S. Con. Res. 44. A concurrent resolution expressing the sense of Congress that a commemorative postage stamp should be issued in honor of the U.S.S. *New Jersey* and all those who served aboard her; to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRASSLEY (for himself, Mr. SESSIONS, Mr. DEWINE, and Mr. COVERDELL):

S. 1390. A bill to help parents and families reduce drug abuse and drug addiction among adolescents, and for other purposes; to the Committee on the Judiciary.

DRUG FREE FAMILIES ACT

Mr. GRASSLEY. Mr. President, we are all aware that drug use has decreased overall in the last 15 years. One of the principal reasons for this is that we were successful in slowing the rate of experimentation and use among our young people. However, drug use is up dramatically among the young in the general population. Children as young as eight and nine are being confronted with the decision of whether or not to try drugs. This raises the possibility of a new epidemic of use and addiction. As you know, much is already being done to help children make the right decision. Prevention education is provided by various anti-drug groups, but these groups can't be effective in their teachings if prevention education does not begin at home. It is vitally important that parents make the time to school their children on the dangers of drug use and abuse.

Throughtout the years, research has been done on whether or not kids listen to their parents. The fact is kids do listen. It is clear that parents have influence in the choices their children make. The problem is, when it comes to drugs and alcohol, not all parents see a need to influence their child's decision or are aware of how serious the problem is. Some are ambivalent about their own past use. Some are in denial about what's happening. And why is that? A survey by the Partnership for a Drug Free America shows that less than a quarter of the parents questioned even acknowledge the possibility that their child may have tried marijuana. Unfortunately, of those parents surveyed, 44 percent of their children actually did experiment with marijuana. If parents aren't aware of the reality of the situation, how can they prepare the 6 out of every 10 teenagers who are offered drugs each year.

The problem isn't that the parents don't care. It is that they don't know. Parents underestimate the reality of drugs. As a result, they seldom if every talk to their kids about drugs. According to a recent PRIDE survey, only 30 percent of students reported that their parents talked to them often or a lot about drugs. This seems unfortunate when we look at evidence that shows drug use 32 percent lower among kids who said their parents talked with them a lot about drugs. The harsh reality is that 94 percent of parents say they talked to their teens about drugs, yet only 67 percent of teens remembered those discussions. Even more disturbing is a public opinion poll by the American Medical Association that illustrates that 43 percent of parents believe children using drugs is a serious national crisis, yet only 8 percent believe it is a crisis in their local schools, and 6 percent in their local communities.

Today, on behalf of Senators DEWINE, SESSIONS, and COVERDELL, I am introducing legislation that would bridge the gap between parents and the realities of youth drug use and abuse. The Drug Free Families Act would promote prevention education for parents. The goal is to promote cooperation among current national parent efforts. The kind of parent collaboration that the Drug Free Families Act proposes would unite parents at the national level to work with community anti-drug coalitions in the fight against drugs. It would not only help to educate parents, but help them convey a clear, consistent, no-use message. Through the Drug Free Families Act, we can give parents the resources necessary to educate our youth on the dangers of drugs.

It is clear that parents need assistance in educating kids on drug use and abuse. Parents, not Government, are the key to addressing the drug problem. We need to help them. I urge my fellow Members to support the Drug Free Families Act.

From my own experience in my State of Iowa, holding, as I did in 1998, more than 30 town meetings on the issue of drugs, one of the things I learned from the young people—junior high and high school young people who came to my meeting—was, in their own words, a statement on their part of somewhat frustration with their own families, that their families were not telling them about the dangers of drugs. There was even the suggestion from some young people that what we need is a parent education project so parents would be better at setting boundaries for kids, the necessity of listening to kids, but most importantly on the issue of drugs: As a parent, get the message out to young people about the dangers of drugs.

I got the feeling very definitely from young people of my State that they knew more about drugs, even more about the dangers of drugs and the availability of those drugs, than their parents do. I think the surveys I have pointed out today to justify the Drug Free Families Act justify and back up what the young people of my State of Iowa told me in those hearings last year.

By Mr. INOUYE:

S. 1391. A bill to amend title 38, United States Code, to improve benefits for Filipino veterans of World War II, and for other purposes; to the Committee on Veteran's Affairs.

FILIPINO VETERANS' BENEFITS IMPROVEMENTS ACT OF 1999

Mr. INOUYE. Mr. President, today I rise to introduce the Filipino Veterans' Benefits Improvements Act of 1999. The measure would increase the disability compensation for those Filipino veterans residing in the United States. These veterans currently receive compensation at the ''peso-rate'' standard which is 50 percent of what is received by their American counterparts. Second, the measure would make all Filipino veterans residing in the United States eligible for veterans' health care. Like their American counterparts, these Filipino veterans would be subject to the same eligibility and means test requirements in order to qualify for health benefits. Third, the measure would provide outpatient care and services to veterans, Commonwealth Army veterans, and new Philippine Scouts residing in the Philippines for the treatment of service-connected and non-service connected disabilities at the Manila VA Outpatient Clinic.

The measure further restores funding to provide healthcare services to American military personnel and all Filipino veterans residing in the Philippines. Many of my colleagues are aware of my advocacy on behalf of Filipino veterans of World War II. Throughout the years, I have sponsored several measures on their behalf to correct an injustice and seek equal treatment for their valiant military service. Members of the Philippine Commonwealth Army were called to serve the United States Forces of the Far East. Under the command of General Douglas MacArthur, they joined our American soldiers in fighting some of the fiercest battles of World War II. Regretfully, the Congress betrayed our Filipino allies by enacting the Rescission Act of 1946. The 1946 Act, now codified as 38 U.S.C. 107, deems the military service of Filipino veterans as non-active service for purposes of any law of the United States conferring rights, privileges or benefits. The measure I introduce today will not diminish my efforts to correct this injustice. As long as it takes, I will continue to seek equal treatment on behalf of the Filipino veterans of World War II.

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

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

S. 1391

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 ''Filipino Veterans' Benefits Improvements Act of 1999''.

SEC. 2. INCREASE IN RATE OF PAYMENT OF CERTAIN BENEFITS TO VETERANS OF THE PHILIPPINE COMMONWEALTH ARMY.

(a) INCREASE.—Section 107 of title 38, United States Code, is amended—

(1) by striking ''Payment'' in the second sentence of subsection (a) and inserting ''Except as provided in subsection (c), payment''; and

(2) by adding at the end the following new subsection:

''(c) In the case of benefits under subchapters II and IV of chapter 11 of this title by reason of service described in subsection (a)—

''(1) notwithstanding the second sentence of subsection (a), payment of such benefits shall be made in dollars at the rate of $1.00 for each dollar authorized; and

''(2) such benefits shall be paid only to an individual residing in the United States who is a citizen of, or an alien lawfully admitted for permanent residence in, the United States.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act, and shall apply to benefits paid for months beginning on or after that date.

SEC. 3. ELIGIBILITY FOR HEALTH CARE OF CERTAIN ADDITIONAL FILIPINO WORLD WAR II VETERANS.

The text of section 1734 of title 38, United States Code, is amended to read as follows:

''The Secretary, within the limits of Department facilities, shall furnish hospital and nursing home care and medical services to Commonwealth Army veterans and new Philippine Scouts in the same manner as provided for under section 1710 of this title.''.

SEC. 4. MANDATE TO PROVIDE HEALTH CARE FOR WORLD WAR II VETERANS RESIDING IN THE PHILIPPINES.

(a) IN GENERAL.—Subchapter IV of chapter 17 of title 38, United States Code, is amended—

(1) by redesignating section 1735 as section 1736; and

(2) by inserting after section 1734 the following new section:

''§ 1735. Outpatient care and services for World War II veterans residing in the Philippines

''(a) OUTPATIENT HEALTH CARE.—The Secretary shall furnish care and services to veterans, Commonwealth Army veterans, and new Philippine Scouts for the treatment of the service-connected disabilities and nonservice-connected disabilities of such veterans and scouts residing in the Republic of the Philippines on an outpatient basis at the Manila VA Outpatient Clinic.

''(b) LIMITATIONS.—(1) The amount expended by the Secretary for the purpose of subsection (a) in any fiscal year may not exceed $500,000.

''(2) The authority of the Secretary to furnish care and services under subsection (a) is effective in any fiscal year only to the extent that appropriations are available for that purpose.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 17 of such title is amended by striking the item relating to section 1735 and inserting after the item relating to section 1734 the following new items:

''1735. Outpatient care and services for World War II veterans residing in the Philippines.

''1736. Definitions.''.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

By Mr. BAUCUS:

S. 1392. A bill to amend the Internal Revenue Code of 1986 to provide tax incentives for the voluntary conservation of endangered species, and for other purposes; to the Committee on Finance.

THE SPECIES CONSERVATION TAX ACT OF 1999

Mr. BAUCUS. Mr. President, today I am introducing the Species Conservation Tax Act of 1999.

The Endangered Species Act sometimes is referred to as our most important environmental law. However, it also is one of the most controversial. Over the past decade, a debate has raged about whether, and how, the Act should be revised. In 1995, Congress went so far as to impose a complete moratorium on the listing of species (fortunately, the moratorium has since been lifted). Several bills were introduced, and given serious consideration, that would have radically weakened the law.

On a more positive note, last Congress, after several years of work, the Environment and Public Works Committee reported a bipartisan bill, supported by the Clinton Administration, that would have made a series of modest, common-sense reforms to the Act. Unfortunately, that bill was never considered by the full Senate.

There seems, however, to be an agreement on at least one basic point: we should use more incentives to promote the conservation of threatened and endangered species, including tax incentives. For example, in 1995, a group organized by the Keystone Center reported that ''taxes, including income taxes, estate taxes, and property taxes, affect all landowners and sometimes significantly affect their land use decisions. Changes in tax laws, including some that have a relatively small cost to the Treasury, could yield important conservation benefits.''

Over the years, we have made some progress. The tax code now contains two significant incentives for conserving land. One is section 170(h), which allows a charitable contribution deduction for donations of conservation easements in order to, among other things, preserve wildlife habitat. The other is section 2031(c), which, with the leadership of Senator CHAFEE, was enacted in 1997; it complements section 170(h) with an estate tax incentive to encourage the conservation of land for future generations.

The bill that I am introducing today builds on these provisions. It enhances the section 170(h) and section 2031(c) incentives, and it adds a new estate tax incentive for land that is managed to protect threatened or endangered species.

Let me briefly describe each provision of the bill.

INCOME TAX EXCLUSION FOR COST SHARE PAYMENTS UNDER THE PARTNERS FOR WILDLIFE PROGRAM

Tax Code section 126 excludes from income payments received pursuant to certain agricultural and silvicultural conservation programs; it specifically excludes payments received pursuant to eight specific programs, then provides two general exclusions, one for payments received pursuant to certain state programs and another for ''any small watershed program administered by the Secretary of Agriculture which is determined by the Secretary of the Treasury . . . to be substantially similar'' to the eight specific programs. The Joint Tax Committee explained the reason for the adoption of this provision, in 1978, as follows:

> In general, these programs relate to improvements which further conservation, protect or restore the environment, improve forests, or provide a habitat for wildlife. These payments ordinarily do not improve the income producing capacity of the property. Also, since these payments represent a portion of an expenditure made by the taxpayer, the taxpayer generally does not have additional funds to pay the tax when such payments are made. The potential adverse tax consequences may operate to discourage certain taxpayers from participating in these programs.
>
> For these reasons, Congress believes that it is appropriate to exclude these payments from income, and to provide for their inclusion only at the time the underlying property is disposed of.

However, this provision does not apply to all of the appropriate programs. In 1987, the U.S. Fish and Wildlife Service established the Partners for Wildlife program, which provides cost-sharing assistance to landowners for various wildlife conservation efforts. To date, 18,000 landowners have participated voluntarily in the program, restoring more than 330,000 acres of wetlands alone. In fiscal year 1999, about $28 million will be available through the program, of which about $9 million is expected to be paid directly to landowners as cost-share payments.

Although cost-share payments made to private landowners under the Partners for Wildlife program are similar to the payments that are excluded under section 126, payments under the Partners for Wildlife program are not eligible for the exclusion, because the Partners program is not one of the specific programs listed in section 126 and cannot qualify as a ''substantially similar'' program because it is not administered by the Secretary of Agriculture. As a result, landowners who receive payments for protecting habitat under the Partners program get a 1099 form, from the IRS, stating that the payments must be treated as taxable income. If, for example, the Fish and Wildlife Service plans to pay a riparian landowner $10,000 to take steps to restore streamside habitat, federal taxes can reduce the value of the payment by several thousand dollars. I have received reports that this is causing some landowners to decline to participate in the program.

Mr. President, the Partners for Wildlife program serves the important purpose of promoting federal-state-private partnerships to conserve species and the habitat upon which they depend. Payments received under the program are similar to those that are excluded under section 126: they promote conservation, they ordinarily do not improve the income producing capacity of the property, they represent a portion of an expenditure made by the taxpayer, and the potential adverse tax

consequences may operate to discourage some taxpayers from participating. For these reasons, it is appropriate to amend section 126 to treat payments received under the Partners for Wildlife program the same as other conservation payments. The bill would do so.

There is broad support for this change among both environmentalists and landowners: It is supported by the Environmental Defense Fund, the American Farm Bureau Federation, the Center for Marine Conservation, American Rivers, the National Woodland Owners Association, the Defenders of Wildlife, the Izaak Walton League of America, and the National Cattlemen's Beef Association.

ENHANCED DEDUCTION FOR THE DONATION OF INTERESTS IN REAL PROPERTY THAT CONSERVE THREATENED OR ENDANGERED SPECIES

Under current law, a taxpayer generally may not take a charitable contribution deduction for the donation of a property interest that is less than the taxpayer's entire interest in the property. There are several exceptions. One is for donations of conservation easements, which include easements to preserve open space and protect natural habitat. Taxpayers may deduct the value of such contributions, but only up to 30% of the taxpayer's adjusted gross income, with a five year carryforward.

The bill would enhance the deduction for contributions of conservation easements that are made for the purpose of the conservation of a species that has been listed as threatened or endangered (or proposed for listing). The deduction is enhanced in three ways: the AGI limitation is increased from 30% to 50%, the carry-forward period is increased from five to 20 years, and, if the taxpayer dies before then, the entire unused carry-forward amount can be deducted on the decedent's last return.

Mr. President, when a landowner donates an interest in property for the purpose of conserving an endangered species, the landowner is providing a public benefit above and beyond the benefit provided by an ordinary conservation easement. For example, an easement might not only assure that farmland remains farmland, but also that there are buffer strips to control runoff in order to protect and endangered fish and that harvesting schedules conform to the needs of migratory waterfowl. By taking such steps voluntarily, landowners reduce the need to take other steps to preserve the species, including the imposition of regulatory restrictions.

By enhancing the deduction for landowners who take such steps, we create a modest additional incentive for landowners not only to conserve land but also to assure that the land is managed in a way that helps conserve and recover endangered species.

ESTATE TAX EXCLUSION FOR PROPERTY SUBJECT TO A CONSERVATION AGREEMENT

Under current law, an executor can deduct the value of a conservation easement (within the meaning of section 170(h)) from the value of an estate. In addition, section 2031(c), an executor can exclude from the estate up to 40% of the remaining value of the land subject to the easement.

For example, if a decedent conveys property worth $1,000,000, subject to a conservation easement that reduces the value of the property by $300,000, and the property qualifies for the full 40% exclusion, the taxable portion of the estate would be $280,000 (40 percent of the $700,000 in remaining value after deducting the $300,000 value of the easement).

The amount of the exclusion is limited to $500,000 and, under section 170(h), the conservation easement must be granted in perpetuity.

The bill creates a new estate tax incentive for donations of a partial interest in property that is subject to an agreement, approved by the Secretary of the Interior or Commerce, to carry out activities that would make a major contribution to the conservation of a species that is listed as threatened or endangered, is proposed for listing, or is a candidate for listing. The executor may exclude from the estate the entire value of the portion of the property subject to the agreement, up to $10,000,000.

The conservation agreement need not be in perpetuity; after all, the purpose of the agreement is to help recover the species, and once that goal is achieved, land use restrictions may no longer is necessary. However, if the agreement ends in less than 40 years (i.e., because the property is sold, there is a material breach of the agreement, or the agreement is terminated), the estate must pay a recapture amount, as follows: 100% of the excluded amount if the agreement is terminated in less than 10 years; 75% if it is terminated in less than 20 years; 50% if it is terminated in less than 30 years; and 25% if it is terminated in less than 40 years.

Mr. President, current law recognizes that estate tax incentives are an appropriate way to encourage landowners to take steps to conserve precious natural resources for future generations.

When a landowner or the executor of a landowner's estate enters into an agreement to manage land in a way that makes a major contribution to the conservation of an endangered or threatened species, they are, as I said before, providing a public benefit above and beyond the benefit provided by an ordinary conservation easement. By creating an alternative estate tax incentive for landowners who take such steps, we create a modest additional incentive for landowners not only to conserve land but also to assure that the land is managed in a way that helps conserve and recover endangered species.

ELIMINATION OF THE MILEAGE LIMITATION FOR THE ESTATE TAX EXCLUSION FOR LAND SUBJECT TO A CONSERVATION EASEMENT

Tax code section 2031(c) allows an executor to exclude from a gross estate a portion of the value of land that is subject to a conservation easement (within the meaning of section 170(h)), but only if the land is within 25 miles of a metropolitan area, a wilderness area, or a national park; or is within 10 miles of an Urban National Forest.

The bill eliminates 25 and 10 mile limitations, so that an executor can exclude land subject to a conservation agreement regardless of where the land is located.

Mr. President, section 2031(c) serves the important purpose of encouraging landowners to conserve open space for future generations, rather than forcing heirs to sell undeveloped land to pay estate taxes. The 25 and 10 mile limitations were included in order to reduce the revenue loss and target the incentive to the areas that were likely to be under the greatest development pressure. However, the mileage limitations are a very imperfect proxy. It excludes about one-third of the continental United States; in many cases, the excluded lands are just as pristine and sensitive as lands surrounding wilderness areas or national parks—such as lands surrounding national wildlife refuges. And it excludes many fast-growing areas that do not happen to be metropolitan statistical areas, like areas outside Bozeman and Kalispell, Montana—two of the fastest growing communities in Montana. What's more, the mile limitations have a differential impact among regions of the country. For example, they have the effect of making virtually the entire Northeast and West Coast eligible for the 2031(c) incentive, but exclude large parts of the Great Plains and the Rocky Mountain West.

To eliminate this differential impact, and provide a modest incentive for conservation all across the country, the mileage limitation should be eliminated.

CONCLUSION

Mr. President, taken together, these complementary provisions provide modest but important incentives for the conservation of habitat and the protection of endangered species. And, the more we can use tax incentives to encourage the conservation of threatened and endangered species, the more likely we are to reduce the regulatory burdens associated with those species.

I should note that there are other significant proposals along similar lines, including tax proposals introduced by Senators JEFFORDS and CHAFEE and funding proposals introduced by Senator BOXER. I look forward to working with them, and with other interested colleagues, to enacted a solid package of conservation tax incentives into law.

I ask unanimous consent that a copy of the bill be included in the RECORD.

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

S. 1392

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 ''Species Conservation Tax 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. TAX EXCLUSION FOR COST-SHARING PAYMENTS UNDER PARTNERS FOR WILDLIFE PROGRAM.

(a) IN GENERAL.—Section 126(a) (relating to certain cost-sharing payments) is amended by redesignating paragraph (10) as paragraph (11) and by inserting after paragraph (9) the following:

''(10) The Partners for Fish and Wildlife Program authorized by the Fish and Wildlife Act of 1956 (16 U.S.C. 742a et seq.).''

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

SEC. 3. ENHANCED DEDUCTION FOR THE DONATION OF A CONSERVATION EASEMENT.

(a) IN GENERAL.—Subparagraph (A) of section 170(h)(4) (defining conservation purpose) is amended by striking ''or'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', or'', and by adding at the end the following:

''(v) the conservation of a species designated by the Secretary of the Interior or the Secretary of Commerce under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq) as endangered or threatened, proposed by such Secretary for designation as endangered or threatened, or identified by such Secretary as a candidate for such designation, provided the property is not required, as of the date of contribution, to be used for such purpose other than by reason of the terms of contribution.''

(b) ENHANCED DEDUCTIONS.—Subsection (e) of section 170 (defining qualified conservation contribution) is amended by adding at the end the following:

''(7) SPECIAL RULES FOR CONTRIBUTIONS RELATED TO CONSERVATION OF SPECIES.—

''(A) IN GENERAL.—In the case of a qualified conservation contribution by an individual for the conservation of endangered or threatened species, proposed species, or candidate species under (h)(4)(v):

''(i) 50 PERCENT LIMITATION TO APPLY.—Such a contribution shall be treated for the purposes of this section as described in subsection (b)(l)(A).

''(ii) 20-YEAR CARRY FORWARD.—Subsection (d)(1) shall be applied by substituting '20 years' for '5 years' each place it appears and with appropriate adjustments in the application of subparagraph (A)(ii) thereof.

''(iii) UNUSED DEDUCTION CARRYOVER ALLOWED ON TAXPAYER'S LAST RETURN.—If the taxpayer dies before the close of the last taxable year for which a deduction could have been allowed under subsection (d)(1), any portion of the deduction for such contribution which has not been allowed shall be allowed as a deduction under subsection (a) (without regard to subsection (b)) for the taxable year in which such death occurs or such portion may be used as a deduction against the gross estate of the taxpayer.''

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

SEC. 4. EXCLUSION FROM ESTATE TAX FOR REAL PROPERTY SUBJECT TO ENDANGERED SPECIES CONSERVATION AGREEMENT.

(a) IN GENERAL.—Part IV of subchapter A of chapter 11 of the Internal Revenue Code of 1986 (relating to taxable estate) is amended by adding at the end the following new section:

''SEC. 2058. CERTAIN REAL PROPERTY SUBJECT TO ENDANGERED SPECIES CONSERVATION AGREEMENT.

''(a) GENERAL RULE.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to lesser of—

''(1) the adjusted value of real property included in the gross estate which is subject to an endangered species conservation agreement, or

''(2) $10,000,000.

''(b) PROPERTY SUBJECT TO AN ENDANGERED SPECIES CONSERVATION AGREEMENT.—For purposes of this section—

''(1) IN GENERAL.—Real property shall be treated as subject to an endangered species conservation agreement if—

''(A) such property was owned by the decedent or a member of the decedent's family at all times during the 3-year period ending on the date of the decedent's death,

''(B) each person who has an interest in such property (whether or not in possession) has entered into—

''(i) an endangered species conservation agreement with respect to such property, and

''(ii) a written agreement with the Secretary consenting to the application of subsection (d), and

''(C) the executor of the decedent's estate—

''(i) elects the application of this section, and

''(ii) files with the Secretary such endangered species conservation agreement.

''(2) ADJUSTED VALUE.—

''(A) IN GENERAL.—The adjusted value of any real property shall be its value for purposes of this chapter, reduced by—

''(i) any amount deductible under section 2055(f) with respect to the property, and

''(ii) any acquisition indebtedness with respect to the property.

''(B) ACQUISITION INDEBTEDNESS.—For purposes of this paragraph, the term 'acquisition indebtedness' means, with respect to any real property, the unpaid amount of—

''(i) the indebtedness incurred by the donor in acquiring such property,

''(ii) the indebtedness incurred before the acquisition of such property if such indebtedness would not have been incurred but for such acquisition,

''(iii) the indebtedness incurred after the acquisition of such property if such indebtedness would not have been incurred but for such acquisition and the incurrence of such indebtedness was reasonably foreseeable at the time of such acquisition, and

''(iv) the extension, renewal, or refinancing of an acquisition indebtedness.

''(c) ENDANGERED SPECIES CONSERVATION AGREEMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'endangered species conservation agreement' means a written agreement entered into with the Secretary of the Interior or the Secretary of Commerce—

''(A) which commits each person who signed such agreement to carry out on the real property activities or practices not otherwise required by law or to refrain from carrying out on such property activities or practices that could otherwise be lawfully carried out and includes—

''(i) objective and measurable species of concern conservation goals,

''(ii) site-specific and other management measures necessary to achieve those goals, and

''(iii) objective and measurable criteria to monitor progress toward those goals,

''(B) which is certified by such Secretary as providing a major contribution to the conservation of a species of concern, and

''(C) which is for a term that such Secretary determines is sufficient to achieve the purposes of the agreement, but not less than 10 years beginning on the date of the decedent's death.

''(2) SPECIES OF CONCERN.—The term 'species of concern' means any species designated by the Secretary of the Interior or the Secretary of Commerce under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq) as endangered or threatened, proposed by such Secretary for designation as endangered or threatened, or identified by such Secretary as a candidate for such designation.

''(3) ANNUAL CERTIFICATION TO THE SECRETARY BY THE SECRETARY OF THE INTERIOR OR THE SECRETARY OF COMMERCE OF THE STATUS OF ENDANGERED SPECIES CONSERVATION AGREEMENTS.—If the executor elects the application of this section, the executor shall promptly give written notice of such election to the Secretary of the Interior or the Secretary of Commerce. The Secretary of the Interior or the Secretary of Commerce shall thereafter annually certify to the Secretary that the endangered species conservation agreement applicable to any property for which such election has been made remains in effect and is being satisfactorily complied with.

''(d) RECAPTURE OF TAX BENEFIT IN CERTAIN CASES.—

''(1) DISPOSITION OF INTEREST OR MATERIAL BREACH.—

''(A) IN GENERAL.—An additional tax in the amount determined under subparagraph (B) shall be imposed on any person on the earlier of—

''(i) the disposition by such person of any interest in property subject to an endangered species conservation agreement (other than a disposition described in subparagraph (C)),

''(ii) a material breach by such person of the endangered species conservation agreement, or

''(iii) the termination of the endangered species conservation agreement.

''(B) AMOUNT OF ADDITIONAL TAX.—

''(i) IN GENERAL.—The amount of the additional tax imposed by subparagraph (A) with respect to any interest shall be an amount equal to the applicable percentage of the lesser of—

''(I) the adjusted tax difference attributable to such interest (within the meaning of section 2032A(c)(2)(B)), or

''(II) the excess of the amount realized with respect to the interest (or, in any case other than a sale or exchange at arm's length, the fair market value of the interest) over the value of the interest determined under subsection (a).

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage is determined in accordance with the following table:

''If, with respect to the date of the agreement, the date of the event described in subparagraph (A) occurs—	**The applicable percentage is—**
Before 10 years	100
After 9 years and before 20 years	75
After 19 years and before 30 years	50
After 29 years and before 40 years	25
After 39	0.

''(C) EXCEPTION IF CERTAIN HEIRS ASSUME OBLIGATIONS UPON THE DEATH OF A PERSON

EXECUTING THE AGREEMENT.—Subparagraph (A)(i) shall not apply if—

''(i) upon the death of a person described in subsection (b)(1)(B) during the term of such agreement, the property subject to such agreement passes to a member of the person's family, and

''(ii) the member agrees—

''(I) to assume the obligations imposed on such person under the endangered species conservation agreement,

''(II) to assume personal liability for any tax imposed under subparagraph (A) with respect to any future event described in subparagraph (A), and

''(III) to notify the Secretary of the Treasury and the Secretary of the Interior or the Secretary of Commerce that the member has assumed such obligations and liability.

If a member of the person's family enters into an agreement described in subclauses (I), (II), and (III), such member shall be treated as signatory to the endangered species conservation agreement the person entered into.

''(2) DUE DATE OF ADDITIONAL TAX.—The additional tax imposed by paragraph (1) shall become due and payable on the day that is 6 months after the date of the disposition referred to in paragraph (1)(A)(i) or, in the case of an event described in clause (ii) or (iii) of paragraph (1)(A), on April 15 of the calendar year following any year in which the Secretary of the Interior or the Secretary of Commerce fails to provide the certification required under subsection (c)(3).

''(e) STATUTE OF LIMITATIONS.—If a taxpayer incurs a tax liability pursuant to subsection (d)(1)(A), then—

''(1) the statutory period for the assessment of any additional tax imposed by subsection (d)(1)(A) shall not expire before the expiration of 3 years from the date the Secretary is notified (in such manner as the Secretary may by regulation prescribe) of the incurring of such tax liability, and

''(2) such additional tax may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law that would otherwise prevent such assessment.

''(f) ELECTION AND FILING OF AGREEMENT.—The election under this section shall be made on the return of the tax imposed by section 2001. Such election, and the filing under subsection (b) of an endangered species conservation agreement, shall be made in such manner as the Secretary shall by regulation provide.

''(g) APPLICATION OF THIS SECTION TO INTERESTS IN PARTNERSHIPS, CORPORATIONS, AND TRUSTS.—This section shall apply to an interest in a partnership, corporation, or trust if at least 30 percent of the entity is owned (directly or indirectly) by the decedent, as determined under the rules described in section 2057(e)(3).

''(h) MEMBER OF FAMILY.—For purposes of this section, the term 'member of the family' means any member of the family (as defined in section 2032A(e)(2)) of the decedent.''

(b) CARRYOVER BASIS.—Section 1014(a)(4) of the Internal Revenue Code of 1986 (relating to basis of property acquired from a decedent) is amended by inserting ''or 2058'' after ''section 2031(c)''.

(c) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter A of chapter 11 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Sec. 2058. Certain real property subject to endangered species conservation agreement.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

SEC. 5. EXPANSION OF ESTATE TAX EXCLUSION FOR REAL PROPERTY SUBJECT TO QUALIFIED CONSERVATION EASEMENT.

(a) REPEAL OF CERTAIN RESTRICTIONS ON WHERE LAND IS LOCATED.—Clause (i) of section 2031(c)(8)(A) (defining land subject to a qualified conservation easement) is amended to read as follows:

''(i) which is located in the United States or any possession of the United States,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after the date of the enactment of this Act.

ADDITIONAL COSPONSORS

S. 459

At the request of Mr. BREAUX, the names of the Senator from Michigan (Mr. ABRAHAM), the Senator from Delaware (Mr. BIDEN), and the Senator from Utah (Mr. BENNETT) were added as cosponsors of S. 459, a bill to amend the Internal Revenue Code of 1986 to increase the State ceiling on private activity bonds.

S. 484

At the request of Mr. CAMPBELL, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 484, a bill to provide for the granting of refugee status in the United States to nationals of certain foreign countries in which American Vietnam War POW/MIAs or American Korean War POW/MIAs may be present, if those nationals assist in the return to the United States of those POW/MIAs alive.

S. 510

At the request of Mr. CAMPBELL, the name of the Senator from Wyoming (Mr. THOMAS) was added as a cosponsor of S. 510, a bill to preserve the sovereignty of the United States over public lands and acquired lands owned by the United States, and to preserve State sovereignty and private property rights in non-Federal lands surrounding those public lands and acquired lands.

S. 622

At the request of Mr. KENNEDY, the name of the Senator from Louisiana (Mr. BREAUX) was added as a cosponsor of S. 622, a bill to enhance Federal enforcement of hate crimes, and for other purposes.

S. 632

At the request of Mr. DEWINE, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 632, a bill to provide assistance for poison prevention and to stabilize the funding of regional poison control centers.

S. 693

At the request of Mr. HELMS, the name of the Senator from Tennessee (Mr. THOMPSON) was added as a cosponsor of S. 693, a bill to assist in the enhancement of the security of Taiwan, and for other purposes.

S. 777

At the request of Mr. FITZGERALD, the names of the Senator from North Carolina (Mr. HELMS), the Senator from Missouri (Mr. ASHCROFT), the Senator from Idaho (Mr. CRAIG), the Senator from Pennsylvania (Mr. SANTORUM), and the Senator from Georgia (Mr. COVERDELL) were added as cosponsors of S. 777, a bill to require the Department of Agriculture to establish an electronic filing and retrieval system to enable the public to file all required paperwork electronically with the Department and to have access to public information on farm programs, quarterly trade, economic, and production reports, and other similar information.

S. 805

At the request of Mr. DURBIN, the names of the Senator from Minnesota (Mr. WELLSTONE) and the Senator from Maryland (Ms. MIKULSKI) were added as cosponsors of S. 805, a bill to amend title V of the Social Security Act to provide for the establishment and operation of asthma treatment services for children, and for other purposes.

S. 979

At the request of Mr. CAMPBELL, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 979, a bill to amend the Indian Self-Determination and Education Assistance Act to provide for further self-governance by Indian tribes, and for other purposes.

S. 1029

At the request of Mr. COCHRAN, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 1029, a bill to amend title III of the Elementary and Secondary Education Act of 1965 to provide for digital education partnerships.

S. 1128

At the request of Mr. KYL, the name of the Senator from Utah (Mr. BENNETT) was added as a cosponsor of S. 1128, a bill to amend the Internal Revenue Code of 1986 to repeal the Federal estate and gift taxes and the tax on generation-skipping transfers, to provide for a carryover basis at death, and to establish a partial capital gains exclusion for inherited assets.

S. 1144

At the request of Mr. VOINOVICH, the names of the Senator from Maine (Ms. COLLINS) and the Senator from Ohio (Mr. DEWINE) were added as cosponsors of S. 1144, a bill to provide increased flexibility in use of highway funding, and for other purposes.

S. 1197

At the request of Mr. ROTH, the name of the Senator from New Hampshire (Mr. GREGG) was added as a cosponsor of S. 1197, a bill to prohibit the importation of products made with dog or cat fur, to prohibit the sale, manufacture, offer for sale, transportation, and distribution of products made with dog or cat fur in the United States, and for other purposes.

S. 1214

At the request of Mr. THOMPSON, the name of the Senator from New Mexico