September 30, 2003.

SEC. 223. GAO REPORT REGARDING THE RELATIONSHIP BETWEEN LEGAL LIABILITY CONCERNS AND THE AVAILABILITY AND AFFORDABILITY OF CHILD CARE.

Not later than 6 months after the date of enactment of this Act, the Comptroller General of the United States shall report to Congress regarding whether and, if so, the extent to which, concerns regarding potential legal liability exposure inhibit the availability and affordability of child care. The report shall include an assessment of whether such concerns prevent—

(1) employers from establishing on or near-site child care for their employees;

(2) schools or community centers from allowing their facilities to be used for on-site child care; and

(3) individuals from providing professional, licensed child care services in their homes.

Subtitle D—Quality Child Care Through Federal Facilities and Programs

SEC. 231. PROVIDING QUALITY CHILD CARE IN FEDERAL FACILITIES.

(a) DEFINITIONS.—In this section:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of General Services.

(2) EXECUTIVE AGENCY.—The term ''Executive agency'' has the meaning given the term in section 105 of title 5, United States Code, but does not include the Department of Defense.

(3) EXECUTIVE FACILITY.—The term ''executive facility'' means a facility that is owned or leased by an Executive agency.

(4) FEDERAL AGENCY.—The term ''Federal agency'' means an Executive agency, a judicial office, or a legislative office.

(5) JUDICIAL FACILITY.—The term ''judicial facility'' means a facility that is owned or leased by a judicial office.

(6) JUDICIAL OFFICE.—The term ''judicial office'' means an entity of the judicial branch of the Federal Government.

(7) LEGISLATIVE FACILITY.—The term ''legislative facility'' means a facility that is owned or leased by a legislative office.

(8) LEGISLATIVE OFFICE.—The term ''legislative office'' means an entity of the legislative branch of the Federal Government.

(b) EXECUTIVE BRANCH STANDARDS AND ENFORCEMENT.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS.—

(A) IN GENERAL.—The Administrator shall issue regulations requiring any entity operating a child care center in an executive facility to comply with applicable State and local licensing requirements related to the provision of child care.

(B) COMPLIANCE.—The regulations shall require that, not later than 6 months after the date of enactment of this Act—

(i) the entity shall comply, or make substantial progress (as determined by the Administrator) toward complying, with the requirements; and

(ii) any contract for the operation of such a child care center shall include a condition that the child care be provided in accordance with the requirements.

(2) EVALUATION AND ENFORCEMENT.—The Administrator shall evaluate the compliance of the entities described in paragraph (1) with the regulations issued under that paragraph. The Administrator may conduct the evaluation of such an entity directly, or through an agreement with another Federal agency, other than the Federal agency for which the entity is providing child care. If the Administrator determines, on the basis of such an evaluation, that the entity is not in compliance with the regulations, the Administrator shall notify the Executive agency.

(c) LEGISLATIVE BRANCH STANDARDS AND ENFORCEMENT.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS AND ACCREDITATION STANDARDS.—The Architect of the Capitol shall issue regulations for entities operating child care centers in legislative facilities, which shall be the same as the regulations issued by the Administrator under subsection (b)(1), except to the extent that the Architect may determine, for good cause shown and stated together with the regulations, that a modification of such regulations would be more effective for the implementation of the requirements and standards described in such paragraphs.

(2) EVALUATION AND ENFORCEMENT.—Subsection (b)(2) shall apply to the Architect of the Capitol, entities operating child care centers in legislative facilities, and legislative offices. For purposes of that application, references in subsection (b)(2) to regulations shall be considered to be references to regulations issued under this subsection.

(d) JUDICIAL BRANCH STANDARDS AND ENFORCEMENT.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS AND ACCREDITATION STANDARDS.—The Director of the Administrative Office of the United States Courts shall issue regulations for entities operating child care centers in judicial facilities, which shall be the same as the regulations issued by the Administrator under subsection (b)(1), except to the extent that the Director may determine, for good cause shown and stated together with the regulations, that a modification of such regulations would be more effective for the implementation of the requirements and standards described in such paragraphs.

(2) EVALUATION AND ENFORCEMENT.—Subsection (b)(2) shall apply to the Director described in paragraph (1), entities operating child care centers in judicial facilities, and judicial offices. For purposes of that application, references in subsection (b)(2) to regulations shall be considered to be references to regulations issued under this subsection.

(e) APPLICATION.—Notwithstanding any other provision of this section, if 3 or more child care centers are operated in facilities owned or leased by a Federal agency, the head of the Federal agency may carry out the responsibilities assigned to the Administrator under subsection (b)(2), the Architect of the Capitol under subsection (c)(2), or the Director described in subsection (d)(2) under such subsection, as appropriate.

Mr. HATCH. Mr. President, as this decade nears a close, and as our Nation has enjoyed an unprecedented period of economic growth, there remains an issue that affects many American families. I am referring to child care.

It has been nearly 9 years since the passage of the bipartisan Child Care and Development Block Grant Act. I was proud to have been a sponsor of this legislation, and I remain committed to its goals, structure, and principles.

Though the CCDBG has led to great improvements in the child care situation facing low-income families in every State, it has become clear that more needs to be done to help the family. In my home State of Utah, an extraordinary 57 percent of mothers with children under the age of 6 are in the labor force, and 134,000 children under the age of 6 in Utah will be cared for by someone other than their parents.

I am pleased to again join my colleagues—Senators CHAFEE, SNOWE, ROBERTS, SPECTER, COLLINS, and COCHRAN—each of whom has a long record of concern and involvement in child care issues—in sponsoring this measure. The Caring for Children Act is a comprehensive, realistic child care proposal, which we believe will benefit middle- and lower-income American families who struggle to get ahead or struggle to keep up.

First, the Caring for Children Act will, by expanding the Dependent Care Tax Credit, cut taxes for many middle- and lower-income families. Under the current system, the maximum credit of 30 percent is available only to families with incomes of $10,000 or less. Our proposal increases the Dependent Care Tax Credit (DCTC) from 30 percent to 50 percent. The maximum income is also increased to $30,000. The maximum allowable expenses of $2,400 for one child and $4,800 for two or more children will remain the same.

For example, a working family in Vernal, UT, earning $30,000 with two children, could receive a tax credit of $2,400 (50 percent of $4,800), instead of $960 under the current law.

Our bill also lowers the maximum credit more gradually than current law. This provides a form of tax relief for DCTC-eligible families earning between $30,000 and $75,000. This change is intended to benefit an often forgotten group—taxpayers who earn too much for Federal breaks but not enough for child care expenses not to be a big bite out of their budget.

This proposal also breaks new ground. It recognizes, for the first time, as a matter of Federal child care policy, that many families elect to have one parent remain at home to serve as the primary are giver. We understand the value of a parent at home to care for a child, both in terms of quality of care and monetary sacrifice. Such families pay for their child care by forfeiting a second income. The Caring for Children Act would expand eligibility for the Dependent Care Tax Credit (DCTC) to families with young children in which one parent remained at home.

Our bill assumes child care expenses for such a family of $150 per month. Thus, a family earning $30,000 with two children, ages 3 and 1, in Farmington, UT, in which one parent remains at home, would receive a tax credit of $900 (50 percent of $15012 months).

Some have criticized our bill for not giving the same tax benefits to families with a stay-at-home parent. Frankly, I support such parity in the DCTC. I would like our bill to be able to provide a larger credit. But, expanding eligibility for this credit is an expensive proposition. While we may not be able to propose DCTC parity in one fell swoop, we should establish the concept in this bill and increase the level of benefit as quickly as we can. But, we should not fail to do something just because we cannot do it all.

Many families across America elect to forego a second income in order to have a parent remain at home with children. Federal policy has so far failed to recognize parental care as child care, even if many people, myself included, consider it the best possible care. I happen to believe that parental care is the best care there is.

And, let me offer a word of praise and gratitude for my wife, Elaine. Elaine could have had a successful career as a professional educator. Instead, she chose to stay home with our children—all of whom are now married with children of their own.

Of course, my daughters and daughters-in-law will make their own choices about balancing career and family. Different families make different choices and face different circumstances that drive their choices. Our bill asserts that the Dependent Care Tax Credit should be available to families regardless of their choice. The DCTC should be a tax credit to help families care for children, not just a credit for employment expenses. We should not minimize the significance of this change in the federal child care paradigm.

Yet, many working but low-income families have no tax liability and will not benefit from our proposed changes to the DCTC. These families, many of which may be headed by single parents or headed by individuals moving from welfare to work, are struggling to make ends meet.

One of the family's biggest expenses is child care.

The cost of child care, like almost everything else, has increase in the 9 years since the implementation of the Child Care and Development Block Grant. When the CCDBG was enacted, the average cost of care per child was $3,000. Today, it is estimated to be more than $4,000 per child.

I invite senators to do the math: If a parent is making $10 an hour ($20,800 per year before taxes) and has just one child, child care expenses claim almost

one-fifth of the family budget. It is no wonder that the Utah Child Protective Services told me some years ago about a mother who was forced to choose between groceries and child care.

The Caring for Children Act proposes to increase the authorization of appropriations for the Child Care and Development Block grant Act (CCDBG), which states use to subsidize child care for low-income parents and to develop new capacity in areas—both geographic and functional—where there are shortages.

In Utah, as in other states as well, smaller and more rural communities often have shortages of child care. And, nearly every community suffers shortages of infant care, after school care, and care for special needs children.

The CCDBG is the only federal program we have for assisting low-income working families with child care expenses. We are not proposing to create another one. We are not expanding the statutory eligibility or entitlement for this program. The Caring for Children Act merely makes it possible for states to serve more eligible people and to address more of the problem of shortages under the provisions of the CCDBG.

I have said many times in this body that I do not support federal assistance for those who are able but do not help themselves. But, I likewise believe that some help is warranted when people are working and doing all they can to provide for their families. This is why I joined as a sponsor of the Child Care and Development Block Grant 10 years ago. I do not want Utah families to have to choose between child care and food.

We still face issues of quality of care. Our bill affirms state prerogatives to set their own standards for child care. My colleagues are well aware of my strong opposition to any federal effort to set or imply federal standards. States must be allowed discretion in this. But, our bill also recognizes that standards are worthless if they are not enforced.

To encourage states to make a stronger commitment to enforce their own standards for child care, the Caring for Children Act provides a system of bonuses for states who exceed a threshold of inspections or, conversely, penalties for those who fail to conduct a minimum number of inspections. In my view, the most stringent standards in the world do not provide any assurance of quality care if providers do not believe standards will be enforced.

I also believe that the best assurance of quality is a parent's own good judgment. The Caring for Children Act takes the very inexpensive, but potentially very productive step of providing funds for beefed up consumer information to parents.

There are other important provisions in our bill that are designed to encourage private sector initiatives in child care as well as to enhance training opportunities for child care providers.

All together, the Caring for Children Act attempts to address all three of the major issues in child care: affordability, availability, and quality. I believe the bill we are introducing today is measured and responsible.

In no way is this a government knows best model of social problem solving; rather, it builds on what we already know works and what we already know that parents want. They want resources and information to make their own decisions and to care for their own children. They want input into the plans developed by states. They want control over child care.

The bill we are introducing today endeavors to put government on the side of parents by returning resources to them through tax credits, by enabling states to do more under the CCDBG, by increasing available child care information, and, finally by respecting the choices they make.

I am again pleased to join my colleagues in this legislation and hope other Senators will support this measure as well.

Mr. ROBERTS. Mr. President, I am pleased to join with my colleagues to reintroduce legislation to help meet the child care challenges facing families in Kansas and around the nation.

Child care, in the home when possible and outside the home when parents work, goes right to the heart of keeping families strong.

Unfortunately, just being able to afford child care is a major issue for most families. Some child care can cost as much as college tuition and consume up to 40 percent of a family's income. Finding quality care is another challenge.

Welfare reforms have cut Kansas welfare rolls in half since 1996. As more and more of these families come off the rolls, child care needs grow. About half of the 11,000 families that have left welfare rolls in Kansas have young children. In order to continue the successful transition from welfare to work, parents, especially single parents, must have access to affordable, quality child care.

Only parents can and should decide what child care arrangements work best for their children. This includes the decision to stay at home.

The Caring for Children Act includes provisions to allow a parent who is able to stay at home and care for a child to receive a tax credit to help cover expenses. This credit applies during the first three years of a child's life and amounts to about $900 per year.

The Caring for Children Act takes steps to assist small businesses that want to provide child care. I am pleased that this bill includes a short-term flexible grant program to encourage these businesses to work together to provide child care services. This program, which provides $60 million to the states, allows those closer to home to make decisions necessary to improve child care in communities. This funding provides the start-up assistance necessary to create self-sustaining child care programs.

I have pledged to work to improve child care. I will continue this effort. I look forward to working with my colleagues to expand child care options and protect our nation's most valuable resource, our children.

Mr. SPECTER. Mr. President, I have sought recognition to once again join my colleagues in introducing the Caring for Children Act, which will ease the financial burden of child care for American families—for those parents who work, and for those who choose to stay home to raise their children for a period of time. This legislation is identical to the child care proposal my colleagues and I introduced during the 105th Congress, on January 28, 1998. I believe it is vital that the Congress recognize the importance of affordable, quality child care to the successful development of our children.

The Caring for Children Act is a middle-ground, targeted response to the growing child care needs facing American families. Our bill includes tax incentives for employers and parents, and an increase in funding for programs that assist the most needy families. Most importantly, our bill proposes prudent adjustments to discretionary programs rather than implementing new mandatory spending.

Our bill would expand the Dependent Care tax credit to make it more accessible to families who need it, double the authorization for the Child Care Development Block Grant, and provide grants to small businesses to create or enhance child care facilities for their employees. This bill also includes provisions from the proposal I introduced during the 105th Congress with my colleagues, Congressman JON FOX, The Affordable Child Care Act, which provides a tax credit for employers who provide on-site or site-adjacent child care to their employees in order to reduce the child care expenses of the employee.

Not all families choose the same option for child care. Many families rely on relatives, centers operated by churches and other religious organizations, centers at or near their workplace, or make other arrangements to provide care for their children while they work. In light of the diverse needs for child care in America, this bill represents a good start toward expanding the choices for American parents. And, any such legislation must recognize that there is a need to provide some relief to families where one parent stays at home.

The need for affordable and accessible day care is critical given the increasing numbers of working parents and dual-income families in the United States. According to the Bureau of the Census, in 1975, 31 percent of married mothers with a child younger than age one participated in the labor force. By 1995, that figure had risen to 59 percent. Almost 64 percent of married mothers and 53 percent of single mothers with children younger than age six participated in the labor force in 1995.

The cost of child care for families is also significant. Licensed day care centers in some urban areas cost as much as $200 per week, and the disparity in costs and availability of child care between urban and rural grows greater every day. For families which need or choose to have both parents work outside the home, the burden of making child care decisions is great. These figures serve to underscore the need for action on the part of the Federal Government to provide the necessary assistance to our Nation's working families.

As Chairman of the Labor, Health and Human Services, and Education Appropriations Subcommittee, I am pleased that this legislation would build on an existing Federal child care program by authorizing an additional $5 billion over 5 years to the Child Care Development Block Grant program, bringing total spending for this program to nearly $2.5 billion annually by fiscal year 2003. The child care block grant works well to assist low-income families acquire child care, and helped over 93,000 Pennsylvania families last year. Fiscal year 1999 funding for this vital assistance program totaled $1.182 billion, $182 billion, $182 million above the currently authorized level. By increasing the authorization, we can help even more families without creating a new entitlement program.

Our legislation will also require States to create and enforce safety and health standards in child care facilities, and provide money for the Department of Health and Human Services to disseminate information to parents and providers about quality child care, through brochures, toll-free hotlines, the Internet, and other technological assistance.

The Caring for Children Act complements my recent efforts to assist working families in the context of welfare reform and children's health insurance. When Congress debated welfare reform in 1995 and 1996, I worked to ensure that adequate funds were provided for child care, a critical component for welfare mothers who would be required to work to receive new limited welfare benefits. I am pleased that the welfare reform bill that became law provided $20 billion in child care funding over a 6-year period. Similarly, I was pleased to participate in the bipartisan effort in 1997 to enact legislation to provide $24 billion over the next 5 years for States to establish or broaden children's health insurance programs. Utilizing these new Federal funds, over 10,000 previously uninsured children in Pennsylvania have been enrolled in this program since May of 1998.

In conclusion, Mr. President, I believe that it is critical that the 106th Congress not adjourn without enacting legislation to assist families in their ability to afford safe, quality child care for their children, either at home with a parent or another arrangement. Our legislation will provide peace of mind to millions of American families struggling to balance career and child raising. I urge my colleagues to join me in cosponsoring this important legislation, and I urge its swift adoption.

By Mr. WELLSTONE.

S. 600. A bill to combat the crime of international trafficking and to protect the rights of victims; to the Committee on Foreign Relations.

INTERNATIONAL TRAFFICKING OF WOMEN AND CHILDREN VICTIM PROTECTION ACT OF 1999

Mr. WELLSTONE. Mr. President, this week across the globe, men and women have celebrated International Women's Day, highlighting the achievements of women around the world. From Qatar to Indonesia, the day was marked by women marching, meeting, and protesting for recognition of their inherent dignity and fundamental human rights. I believe there is much work yet to be done to ensure that women and girls' human rights are protected and respected.

One of the most horrendous human rights violations of our time is trafficking in human beings, particularly among women and children, for purposes of sexual exploitation and forced labor. To curb this horrific practice, I am introducing the ''International Trafficking of Women and Children Victim Protection Act of 1999'' which will put Congress on record as opposing trafficking for forced prostitution and domestic servitude, and acting to check it before the lives of more women and girls are shattered.

One of the fastest growing international trafficking businesses is the trade in women. Women and girls seeking a better life, a good marriage, or a lucrative job abroad, unexpectedly find themselves forced to work as prostitutes, or in sweat shops. Seeking this better life, they are lured by local advertisements for good jobs in foreign countries at wages they could never imagine at home.

Every year, the trafficking of human beings for the sex trade affects hundreds of thousands of women throughout the world. Women and children whose lives have been disrupted by economic collapse, civil wars, or fundamental changes in political geography, such as the disintegration of the Soviet Union, have fallen prey to traffickers. The United States government estimates that 1–2 million women and girls are trafficked annually around the world. According to experts, between 50 and 100 thousand women are trafficked each year into the United States alone. They come from Thailand, Russia, the Ukraine and other countries in Asia and the former Soviet Union.

Upon arrival in countries far from their homes, these women are often stripped of their passports, held against their will in slave-like conditions, and sexually abused. Rape, intimidation, and violence are commonly employed by traffickers to control their victims and to prevent them from seeking help. Through physical isolation and psychological trauma, traffickers and brothel owners imprison women in a world of economic and sexual exploitation that imposes a constant fear of arrest and deportation, as well as of violent reprisals by the traffickers themselves, to whom the women must pay off ever-growing debts. Many brothel owners actually prefer women—women who are far from help and home, and who do not speak the language—precisely because of the ease of controlling them.

Most of these women never imagined that they would enter such a hellish world, having traveled abroad to find better jobs or to see the world. Many in their naivete, believed that nothing bad could happen to them in the rich and comfortable countries such as Switzerland, Germany, or the United States. Others, who are less naive but desperate for money and opportunity, are no less hurt by the trafficker's brutal grip.

Last year, First Lady Hilary Clinton spoke powerfully of this human tragedy. She said: ''I have spoken to young girls in northern Thailand whose parents were persuaded to sell them as prostitutes, and they received a great deal of money by their standards. You could often tell the homes of where the girls had been sold because they might even have a satellite dish or an addition built on their house. But I met girls who had come home after they had been used up, after they had contracted HIV or AIDS. If you've ever held the hand of a 13-year-old girl dying of AIDS, you can understand how critical it is that we take every step possible to prevent this happening to any other girl anywhere in the world. I also, in the Ukraine, heard of women who told me with tears running down their faces that young women in their communities were disappearing. They answered ads that promised a much better future in another place and they were never heard from again.''

These events are occurring not just in far off lands, but here at home in the U.S. as well. According to a report in the Washington Post in 1997, the FBI raided a massage parlor in downtown Bethesda. The massage parlor was involved in the trafficking of Russian women into the United States. The eight Russian women who worked there, lived at the massage parlor, sleeping on the massage tables at night. They were charged a $150 a week for ''housing'' and were not paid any salary, only receiving a portion of their tips.

According to recent reports by the Justice Department, teenage Mexican girls were held in slavery in Florida and the Carolinas and forced to submit to prostitution. In addition, Russian and Latvian women were forced to work in nightclubs in Chicago. According to charges filed against the traffickers, the traffickers picked the women up upon their arrival at the airport, seized their documents and return tickets, locked them in hotels and beat

them. The women were told that if they refused to dance nude in various nightclubs, the Russian mafia would kill their families. Further, over three years, hundreds of women from the Czech Republic who answered advertisements in Czech newspapers for modeling were ensnared in an illegal prostitution ring.

Trafficking in women and girls is a human rights problem that requires a human rights response. Trafficking is condemned by human rights treaties as a violation of basic human rights and a slavery-like practice. Women who are trafficked are subjected to other abuses—rape, beatings, physical confinement—squarely prohibited by human rights law. The human abuses continue in the workplace, in the forms of physical and sexual abuse, debt bondage and illegal confinement, and all are prohibited.

Fortunately, the global trade in women and children is receiving greater attention by governments and NGOs following the UN World Conference on Women in Beijing. The United Nations General Assembly has called upon all governments to criminalize trafficking, to punish its offenders, while not penalizing its victims. The President's Interagency Council on Women is working hard to mobilize a response to this problem. Churches, synagogues, and NGOs, such as Human Rights Watch and the Global Survival Network, are fighting this battle daily. But, much, much more must be done.

My legislation provides a human rights response to the problem. It has a comprehensive and integrated approach focused on prevention, protection and assistance for victims, and prosecution of traffickers.

I will highlight a few of its provisions now:

It sets an international standard for governments to meet in their efforts to fight trafficking and assist victims of this human rights abuse. It calls on the State Department and Justice Department to investigate and take action against international trafficking. In addition, it creates an Interagency Task Force to Monitor and Combat Trafficking in the Office of the Secretary of State and directs the Secretary to submit an annual report to Congress on international trafficking.

The annual report would, among other things, identify states engaged in trafficking, the efforts of these states to combat trafficking, and whether their government officials are complicit in the practice. Corrupt government or law enforcement officials sometimes directly participate and benefit in the trade of women and girls. And, corruption also prevents prosecution of traffickers. U.S. police assistance would be barred to countries found not to have taken effective action in ending the participation of their officials in trafficking, and in investigating and prosecuting meaningfully their officials involved in trafficking. A waiver is provided for the President if he finds that provision of such assistance is in the national interest.

On a national level, it ensures that our immigration laws do not encourage rapid deportation of trafficked women, a practice which effectively insulates traffickers from ever being prosecuted for their crimes. Trafficking victims are eligible for a nonimmigrant status valid for three months. If the victim pursues criminal or civil actions against her trafficker, or if she pursues an asylum claim, she is provided with an extension of time. Further, it provides that trafficked women should not be detained, but instead receive needed services, safe shelter, and the opportunity to seek justice against their abusers. Finally, my bill provides much needed resources to programs assisting trafficking victims here at home and abroad.

We must commit ourselves to ending the trafficking of women and girls and to building a world in which such exploitation is relegated to the dark past. I urge my colleagues to support the International Trafficking of Women and Children Protection Act of 1999.

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. 600

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 ''International Trafficking of Women and Children Victim Protection Act of 1999''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The worldwide trafficking of persons has a disproportionate impact on women and girls and has been and continues to be condemned by the international community as a violation of fundamental human rights.

(2) The fastest growing international trafficking business is the trade in women, whereby women and girls seeking a better life, a good marriage, or a lucrative job abroad, unexpectedly find themselves in situations of forced prostitution, sweatshop labor, exploitative domestic servitude, or battering and extreme cruelty.

(3) Trafficked women and children, girls and boys, are often subjected to rape and other forms of sexual abuse by their traffickers and often held as virtual prisoners by their exploiters, made to work in slavery-like conditions, in debt bondage without pay and against their will.

(4) The President, the First Lady, the Secretary of State, the President's Interagency Council on Women, and the Agency for International Development have all identified trafficking in women as a significant problem.

(5) The Fourth World Conference on Women (Beijing Conference) called on all governments to take measures, including legislative measures, to provide better protection of the rights of women and girls in trafficking, to address the root factors that put women and girls at risk to traffickers, and to take measures to dismantle the national, regional, and international networks on trafficking.

(6) The United Nations General Assembly, noting its concern about the increasing number of women and girls who are being victimized by traffickers, passed a resolution in 1998 calling upon all governments to criminalize trafficking in women and girls in all its forms and to penalize all those offenders involved, while ensuring that the victims of these practices are not penalized.

(7) Numerous treaties to which the United States is a party address government obligations to combat trafficking, including such treaties as the 1956 Supplementary Convention on the Abolition of Slavery, the Slave Trade and Institutions and Practices Similar to Slavery, which calls for the complete abolition of debt bondage and servile forms of marriage, and the 1957 Abolition of Forced Labor Convention, which undertakes to suppress and requires signatories not to make use of any forced or compulsory labor.

SEC. 3. PURPOSES.

The purposes of this Act are to condemn and combat the international crime of trafficking in women and children and to assist the victims of this crime by—

(1) setting a standard by which governments are evaluated for their response to trafficking and their treatment of victims;

(2) authorizing and funding an interagency task force to carry out such evaluations and to issue an annual report of its findings to include the identification of foreign governments that tolerate or participate in trafficking and fail to cooperate with international efforts to prosecute perpetrators;

(3) assisting trafficking victims in the United States by providing humanitarian assistance and by providing them temporary nonimmigrant status in the United States;

(4) assisting trafficking victims abroad by providing humanitarian assistance; and

(5) denying certain forms of United States foreign assistance to those governments which tolerate or participate in trafficking, abuse victims, and fail to cooperate with international efforts to prosecute perpetrators.

SEC. 4. DEFINITIONS.

In this Act:

(1) POLICE ASSISTANCE.—The term ''police assistance''—

(A) means—

(i) assistance of any kind, whether in the form of grant, loan, training, or otherwise, provided to or for foreign law enforcement officials, foreign customs officials, or foreign immigration officials;

(ii) government-to-government sales of any item to or for foreign law enforcement officials, foreign customs officials, or foreign immigration officials; and

(iii) any license for the export of an item sold under contract to or for the officials described in clause (i); and

(B) does not include assistance furnished under section 534 of the Foreign Assistance Act of 1961 (22 U.S.C. 2346c; relating to the administration of justice) or any other assistance under that Act to promote respect for internationally recognized human rights.

(2) TRAFFICKING.—The term ''trafficking'' means the use of deception, coercion, debt bondage, the threat of force, or the abuse of authority to recruit, transport within or across borders, purchase, sell, transfer, receive, or harbor a person for the purpose of placing or holding such person, whether for pay or not, in involuntary servitude, or slavery or slavery-like conditions, or in forced, bonded, or coerced labor.

(3) VICTIM OF TRAFFICKING.—The term ''victim of trafficking'' means any person subjected to the treatment described in paragraph (2).

SEC. 5. INTER-AGENCY TASK FORCE TO MONITOR AND COMBAT TRAFFICKING.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established within the Department of State in the Office of the Secretary of State an Inter-Agency Task Force to Monitor and Combat Trafficking (in this section referred to as the ''Task Force''). The Task Force shall be co-chaired by the Assistant Secretary of State for Democracy, Human Rights, and Labor Affairs and the Senior Coordinator on International Women's Issues, President's Interagency Council on Women.

(2) APPOINTMENT OF MEMBERS.—The members of the Task Force shall be appointed by the Secretary of State. The Task Force shall consist of no more than twelve members.

(3) COMPOSITION.—The Task Force shall include representatives from the—

(A) Violence Against Women Office, Office of Justice Programs, Department of Justice;

(B) Office of Women in Development, United States Agency for International Development; and

(C) Bureau of International Narcotics and Law Enforcement Affairs, Department of State.

(4) STAFF.—The Task Force shall be authorized to retain up to five staff members within the Bureau of Democracy, Human Rights, and Labor Affairs, and the President's Interagency Council on Women to prepare the annual report described in subsection (b) and to carry out additional tasks which the Task Force may require. The Task Force shall regularly hold meetings on its activities with nongovernmental organizations.

(b) ANNUAL REPORT TO CONGRESS.—Not later than March 1 of each year, the Secretary of State, with the assistance of the Task Force, shall submit a report to Congress describing the status of international trafficking, including—

(1) a list of foreign states where trafficking originates, passes through, or is a destination; and

(2) an assessment of the efforts by the governments described in paragraph (1) to combat trafficking. Such an assessment shall address—

(A) whether any governmental authorities tolerate or are involved in trafficking activities;

(B) which governmental authorities are involved in anti-trafficking activities;

(C) what steps the government has taken toward ending the participation of its officials in trafficking;

(D) what steps the government has taken to prosecute and investigate those officials found to be involved in trafficking;

(E) what steps the government has taken to prohibit other individuals from participating in trafficking, including the investigation, prosecution, and conviction of individuals involved in trafficking, the criminal and civil penalties for trafficking, and the efficacy of those penalties on reducing or ending trafficking;

(F) what steps the government has taken to assist trafficking victims, including efforts to prevent victims from being further victimized by police, traffickers, or others, grants of stays of deportation, and provision of humanitarian relief, including provision of mental and physical health care and shelter;

(G) whether the government is cooperating with governments of other countries to extradite traffickers when requested;

(H) whether the government is assisting in international investigations of transnational trafficking networks; and

(I) whether the government—

(i) refrains from prosecuting trafficking victims or refrains from other discriminatory treatment towards trafficking victims due to such victims having been trafficked, or the nature of their work, or their having left the country illegally; and

(ii) recognizes the rights of victims and ensures their access to justice.

(c) REPORTING STANDARDS AND INVESTIGATIONS.—

(1) RESPONSIBILITY OF THE SECRETARY OF STATE.—The Secretary of State shall ensure that United States missions abroad maintain a consistent reporting standard and thoroughly investigate reports of trafficking.

(2) CONTACTS WITH NONGOVERNMENTAL ORGANIZATIONS.—In compiling data and assessing trafficking for the Human Rights Report and the Inter-Agency Task Force to Monitor and Combat Trafficking Annual Report, United States mission personnel shall seek out and maintain contacts with human rights and other nongovernmental organizations, including receiving reports and updates from such organizations, and, when appropriate, investigating such reports.

SEC. 6. INELIGIBILITY FOR POLICE ASSISTANCE.

(a) INELIGIBILITY.—Except as provided in subsection (b), any foreign government country identified in the latest report submitted under section 5 as a government that—

(1) has failed to take effective action towards ending the participation of its officials in trafficking; and

(2) has failed to investigate and prosecute meaningfully those officials found to be involved in trafficking,

shall not be eligible for police assistance.

(b) WAIVER OF INELIGIBILITY.—The President may waive the application of subsection (a) to a foreign country if the President determines and certifies to Congress that the provision of police assistance to the country is in the national interest of the United States.

SEC. 7. PROTECTION OF TRAFFICKING VICTIMS.

(a) NONIMMIGRANT CLASSIFICATION FOR TRAFFICKING VICTIMS.—Section 101(a)(15) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)) is amended—

(1) by striking ''or'' at the end of subparagraph (R);

(2) by striking the period at the end of subparagraph (S) and inserting ''; or''; and

(3) by adding at the end the following new subparagraph:

''(T) an alien who the Attorney General determines—

''(i) is physically present in the United States, and

''(ii) is or has been a trafficking victim (as defined in section 4 of the International Trafficking of Women and Children Victim Protection Act of 1999),

for a stay of not to exceed 3 months in the United States, except that any such alien who has filed a petition seeking asylum or who is pursuing civil or criminal action against traffickers shall have the alien's status extended until the petition or litigation reaches its conclusion.''.

(b) WAIVER OF GROUNDS FOR INELIGIBILITY FOR ADMISSION.—Section 212(d) of the Immigration and Nationality Act (8 U.S.C. 1182(d)) is amended—

(1) by inserting ''(1)'' after ''(d)''; and

(2) by adding at the end the following:

''(2) The Attorney General shall, in the Attorney General's discretion, waive the application of subsection (a) (other than paragraph (3)(E)) in the case of a nonimmigrant described in section 101(a)(15)(T), if the Attorney General considers it to be in the national interest to do so.''.

(c) INVOLUNTARY SERVITUDE.—Section 1584 of title 18, United States Code, is amended—

(1) inserting ''(a)'' before ''Whoever'';

(2) by striking ''or'' after ''servitude'';

(3) by inserting ''transfers, receives or harbors any person into involuntary servitude, or'' after ''servitude,''; and

(4) by adding at the end the following:

''(b) In this section, the term 'involuntary servitude' includes trafficking, slavery-like practices in which persons are forced into labor through non-physical means, such as debt bondage, blackmail, fraud, deceit, isolation, and psychological pressure.''.

(d) TRAFFICKING VICTIM REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Attorney General and the Secretary of State shall jointly promulgate regulations for law enforcement personnel, immigration officials, and Foreign Service officers requiring that—

(1) Federal, State and local law enforcement, immigration officials, and Foreign Service officers shall be trained in identifying and responding to trafficking victims;

(2) trafficking victims shall not be jailed, fined, or otherwise penalized due to having been trafficked, or nature of work;

(3) trafficking victims shall have access to legal assistance, information about their rights, and translation services;

(4) trafficking victims shall be provided protection if, after an assessment of security risk, it is determined the trafficking victim is susceptible to further victimization; and

(5) prosecutors shall take into consideration the safety and integrity of trafficked persons in investigating and prosecuting traffickers.

SEC. 8. ASSISTANCE TO TRAFFICKING VICTIMS.

(a) IN THE UNITED STATES.—The Secretary of Health and Human Services is authorized to provide, through the Office of Refugee Resettlement, assistance to trafficking victims and their children in the United States, including mental and physical health services, and shelter.

(b) IN OTHER COUNTRIES.—The President, acting through the Administrator of the United States Agency for International Development, is authorized to provide programs and activities to assist trafficking victims and their children abroad, including provision of mental and physical health services, and shelter. Such assistance should give special priority to programs by nongovernmental organizations which provide direct services and resources for trafficking victims.

SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION OF APPROPRIATIONS FOR THE INTER-AGENCY TASK FORCE.—To carry out the purposes of section 5, there are authorized to be appropriated to the Secretary of State $2,000,000 for fiscal year 2000 and $2,000,000 for fiscal year 2001.

(b) AUTHORIZATION OF APPROPRIATIONS TO THE SECRETARY OF HHS.—To carry out the purposes of section 8(a), there are authorized to be appropriated to the Secretary of Health and Human Services $20,000,000 for fiscal year 2000 and $20,000,000 for fiscal year 2001.

(c) AUTHORIZATION OF APPROPRIATIONS TO THE PRESIDENT.—To carry out the purposes of section 8(b), there are authorized to be appropriated to the President $20,000,000 for fiscal year 2000 and $20,000,000 for fiscal year 2001.

(d) PROHIBITION.—Funds made available to carry out this Act shall not be available for the procurement of weapons or ammunition.

By Mr. COCHRAN:

S. 601. A bill to improve the foreign language assistance program; to the Committee on Health, Education, Labor, and Pensions.

FOREIGN LANGUAGE EDUCATION IMPROVEMENT AMENDMENTS OF 1999

Mr. COCHRAN. Mr. President, today I am introducing a bill to amend the Foreign Language Assistance Program which is administered under the Elementary and Secondary Education Act.

The Foreign Language Education Improvement Amendments of 1999 make changes that encourage and make possible the teaching of a second language to students in elementary and secondary schools with limited resources—in particular, those schools heavily impacted by the unique problems of educating a high population of disadvantaged students.

My bill also provides schools an incentive to initiate foreign language programs, promotes technology, distance learning, and other innovative activities in the effective instruction of a foreign language.

Recent research about the human brain and language acquisition, which we've heard a lot about in connection to the teaching of reading and early childhood development, revealed that the ability to learn new languages is highest between birth and age six. ''Windows of opportunity'' is how a February 3, 1997, Time article described this neurological function, which effectively is open and pliable during the early years of life and closes by the age of ten.

We all know, from personal and other practical experience, that of course, people learn foreign languages beyond the age of ten. But, the enlightening fact of the research is that humans learn languages easier, and best at an early age.

The National School Boards Association publication, School Board News, printed an article in July, 1997 that describes early foreign language programs, and the benefits of learning languages early:

According to the Center for Applied Linguistics (CAL) in Washington, D.C., the early study of a second language offers many benefits for students, including gains in academic achievement, positive attitudes toward diversity, increased flexibility in thinking, greater sensitivity to language, and a better ear for listening and pronunciation. Foreign language study also improves children's understanding of their native language, increase creativity, helps students get better SAT scores, and increase their job opportunities.

The evidence shows that children who learn foreign languages score higher in all academic subjects than those who speak only English. Most developed countries recognize this and, according to the National Foreign Language Center, the United States is alone in not teaching foreign languages routinely before the age of twelve. Congress recognized the need for foreign language study when it passed Goals 2000 in 1994, making foreign language acquisition an education priority.

In February of this year, the Center for Applied Linguistics released the results of a U.S. Department of Education funded survey of foreign language teaching in preschool through 12th grade in the United States. The results show a rising awareness and increase in the teaching of foreign languages, but in the 31 percent of elementary schools that offer foreign language instruction, only 21 percent have proficiency as the goal of the program. Among the most frequently cited problems facing foreign language programs were inadequate funding, inadequate in-service teacher training, teacher shortages and a lack of sequencing from elementary to secondary school.

This survey is a good snapshot of the state of the teaching of foreign languages K–12 in our country. It can be read as encouraging: that we know we should be teaching languages earlier; that more schools are attempting to teach foreign languages; and that more languages are being taught. It also clearly shows where we need improvement: that we need to show accomplishment in teaching our students foreign languages; that more schools need to have the resources to offer the necessary course work for attaining this skill; and, that foreign languages should be a priority.

The advantages of having foreign language ability range from greater opportunities for college admission to fulfilling national security needs. The National Council for Languages and International Studies found that the top attainable skill cited as a determining factor for likely college admission is foreign language proficiency. There are also social and cultural tolerance advantages that the National Council for Languages and International Studies and others cite, which most of us can appreciate. According to a February 1998, USA Today survey, top executives of America's businesses cited a need for and lack of foreign language skills twice as great as any other skill in demand.

The National Foreign Language Center published a 1999 report titled, Language and National Security for the 21st Century: The Federal Role in Supporting National Language Capacity. This report is very compelling in its review of the need for military and civilian personnel with foreign language capability, and the lack thereof in our current and rising workforces. Here are some quotes from that report:

For example, the admission of a DEA official in September, 1997 that the agency lacks sufficient Russian language expertise to combat organized crime in groups from the former Soviet Union indicates a shortfall in supply of such expertise.

* * * * *

The Foreign Service reports that only 60% of its billets requiring language are at present filled, with waivers applied to the other 35%.

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Clearly, the academic system falls short in producing speakers minimally qualified to hold jobs requiring the use of foreign language, which is why the federal language programs exist and why the language training business in the private sector is so successful.

The same report further explains that the language training business is estimated to be $20 billion internationally. That is money spent by our government, our businesses and individuals to teach adults a skill essential in the global relationships of industry, diplomacy, defense, and higher education.

The evidence of need is great, and yet there is a lack of sufficient foreign language training at the K–12 level. We have one program in the Elementary and Secondary Education Act aimed at providing incentives and giving grants to schools for this purpose. It is a program that is currently funded at just $5 million for a few matching grants in a handful of states. However, the section of this law providing a grant for schools that offer foreign language instruction programs has never been funded. A frustrating aspect of this good program is that the schools in the most need of the assistance can't afford the ante. My amendments establish a 50 percent set aside for schools serving the most disadvantaged students, and eliminates the matching share requirement for those schools. This bill also increases the annual authorization for the program from $55,000,000 to $75,000,000.

I hope that we will give greater attention to this program when we make funding decisions, so that schools without the advantages of plentiful resources can provide their students with a high quality and competitive education.

My amendments to the ESEA Foreign Language Assistance Program will provide new opportunities and encouragement to our school children, teachers, and parents, so we can better meet our global business challenges and national security needs.

By Mr. SHELBY (for himself, Mr. BOND, Mr. COVERDELL, Mr. HAGEL, Mr. KYL, Mr. BURNS, Mr. GRAMM, Mr. ASHCROFT, Mr. THOMAS, Mr. ABRAHAM, Mr. GRASSLEY, Mr. HELMS, Mr. INHOFE, Mr. SESSIONS, Mr. GRAMS, Mr. COCHRAN, Mr. HUTCHINSON and Ms. SNOWE):

S. 602. A bill to amend chapter 8 of title 5, United States Code, to provide for congressional review of any rule promulgated by the Internal Revenue Service that increases Federal Revenue, and for other purposes; to the Committee on Government Affairs.

THE STEALTH TAX PREVENTION ACT

Mr. SHELBY. Mr. President, I rise today with my colleague Senator BOND, to introduce the Stealth Tax Prevention Act. Among the many powers given to Congress by the Constitution of the United States, the responsibility of taxation is perhaps the most important. The Founding Fathers rationale behind bestowing this power to Congress is that because, as elected representative, Congress remains accountable to the voters when they levy and collect taxes. Politicians are rightly held responsible to the public for producing fair and prudent tax legislation.

Three years ago, Mr. President, Congress passed the Congressional Review Act, which provides that when a major agency rule takes effect, Congress has 60 days to review it. During this time

period, Congress has the option to pass a disapproval resolution. If no such resolution is passed, the rule then goes into effect.

As you know, Mr. President, the Internal Revenue Service maintains an enormous amount of power over the lives and the livelihoods of the American taxpayers through their authority to interpret the Tax Code. The Stealth Tax Prevention Act, that Senator BOND and I are introducing along with Mr. COVERDELL, Mr. HAGEL, Mr. KYL, Mr. BURNS, Mr. GRAMM, Mr. ASHCROFT, Mr. THOMAS, Mr. ABRAHAM, Mr. GRASSLEY, Mr. HELMS, Mr. INHOFE, Mr. SESSIONS, Mr. GRAMS, Mr. COCHRAN, Mr. HUTCHINSON, and Ms. SNOWE, will expand the definition of a major rule to include, Mr. President, any IRS regulation which increases Federal revenue. Why? Because we need to return the authority of taxation to the United States Congress.

For example, if the Office of Management and Budget finds that the implementation and enforcement of a rule would result in an increase of Federal revenues over current practices or revenues anticipated from the rule on the date of the enactment of the statute, the Stealth Tax Prevention Act would allow Congress to review the regulations and take appropriate measures to avoid raising taxes on hard working Americans, in most cases, small businesses.

The discretionary authority of the Internal Revenue Service exposes small businesses, farmers, and others to the sometimes arbitrary actions of bureaucrats, thus creating an uncertain and, under certain cases, hostile environment in which to conduct day-to-day activities. Most of these people do not have lobbyists that work for them other than their elected Representatives. The Stealth Tax Prevention Act will be particularly helpful in lowering the tax burden on small business which suffers disproportionately, Mr. President, from IRS regulations. This burden discourages the startup of new firms and ultimately the creation of new jobs in the economy, which has really made America great today.

Americans are now paying a higher share of their income to the Federal government than at any time since the end of World War II. They, Mr. President, as you well know, pay State income taxes. They pay property taxes. On the way to work in the morning they pay a gasoline tax when they fill up their car, and a sales tax when they buy a cup of coffee.

Allowing bureaucrats to increase taxes even further, at their own discretion through interpretation of the Tax Code is unconscionable. The Stealth Tax Prevention Act will leave tax policy where it belongs, to elected Members of the Congress, not unelected and unaccountable IRS bureaucrats.

Mr. BOND. Mr. President, today I join my distinguished colleague from Alabama, Senator SHELBY, in reintroducing legislation, which we proudly offered in the 105th Congress and will work to enact during the 106th Congress. Our goal is to ensure that the Treasury Department's Internal Revenue Service does not usurp the power to tax—a power solely vested in Congress by the U.S. Constitution. ''The Stealth Tax Prevention Act'' will ensure that the duly elected representatives of the people, who are accountable to the electorate for our actions, will have discretion to exercise the power to tax. This legislation is intended to curb the ability of the Treasury Department to bypass Congress by proposing a tax increase without the authorization or consent of Congress.

The Stealth Tax Prevention Act builds on legislation passed unanimously by the Senate in the 104th Congress. As Chairman of the Committee on Small Business, I authored the Small Business Regulatory Enforcement Fairness Act—better known as the Red Tape Reduction Act—to ensure that small businesses are treated fairly in agency rulemaking and enforcement activities. Subtitle E of the Red Tape Reduction Act provides that a final rule issued by a Federal agency and deemed a ''major rule'' by the Office of Information and Regulatory Affairs of the Office of Management and Budget cannot go into effect for at least sixty days. This delay is to provide Congress with a window during which we can review the rule and its impact, allowing time for Congress to consider whether a resolution of disapproval should be enacted to strike down the regulation. To become effective, the resolution must pass both the House and Senate and be signed into law by the President or enacted as the result of a veto override.

Later this month, I will commemorate the third anniversary of the Red Tape Reduction Act's enactment by highlighting the progress made to date and the obstacles small businesses continue to face primarily due to agency noncompliance. Because of the IRS' significant impact on the activities of small businesses, the Service's implementation of the Red Tape Reduction Act and the Regulatory Flexibility Act is of utmost importance to the Committee on Small Business.

The bill Senator SHELBY and I introduce today amends this law to provide that any rule issued by the Treasury Department's Internal Revenue Service that will result in a tax increase—any increase—will be deemed a major rule by OIRA and, consequently, not go into effect for at least 60 days. This procedural safeguard will ensure that the Department of the Treasury and its Internal Revenue Service cannot make an end-run around Congress, as it attempted with the ''stealth tax'' it proposed on January 13, 1997.

In that case, the IRS issued a proposal that is tantamount to a tax increase on businesses structured as limited liability companies. The IRS proposed to disqualify a taxpayer from being considered as a limited partner if he or she ''participates in the partnership's trade or business for more than 500 hours during a taxable year'' or is involved in a ''service'' partnership, such as lawyers, accountants, engineers, architects, and health-care providers.

The IRS alleges that its proposal merely interprets section 1402(a)(13) of the Internal Revenue Code, providing clarification, when in actuality it is a tax increase regulatory fiat. Under the IRS proposal, disqualification as a limited partner will result in a tax increase on income from both capital investments as well as earnings of the partnership. The effect will be to add the self-employment tax (12.4% for social security and 2.9% for Medicare) to income from investments as well as earnings for limited partners who under current rules can exclude such income from the self employment tax.

Under the bill introduced today, this tax increase on limited partners, if later issued as a final rule, could not go into effect for at least 60 days following its publication in the Federal Register. This window, which coincides with issuance of a report by the Comptroller General, would allow Congress the opportunity to review the rule and vote on a resolution to disapprove the tax increase before it is applied to a single taxpayer.

The Stealth Tax Prevention Act strengthens the Red Tape Reduction Act and the vital procedural safeguards it provides to ensure that small businesses are not burdened unnecessarily by new Federal regulations. Congress enacted the 1996 provisions to strengthen the effectiveness of the Regulatory Flexibility Act, a law which had been ignored too often by government agencies, especially the Internal Revenue Service. Three of the top recommendations of the 1995 White House Conference on Small Business sought reforms to the way government regulations are developed and enforced, and the Red Tape Reduction Act passed the Senate without a single dissenting vote on its way to being signed into law on March 29, 1996. Despite the inclusion of language in the 1996 amendments that expressly addresses coverage of IRS interpretative rules, the IRS continues to bypass compliance with the Regulatory Flexibility Act.

As 18 of my Senate colleagues and I advised Secretary Rubin in an April 9, 1997, letter, the proposed IRS regulation on limited-partner taxation is precisely the type or rule for which a regulatory flexibility analysis should be done. Although, on its face, the rulemaking seeks merely to ''define a limited partner'' or to ''eliminate uncertainty'' in determining net earnings from self-employment, the real effect of the rule would be to raise taxes by executive fiat and expand substantially the spirit and letter of the underlying statute. The rule also seeks to impose on small businesses a burdensome new recordkeeping and collection of information requirement that would affect

millions of limited partners and members of limited liability companies. The IRS proposed this ''stealth'' tax increase with the knowledge that Congress declined to adopt a similar tax increase in the Health Security Act proposed in 1994—a provision that the Congressional Joint Committee on Taxation estimated in 1994 would have resulted in a tax increase of approximately $500 million per year.

The Stealth Tax Prevention Act would remove any incentive for the Treasury Department to underestimate the cost imposed by an IRS proposed or final rule in an effort to skirt the Administration's regulatory review process or its obligations under the Regulatory Flexibility Act. By amending the definition of ''major rule'' under the Congressional Review Act, which is Subtitle E of the Red Tape Reduction Act, we ensure that an IRS rule that imposes a tax increase will be a major rule, whether or not it has an estimated annual effect on the economy of $100,000,000. Our amendment does not change the trigger for a regulatory flexibility analysis, which still will be required if a proposed rule would have ''a significant economic impact on a substantial number of small entities.'' We believe the heightened scrutiny of IRS regulations called for by this legislation will provide an additional incentive for the Treasury Department's Internal Revenue Service to meet all of its procedural obligations under the Reg Flex Act and the Red Tape Reduction Act.

I urge my colleagues to join us in supporting this important legislation to ensure that the IRS neither usurps the proper role of Congress—nor skirts its obligations to identify the impact of its proposed and final rules. When the Department of the Treasury issues a final IRS rule that increases taxes, Congress should have the ability to exercise its discretion to enact a resolution of disapproval before the rule is applicable to a single taxpayer. The Stealth Tax Prevention Act Senator SHELBY and I introduce today provides that opportunity.

By Mr. SHELBY:

S. 603. A bill to promote competition and greater efficiency of airlines to ensure the rights of airline passengers, to provide for full disclosure to those passengers, and for other purposes; to the Committee on Commerce, Science, and Transportation.

AIRLINE DEREGULATION AND DISCLOSURE ACT OF 1999

Mr. SHELBY. Mr. President, the legislation that abolished the Civil Aeronautics Board in 1978 and deregulated the airline industry has been a huge success. Americans are flying more, and more Americans are flying; at the same time, air fares have dropped and air travel has become safer. The average price of an airline ticket has decreased approximately 33 percent in real terms since market forces replaced the whims of federal bureaucrats in setting fares. The number of passengers flying domestic routes has more than doubled to approximately 600 million annually. It is not surprising, then, that air travel is no longer an exclusive privilege of the elite and today is accessible to most Americans.

While deregulation of the airline industry overall has yielded the benefits that free markets promise, there are growing pains. As the number of air passengers increases, so has the number of consumer complaints against air carriers. Some members of Congress have concluded that competition does not work for commercial aviation. They have stepped forward with proposals to reimpose federal control over air fares and carrier routes, to offer taxpayer subsidies to fledgling air carriers to compete against industry goliaths, or to levy a variety of new fines that would add to the Department of Transportation's duty the role of meter maid. We should be wary of any such effort to reintroduce the heavy hand of government under the auspices of protecting airline passengers.

Mr. President, lets not rush to throw out the baby with the bath water and undo twenty years of unprecedented growth and consumer savings under deregulation. Now is the time to reinvigorate competition in the air passenger market, even if the air carriers do not welcome it. The best way to increase competition is to regulate less, not more. Regulations that serve as barriers to the commercial aviation market should be removed. Regulations that promote the division of the marketplace into regional cartels should be abandoned. Regulations and FAA management practices that delay the installation of new technology that facilitates competition should be streamlined.

I believe that we can also increase competition in the airline industry by providing the traveling public with more useful information and by giving consumers ownership of the commodity they have purchased—their seat on an airplane. Today, I am introducing legislation that will provide passengers with greater information about their air fare and flight and with greater flexibility over unused or partially used fares.

The price of an airline ticket is as much a mystery as the Pyramids or the Hanging Gardens. In fact, The New York Times reported that on a single flight, passengers paid 27 different fares, ranging from $87 to $728. We should not adopt any measure that discourage air carriers from discounting fares or that chill the benefits airline consumers are now receiving. Air carriers, however, should not be allowed to continue bait-and-switch advertising. If an air carrier offers a discounted fare, my bill permits all passengers to make a confirmed reservation at that same price for a twenty-four hour period.

Under my bill, consumers will get more ticket and flight information. Airlines will be required to notify passengers about flight delays, cancellations, or diversions. Air carriers must also disclose if the passenger will be traveling on a carrier other than the one from whom the consumer purchased the ticket or if the flight will require the passenger to change planes.

At the same time, my bill will ensure that air carriers are penalized for canceling flights, bumping passengers, and holding travelers hostage on board an aircraft with inpunity. Whenever an airline passenger is unable to make a flight, the passenger will have the opportunity to board a similar flight on a standby basis. Whenever an airline cancels a flight for their convenience, it will have to offer to compensate each passenger. Whenever an airline keeps passengers on board an aircraft that sits on the tarmac for more than two hours, it will have to offer to compensate each passenger.

The Airline Deregulation Act of 1978 started a revolution in the airline industry, a revolution that according to a Brookings Institution study has benefitted consumers by $18.4 billion. That revolution is unfinished. I want to take the next step and promote new competition in the passenger aviation marketplace. My bill does this by taking away much of the mystery associated with flying.

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

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

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 ''Airline Deregulation and Disclosure Act of 1999''.

SEC. 2. AIRLINE PASSENGER PROTECTION.

(a) IN GENERAL.—Subchapter I of chapter 417 of title 49, United States Code, is amended by adding at the end the following:

''§ 41716. Air carrier passenger protection

''(a) DELAY, CANCELLATION, OR DIVERSION.—

''(1) EXPLANATION OF DELAY, CANCELLATION, OR DIVERSION REQUIRED.—An announcement by an air carrier of a delay or cancellation of a flight, or a diversion of a flight to an airport other than the airport at which the flight is scheduled to land, shall include an explanation of each reason for the delay, cancellation, or diversion.

''(2) PROHIBITION ON FALSE OR MISLEADING EXPLANATIONS.—No air carrier shall provide an explanation under paragraph (1) that the air carrier knows or has reason to know is false or misleading.

''(3) DELAYS AFTER ENPLANING OR BEFORE DEPLANING.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no air carrier may require a passenger on a flight of that air carrier to remain onboard an aircraft for a period longer than 2 hours after—

''(i) the passenger enplaned, in any case in which the aircraft has not taken flight from the airport during that period; or

''(ii) the aircraft has landed at an airport, if the aircraft remains in that airport without taking flight.

''(B) ELECTION.—A passenger described in subparagraph (A) may remain onboard an aircraft described in clause (i) or (ii) of that

subparagraph for a period longer than the applicable period described in that subparagraph, if, not later than the end of that 2-hour period—

''(i) the air carrier offers the passenger an opportunity to deplane with a full refund of air fare; and

''(ii) the passenger declines that offer.''.

''(b) ECONOMIC CANCELLATIONS.—

''(1) NONSAFETY CANCELLATIONS.—If, on the date a flight of an air carrier is scheduled, the carrier cancels the flight for any reason other than safety, the carrier shall provide to each passenger that purchased air transportation on the flight a refund of the amount paid for the air transportation.

''(2) CANCELLATIONS FOR SAFETY.—A cancellation for safety is a cancellation made by reason of—

''(A) an insufficient number of crew members;

''(B) weather;

''(C) a mechanical problem; or

''(D) any other matter that prevents—

''(i) the safe operation of the flight; or

''(ii) the flight from operating in accordance with applicable regulations of the Federal Aviation Administration.

''(c) CODE SHARING.—An air carrier, foreign air carrier, or ticket agent may sell air transportation in the United States for a flight that bears a designator code of a carrier other than the carrier that will provide the air transportation, only if the carrier or ticket agent selling the air transportation first informs the person purchasing the air transportation that the carrier providing the air transportation will be a carrier other than the carrier whose designator code is used to identify the flight.

''(d) MULTIPLE FLIGHTS.—An air carrier, foreign air carrier, or ticket agent that sells air transportation in the United States that requires taking flights on more than 1 aircraft shall be required to provide notification on a ticket, receipt, or itinerary provided to the purchaser of that air transportation that the passenger shall be required to change aircraft.

''(e) AIR CARRIER PRICING POLICIES.—An air carrier may not—

''(1) prohibit a person (including a governmental entity) that purchases air transportation from only using a portion of the air transportation purchased (including using the air transportation purchased only for 1-way travel instead of round-trip travel); or

''(2) assess an additional fee or charge for using only a portion of that purchased air transportation to be paid by—

''(A) that person; or

''(B) any ticket agent that sold the air transportation to that person.

''(f) EQUITABLE FARES; FREQUENT FLYER PROGRAM AWARDS.—

''(1) REDUCED FARES.—Subject to paragraph (2), if an air carrier makes seats available on a specific date at a reduced fare, that air carrier shall be required to make available air transportation at that reduced fare for any passenger that requests a seat at that reduced fare during a 24-hour period beginning with the initial offering of that reduced fare.

''(2) LIMITATION.—

''(A) IN GENERAL.—An air carrier shall not be required under paragraph (1) to make a seat available for a route at a reduced fare, if providing that seat at that fare would result in the air carrier being unable to provide, for the 24-hour period specified in that paragraph, the applicable historic average number of seats offered at an unreduced fare for the route, as determined under subparagraph (B).

''(B) HISTORIC AVERAGE.—With respect to a route, the historic average number of seats offered at an unreduced fare for the route is the average number of seats offered at an unreduced fare per day by an air carrier for flights scheduled on that route during the 24-month period preceding the 24-hour period specified in paragraph (1).

''(3) STANDBY USE OF TICKETS.—An air carrier shall permit an individual to use a ticket (or equivalent electronic record) issued by that air carrier on a standby basis for any flight that has the same origin and destination as are indicated on that ticket (or equivalent electronic record).

''(4) FREQUENT FLYER PROGRAM AWARDS.—

''(A) IN GENERAL.—Subject to subparagraph (C), in a manner consistent with applicable requirements of a frequent flyer program, if an air carrier makes any seat available on a specific date for use by a person redeeming an award under that frequent flyer program on any route in air transportation provided by the air carrier, that air carrier shall, to the extent practicable during the 24-hour period beginning with the redemption of that award—

''(i) redeem any other award under that frequent flyer program for air transportation on that route; and

''(ii) make a seat available for the person who redeems that other award on a flight on that route.

''(B) STANDBY USE OF FREQUENT FLYER PROGRAM AWARDS.—An air carrier shall permit an individual to redeem a ticket (or equivalent electronic record) acquired through a frequent flyer award on a standby basis for any flight that has the same origin and destination as are indicated on that ticket (or equivalent electronic record).

''(C) LIMITATION.—

''(i) IN GENERAL.—An air carrier shall not be required under subparagraph (A) to make a seat available for a route for use by a person redeeming a frequent flyer award, if providing that seat to that person would result in the air carrier being unable to provide, for the 24-hour period specified in that paragraph, the applicable historic average number of seats offered at an unreduced fare for the route, as determined under clause (ii).

''(ii) HISTORIC AVERAGE.—With respect to a route, the historic average number of seats offered at an unreduced fare for the route is the average number of seats offered at an unreduced fare per day by an air carrier for flights scheduled on that route during the 24-month period preceding the 24-hour period specified in subparagraph (A).

''(g) ACCESS TO ALL FARES.—Each air carrier operating in the United States shall make information concerning all fares for air transportation charged by that air carrier available to the public, through—

''(1) computer-based technology; and

''(2) means other than computer-based technology.''.

(b) PENALTIES.—Section 46301(a)(1)(A) of title 49, United States Code, is amended by striking ''or 41715 of this title'' and inserting '', 41715, or 41716 of this title''.

(c) CONFORMING AMENDMENT.—The table of sections for chapter 417 of title 49, United States Code, is amended by inserting after the item relating to section 41715 the following:

''41716. Air carrier passenger protection.''.

ADDITIONAL COSPONSORS

S. 98

At the request of Mr. MCCAIN, the names of the Senator from Kentucky (Mr. MCCONNELL), the Senator from Missouri (Mr. ASHCROFT), the Senator from Colorado (Mr. ALLARD), and the Senator from Florida (Mr. MACK) were added as cosponsors of S. 98 a bill to authorize appropriations for the Surface Transportation Board for fiscal years 1999, 2000, 2001, and 2002, and for other purposes.

S. 172

At the request of Mr. MOYNIHAN, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 172, a bill to reduce acid deposition under the Clean Air Act, and for other purposes.

S. 249

At the request of Mr. HATCH, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 249, a bill to provide funding for the National Center for Missing and Exploited Children, to reauthorize the Runaway and Homeless Youth Act, and for other purposes.

S. 261

At the request of Mr. SPECTER, the names of the Senator from Utah (Mr. HATCH) and the Senator from Minnesota (Mr. WELLSTONE) were added as cosponsors of S. 261, a bill to amend the Trade Act of 1974, and for other purposes.

S. 306

At the request of Mr. FRIST, the names of the Senator from Tennessee (Mr. THOMPSON) and the Senator from North Carolina (Mr. EDWARDS) were added as cosponsors of S. 306, a bill to regulate commercial air tours overflying the Great Smokey Mountains National Park, and for other purposes.

S. 336

At the request of Mr. LEVIN, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 336, a bill to curb deceptive and misleading games of chance mailings, to provide Federal agencies with additional investigative tools to police such mailings, to establish additional penalties for such mailings, and for other purposes.

S. 346

At the request of Mr. HUTCHINSON, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 346, a bill to amend title XIX of the Social Security Act to prohibit the recoupment of funds recovered by States from one or more tobacco manufacturers.

S. 499

At the request of Mr. FRIST, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 499, a bill to establish a congressional commemorative medal for organ donors and their families.

S. 537

At the request of Mr. LUGAR, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 537, a bill to amend the Internal Revenue Code of 1986 to adjust the exemption amounts used to calculate the individual alternative minimum tax for inflation since 1993.

S. 542

At the request of Mr. ABRAHAM, the name of the Senator from Missouri