of Vieques, Puerto Rico; to the Committee on Energy and Natural Resources.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HELMS:

S. 1352. A bill to impose conditions on assistance authorized for North Korea, to impose restrictions on nuclear cooperation and other transactions with North Korea, and for other purposes; to the Committee on Foreign Relations.

By Mr. TORRICELLI:

S. 1353. A bill to combat criminal misuse of explosives; to the Committee on the Judiciary.

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

S. 1354. A bill to provide for the eventual termination of milk marketing orders; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DODD (for himself, Mr. KENNEDY, Mr. LEAHY, and Mrs. MURRAY):

S. 1355. A bill to establish demonstration projects to provide family income to respond to significant transitions, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

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

S. 1356. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 to clarify the limitation on the dumping of dredged material in Long Island Sound; to the Committee on Environment and Public Works.

By Mr. JEFFORDS:

S. 1357. A bill to amend the Internal Revenue Code of 1986 to enhance the portability of retirement benefits, and for other purposes; to the Committee on Finance.

By Mr. JEFFORDS (for himself, Mr. REED, Mr. ENZI, and Mr. LEAHY):

S. 1358. A bill to amend title XVIII of the Social Security Act to provide more equitable payments to home health agencies under the medicare program; to the Committee on Finance.

By Mr. HOLLINGS:

S. 1359. A bill to amend chapter 51 of title 49, United States Code, to extend the coverage of the rules governing the transportation of hazardous materials, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. LEAHY:

S. 1360. A bill to preserve the effectiveness of Secret Service protection by establishing a protective function privilege, and for other purposes; to the Committee on the Judiciary.

By Mr. STEVENS (for himself, Mr. INOUYE, Mr. LOTT, Mrs. FEINSTEIN, Mr. AKAKA, and Mr. GRAHAM):

S. 1361. A bill to amend the Earthquake Hazards Reduction Act of 1977 to provide for an expanded Federal program of hazard mitigation, relief, and insurance against the risk of catastrophic natural disasters, such as hurricanes, earthquakes, and volcanic eruptions, and for other purposes; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TORRICELLI:

S. 1353. A bill to combat criminal misuse of explosives; to the Committee on the Judiciary.

DANGEROUS EXPLOSIVES BACKGROUND CHECKS REQUIREMENT ACT

Mr. TORRICELLI. Mr. President, every year, thousands of people are killed or maimed because of the use or misuse of illegal explosive devices, and millions of dollars in property is lost. Between 1991 and 1995, there were more than 14,000 actual and attempted criminal bombings. Three hundred and twenty-six people were killed in those incidents and another 2,970 injured. More than $6 million in property damage resulted.

One bombing in particular, is carved into the national memory. On the morning of April 19, 1995, in one horrible moment, an explosion devastated the Alfred P. Murrah Federal Building in Oklahoma City, OK, and took the lives of 168 Americans. This tragedy, together with the bombing of the World Trade Center in New York, took the lives of many innocent men, women, and children, left others permanently scarred, and caused great suffering for the families of the victims—as well as all of America. These crimes were intended to tear the very fabric of our society; instead, their tragic consequences served to strengthen our resolve to stand firm against the insanity of terrorism and the criminal use of explosives.

In the wake of the Oklahoma City bombing, I was stunned—as were many—to learn how few restrictions on the use and sale of explosives really exist. I soon after introduced legislation to take a first step towards protecting the American people from those who would use explosives to do them harm. That bill, the Explosives Protection Act, would bring explosives law into line with gun laws. Specifically, it would take the list of categories of people who cannot obtain firearms and would add any of those categories not currently covered under the explosives law.

Today, I am taking the next step by introducing the Dangerous Explosives Background Check Requirement Act requiring background checks before the sale of explosives material identical to those already mandated for firearms sales. Current law prohibits felons and others from possessing explosives, but does little to actually stop these materials from getting into the wrong hands. This failure defies logic when we already have a system in place to facilitate background checks and assure that persons who are legally prohibited from purchasing explosives are not able to do so.

In November, 1998, the National Instant Criminal Background Check System (NICS) became operational. NICS is a new national database accessible to licensed firearms dealers that allows them to perform over-the-counter background checks on potential firearms purchasers. NICS, which checks national criminal history databases as well as information on other prohibited categories, such as illegal aliens and persons under domestic violence restraining orders, has already processed more than 3.7 million background checks and has stopped more than 39,000 felons and other prohibited persons from getting guns. In so doing, it has undoubtedly saved lives and prevented crimes from occurring.

Once again, it is time to bring the explosives law into line with gun laws by taking advantage of the success of the NICS system and expanding its use to include explosives purchases. In so doing, we will make it harder for many of the most dangerous or least accountable members of society to obtain materials which can result in a great loss of life. My hope is that this bill will, in some small way, prevent future bombings—whether by terrorists of symbolic targets, malcontents of random ones, or even spouses involved in marital disputes.

I hope we can quickly move to get this passed and protect Americans from future acts of explosive destruction. I ask unanimous consent that a copy of the legislation appear in the RECORD.

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

S. 1353

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 ''Dangerous Explosives Background Checks Requirement Act''.

SEC. 2. PERMITS AND BACKGROUND CHECKS FOR PURCHASES OF EXPLOSIVES.

(a) PERMITS FOR PURCHASE OF EXPLOSIVES IN GENERAL.—

(1) IN GENERAL.—Section 842 of title 18, United States Code, is amended—

(A) in subsection (a)(3), by striking subparagraphs (A) and (B) and inserting the following:

''(A) to transport, ship, cause to be transported, or receive any explosive materials; or

''(B) to distribute explosive materials to any person other than a licensee or permittee.''; and

(B) in subsection (b)—

(i) by adding ''or'' at the end of paragraph (1);

(ii) by striking ''; or'' at the end of paragraph (2) and inserting a period; and

(iii) by striking paragraph (3).

(2) REGULATIONS.—

(A) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury shall promulgate final regulations with respect to the amendments made by paragraph (1).

(B) NOTICE TO STATES.—On the promulgation of final regulations under subparagraph (A), the Secretary of the Treasury shall notify the States of the regulations in order that the States may consider legislation to amend relevant State laws relating to explosives.

(b) BACKGROUND CHECKS.—Section 842 of title 18, United States Code, is amended by adding at the end the following:

''(p) BACKGROUND CHECKS.—

''(1) DEFINITIONS.—In this subsection:

''(A) CHIEF LAW ENFORCEMENT OFFICER.—The term 'chief law enforcement officer' means the chief of police, the sheriff, or an equivalent officer or the designee of such an individual.

''(B) SYSTEM.—The term 'system' means the national instant criminal background

check system established under section 103 of the Brady Handgun Violence Prevention Act (18 U.S.C. 922 note).

''(2) PROHIBITION.—A licensed importer, licensed manufacturer, or licensed dealer shall not transfer explosive materials to a permitee unless—

''(A) before the completion of the transfer, the licensee contacts the system;

''(B)(i) the system provides the licensee with a unique identification number; or

''(ii) 5 days on which State offices are open have elapsed since the licensee contacted the system, and the system has not notified the licensee that the receipt of explosive materials by the transferee would violate subsection (i);

''(C) the transferor has verified the identity of the transferee by examining a valid identification document (as defined in section 1028) of the transferee containing a photograph of the transferee; and

''(D) the transferor has examined the permit issued to the transferee under section 843 and recorded the permit number on the record of the transfer.

''(3) IDENTIFICATION NUMBER.—If receipt of explosive materials would not violate section 842(i) or State law, the system shall—

''(A) assign a unique identification number to the transfer; and

''(B) provide the licensee with the number.

''(4) EXCEPTIONS.—Paragraph (2) shall not apply to a transfer of explosive materials between a licensee and another person if, on application of the transferor, the Secretary has certified that compliance with paragraph (2)(A) is impracticable because—

''(A) the ratio of the number of law enforcement officers of the State in which the transfer is to occur to the number of square miles of land area of the State does not exceed 0.0025;

''(B) the business premises of the licensee at which the transfer is to occur are extremely remote in relation to the chief law enforcement officer; and

''(C) there is an absence of telecommunications facilities in the geographical area in which the business premises are located.

''(5) INCLUSION OF IDENTIFICATION NUMBER.—If the system notifies the licensee that the information available to the system does not demonstrate that the receipt of explosive materials by the transferee would violate subsection (i) or State law, and the licensee transfers explosive materials to the transferee, the licensee shall include in the record of the transfer the unique identification number provided by the system with respect to the transfer.

''(6) PENALTIES.—If the licensee knowingly transfers explosive materials to another person and knowingly fails to comply with paragraph (2) with respect to the transfer, the Secretary may, after notice and opportunity for a hearing—

''(A) suspend for not more than 6 months or revoke any license issued to the licensee under section 843; and

''(B) impose on the licensee a civil penalty of not more than $5,000.

''(7) NO LIABILITY.—Neither a local government nor an employee of the Federal Government or of any State or local government, responsible for providing information to the system shall be liable in an action at law for damages—

''(A) for failure to prevent the transfer of explosive materials to a person whose receipt or possession of the explosive material is unlawful under this section; or

''(B) for preventing such a transfer to a person who may lawfully receive or possess explosive materials.

''(8) DETERMINATION OF INELIGIBILITY.—

''(A) WRITTEN REASONS PROVIDED ON REQUEST.—If the system determines that an individual is ineligible to receive explosive materials and the individual requests the system to provide the reasons for the determination, the system shall provide such reasons to the individual, in writing, not later than 5 business days after the date of the request.

''(B) CORRECTION OF ERRONEOUS SYSTEM INFORMATION.—

''(i) IN GENERAL.—If the system informs an individual contacting the system that receipt of explosive materials by a prospective transferee would violate subsection (i) or applicable State law, the prospective transferee may request the Attorney General to provide the prospective transferee with the reasons for the determination.

''(ii) TREATMENT OF REQUESTS.—On receipt a request under subparagraph (A), the Attorney General shall immediately comply with the request.

''(iii) SUBMISSION OF ADDITIONAL INFORMATION.—

''(I) IN GENERAL.—A prospective transferee may submit to the Attorney General information to correct, clarify, or supplement records of the system with respect to the prospective transferee.

''(II) ACTION BY THE ATTORNEY GENERAL.—After receipt of information under clause (i), the Attorney General shall—

''(aa) immediately consider the information;

''(bb) investigate the matter further; and

''(cc) correct all erroneous Federal records relating to the prospective transferee and give notice of the error to any Federal department or agency or any State that was the source of such erroneous records.''.

(c) REMEDY FOR ERRONEOUS DENIAL OF EXPLOSIVE MATERIALS.—

(1) IN GENERAL.—Chapter 40 of title 18, United States Code, is amended by inserting after section 843 the following:

''§ 843A. Remedy for erroneous denial of explosive materials

''(a) IN GENERAL.—Any person denied explosive materials under section 842(p)—

''(1) due to the provision of erroneous information relating to the person by any State or political subdivision of a State or by the national instant criminal background check system referred to in section 922(t); or

''(2) who was not prohibited from receiving explosive materials under section 842(i);

may bring an action against an entity described in subsection (b) for an order directing that the erroneous information be corrected or that the transfer be approved, as the case may be.

''(b) ENTITIES DESCRIBED.—An entity referred to in subsection (a) is the State or political subdivision responsible for providing the erroneous information referred to in subsection (a)(1) or denying the transfer of explosives or the United States, as the case may be.

''(c) ATTORNEY'S FEES.—In any action brought under this section, the court, in its discretion, may allow the prevailing party a reasonable attorney's fee as part of the costs.''.

(2) TECHNICAL AMENDMENT.—The analysis for chapter 40 of title 18, United States Code, is amended by inserting after the item relating to section 843 the following:

''843A. Remedy for erroneous denial of explosive materials.''.

(d) LICENSES AND USER PERMITS.—Section 843(a) of title 18, United States Code, is amended—

(1) by inserting '', including fingerprints and a photograph of the applicant'' before the period at the end of the first sentence; and

(2) by striking the second sentence and inserting the following: ''Each applicant for a license shall pay for each license a fee established by the Secretary in an amount not to exceed $300. Each applicant for a permit shall pay for each permit a fee established by the Secretary in an amount not to exceed $100.''.

(e) PENALTIES.—Section 844(a) of title 18, United States Code, is amended—

(1) by inserting ''(1) after ''(a)''; and

(2) by adding at the end the following:

''(2) BACKGROUND CHECKS.—A person who violates section 842(p) shall be fined under this title, imprisoned not more than 5 years, or both.''.

(f) EFFECTIVE DATE.—The amendments made by subsections (a), (b), (c), and (e) take effect 18 months after the date of enactment of this Act.

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

S. 1354: A bill to provide for the eventual termination of milk marketing orders; to the Committee on Agriculture, Nutrition, and Forestry.

CONSUMER DAIRY RELIEF ACT

Mr. KOHL. Mr. President, today I am introducing the Consumers Dairy Relief Act, a bill that will save American consumers $500 million a year on their milk, cheese and dairy purchases. This legislation terminates the Federal Milk Marketing Orders by the year 2001.

Consumers are paying far more than necessary for their dairy purchases because our current system encourages milk production in high cost areas. Our nation's milk pricing laws, which were designed in the 1930's, are seriously outdated and long overdue to be reformed. Dairy farmers in Wisconsin have suffered under the present system for too long. Wisconsin loses, 1,500 dairy farmers a year, not because they are inefficient, but because a federal law discriminates against them by preventing them from competing on a level playing field.

Opponents of this legislation will tell you that we need to keep the present system in order to maintain a fresh milk supply in their states. While that may have been true in the 1930's, when we lacked the refrigeration technology necessary to store and transport milk, it is certainly not true today. We can now easily and safely transport perishable milk and cheese products between regions of the United States. In fact, the industry has actually perfected the system to such a degree that we now export cheese to countries around the world.

Mr. President, as the United States expands its role in the export dairy market and enters into more trade agreements, our domestic agricultural policy is coming under intense scrutiny. Another reason to eliminate our antiquated milk pricing system is that it will give us another negotiating tool to use during the next round of WTO discussions scheduled to take place in Seattle this fall.

Our trading partners are growing increasingly concerned about the intervention of the federal government in the pricing of milk. Earlier this month, The Dutch Ministry of Agriculture, Nature Management and Fisheries said

they want to put the issue of USDA's Federal Milk Marketing Orders and dairy compacts on the table for discussion at the next round of Agricultural discussions in Seattle this fall.

By passing this legislation and reforming our milk pricing laws, we can eliminate another hurdle currently in the way of negotiating agricultural trade agreements that would open up new markets for our farmers.

Mr. President, if the Senate decides to discuss reforming our milk pricing system, we must give serious consideration to eliminating the present system. Today I have touched on a few of the reasons we need to scrap our current milk pricing system. There are many others, but I will save those for another time.

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. 1354

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

SECTION 1. EVENTUAL TERMINATION OF MILK MARKETING ORDERS.

(a) TERMINATION.—Notwithstanding the implementation of the final decision for the consolidation and reform of Federal milk marketing orders, as required by section 143 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7253), effective January 1, 2001, section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking paragraphs (5) and (18).

(b) PROHIBITION ON SUBSEQUENT ORDERS REGARDING MILK.—Section 8c(2) of the Agricultural Adjustment Act (7 U.S.C. 608c(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended in the first sentence—

(1) in subparagraph (A), by striking ''Milk, fruits'' and inserting ''Fruits''; and

(2) in subparagraph (B), by inserting ''milk,'' after ''honey,''.

(c) CONFORMING AMENDMENTS.—

(1) Section 2(3) of the Agricultural Adjustment Act (7 U.S.C. 602(3), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking '', other than milk and its products,''.

(2) Section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(A) in paragraph (6), by striking '', other than milk and its products,'';

(B) in paragraph (7)(B), by striking ''(except for milk and cream to be sold for consumption in fluid form)'';

(C) in paragraph (11)(B), by striking ''Except in the case of milk and its products, orders'' and inserting ''Orders'';

(D) in paragraph (13)(A), by striking '', except to a retailer in his capacity as a retailer of milk and its products''; and

(E) in paragraph (17), by striking the second proviso.

(3) Section 8d(2) of the Agricultural Adjustment Act (7 U.S.C. 608d(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking the second sentence.

(4) Section 10(b)(2) of the Agricultural Adjustment Act (7 U.S.C. 610(b)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(A) by striking clause (i);

(B) by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively; and

(C) in the first sentence of clause (i) (as so redesignated), by striking ''other commodity'' and inserting ''commodity''.

(5) Section 11 of the Agricultural Adjustment Act (7 U.S.C. 611), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended in the first sentence by striking ''and milk, and its products,''.

(6) Section 715 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1994 (7 U.S.C. 608d note; Public Law 103–111; 107 Stat. 1079), is amended by striking the third proviso.

(d) EFFECTIVE DATE.—The amendments made by this section take effect on January 1, 2001.

By Mr. DODD (for himself, Mr. KENNEDY, Mr. LEAHY, and Mrs. MURRAY):

S. 1355. A bill to establish demonstration projects to provide family income to respond to significant transitions, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

THE FAMILY INCOME TO RESPOND TO SIGNIFICANT TRANSITIONS (FIRST) INSURANCE ACT

Ms. DODD. Mr. President. These last several weeks have been filled with profound questions about the strength of the American family and the priority we place on our children and on meeting the responsibilities of parenthood.

In my view, we must start at the very beginning. We know that some of the key moments of parenthood are in the first days and weeks of a child's life. These are the moments when parents fall in love with their children—when they learn the feel of their soft hair, the joy of their touch and the immense peacefulness of their sleeping faces.

These emotional bonds carry parents and children through all the challenging years that intervene between infancy and adulthood—from the terrible twos to adolescence.

Research tells us this bonding with parents is critical to a child's emotional, cognitive, and physical development. Scientists have produced vivid pictures of children's functioning brains—so not only do we know, we can also see that there is a difference between the way the brain of a neglected child and the brain of a nurtured child works.

Parents bonding with their children is not something one can mandate by law—but we must make sure that our policies support parents in these early days. And frankly, today as we sit on the cusp of the next millennium, we offer parents very limited support at this most critical time.

Today's working parents have less time to spend with their infants than past generations. Compared to 30 years ago, there has been an average decrease of 22 hours per week in time that parents spend with their children. That is nearly one day out of every week—or 52 days a year.

More parents work today than every before—fully 46 percent of workers are parents. Nearly one in five employed parents. Nearly one in five employed parents are single, and among these 27 percent are single fathers. The number of parents who were employed increased from 18.3 million in 1985 to 24.1 million in 1997.

One could argue whether these trends are going in the right direction. But no one can argue that they are the facts—the reality in which American families live everyday. And, my view, that reality is where public policy must operate.

Since 1986, I've worked, with many of my colleagues, to help working Americans meet these demands and care for new children and their close family members. In 1993, the Family and Medical Leave Act was finally signed into law, establishing a key safety net for America's families. I couldn't have done it without the support of my colleagues here in the Senate and the House, and without the support of the President.

But let's face it—the FMLA is like 911 for working Americans. It provides up to 12 weeks of unpaid leave to qualifying employees for the birth or adoption of a child, their own illness or the serious illness of a parent, child or spouse without fear of losing their jobs or health insurance. But the fact remains this leave is unpaid—and that is a high bar for most American families.

While millions of Americans—many estimate over twenty million families—have benefitted from the law and have taken the time they needed, for many it has been at major financial cost. In fact, taking an unpaid leave often drives employees earning low wages into poverty. Twenty-one percent of low-wage earners who take a leave without full wage replacement wind up on public assistance; 40 percent cut their leaves short because of financial concerns; 39 percent put off paying bills; and, 25 percent borrow money.

And there are many more families who do not take a needed leave because they can't afford it. Nearly two-thirds of employees who need to take a family or medical leave, but do not do so, report that the reason they did not take the leave was that they could not afford it. These are families with brand new children or where a spouse, parent or child is seriously ill.

Many employers do provide workers with some pay during these difficult times—but the benefit of these policies is not distributed equally. Employees with less education, lower income, female employees, employees from racial minority groups and younger employees are less likely to receive any income during leaves.

Our nation is a leader in so many areas. And yet not when it comes to helping families balance the responsibilities of work and home. Nearly every industrialized nation other than

the United States, as well as most developing nations, provide parents with paid leave for infant care.

I believe that we should learn from these nations, our own experiences, and the calls of American families and provide parents with the means to access desperately needed leave to care for new babies. This effort cannot be out of reach for a nation as rich and prosperous as our own.

The bi-partisan Commission on Leave, established as a part of the Family and Medical Leave Act and which I chaired, recommended further consideration and exploration of paid leave policies. Specifically, and I quote from the unanimous recommendations of the Commission, ''the Commission recommends that the development of a uniform system of wage replacement for periods of family and medical leave be given serious consideration by employers, employee representatives and others.'' The Commission went on to recommend that we should look to expanding employer-provided systems of paid leave, and expanding state systems like unemployment insurance or temporary disability insurance, in states with those systems.

Mr. President, this is not a pie in the sky idea. Many states have already recognized the need for such support for new parents. California, New Jersey, three other states and Puerto Rico have in place temporary disability insurance programs, that at a minimal cost to employees and employers, provide support to mothers who are temporarily disabled after pregnancy and childbirth as well as other workers temporarily disabled.

Other states are moving to provide income to families through different mechanisms. Massachusetts, Vermont, Washington and several other states are all considering legislation to expand their state unemployment compensation systems to provide partial wage replacement to workers taking family or medical leave. Just a few weeks ago, President Clinton announced his support of these bold initiatives and directed the Department of Labor to work with the states to allow for this expansion of these state unemployment insurance systems.

But I believe there is more for the federal government to do. We should be a partner in these state efforts and help spur the development of the unemployment insurance model as well as other financial mechanism that will, I hope, make paid leave a reality for all new parents in America.

I am proposing today legislation that would establish a federal demonstration program—which I am calling FIRST (Family Income to Respond to Significant Transitions) Insurance.

FIRST Insurance would support state demonstration projects that provide partial or full wage replacement to new parents who take time off from work for the birth or adoption of a child. States could also choose to expand these benefits to support other care giving needs, such as taking time to care for an ill parent, spouse or child, or to support parents who choose to stay home with an infant.

These would be state or community-based projects, entirely voluntary—in no way mandated by federal law. Clearly, there is already much going on in this area. Thousands of employers offer their employees and their families paid leave. There are private insurance systems that cover wages in various circumstances including the birth of a new child. There are state and local dollars that supplement the incomes of new families as well as protect families at other times of economic crisis. These federal dollars would leverage these state, private and other dollars to expand access to paid leave to more parents.

The demonstrations funded will form the basis of a large-scale investigation of the most effective way to provide support to families at these critical times in a family's life. Key questions to be answered include the costs of these projects, the reach and the impact on families and children. The demonstrations will also allow comparisons of different mechanisms to provide leave—including expansion of state unemployment insurance systems, temporary disability programs, and other viable mechanisms.

Mr. President, when a person is injured on the job, or when someone loses their job because of a plant closing or some other factor beyond their control, our nation rightly protects their families from the risk of catastrophic financial loss. That's the purpose of workman's compensation and unemployment insurance.

If we can protect families at times like this, shouldn't we protect them at another time of crucial family need as they struggle to meet the joyful challenge of raising a newborn?

Mr. President, this initiative is just one part of a better deal we owe to America's families. Just as the horrible tragedy in Littleton, Colorado was a wake up call to parents across the country, it must be a wake up call to us to re-examine our policies around children, families and parenthood.

There is much to be done—child care, education, expanding the basic protection of the Family and Medical Leave Act to more workers, intelligent gun control policies, and better alternatives for our youth out of school. But I believe a key piece is supporting parents in the very first days, weeks and months of a child's life—and hope that we can work together to make sure these all important days are possible for all parents.

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

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

S. 1355

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 ''Family Income to Respond to Significant Transitions Insurance Act''.

SEC. 2. FINDINGS.

Congress finds that—

(1) nearly every industrialized nation other than the United States, and most developing nations, provide parents with paid leave for infant care;

(2)(A) parents' interactions with their infants have a major influence on the physical, cognitive, and social development of the infants; and

(B) optimal development of an infant depends on a strong attachment between an infant and the infant's parents;

(3) nearly ⅔ of employees, who need to take family or medical leave, but do not take the leave, report that they cannot afford to take the leave;

(4) although some employees in the United States receive wage replacement during periods of family or medical leave, the benefit of wage replacement is not shared equally in the workforce, as demonstrated by the fact that—

(A) employees with less education and lower income are less likely to receive wage replacement than employees with more education and higher salaries; and

(B) female employees, employees from racial minority groups, and younger employees are slightly less likely to receive wage replacement than male employees, white employees, and older employees, respectively;

(5) in order to cope financially with taking family or medical leave, of persons taking that leave without full wage replacement—

(A) 40 percent cut their leave short;

(B) 39 percent put off paying bills;

(C) 25 percent borrowed money; and

(D) 9 percent obtained public assistance;

(6) taking family or medical leave often drives employees earning low wages into poverty, and 21 percent of such low-wage employees who take family or medical leave without full wage replacement resort to public assistance;

(7) studies document shortages in the supply of infant care, and that the shortages are expected to worsen as welfare reform measures are implemented; and

(8) compared to 30 years ago, families have experienced an average decrease of 22 hours per week in time that parents spend with their children.

SEC. 3. PURPOSES.

The purposes of this Act are—

(1) to establish a demonstration program that supports the efforts of States and political subdivisions to provide partial or full wage replacement, often referred to as FIRST insurance, to new parents so that the new parents are able to spend time with a new infant or newly adopted child, and to other employees; and

(2) to learn about the most effective mechanisms for providing the wage replacement assistance.

SEC. 4. DEFINITIONS.

In this Act:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Labor, acting after consultation with the Secretary of Health and Human Services.

(2) SON OR DAUGHTER; STATE.—The terms ''son or daughter'' and ''State'' have the meanings given the terms in section 101 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2611).

SEC. 5. DEMONSTRATION PROJECTS.

(a) GRANTS.—The Secretary shall make grants to eligible entities to pay for the Federal share of the cost of carrying out projects that assist families by providing,

through various mechanisms, wage replacement for eligible individuals that are responding to caregiving needs resulting from the birth or adoption of a son or daughter or other family caregiving needs. The Secretary shall make the grants for periods of 5 years.

(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be a State or political subdivision of a State.

(c) USE OF FUNDS.—

(1) IN GENERAL.—An entity that receives a grant under this section may use the funds made available through the grant to provide partial or full wage replacement as described in subsection (a) to eligible individuals—

(A) directly;

(B) through an insurance program, such as a State temporary disability insurance program or the State unemployment compensation benefit program;

(C) through a private disability or other insurance plan, or another mechanism provided by a private employer; or

(D) through another mechanism.

(2) ADMINISTRATIVE COSTS.—No entity may use more than 10 percent of the total funds made available through the grant during the 5-year period of the grant to pay for the administrative costs relating to a project described in subsection (a).

(d) ELIGIBLE INDIVIDUALS.—To be eligible to receive wage replacement under subsection (a), an individual shall—

(1) meet such eligibility criteria as the eligible entity providing the wage replacement may specify in an application described in subsection (e); and

(2) be—

(A) an individual who is taking leave, under the Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.), other Federal, State, or local law, or a private plan, for a reason described in subparagraph (A) or (B) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1));

(B) at the option of the eligible entity, an individual who—

(i) is taking leave, under that Act, other Federal, State, or local law, or a private plan, for a reason described in subparagraph (C) or (D) of section 102(a)(1) of the Family and Medical Leave Act of 1993 (29 U.S.C. 2612(a)(1)); or

(ii) leaves employment because the individual has elected to care for a son or daughter under age 1; or

(C) at the option of the eligible entity, an individual with other characteristics specified by the eligible entity in an application described in subsection (e).

(e) APPLICATION.—To be eligible to receive a grant under this section, an entity shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require, including, at a minimum—

(1) a plan for the project to be carried out with the grant;

(2) information demonstrating that the applicant consulted representatives of employers and employees, including labor organizations, in developing the plan;

(3) estimates of the costs and benefits of the project;

(4)(A) information on the number and type of families to be covered by the project, and the extent of such coverage in the area served under the grant; and

(B) information on any criteria or characteristics that the entity will use to determine whether an individual is eligible for wage replacement under subsection (a), as described in paragraphs (1) and (2)(C) of subsection (d);

(5) if the project will expand on State and private systems of wage replacement for eligible individuals, information on the manner in which the project will expand on the systems;

(6) information demonstrating the manner in which the wage replacement assistance provided through the project will assist families in which an individual takes leave as described in subsection (d)(1); and

(7) an assurance that the applicant will participate in efforts to evaluate the effectiveness of the project.

(f) SELECTION CRITERIA.—In selecting entities to receive grants for projects under this section, the Secretary shall—

(1) take into consideration—

(A) the scope of the proposed projects;

(B) the cost-effectiveness, feasibility, and financial soundness of the proposed projects;

(C) the extent to which the proposed projects would expand access to wage replacement in response to family caregiving needs, particularly for low-wage employees, in the area served by the grant; and

(D) the benefits that would be offered to families and children through the proposed projects; and

(2) to the extent feasible, select entities proposing projects that utilize diverse mechanisms, including expansion of State unemployment compensation benefit programs, and establishment or expansion of State temporary disability insurance programs, to provide the wage replacement.

(g) FEDERAL SHARE.—

(1) IN GENERAL.—The Federal share of the cost described in subsection (a) shall be—

(A) 50 percent for the first year of the grant period;

(B) 40 percent for the second year of that period;

(C) 30 percent for the third year of that period; and

(D) 20 percent for each subsequent year.

(2) NON-FEDERAL SHARE.—The non-Federal share of the cost may be in cash or in kind, fairly evaluated, including plant, equipment, and services and may be provided from State, local, or private sources, or Federal sources other than this Act.

(h) SUPPLEMENT NOT SUPPLANT.—Funds appropriated pursuant to the authority of this Act shall be used to supplement and not supplant other Federal, State, and local public funds and private funds expended to provide wage replacement.

(i) EFFECT ON EXISTING RIGHTS.—Nothing in this Act shall be construed to supersede, preempt, or otherwise infringe on the provisions of any collective bargaining agreement or any employment benefit program or plan that provides greater rights to employees than the rights established under this Act.

SEC. 6. EVALUATIONS AND REPORTS.

(a) AVAILABLE FUNDS.—The Secretary shall use not more than 2 percent of the funds made available under section 5 to carry out this section.

(b) EVALUATIONS.—The Secretary shall, directly or by contract, evaluate the effectiveness of projects carried out with grants made under section 5, including conducting—

(1) research relating to the projects, including research comparing—

(A) the scope of the projects, including the type of insurance or other wage replacement mechanism used, the method of financing used, the eligibility requirements, the level of the wage replacement benefit provided (such as the percentage of salary replaced), and the length of the benefit provided, for the projects;

(B) the utilization of the projects, including the characteristics of individuals who benefit from the projects, particularly low-wage workers, and factors that determine the ability of eligible individuals to obtain wage replacement through the projects; and

(C) the costs of and savings achieved by the projects, including the cost-effectiveness of the projects and their benefits for children and families;

(2) analysis of the overall need for wage replacement; and

(3) analysis of the impact of the projects on the overall availability of wage replacement.

(c) REPORTS.—

(1) INITIAL REPORT.—Not later than 3 years after the beginning of the grant period for the first grant made under section 5, the Secretary shall prepare and submit to Congress a report that contains information resulting from the evaluations conducted under subsection (b).

(2) SUBSEQUENT REPORTS.—Not later than 4 years after the beginning of that grant period, and annually thereafter, the Secretary shall prepare and submit to Congress a report that contains—

(A) information resulting from the evaluations conducted under subsection (b); and

(B) usage data for the demonstration projects, for the most recent year for which data are available.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this Act $400,000,000 for fiscal year 2000 and such sums as may be necessary for each subsequent fiscal year.

Mr. KENNEDY. Mr. President, I am honored to join as a cosponsor of Senator DODD's ''Family Income to Respond to Significant Transitions'' (FIRST) Insurance Demonstration Project Act. From his work on the Family and Medical Leave Act of 1993 to his countless efforts to improve the quality and accessibility of child care, Senator DODD has been a tireless advocate for families and children, and I commend his leadership on this important new initiation.

Millions of families have benefited from the Family and Medical Leave Act, but we must do more to support working families. Nearly two-thirds of employees cannot afford to take family or medical leave when a new child is born or a family member becomes ill. According to a survey by the National Partnership for Women and Families, 64 percent of Americans believe that the time pressures on working families are getting worse, not better. Two-thirds of women and men under the age of 45 believe that they will need to take a family or medical leave in the next 10 years. But, many of these families won't be able to afford it.

We should stop paying lip service to family values and find a way to help families afford family leave when they need it. This bill will provide grants to states and local communities to experiment with methods of wage replacement for workers who take family leave. States will use the grants for demonstration projects implementing wage replacement strategies to allow more employees to spend time with their families when family needs require it.

Under the Family and Medical Leave Act, businesses with 50 or more employees must provide up to 12 weeks of unpaid leave to employees to care for a newborn or newly-adopted child, or to care for a child, a spouse, or a parent who is ill. The Act has helped millions of workers care for their families, but too many obstacles prevent too many

workers from taking leave. Forty-one million people, nearly half the private workforce, are not protected by the law because their company is too small to be covered, or because they haven't worked there long enough to qualify for the leave.

Others are covered and entitled to a leave, but cannot benefit from the Act because they cannot afford to take an unpaid leave of absence. Although some workers are fortunate enough to receive wage replacement during periods of family or medical leave, most hard-working low-wage earners do not receive this benefit. Low-income employees are less likely to receive wage replacement than more highly educated, well-paid employees. Women, minorities, and younger employees are less likely than men, white Americans, and older workers to receive wage replacement benefits when taking family leave.

As a result, 40 percent employees without full wage replacement cut their leaves short, 39 percent put-off paying bills, 25 percent borrow money, and 9 percent turn to public assistance to cover their loss wages. Taking unpaid leave often drives low-wage earners into poverty. Workers who need to care for an ill family member, an elderly parent, or a new baby should not be plunged into poverty.

Our bill will help families take needed leave by allowing states to implement alternative funding programs. For example, states may choose to expand state or private Temporary Disability Insurance plans to provide partial or full replacement of wages for those taking time off form work to care for a new child. States may also expand their Unemployment Insurance Compensation to make leave from work economically feasible. The FIRST Act is an important step in the right direction. This bill will provide states with $400 million for fiscal year 2000 to fund demonstration programs, assisting states which are already working to establish wage replacement leave programs.

I am proud that Massachusetts is moving forward to address this problem. A bill to establish a Family and Employment Security Trust Fund has already been introduced, providing family leave replacement through the unemployment insurance system. Thousands of workers in Massachusetts will be able to care for their families without falling into poverty—including low-income employees living from paycheck to paycheck. Groups in Maryland, Vermont, and Washington are taking the lead with similar legislation.

We need to put families first and this bill does that. I urge my colleagues to support this needed initiative.

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

S. 1356. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 to clarify the limitation on the dumping of dredged material in Long Island Sound; to the Committee on Environment and Public Works.

THE LONG ISLAND SOUND PROTECTION ACT OF 1999

Mr. MOYNIHAN. Mr. President, I rise today to introduce a bill that will protect the natural beauty and resources of the Long Island Sound from current dredging policies that allow large amounts of material to be dumped into the estuary without stringent environmental review. The Long Island Sound Protection Act of 1999 would require all large dredging projects in the Sound to comply with sediment testing provisions of the Marine Protection Research and Sanctuaries Act, commonly known as the Ocean Dumping Act.

Under the Ocean Dumping Act, any Long Island Sound dredging project that disposes of more than 25,000 tons of dredged material must undergo toxicity and bioaccumulation tests before it is safe to dump. However, smaller nonfederal projects need only comply with the Clean Water Act, which does not require testing. In recent years, the Army Corps of Engineers has begun an unfortunate practice of avoiding the more rigorous requirements of the Ocean Dumping Act by individually permitting smaller projects that are clearly a part of larger dredging operations. Individually permitted, these projects need only comply with the Clean Water Act, even though they are dumped together in the Long Island Sound and have the same cumulative effect as one large project would to the local ecosystem. The Long Island Sound Protection Act would end this practice of stacking permits and would ensure that at least one environmentally acceptable disposal site is designated by the Environmental Protection Agency within a two-year period.

Dredging projects are critical to the people and businesses who rely extensively on the Sound to transport goods, services, and people every day. However, the health of the Long Island Sound ecosystem is also important to the 8 million people living within the boundaries of the Long Island Sound watershed, with more than $5 billion generated annually from boating, commercial and sport fishing, swimming, and beachgoing. The Long Island Sound is also an estuary of national significance that my State, in cooperation with the Environmental Protection Agency, has worked diligently to restore under the 1992 Long Island Sound Comprehensive Conservation and Management Plan. This bill would remove one of the barriers to achieving the laudable goals of this Plan.

A clean and safe Sound is important to us all. I urge my colleagues to join me in supporting this important legislation.

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

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

S. 1356

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 ''Long Island Sound Protection Act''.

SEC. 2. LONG ISLAND SOUND PROTECTION.

Section 106 of the Marine Protection, Research, and Sanctuaries Act (33 U.S.C. 1416) is amended—

(1) by striking ''(f) In'' and inserting the following:

''(f) LONG ISLAND SOUND.—

''(1) IN GENERAL.—In''; and

(2) by adding at the end the following:

''(2) MULTIPLE PROJECTS.—

''(A) IN GENERAL.—Paragraph (1) shall apply to a project described in paragraph (1) if—

''(i) 1 or more projects of that type produce, in the aggregate, dredged material in excess of 25,000 cubic yards; and

''(ii)(I) the project or projects are carried out in a proximate geographical area; or

''(II) the aggregate quantity of dredged material produced by the project or projects is transported, for dumping purposes, by the same barge.

''(B) REGULATIONS.—As soon as practicable, but not later than 60 days after the date of enactment of this paragraph, the Administrator shall promulgate regulations that define the term 'proximate geographical area' for purposes of subparagraph (A)(i).

''(3) DESIGNATED SITE.—Not later than 2 years after the date of enactment of this paragraph, the Administrator shall designate under section 102(c) at least 1 site for the dumping of dredged material generated in the vicinity of Long Island Sound.

''(4) PROHIBITION ON DUMPING OF DREDGED MATERIAL.—Except at the site or sites designated under paragraph (3) (if the site or sites are located in Long Island Sound), no dredged material shall be dumped in Long Island Sound after the date on which the Administrator designates at least 1 site under paragraph (3).''.

By Mr. JEFFORDS:

s. 1357. A. bill to amend the Internal Revenue Code of 1986 to enhance the portability of retirement benefits, and for other purposes; to the Committee on Finance.

THE RETIREMENT ACCOUNT PORTABILITY ACT

Mr. JEFFORDS. Mr. President, today I am introducing S. 1357, the Retirement Account Portability (RAP) Act. This bill is a close companion to H.R. 738, the bill introduced by Congressman EARL POMEROY of North Dakota. It was also included as title III of the Pension Coverage and Portability Act, S. 741, introduced earlier this year by myself and Senators GRAHAM and GRASSLEY. Generally this bill is intended to be a further iteration of the concepts embodied in both of those bills.

The RAP Act standardizes the rules in the Internal Revenue Code (IRC) which regulate how portable a worker's retirement savings account is, and while it does not make portability of pension benefits perfect, it greatly improves the status quo. No employer will be ''required'' to accept rollovers from other plans, however. A rollover will occur when the employee offers, and the employer agrees to accept, a rollover from another plan.

Under current law, it is not possible for an individual to move an accumulated retirement savings account from a section 401(k) (for-profit) plan to a section 457 (state and local government) deferred compensation plan, to an Individual Retirement Account (IRA), then to a section 403(b) (non-profit organization or public school) deferred annuity plan and ultimately back into a section 401(k) plan, without violating various restrictions on the movement of their money. The RAP Act will make it possible for workers to take their retirement savings with them when they change jobs regardless of the type of employer for which they work.

This bill will also help make IRAs more portable and will improve the use of conduit IRAs. Conduit IRAs are individual retirement accounts to which certain distributions from a qualified retirement plan or from another individual retirement account have been transferred. RAP changes the rules regulating these IRAs so that workers leaving the for-profit, non-profit or governmental field can use a conduit IRA as a parking spot for a pre-retirement distribution. These special accounts are needed by many workers until they have another employer-sponsored plan in which to rollover their savings.

In many instances, this bill will allow an individual to rollover an IRA consisting exclusively of tax-deductible contributions into a retirement plan at his or her new place of employment, thus helping the individual consolidate retirement savings in a single account. Under certain circumstances, the RAP Act will also allow workers to rollover any after-tax contributions made at his or her previous workplace, into a new retirement plan. Under the provisions of the bill as drafted, after-tax contributions will be rollable from a plan to an IRA and from an IRA to an IRA, but not from a IRA to a plan, nor on a direct plan to plan basis. I am open to recommendations on how we can improve the treatment of after-tax rollovers and I look forward to hearing from my colleagues and the public on that topic.

Current law requires a worker who changes jobs to face a deadline of 60 days within which to roll over any retirement savings benefits either into an Individual Retirement Account, or into the retirement plan of his or her new employer. Failure to meet the deadline can result in both income and excise taxes being imposed on the account. We believe that this deadline should be waived under certain circumstances and we have outlined them in the bill. Consistent with the Pomeroy bill, in case of a Presidentially-declared natural disaster or military service in a combat zone, the Treasury Department will have the authority to disallow imposition of any tax penalty for the account holder. Consistent with the additional changes incorporated by Congressman POMEROY this year, however, we have included a waiver of tax penalties in the case of undue hardship, such as a serious personal injury or illness and we have given the Department of the Treasury the authority to waive the deadline.

The Retirement Account Portability Act will also change two complicated rules which harm both plan sponsors and plan participants; one dealing with certain business sales (the so-called ''same desk'' rule) and the other dealing with retirement plan distribution options. Each of these rules has impeded true portability of pensions and we believe they ought to be changed.

In addition, this bill will extend the Pension Benefit Guaranty Corporation's (PBGC) Missing Participant program to defined benefit multiemployer pension plans. Under current law, the PBGC has jurisdiction over both single-employer and multiemployer defined benefit pension plans. A few years ago, the agency initiated a program to locate missing participants from terminated, single-employer plans. The program attempts to locate individuals who are due a benefit, but who have not filed for benefits owed to them, or who have attempted to find their former employer but failed to receive their benefits. This bill expands the missing participant program to multi-employer pension plans.

I know of no reason why individuals covered by a multiemployer pension plans should not have the same protections as participants of single-employer pension plans and this change will help more former employees receive all the benefits to which they are entitled. This bill does not expand the missing participants program to defined contribution plans. Supervision of defined contribution plans is outside the statutory jurisdiction of the PBGC and I have not heard strong arguments for including those plans within the jurisdiction of the agency. I would be pleased to hear the recommendations of any of my colleagues on this matter.

In a particularly important provision, the Retirement Account Portability bill will allow public school teachers and other state and local employees who move between different states and localities to use their savings in their section 403(b) plan or section 457 deferred compensation arrangement to purchase ''service credit'' in the defined benefit plan in which they are currently participating, and thus obtain greater pension benefits in the plan in which they conclude their career.

As a final note, this bill, this bill does not reduce the vesting schedule from the current five year cliff vesting (or seven year graded) to a three year cliff or six year graded vesting schedule that has been contained in other bills. I support the shorter vesting schedules, but I feel that the abbreviated schedule makes a dramatic change to tax law without removing some of the disincentives to maintaining a pension plan that businesses—especially small businesses—desperately need. More discussion of this matter is needed.

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. 1357

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 ''Retirement Account Portability 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. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) ROLLOVERS FROM AND TO SECTION 457 PLANS.—

(1) ROLLOVERS FROM SECTION 457 PLANS.—

(A) IN GENERAL.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

''(16) ROLLOVER AMOUNTS.—

''(A) GENERAL RULE.—In the case of an eligible deferred compensation plan, if—

''(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

''(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

''(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) (other than paragraph (4)(C)) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

''(C) REPORTING.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c)).''

(B) DEFERRAL LIMIT DETERMINED WITHOUT REGARD TO ROLLOVER AMOUNTS.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting ''(other than rollover amounts)'' after ''taxable year''.

(C) DIRECT ROLLOVER.—Paragraph (1) of section 457(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by inserting after subparagraph (B) the following:

''(C) the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer.''

(D) WITHHOLDING.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

''(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b); or''.

(ii) Paragraph (5) of section 3405(e) is amended by adding at the end the following: ''Such term shall include an eligible deferred compensation plan described in section 457(b).''

(iii) Paragraph (3) of section 3405(c) is amended to read as follows:

''(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).''

(iv) LIABILITY FOR WITHHOLDING.—Subparagraph (B) of section 3405(d)(2) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by adding at the end the following:

'(iv) section 457(b).''

(2) ROLLOVERS TO SECTION 457 PLANS.—

(A) Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following:

''(v) an eligible deferred compensation plan described in section 457(b) of an eligible employer described in section 457(e)(1)(A).''

(B) Paragraph (9) of section 402(c) is amended by striking ''except that'' and all that follows and inserting ''except that only an account or annuity described in clause (i) or (ii) of paragraph (8)(B) shall be treated as an eligible retirement plan with respect to such distribution.''

(C) Subsection (a) of section 457 (relating to year of inclusion in gross income) is amended by striking ''or otherwise made available''.

(3) MINIMUM DISTRIBUTIONS.—Paragraph (2) of section 457(d) is amended to read as follows:

''(2) MINIMUM DISTRIBUTION REQUIREMENTS.—A plan meets the distribution requirements of this paragraph if the plan meets the requirements of section 401(a)(9).''

(4) CONFORMING AMENDMENT.—Paragraph (9) of section 457(e) is amended to read as follows:

''(9) BENEFITS NOT TREATED AS FAILING TO MEET DISTRIBUTION REQUIREMENTS OF SUBSECTION (d).—A plan shall not be treated as failing to meet the distribution requirements of subsection (d) by reason of a distribution of the total amount payable to a participant under the plan if—

''(A) such amount does not exceed the dollar limit under section 411(a)(11)(A), and

''(B) such amount may be distributed only if—

''(i) no amount has been deferred under the plan with respect to such participant during the 2-year period ending on the date of the distribution, and

''(ii) there has been no prior distribution under the plan to such participant to which this paragraph applied.''

(b) ALLOWANCE OF ROLLOVERS FROM AND TO 403(b) PLANS.—

(1) ROLLOVERS FROM SECTION 403(b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking ''such distribution'' and all that follows and inserting ''such distribution to an eligible retirement plan described in section 402(c)(8)(B), and''.

(2) ROLLOVERS TO SECTION 403(b) PLANS.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking ''and'' at the end of clause (iv), by striking the period at the end of clause (v) and inserting '', and'', and by adding at the end the following:

''(vi) an annuity contract described in section 403(b).''

(3) CONFORMING AMENDMENT.—Subparagraph (B) of section 403(b)(8) is amended by striking ''Rules similar to the'' and inserting ''The''.

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution.''

(d) CONFORMING AMENDMENTS.—

(1) Section 72(o)(4) is amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(2) Section 219(d)(2) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(3) Section 401(a)(31)(B) is amended by striking ''and 403(a)(4)'' and inserting '', 403(a)(4), 403(b)(8), and 457(e)(16)''.

(4) Subparagraph (A) of section 402(f)(2) is amended by striking ''or paragraph (4) of section 403(a)'' and inserting '', paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)''.

(5) Paragraph (1) of section 402(f) is amended by striking ''from an eligible retirement plan''.

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking ''another eligible retirement plan'' and inserting ''an eligible retirement plan''.

(7) Subparagraph (B) of section 403(b)(8) is amended by striking ''shall apply for purposes of subparagraph (A)'' and inserting ''and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator''.

(8) Subparagraph (B) of section 403(b)(8) is amended by inserting ''and (9)'' after ''through (7)''.

(9) Section 408(a)(1) is amended by striking ''or 403(b)(8)'' and inserting '', 403(b)(8), or 457(e)(16)''.

(10) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(11) Section 415(c)(2) is amended by striking ''and 408(d)(3)'' and inserting ''408(d)(3), and 457(e)(16)''.

(12) Section 4973(b)(1)(A) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(e) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 1999.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan described in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986 on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 3. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

(a) IN GENERAL.—Subparagraph (A) of section 408(d)(3) (relating to rollover amounts) is amended by adding ''or'' at the end of clause (i), by striking clauses (ii) and (iii), and by adding at the end the following:

''(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the individual receives the payment or distribution.

For purposes of clause (ii), the term 'eligible retirement plan' means an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B).''

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 403(b) is amended by striking ''section 408(d)(3)(A)(iii)'' and inserting ''section 408(d)(3)(A)(ii)''.

(2) Clause (i) of section 408(d)(3)(D) is amended by striking ''(i), (ii), or (iii)'' and inserting ''(i) or (ii)''.

(3) Subparagraph (G) of section 408(d)(3) is amended to read as follows:

''(G) SIMPLE RETIREMENT ACCOUNTS.—In the case of any payment or distribution out of a simple retirement account (as defined in subsection (p)) to which section 72(t)(6) applies, this paragraph shall not apply unless such payment or distribution is paid into another simple retirement account.''

(c) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 1999.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan described in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986 on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of the amendments made by this section.

SEC. 4. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS; HARDSHIP EXCEPTION.

(a) AFTER-TAX CONTRIBUTIONS.—

(1) ROLLOVERS.—Subsection (c) of section 402 (relating to rules applicable to rollovers from exempt trusts) (as amended by section 2) is amended by striking paragraph (2) and redesignating paragraphs (3) through (10) as paragraphs (2) through (9), respectively.

(2) DIRECT TRANSFERS.—Paragraph (31) of section 401(a) (relating to optional direct transfer of eligible rollover distributions) is amended by striking subparagraph (B) and redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(3) ANNUITIES.—Subparagraph (B) of section 408(d)(3) (relating to rollover contributions) is amended by striking ''which was not includible in his gross income because of the application of this paragraph'' and inserting ''to which this paragraph applied''.

(4) ELIGIBLE RETIREMENT PLAN.—Paragraph (7)(B) of section 402(c) (as redesignated by subsection (a)(1) and as amended by section 2) is amended—

(A) by striking ''The term'' and inserting ''Except as provided in this subparagraph, the term'', and

(B) by adding at the end the following:

''Arrangements described in clauses (iii), (iv) (v), and (vi) shall not be treated as eligible retirement plans for purposes of receiving a rollover contribution of an eligible rollover distribution to the extent that such eligible rollover distribution is not includible in gross income (determined without regard to paragraph (1)).''

(5) TAXATION OF DISTRIBUTIONS.—Paragraph (2) of section 408(d) is amended—

(A) by striking ''For purposes'' and inserting the following:

''(A) IN GENERAL.—Except as provided in this paragraph, for purposes'',

(B) by striking ''(A) all'' and inserting ''(i) all'';

(C) by striking ''(B) all'' and inserting ''(ii) all'';

(D) by striking ''(C) the'' and inserting ''(iii) the'',

(E) by striking ''subparagraph (C)'' and inserting ''clause (iii)'', and

(F) by inserting at the end the following:

''(B) APPLICATION OF SECTION 72.—For purposes of applying section 72, if—

''(i) a distribution is made from an individual retirement plan, and

''(ii) a rollover contribution described in paragraph (3) is made to an eligible retirement plan described in section 402(c)(7)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

the includible amount in the individual's individual retirement plans shall be reduced by the amount described in subparagraph (C). As of the close of the calendar year in which the taxable year begins, the reduction of all amounts described in subparagraph (C)(i) shall be applied prior to the computations described in subparagraph (A)(iii). The amount of any distribution with respect to which there is a rollover contribution described in clause (ii) shall not be treated as a distribution for purposes of subparagraph (A).

''(C) AMOUNT DESCRIBED.—The amount described in this subparagraph is the sum of—

''(i) the amount of the rollover contribution described in subparagraph (B)(ii), and

''(ii) in the case of any portion of the distribution with respect to which there is not a rollover contribution described in paragraph (3), the amount of such portion that is included in gross income under section 72.

''(D) INCLUDIBLE AMOUNT.—For purposes of this paragraph, the term 'includible amount' shall mean the amount that is not investment in the contract (as defined in section 72).''

(6) TRANSFERS TO IRAS.—Subparagraph (C) of section 402(c)(5) (as redesignated by subsection (a)(1)) is amended by inserting after ''other than money'' the following: ''or where the amount of the distribution exceeds the amount of the rollover contribution''.

(b) HARDSHIP EXCEPTION TO 60-DAY RULE.—

(1) PLAN ROLLOVERS.—Paragraph (2) of section 402(c) (as so redesignated) is amended to read as follows:

''(2) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

''(B) HARDSHIP EXCEPTION.—The Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''

(2) IRA ROLLOVERS.—Paragraph (3) of section 408(d) (relating to rollover contributions) is amended by adding at the end the following new subparagraph:

''(H) WAIVER OF 60-DAY REQUIREMENT.—The Secretary may waive the 60-day requirement under subparagraphs (A) and (D) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (4) of section 402(c) (as redesignated by subsection (a)(1)) is amended by striking ''(8)(B)'' and inserting ''(7)(B)''.

(2) Subparagraph (B) of section 403(a)(4) is amended by striking ''(2) through (7)'' and inserting ''(2) through (6)''.

(3) Section 403(b)(8)(A)(ii) (as amended by section 2) is amended by striking ''section 402(c)(8)(B)'' and inserting ''section 402(c)(7)(B)''.

(4) Subparagraph (B) of section 403(b)(8) (as amended by section 2) is amended by striking ''(2) through (7) and (9) of section 402(c)'' and inserting ''(2) through (6) and (8) of section 402(c)''.

(5) Subparagraph (A) of section 408(d)(3) (as amended by section 3) is amended by striking ''402(c)(8)'' and inserting ''402(c)(7)''.

(6) Paragraph (16) of section 457(e) (as added by section 2) is amended—

(A) in subparagraph (A)(i) by striking ''402(c)(4)'' and inserting ''402(c)(3)'',

(B) in subparagraph (A)(ii) by striking ''402(c)(8)(B)'' and inserting ''402(c)(7)(B)'', and

(C) in subparagraph (B) by striking ''paragraphs (2) through (7) (other than paragraph (4)(C)) and (9) of section 402(c)'' and inserting ''paragraphs (2) through (6) (other than paragraph (3)(C)) and (8) of section 402(c)''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply to distributions made after December 31, 1999.

(2) HARDSHIP EXCEPTION.—The amendments made by subsection (b) shall apply to 60-day periods ending after the date of the enactment of this Act.

SEC. 5. EXTENSION OF MISSING PARTICIPANTS PROGRAM TO MULTIEMPLOYER PLANS.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.''

(b) CONFORMING AMENDMENT.—Section 206(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(f)) is amended by striking ''the plan shall provide that,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after final regulations implementing subsection (c) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)) are prescribed.

SEC. 6. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS FROM DEFINED CONTRIBUTION PLANS.

(a) DISTRIBUTIONS PERMITTED ON SEVERANCE FROM EMPLOYMENT.—

(1) 401(k) PLANS.—Section 401(k)(2)(B)(i)(I) (relating to qualified cash or deferred arrangements) is amended by striking ''separation from service'' and inserting ''severance from employment''.

(2) 403(b) CONTRACTS.—

(A) Clause (ii) of section 403(b)(7)(A) is amended by striking ''separates from service'' and inserting ''severs from employment''.

(B) Paragraph (11) of section 403(b) is amended—

(i) by striking ''SEPARATION FROM SERVICE'' in the heading and inserting ''SEVERANCE FROM EMPLOYMENT'', and

(ii) by striking ''separates from service'' and inserting ''severs from employment''.

(3) 457 PLANS.—Clause (ii) of section 457(d)(1)(A) is amended by striking ''is separated from service'' and inserting ''has a severance from employment''.

(b) BUSINESS SALE REQUIREMENTS DELETED.—

(1) IN GENERAL.—Section 401(k)(2)(B)(i)(II) (relating to qualified cash or deferred arrangements) is amended by striking ''an event'' and inserting ''a plan termination''.

(2) CONFORMING AMENDMENTS.—Section 401(k)(10) is amended—

(A) by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—A plan termination is described in this paragraph if the termination of the plan does not involve the establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7)).'',

(B) in subparagraph (B)—

(i) by striking ''An event'' and inserting ''A termination'', and

(ii) by striking ''the event'' and inserting ''the termination'',

(C) by striking subparagraph (C), and

(D) by striking ''OR DISPOSITION OF ASSETS OR SUBSIDIARY'' in the heading.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 1999.

SEC. 7. TRANSFEREE DEFINED CONTRIBUTION PLAN NEED NOT HAVE SAME DISTRIBUTION OPTIONS AS TRANSFEROR DEFINED CONTRIBUTION PLAN.

(a) IN GENERAL.—Section 411(d)(6) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following new subparagraph:

''(D) PLAN TRANSFERS.—A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this paragraph merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

''(i) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan,

''(ii) the terms of both the transferor plan and the transferee plan authorize the transfer described in clause (i),

''(iii) the transfer described in clause (i) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan,

''(iv) the election described in clause (iii) was made after the participant or beneficiary received a notice describing the consequences of making the election,

''(v) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2), and

''(vi) the transferee plan allows the participant or beneficiary described in clause (iii) to receive any distribution to which the participant or beneficiary is entitled under transferee plan in the form of a single sum distribution.''

(b) AMENDMENT TO ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) is amended by adding at the end the following new paragraph:

''(4) A defined contribution plan (in this paragraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this paragraph referred to as the 'transferor plan') to the extent that—

''(A) the forms of distribution previously available under the transferor plan applied

to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan,

''(B) the terms of both the transferor plan and the transferee plan authorize the transfer described in subparagraph (A),

''(C) the transfer described in subparagraph (A) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan,

''(D) the election described in subparagraph (C) was made after the participant or beneficiary received a notice describing the consequences of making the election,

''(E) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 205, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 205(c)(2), and

''(F) the transferee plan allows the participant or beneficiary described in subparagraph (C) to receive any distribution to which the participant or beneficiary is entitled under transferee plan in the form of a single sum distribution.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after December 31, 1999.

SEC. 8. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) AMENDMENTS TO 1986 CODE.—

(1) Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

''(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).''

(2) Clause (i) of section 457(e)(9)(A) is amended by striking ''such amount'' and inserting ''the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))''.

(b) AMENDMENT TO ERISA.—Section 203(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(e)) is amended by adding at the end the following:

''(4) A plan shall not fail to meet the requirements of this subsection if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this paragraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Internal Revenue Code of 1986.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 1999.

SEC. 9. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) PLANS.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

''(13) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''

(b) 457 PLANS.—

(1) Subsection (e) of section 457 is amended by adding at the end the following new paragraph:

''(17) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''

(2) Section 457(b)(2), as amended by section 2, is amended by striking ''(other than rollover amounts)'' and inserting ''(other than rollover amounts and amounts received in a transfer referred to in subsection (e)(17))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 1999.

SEC. 10. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 or section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this Act or pursuant to any guidance issued by the Secretary of the Treasury (or the Secretary's delegate) under any such amendment, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2002.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting ''2004'' for ''2002''.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative amendment or guidance described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative amendment or guidance, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

By Mr. JEFFORDS (for himself, Mr. REED, Mr. ENZI, and Mr. LEAHY):

S. 1358. A bill to amend title XVIII of the Social Security Act to provide more equitable payments to home health agencies under the Medicare Program; to the Committee on Finance.

THE PRESERVING ACCESS TO CARE IN THE HOME ACT OF 1999

Mr. JEFFORDS. Mr. President, I rise today to introduce the Preserving Access to Care in the Home Act of 1999, also known as the PATCH Act. This important bill has been crafted to protect access to care for those most in need, relieve the cash flow problems faced by agencies, and improve the interaction between home health agencies and HCFA. I want to recognize Senator REED, Senator ENZI, and Senator LEAHY. These cosponsors have shown tremendous effort and dedication in dealing with the crisis in home health care.

Abraham Lincoln said ''The legitimate object of government is to do for a community of people, whatever they need to have done, but cannot do at all, or cannot so well do for themselves, in their separate and individual capacities.'' This is the essence of home health care.

Home health care means so much to so many people: it means that people recovering from surgery can go home sooner—it means that someone recovering from an accident can get physical therapy in their home, it means our seniors can stay at home, and out of nursing homes. It is smart policy from human and financial standpoints.

My own State of Vermont is a model for providing high-quality, comprehensive care with a low price tag. For the past eight years, the average Medicare expenditure for home health care in Vermont has been the lowest in the nation. Vermont's home care system was designed to efficiently meet the needs of frail and elderly citizens in our largely rural State, but the Health Care Financing Administration's (HCFA) reimbursement system was not. HCFA's interim payment system (IPS) has been implemented in a manner that inadequately reimburses agencies for the care that they provide.

The Balanced Budget Act (BBA) did a lot of good, providing health care coverage for millions of low income children, providing targeted tax relief for families and students, tax incentives to encourage pensions savings, and extending the life of Medicare. However, as with most things in life, it was not perfect.

The BBA failed to recognize how the new home health reimbursement would affect small rural home health care providers. The IPS has caused such significant cash flow problems, that many agencies are struggling to meet their payroll needs. Home health care agencies are now facing the prospect of 15 percent budget cut next year. This budget cut, on top of already stretched budgets, would be disastrous for providers and patients alike.

The PATCH Act will rectify these problems.

First, the PATCH Act eliminates the 15-percent cut scheduled for next year. The actual savings under IPS have exceeded initial expectations, so the 15-percent cut is unnecessary to achieve the savings originally projected as needed.

Second, the PATCH Act clarifies the definition of ''homebound'' so that coverage decisions are based on the condition of the individual and not on an arbitrary number of absences from the home. Many seniors have found themselves virtual prisoners in their homes, threatened with loss of coverage if they attend adult day care, weekly religious services, or even visit family members in the hospital. This makes no sense because all of these activities are steps on the road to successful and healthy recovery. Often, home care professionals want patients to get outside a little bit, as part of their care plan. This helps fight off depression. Eligibility for home care should depend on the health of the patient.

Third, the PATCH Act creates an ''outlier'' provision so that medically complex patients suffering from multiple ailments are not excluded by the Medicare program. Agencies will receive reimbursements for reasonable costs so that they can continue to provide care for these complex patients without going bankrupt. Home health agencies can provide care to long-term chronic care patients at a lower cost than nursing homes, or hospitals.

Next, the PATCH Act also matches the rate of review to the rate of denial and provides a reward to agencies for ''good behavior'' and incentive to submit ''good claims.'' Conducting high cost, intense audits on all agencies, regardless of the past efficiency of the agency, is expensive and unproductive. Many agencies are finding themselves swamped by pre-payment reviews for claims that they submit. These reviews require that health professionals spend a substantial amount of their time filling out forms instead of providing urgently needed care to the elderly. Matching the rate of review to the rate of denial adds to the efficiency of home health agencies, and the efficiency of the regulatory. If the finalized denial rate of claims for a home health agency is less than 5 percent then (a) there will be no prepayment reviews, and (b) the post-payment review shall not exceed 10 percent of the claims.

Finally, the bill restores the periodic interim payment system (PIP) and provides guidelines to HCFA on the development of a prospective payment system (PPS) that will be fair to Vermont's low-cost, rural providers.

The sooner you can return patients to their homes, the sooner they can recover. The familiar environment of the home, family, and friends is more nurturing to recovering patients than the often stressful and unfamiliar surroundings of a hospital. Home health allows them to receive treatment for their medical conditions while being integrated back into independence. Home health is also a great avenue for education. It empowers families to assist in the care of their loved ones. This, too, results in lower costs because family members, in addition to health professionals, provide some of the care. Access to care in the home must be saved.

I look forward to turning this legislation into law. The women and men who provide home care are on the front line every day and deserve nothing but our best efforts.

By Mr. HOLLINGS:

S. 1359. A bill to amend chapter 51 of title 49, United States Code, to extend the coverage of the rules governing the transportation of hazardous materials, and for other purposes; to the Committee on Commerce, Science, and Transportation.

POSTAL HAZARDOUS MATERIALS SAFETY ENHANCEMENT ACT OF 1999

Mr. HOLLINGS. Mr. President, I rise to introduce a bill to insure the safe transportation of hazardous materials (hazmat) via the United States Postal Service and its contract carriers.

The Hazardous Materials Transportation Safety Improvement Act of 1990, P.L. 103–311, specifically exempted the U.S. Postal Service from Department of Transportation (DOT) hazmat enforcement. Although they are exempt from DOT hazmat enforcement, the U.S. Postal Service self-governs hazardous materials transportation through internal regulations and inspections.

The National Transportation Safety Board has made numerous recommendations over the years to subject the U.S. Postal Service to DOT inspections and increased enforcement efforts. In addition, they have also recommended that the Postal Service be subject to enforcement obligations similar to those observed by other package and express mail operations. Due to the fact that only a small percentage of mail is transported exclusively by the U.S. Postal Service and most of it is contracted out to other carriers, it makes sense that all mail and package transporters be subject to the same DOT regulations and inspections.

We all remember the horrifying crash of ValuJet Airlines, flight 592, into the Everglades in May of 1996. Although the cause of the ValuJet accident was not attributed to the U.S. Postal Service, the situation in which it occurred demonstrated the importance of accurate labeling in the transportation of hazardous materials. Following the ValuJet accident, the NTSB made multiple recommendations to the U.S. Postal Service about increased safety in the transport of hazmat. However, in the year following the ValuJet incident there were thirteen additional hazardous materials incidents that occurred when U.S. mail was transported via air. There should be a better safety net for the public and the employees who are charged with the safe transport of the packages, mail and express items.

Similarly, the frightening success of the Unabomber throughout the 1980's and 1990's underscores the need for tougher controls over hazardous materials sent via the U.S. Postal Service. Ted Kaczynski repeatedly sent explosive devices in packages through the mail system resulting in three deaths and 29 injuries. These packages, which weighed on average between five and ten pounds, were never inspected for hazardous contents. Largely in response to the Unabomber, the U.S. Postal Service implemented new requirements addressing package mail, however if a hazmat package is not identified at the source, it is important that the Department of Transportation hazmat inspectors have the authority to inspect packages carried by surface and air carriers.

These accidents clearly demonstrate that the shipment of undeclared hazardous materials is a serious problem that needs more attention. While the U.S. Postal Service has worked hard to train its employees to recognize hazmat shipments, much of the transportation of postal material is done via contract carriers who are not U.S. Postal Service employees. Efforts to address this issue have been hindered by the exclusion of DOT inspectors from regulating hazardous materials shipped via the U.S. Postal Service.

Mr. President, I believe that the U.S. Postal Service and the DOT hazmat inspectors are faced with an enormous task—keeping our mail and our transportation systems safe. My bill would provide for increased authority in hazmat inspections by authorizing DOT inspectors to work in tandem with U.S. Postal Inspectors. The safety of our transportation system is dependent on the safety of the cargo it is carrying—all hazmat packages should be adequately inspected and if found unsafe, they should be treated appropriately, expeditiously and equally.

I ask unanimous consent that the full 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. 1359

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 ''Postal Hazardous Materials Safety Enhancement Act''.

SEC. 2. APPLICATION OF HAZMAT REQUIREMENTS.

(a) IN GENERAL.—Section 5102(9)(B) of title 49, United States Code, is amended to read as follows:

''(B) for purposes of sections 5123 and 5124 of this title, does not include a department, agency, or instrumentality of the Government.''

(b) COORDINATION.—In carrying out the provisions of chapter 51 of title 49, United States Code, the Secretary of Transportation shall consult with the Postmaster General in order to coordinate, to the greatest extent feasible, the enforcement of that chapter.

SEC. 3 TRANSPORTATION OF HAZARDOUS MATERIALS VIA THE UNITED STATES MAIL.

(a) IN GENERAL.—Section 5102 of title 49, United States Code, is amended by—

(1) redesignating paragraph (13) as paragraph (14); and

(2) inserting after paragraph (12) the following:

''(13) 'transportation of hazardous material in commerce' and 'transporting hazardous material in commerce' include the transportation of hazardous material in the United States mail.''.

(b) REPEAL OF EXCEPTION.—Section 5126(b) of such title is amended to read as follows:

''(b) NONAPPLICATION.—This chapter does not apply to a pipeline subject to regulation under chapter 601 of this title.''.

By Mr. LEAHY:

S. 1360. A bill to preserve the effectiveness of Secret Service protection by establishing a protective function privilege, and for other purposes; to the Committee on the Judiciary.

SECRET SERVICE PROTECTION PRIVILEGE ACT OF 1999

Mr. LEAHY. Mr. President, I rise today to introduce the Secret Service Protective Privilege Act of 1999. This legislation is intended to ensure the ability of the United States Secret Service to fulfill its vital mission of protecting the life and safety of the President and other important persons.

Almost five months have passed since the impeachment proceedings against President Clinton were concluded, and the time has come for Congress to repair some of the damage that was done during that divisive episode. I refer to the misguided efforts of Independent Counsel Kenneth Starr to compel Secret Service agents to answer questions about what may have observed or overheard while protecting the life of the President.

Few national interests are more compelling than protecting the life of the President of the United States. The Supreme Court has said that the nation has ''an overwhelming interest in protecting the safety of its Chief Executive and in allowing him to perform his duties without interference from threats of physical violence.'' [Watts v. United States, 394 U.S. 705, 707 (1969).] What's at stake is not merely the safety of one person. What's at stake is the ability of the Executive Branch to function in an effective and orderly fashion, and the capacity of the United States to respond to threats and crises. Think of the shock waves that rocked the world in November 1963 when President Kennedy was assassinated. The assassination of a President has international repercussions and threatens the security and future of the entire nation.

The threat to our national security and to our democracy extends beyond the life of the President to those in direct line of the Office of the President—the Vice President, the President-elect, and the Vice President elect. By Act of Congress, these officials are required to accept the protection of the Secret Service—they may not turn it down. This statutory mandate reflects the critical importance that Congress has attached to the physical safety of these officials.

Congress has also charged the Secret Service with responsibility for protecting visiting heads of foreign states and foreign governments. The assassination of a foreign head of state on American soil could be catastrophic from a foreign relations standpoint and could seriously threaten national security.

The Secret Service Protective Privilege Act of 1999 would enhance the Secret Service's ability to protect these officials, and the nation, from the risk of assassination. It would do this by facilitating the relationship of trust between these officials and their Secret Service protectors that is essential to the Service's protective strategy.

The Service uses a ''protective envelope'' method of protection. Agents and officers surround the protectee with an all-encompassing zone of protection on a 24-hour-a-day basis. In the face of danger, they will shield the protectee's body with their own bodies and move him to a secure location.

That is how the Secret Service averted a national tragedy on March 30, 1981, when John Hinckley attempted to assassinate President Reagan. Within seconds of the first shot being fired, Secret Service personnel had shielded the President's body and maneuvered him into the waiting limousine. One agent in particular, Agent Tim McCarthy, positioned his body to intercept a bullet intended for the President. If Agent McCarthy had been even a few feet farther from the President, history might have gone very differently.

For the Secret Service to maintain this sort of close, unremitting proximity to the President and other protectees, it must have their complete, unhesitating trust and confidence. Secret Service personnel must be able to remain at the President's side even during confidential and sensitive conversations, when they may overhear military secrets, diplomatic exchanges, and family and private matters. If our Presidents do not have complete trust in the Secret Service personnel who protect them, they could try to push away the Service's ''protective envelope'' or undermine it to the point where it could no longer be fully effective.

This is more than a theoretical possibility. Consider what former President Bush wrote last April, after hearing of the independent counsel's efforts to compel Secret Service testimony:

> The bottom line is I hope that [Secret Service] agents will be exempted from testifying before the Grand Jury. What's at stake here it the protection of the life of the President and his family and the confidence and trust that a President must have in the [Secret Service].
>
> If a President feels that Secret Service agents can be called to testify about what they might have seen or heard then it is likely that the President will be uncomfortable having the agents near by.
>
> I allowed the agents to have proximity first because they had my full confidence and secondly because I knew them to be totally discreet and honorable. . . .
>
> . . . I can assure you that had I felt they would be compelled to testify as to what they had seen or heard, no matter what the subject, I would not have felt comfortable having them close in
>
> . . . I feel very strongly that the [Secret Service] agents should not be made to appear in court to discuss that which they might or might not have seen or heard.
>
> What's at stake here is the confidence of the President in the discretion of the [Secret Service]. If that confidence evaporates the agents, denied proximity, cannot properly protect the President.

As President Bush's letter makes plain, requiring Secret Service agents to betray the confidence of the people whose lives they protect could seriously jeopardize the ability of the Service to perform its crucial national security function.

The possibility that Secret Service personnel might be compelled to testify about their protectees could have a particularly devastating affect on the Service's ability to protect foreign dignitaries. The mere fact that this issue has surfaced is likely to make foreign governments less willing to accommodate Secret Service both with respect to the protection of the President and Vice President on foreign trips, and the protection of foreign heads of state traveling in the United States.

The recent court decisions, which refused to recognize a protective function privilege, could have a devastating impact upon the Secret Service's ability to provide effective protection. The courts ignored the voices of experience—former Presidents, Secret Service Directors, and others—who warned of the potentially deadly consequences. The courts disregarded the lessons of history. We cannot afford to be so cavalier; the stakes are just too high.

The security of our chief executive officers and visiting foreign heads of state is a matter that transcends all partisan politics. I urge my colleagues to support this legislation and ask unanimous consent that the bill and a summary of the bill be printed in the RECORD.

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

S. 1360

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 ''Secret Service Protective Privilege Act of 1999''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress makes the following findings:

(1) The physical safety of the Nation's top elected officials is a public good of transcendent importance.

(2) By virtue of the critical importance of the Office of the President, the President and those in direct line of the Presidency are subject to unique and mortal jeopardy—jeopardy that in turn threatens profound disruption to our system of representative government and to the security and future of the Nation.

(3) The physical safety of visiting heads of foreign states and foreign governments is also a matter of paramount importance. The assassination of such a person while on American soil could have calamitous consequences for our foreign relations and national security.

(4) Given these grave concerns, Congress has provided for the Secret Service to protect the President and those in direct line of the Presidency, and has directed that these officials may not waive such protection. Congress has also provided for the Secret Service to protect visiting heads of foreign states and foreign governments.

(5) The protective strategy of the Secret Service depends critically on the ability of its personnel to maintain close and unremitting physical proximity to the protectee.

(6) Secret Service personnel must remain at the side of the protectee on occasions of confidential conversations and, as a result, may overhear top secret discussions, diplomatic exchanges, sensitive conversations, and matters of personal privacy.

(7) The necessary level of proximity can be maintained only in an atmosphere of complete trust and confidence between the protectee and his or her protectors.

(8) If a protectee has reason to doubt the confidentiality of actions or conversations taken in sight or hearing of Secret Service personnel, the protectee may seek to push the protective envelope away or undermine it to the point at which it could no longer be fully effective.

(9) The possibility that Secret Service personnel might be compelled to testify against their protectees could induce foreign nations to refuse Secret Service protection in future state visits, making it impossible for the Secret Service to fulfill its important statutory mission of protecting the life and safety of foreign dignitaries.

(10) A privilege protecting information acquired by Secret Service personnel while performing their protective function in physical proximity to a protectee will preserve the security of the protectee by lessening the incentive of the protectee to distance Secret Service personnel in situations in which there is some risk to the safety of the protectee.

(11) Recognition of a protective function privilege for the President and those in direct line of the Presidency, and for visiting heads of foreign states and foreign governments, will promote sufficiently important interests to outweigh the need for probative evidence.

(12) Because Secret Service personnel retain law enforcement responsibility even while engaged in their protective function, the privilege must be subject to a crime/treason exception.

(b) PURPOSES.—The purposes of this Act are—

(1) to facilitate the relationship of trust and confidence between Secret Service personnel and certain protected officials that is essential to the ability of the Secret Service to protect these officials, and the Nation, from the risk of assassination; and

(2) to ensure that Secret Service personnel are not precluded from testifying in a criminal investigation or prosecution about unlawful activity committed within their view or hearing.

SEC. 3. ESTABLISHMENT OF PROTECTIVE FUNCTION PRIVILEGE.

(a) ADMISSIBILITY OF INFORMATION ACQUIRED BY SECRET SERVICE PERSONNEL WHILE PERFORMING THEIR PROTECTIVE FUNCTION.—Chapter 203 of title 18, United States Code, is amended by inserting after section 3056 the following:

''§ 3056A. Testimony by Secret Service personnel; protective function privilege

''(a) DEFINITIONS.—In this section:

''(1) PROTECTEE.—The term 'protectee' means—

''(A) the President;

''(B) the Vice President (or other officer next in the order of succession to the Office of President);

''(C) the President-elect;

''(D) the Vice President-elect; and

''(E) visiting heads of foreign states or foreign governments who, at the time and place concerned, are being provided protection by the United States Secret Service.

''(2) SECRET SERVICE PERSONNEL.—The term 'Secret Service personnel' means any officer or agent of the United States Secret Service.

''(b) GENERAL RULE OF PRIVILEGE.—Subject to subsection (c), testimony by Secret Service personnel or former Secret Service personnel regarding information affecting a protectee that was acquired during the performance of a protective function in physical proximity to the protectee shall not be received in evidence or otherwise disclosed in any trial, hearing, or other proceeding in or before any court, grand jury, department, officer, agency, regulatory body, or other authority of the United States, a State, or a political subdivision thereof.

''(c) EXCEPTIONS.—There is no privilege under this section—

''(1) with respect to information that, at the time the information was acquired by Secret Service personnel, was sufficient to provide reasonable grounds to believe that a crime had been, was being, or would be committed; or

''(2) if the privilege is waived by the protectee or the legal representative of a protectee or deceased protectee.

''(d) CONCURRENT PRIVILEGES.—The proximity of Secret Service personnel to a protectee engaged in a privileged communication with another shall not, by itself, defeat an otherwise valid claim of privilege.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The analysis for chapter 203 of title 18, United States Code, is amended by inserting after the item relating to section 3056 the following:

''3056A. Testimony by Secret Service personnel; protective function privilege.''.

SEC. 4. APPLICATION.

This Act and the amendments made by this Act shall apply to any proceeding commenced on or after the date of enactment of this Act.

SUMMARY OF THE SECRET SERVICE PROTECTIVE PRIVILEGE ACT OF 1999

The proposed legislation would add a new section 2056A to title 18, United States Code, establishing a protective function privilege. There are four subsections.

Subsection (a) establishes the definitions used in the section.

Subsection (b) states the general rule that testimony by Secret Service personnel or former Secret Service personnel regarding information affecting a protectee that was acquired during the performance of a protective function in physical proximity to the protectee shall not be received in evidence or otherwise disclosed. The privilege operates only with respect to the President, the Vice President (or other officer next in the order of succession to the Office of President), the President-elect, the Vice President-elect, and visiting heads of foreign states or foreign governments.

Subsection (c) creates a crime-fraud exception to the privilege, which applies with respect to information that, at the time it was acquired by Secret Service personnel, was sufficient to provide reasonable grounds to believe that a crime had been, was being, or would be committed. This subsection also provides that the privilege may be waived by a protectee or by his or her legal representative.

Subsection (d) provides that the proximity of Secret Service personnel to a protectee shall not, by itself, defeat an otherwise valid claim of privilege. This addresses the situation in which Secret Service personnel overhear confidential communications between the protectee and, say, the protectee's spouse or attorney.

By Mr. STEVENS (for himself, (Mr. INOUYE, Mr. LOTT, Mrs. FEINSTEIN, Mr. AKAKA, and Mr. GRAHAM):

S. 1361. A bill to amend the Earthquake Hazards Reduction Act of 1977 to provide for an expanded Federal program of hazard mitigation, relief, and insurance against the risk of catastrophic natural disasters, such as hurricanes, earthquakes, and volcanic eruptions, and for other purposes; to the Committee on Commerce, Science, and Transportation.

NATURAL DISASTER PROTECTION AND INSURANCE ACT OF 1999

Mr. STEVENS. Mr. President, today I am introducing the Natural Disaster Protection and Insurance Act of 1999. This bill will provide the Nation with a way of dealing with major national disasters. As many of my colleagues are aware I have maintained an interest in this area for some time. Over the last decade we have witnessed natural disasters and the devastating effect that they can have on our property, economy and quality of life.

Damages from Hurricane Andrew resulted in the insolvency of insurance companies and a lack of confidence within the industry to deal with similar catastrophes in the future. Major hurricane risk is increasing. Some scientists predict that the next decade will bring more favorable conditions for a major hurricane hitting the U.S. than existed in the period leading up the Hurricane Andrew.

Over half of the population of the United States resides within the coastal zone (approximately 300 km centered at the coastline). Infrastructure and population along our coast is growing rapidly and so our vulnerability to hurricanes is increasing dramatically.

My Home State of Alaska has had at least nine major earthquakes of 7.4 magnitude or more on the Richter scale. Alaska's 1964 Good Friday Earthquake was one of the world's most powerful, registering, a magnitude of 9.2 on the Richter scale.

The Alaska quake of 1964 destroyed the economic basis of entire communities. Whole fishing fleets, harbors,

and canneries were lost. The shaking caused tidal waves. Petroleum storage tanks ruptured and the contents caught fire. Burning oil ran into the bay and was carried to the waterfront by large waves. These waves of fire destroyed docks, piers, and small-boat harbors. Total property damage was $311 million in 1964 dollars. Experts predict that a quake this size in the lower 48 would kill thousands and cost up to $200 billion.

According to Michael J. Armstrong, associate director, mitigation directorate of the Federal Emergency Management Agency:

Earthquakes represent the largest single potential for casualties and damage from a natural hazard facing this country. They represent a national threat, as all but seven States in the U.S. are at some level of risk.

In our most recent earthquake disaster, Northridge, (CA), a moderate earthquake centered on the fringe of a major metropolitan area caused an estimated $40 billion in damage. A large magnitude earthquake located under one of several urban regions in the United States could cause thousands of casualties and losses approaching $200 billion.

Accordingly, reducing earthquake losses is a matter of national concern—recent findings show a significantly increased potential for damaging earthquake in southern California, and in northern California on the Hayward Fault. Studies also show higher potential earthquakes for the Pacific Northwest and Coastal South Carolina. This is in addition to areas of earthquake risk that have already been identified, such as the New Madrid Fault Zone in the Central U.S. and Wasatch Front in Utah.

Before 1989, the United States had never experienced a disaster costing more than $1 billion in insured losses. Since then, we have had nine disasters that have cost more than $1 billion.

Today, Senators INOUYE, LOTT, BOB GRAHAM, FEINSTEIN, AKAKA, and I introduce this bill to reduce the cost to the Federal Government of earthquakes, hurricanes, and other natural disasters.

First, the bill will reduce Federal costs by expanding the use and availability of private insurance.

Second, the bill will provide incentives to improve State disaster strategic planning.

And, third, the bill will create a national, privately funded catastrophic insurance pool to shoulder the risk of very large disasters.

Mr. President, the more private insurance individuals buy, the less disaster relief Federal taxpayers must pay. For instance, if this bill had been in place before Hurricane Andrew and California's Northridge Earthquake, I am advised that it could have reduced Federal costs by at least $5 billion.

I ask my colleagues to join me and the cosponsors in supporting this bill. Because major natural catastrophes are increasingly common and costly for U.S. citizens, we must be willing to make a commitment now to prepare for these future events in advance.

Mr. GRAHAM. Mr. President, I rise to join the distinguished chairman and Ranking Member of the Senate Appropriations Committee in introducing legislation that creates a federal complement to efforts of state governments, local communities, and the private sector to make future disasters cost less.

Mr. President, I am a life-long Floridian. When children grow up in Florida they learn, usually from first hand experience, to expect devastating storm activity in their communities. Hurricane Season is an annual event. Florida suffers from often violent summer storms, tornadoes, and wildfires. With all of this natural disaster activity in my state alone, you can image that the costs of paying for the damages incurred by these events is quite staggering. These costs require the immediate action of Congress.

In August of 1992, Hurricane Andrew roared ashore in the middle of the night and devastated much of South Florida. The total costs of cleanup and rebuilding from Hurricane Andrew was $36 billion. This includes nearly $16 billion in total insured loses, of which $12 billion were homeowner policies. After Andrew 10 private insurance companies in the State of Florida were rendered insolvent and had to leave the state. Nearly 960,000 insurance policies were canceled or not renewed.

There may be more Hurricane Andrew's in our future. The National Weather Service has predicted 1999 will be an extremely active hurricane season. They have estimated that up to 14 named storms will develop in the Atlantic Ocean, 10 of those are expected to become hurricanes.

The rising costs associated with events such as Hurricane Andrew have also demonstrated that insurers face the risk of insolvency if they are overly concentrated in vulnerable regions of our country. Since 1992, insurers have widely avoided writing policies in disaster prone areas of Florida. A congressional report on this subject revealed that the total supply of available reinsurance is approximately $7 billion. This is only 10 percent of the potential loss which might occur from a worst case natural disaster scenario.

Companies that provide insurance of last resort have entered disaster-vulnerable insurance markets and filled this vacuum. Generally, these products of last resort provide less coverage than a commercial property insurance policy, but at much greater price. In Florida, such a policy averages in excess of 500 percent as compared to a commercial policy.

State Insurance Commissions and state legislatures have literally created rainy day funds in an attempt to prevent an insurance availability crisis. This includes: Florida Catastrophe Reinsurance Fund, the California Earthquake Authority, and the Hawaii Hurricane Relief Fund. In my State of Florida, we have also created programs to provide insurance for those who cannot purchase insurance from any private source because of the risk involved including the Florida Joint Underwriters Associations, and the expansion of the Florida Windstorm Underwriters Association.

Our recent experience tells us that it is time for Congress to help reverse the rising costs of natural disasters. The Natural Disaster Protection and Insurance Act of 1999 is a step in the right direction. This legislation directs the Secretary of the Treasury to carry out a program to make reinsurance available for purchase by eligible state programs, private insurers and reinsurers by way of auctions. It provides a backstop for state-operated insurance programs, and complements existing insurance industry efforts without encroaching upon the private sector.

This initiative appropriately allows state and industry leaders to assist in addressing local needs. Specifically,

Contractural coverage would include residential property losses resulting from disasters.

The Treasury Department would be prohibited from offering any coverage that competes with or replaces private insurers.

A portion of the premiums would go to a mitigation fund to support state level emergency preparedness.

This initiative is a bipartisan and bicameral effort. My Florida colleague, Congressman BILL MCCOLLUM, has joined Representative LAZIO to lead this effort in the House of Representatives. We have been working closely with the Administration, affected state and local level organizations, and private realtors and insurers. We all agree that the insurance industry cannot endure the ravage of large scale natural disasters alone. Action at the federal level is needed to continue insuring individual homeowners and business in areas vulnerable to catastrophe.

Mr. President, we have an opportunity today to continue the working partnership between the federal government, states, local communities and the private sector. The consequences of insurance shortages and exposure to known hazards must be addressed immediately. I encourage my colleagues to support this initiative.

ADDITIONAL COSPONSORS

S. 57

At the request of Ms. MIKULSKI, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 57, a bill to amend title 5, United States Code, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees and annuitants, and for other purposes.

S. 211

At the request of Mr. MOYNIHAN, the names of the Senator from New Mexico (Mr. BINGAMAN) and the Senator from Arkansas (Mrs. LINCOLN) were added as cosponsors of S. 211, a bill to amend the Internal Revenue Code of 1986 to make permanent the exclusion for employer-