

Fletcher Lee  
 Foley Levin  
 Forbes Lewis (CA)  
 Ford Lewis (GA)  
 Fossella Lewis (KY)  
 Fowler Linder  
 Frank (MA) Lipinski  
 Franks (NJ) LoBiondo  
 Frelinghuysen Lofgren  
 Frost Lowey  
 Gallegly Lucas (KY)  
 Ganske Lucas (OK)  
 Gejdenson Luther  
 Gekas Maloney (CT)  
 Gephardt Maloney (NY)  
 Gibbons Manzullo  
 Gilchrest Markey  
 Gillmor Martinez  
 Gilman Mascara  
 Gonzalez Matsui  
 Goode McCarthy (MO)  
 Goodlatte McCarthy (NY)  
 Goodling McCrery  
 Gordon McDermott  
 Goss McGovern  
 Graham McHugh  
 Green (TX) McInnis  
 Green (WI) McIntosh  
 Greenwood McIntyre  
 Gutierrez McKeon  
 Gutknecht McKinney  
 Hall (OH) McNulty  
 Hall (TX) Meehan  
 Hansen Meek (FL)  
 Hastings (FL) Meeks (NY)  
 Hastings (WA) Menendez  
 Hayes Metcalf  
 Hayworth Mica  
 Hefley Millender-  
 Herger McDonald  
 Hill (IN) Miller (FL)  
 Hill (MT) Miller, Gary  
 Hilleary Miller, George  
 Hilliard Minge  
 Hinchey Mink  
 Hinojosa Moakley  
 Hobson Mollohan  
 Hoeffel Moore  
 Hoekstra Moran (KS)  
 Holden Moran (VA)  
 Holt Morella  
 Hooley Murtha  
 Horn Myrick  
 Hostettler Nadler  
 Houghton Napolitano  
 Hoyer Neal  
 Hulshof Nethercutt  
 Hunter Ney  
 Hutchinson Northup  
 Hyde Norwood  
 Inlee Nussle  
 Isakson Oberstar  
 Istook Obey  
 Jackson (IL) Olver  
 Jackson-Lee Ortiz  
 (TX) Ose  
 Jefferson Owens  
 Jenkins Oxley  
 John Packard  
 Johnson (CT) Pallone  
 Johnson, E. B. Pascrell  
 Jones (NC) Pastor  
 Jones (OH) Paul  
 Kanjorski Payne  
 Kaptur Pease  
 Kasich Pelosi  
 Kelly Peterson (MN)  
 Kennedy Peterson (PA)  
 Kildee Petri  
 Kilpatrick Phelps  
 Kind (WI) Vitter  
 King (NY) Pickett  
 Kingston Pitts  
 Kleczka Pombo  
 Klink Pomeroy  
 Knollenberg Porter  
 Kolbe Portman  
 Kucinich Price (NC)  
 Kuykendall Pryce (OH)  
 LaFalce Quinn  
 LaHood Radanovich  
 Lampson Rahall  
 Lantos Ramstad  
 Largent Rangel  
 Larson Regula  
 Latham Reyes  
 Lazio Reynolds  
 Leach Riley

Rivers  
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 Rogers  
 Rohrabacher  
 Ros-Lehtinen  
 Rothman  
 Roukema  
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 Royce  
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 Ryan (WI)  
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 Smith (MI)  
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 Stabenow  
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 Stearns  
 Stenholm  
 Strickland  
 Stump  
 Stupak  
 Sununu  
 Sweeney  
 Talent  
 Tancredo  
 Tanner  
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 Taylor (MS)  
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 Thompson (CA)  
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 Tierney  
 Toomey  
 Towns  
 Traficant  
 Turner  
 Udall (CO)  
 Udall (NM)  
 Upton  
 Velazquez  
 Visclosky  
 Vitter  
 Walden  
 Walsh  
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 Watkins  
 Watt (NC)  
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 Weiner  
 Weldon (FL)  
 Weldon (PA)  
 Weller  
 Wexler  
 Weygand  
 Whitfield  
 Wicker  
 Wilson  
 Wise

Wolf  
 Woolsey  
 Wu  
 Wynn  
 Young (AK)  
 Young (FL)

NAYS—1  
 Coble  
 NOT VOTING—13

Brown (OH)  
 Cooksey  
 Granger  
 Johnson, Sam  
 LaTourette  
 McCollum  
 Saxton  
 Scarborough  
 Schaffer  
 Spence

1339

Mr. SENSENBRENNER and Mr. BRADY of Texas changed their vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. COBLE. Mr. Speaker, on rollcall No. 37 I inadvertently pressed the "no" button. I meant to vote "yes."

#### GENERAL LEAVE

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill, H.R. 1695.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Nevada?

There was no objection.

#### PROVIDING FOR CONSIDERATION OF H.R. 3081, WAGE AND EMPLOYMENT GROWTH ACT OF 1999, AND H.R. 3846, MINIMUM WAGE INCREASE ACT

Mr. SESSIONS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 434 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 434

*Resolved*, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 3081) to increase the Federal minimum wage and to amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, and for other purposes. The bill shall be considered as read for amendment. In lieu of the amendment recommended by the Committee on Ways and Means now printed in the bill, an amendment in the nature of a substitute consisting of the text of H.R. 3832 shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, to final passage without intervening motion except: (1) two hours of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; and (2) one motion to recommit with or without instructions.

SEC. 2. Upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill and any amendment

thereto to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce; (2) the amendments printed in the report of the Committee on Rules accompanying this resolution, which shall be in order without intervention of any point of order (except those arising under section 425 of the Congressional Budget Act of 1974) and which may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

SEC. 3. (a) In the engrossment of H.R. 3081, the Clerk shall—

(1) await the disposition of H.R. 3846;

(2) add the text of H.R. 3846, as passed by the House, as new matter at the end of H.R. 3081;

(3) conform the title of H.R. 3081 to reflect the addition of the text of H.R. 3846 to the engrossment;

(4) assign appropriate designations to provisions within the engrossment; and

(5) conform provisions for short titles within the engrossment.

(b) Upon the addition of the text of H.R. 3846 to the engrossment of H.R. 3081, H.R. 3846 shall be laid on the table.

1345

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Texas (Mr. SESSIONS) is recognized for 1 hour.

Mr. SESSIONS. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman and my friend from Massachusetts (Mr. MOAKLEY), pending which I yield myself such time as I may consume. During consideration of this resolution, all time is yielded for the purpose of debate only.

Mr. Speaker, this resolution provides for the consideration of H.R. 3081 in the House under a closed rule without intervention of any point of order.

The rule provides that the bill be considered as read and that, in lieu of the amendment recommended by the Committee on Ways and Means now printed in the bill, the text H.R. 3832 shall be considered as adopted.

The rule provides two hours of debate equally divided and controlled by the chairman and the ranking minority member of the Committee on Ways and Means.

The rule provides one motion to recommit H.R. 3081 with or without instructions.

The rule also provides for consideration of H.R. 3846 in the House under a modified closed rule. It provides that the bill be considered as read and provides for 1 hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce.

The rule provides for consideration of the amendments printed in the Committee on Rules report accompanying the resolution, which shall be in order without intervention of any point of order, except those arising under section 425 of the Congressional Budget

Act of 1974, prohibiting consideration of legislation containing certain unfunded mandates.

The rule provides that the amendments printed in the Committee on Rules report accompanying the resolution may only be offered by the Member designated in the report, shall be considered as read, and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent.

The rule provides one motion to recommit H.R. 3846 with or without instructions.

Finally, the rule provides that in the engrossment of H.R. 3081, The Clerk shall add the text of H.R. 3846 as passed by the House as a new matter at the end of H.R. 3081, after which H.R. 3846 shall be laid upon the table.

Mr. Speaker, the rule before us today is a carefully crafted rule that makes in order two separate bills. The first is a bill out of the Committee on Ways and Means, H.R. 3081, the Wage and Employment Growth Act of 1999, which provides a series of tax benefits to small businesses.

The second piece of legislation, H.R. 3846, is a bill to increase the minimum wage by \$1.00 through incremental steps over the course of 3 years.

Mr. Speaker, the Committee on Ways and Means bill, like almost every tax bill for many, many years, will not be open to further amendments on the House Floor. This long-standing policy is designed to keep the Internal Revenue Code from becoming more cluttered than it is already with special interest provisions.

Also, amendments offered on short notice on the House floor might have unintended consequences which may not be fully appreciated without the adequate time to research those issues.

The Committee on Ways and Means bill will be subject to 2 hours of debate and allows the minority a motion to recommit with instructions. The minimum wage bill will receive 1 hour of general debate and makes in order two amendments, one to increase the minimum wage over the course of 2 years rather than 3 and another allows States flexibility to determine their own minimum wage.

By making these amendments in order, the rule facilitates a thorough debate and vote on the major issues associated with the two bills under consideration, and by allowing a motion to recommit the legislation with or without instructions, the minority is assured their perspective on this issue will be aired and will be voted upon.

Mr. Speaker, I am particularly pleased that Congress is undertaking an important effort to give tax relief to hard working people who run small businesses and create jobs. Through small business provisions, they include an acceleration of the increase in the self-employed health insurance deduction to 100 percent. This is crucial to making health care more available to

innovative people who take risks by starting and running their own businesses.

It is often too difficult and costly for a small business to set up pensions or retirement plans for their employees, especially in their new and start-up years. The legislation before the House today provides pension reform and improves retirement security. It increases contribution and benefit levels and limits in tax-favored retirement plans. It shortens investing requirements of employer matching contributions which is very important in today's marketplace, where a worker often spends only a few years on the job and then moves on.

Mr. Speaker, I represent a district in Texas that has many, many small businesses. In my district and all across America, small businesses are an important part of our economy. Small business is the engine that drives the economy and creates new jobs in America. In fact, small businesses create more jobs than any other types of businesses, including large corporations. Too many businesses fail because of our unfair Tax Code and because of heavy regulatory burdens that consume critical operating capital in their early years. These small business tax provisions do not just help small businesses but they help everyone by encouraging job growth.

I remind my colleague that this rule allows for vigorous debate on every major issue related to the underlying legislation.

Mr. Speaker, like many other conservative Members of this body, I question if raising the minimum wage might actually hurt those it is intended to help. I am afraid that employers may look at their rising payroll ledgers and decide to cut back on the number of employees that they hire to offset the added expense of the minimum wage hike.

Having said that, it is apparent to me that a majority of Members feel now that it is the appropriate time to pass a minimum wage increase. I strongly support this rule because by allowing for an increase in the minimum wage, it ensures measures to offset the impact of doing so as part of a major deal that has been encouraged by my party.

Mr. Speaker, I encourage all Members to support the rule so that the House may debate the important issues contained in the underlying legislation.

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

Mr. MOAKLEY. Mr. Speaker, I thank my colleague and my friend from Texas (Mr. SESSIONS) for yielding me the customary half-hour, and I yield myself such time as I may consume.

Mr. Speaker, this rule provides for the consideration of two bills, a minimum wage bill and a bill providing predominately estate tax breaks. Then once both bills pass, they lump them together and they go to the entire White House.

Mr. Speaker, this is a very bad combination of tax breaks and much too slow minimum wage hikes. By stretching the minimum wage out to 3 years, the Republican minimum wage bill is a year late and several dollars short, while their tax bill could just as well be called who wants to make a millionaire a multimillionaire.

Mr. Speaker, once again my Republican colleagues have taken a perfectly good idea to raise the \$5.15 minimum wage by a dollar and turned it into another way to make the rich richer while stifling the rest of the citizenry.

Furthermore, Mr. Speaker, by linking these two bills together and creating this very unholy marriage, they have doomed both of these bills to the veto bin, and American workers deserve better.

Over 10 million people work for minimum wage in this country, and minimum wage workers are predominately women and minorities. They are the people who take care of our youngsters, our senior citizens. They clean up our offices. They cook our food. They pump our gas. Mr. Speaker, despite working full-time they earn only \$10,700 a year.

Let me repeat, Mr. Speaker, full-time a minimum wage worker in the United States makes only \$10,700 a year. That is only \$3,200 below the poverty line. I think it is high time they get a raise, even if it is only a dollar an hour, but my Republican colleagues want to phase this raise in over 3 years instead of 2.

Mr. Speaker, for those who say there is not much difference between 2 and 3 years, let me add that that extra year will mean a net loss of \$1,000 over 3 years to minimum wage workers.

Any Member who is committed to welfare reform, any Member who is committed to getting families off the dole and into the workplace should take that commitment to the next step and give these people that very much needed raise. They will still be below the poverty level but at least the poverty line will be in sight.

A dollar an hour may not sound like much to most people, but let me say it does make a big difference. It will mean an overall raise of about \$2,000 to over 10 million Americans. Instead of giving these people the help they need, my Republican colleagues are watering it down by stretching it out to 3 years and then dooming it by attaching this very lopsided tax break for the very rich.

Last month, my colleagues on the Republican side of the aisle introduced a marriage penalty bill and most of the benefits of that bill went to the top 25 percent of wage earners and half of it went to people who pay no marriage tax at all. Today's Republican tax bill is no different. 91.4 percent of the tax cuts in this bill will go to the richest top 10 percent of taxpayers and most of those people do not even own small businesses.

What it means, Mr. Speaker, is that for every dollar in higher wages for

minimum wage workers, the rich will get \$10.90 in tax breaks. We had a marriage penalty bill for people who pay no marriage penalty, and now we have a small business tax bill for people who do not own small businesses.

Mr. Speaker, this is just the second installment of that \$800 billion tax break that they tried to get through last year.

Mr. Speaker, minimum wage workers are not looking for a handout. They work hard for a living, and they deserve a fair day's pay. Our country is enjoying a tremendous economic expansion so now really is the time to make sure that the minimum wage workers can share in it.

My Democratic colleagues want to offer a minimum wage bill, a real minimum wage bill, to make sure that they can share in it, and we want to offer a small business tax bill that will actually help small businesses. Yes, we have a small business tax bill that will help small businesses instead of helping the rich get richer. Under this rule, we just cannot do it.

Just this morning, a Washington Post editorial warns that these tax cuts are much too high a price to pay for a wage increase to which they bear very little relationship.

1400

If I may at this time read a column from The Washington Post, today's editorial page.

Inverting the Minimum Wage. Congressional Republicans are seeking enactment of still another batch of deceptively packaged tax cuts whose long-term cost the Government just cannot afford. The latest are to be voted on today in the House in connection with the minimum-wage increase. The gloss is that they will compensate small employers for the added cost of the higher wage. The fact is that most of the benefit will go to other than small employers and has nothing to do with the wage.

Then I will skip, Mr. Speaker, because I do not want to read the whole thing, but it is a very interesting column, and these are not my words, these are the words of the editorial writers of the Washington Post. Then they say,

An estimated three-fourths of the tax savings in the bill would go to the highest income 1 percent of all the taxpayers and 90 percent to the highest income 10 percent. The tax savings are 11 times greater than the estimated cost to employers of the minimum wage increase because that is the pretext for them.

Then it goes on to say, Mr. Speaker, "The tax cuts are too high a price to pay for the wage increase to which they bear so little relation."

It goes on and on, Mr. Speaker. I think the people in this Chamber get the picture.

I urge my colleagues to really look at this closely and see if the title really matches the contents. I urge my colleagues to defeat the previous question in order that we can put a Democratic alternative forward that really does give a minimum wage and really does help small business.

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

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

I really enjoy being in debates with my colleagues on the other side. They want to argue about how we have to give and give and give, but when it comes time for the taxpayer or the small businessperson or the person that has made the investment to get something that is fair treatment back, they get nothing in return from my friends. I would like to also add that there were 48 of my colleagues on the other side of the aisle that voted for this outrageous marriage penalty; 48 Democrats joined the majority party because it is the right thing to do for the American families to get 1,400 more dollars rather than giving it to Uncle Sam.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank my friend for yielding and I congratulate him on managing what obviously is a somewhat challenging and controversial rule.

I happen to be one who believes very much that we have a responsibility to put into place economic policies which will ensure that everyone, regardless of where they are on the economic scale, has an opportunity to improve their plight. I want to see those at the lower end of the economic spectrum get their wages up. I want us to encourage growth and investment and productivity so that those wages can increase.

I do have a difficulty, however, with having the Federal Government mandate a wage rate that frankly has the potential to jeopardize economic growth and has the potential again to hurt most those we are trying to assist.

Now, having said that, I realize that a majority of this House supports an increase in the minimum wage. I am in the minority here in believing that we should simply encourage economic growth through tax and other investment incentives. But I am in the minority. I am in the minority, so I feel the responsibility to do everything that we possibly can to allow a free flow of ideas and debate on these very important questions that are before us; and that is why we have, as the gentleman from Texas (Mr. SESSIONS) has outlined, an extraordinarily fair and balanced rule which allows all of the alternatives that are out there to be considered. One over two, one over three. We have tax incentives which some of us do support. So we have a wide range of options that are there, put into place.

I will say that I happen to think that tax relief is something that is much needed, and the issues that my friend from his summer spot in South Boston mentioned, the tax issue, is something that enjoys bipartisan support. The gentleman from Texas (Mr. SESSIONS) said that 48 Democrats joined in sup-

port of the marriage tax penalty. President Clinton stood here during his State of the Union message and talked about his support for that. He indicated that he was adamantly opposed to increasing the earnings cap for retirees. Now, he is prepared to sign it and we welcome that.

So aspects that were in that tax bill that he vetoed last year, he has clearly indicated that he supports and we welcome that kind of support and recognition of the fact that we as a country need to do everything, and as a Congress, need to do everything that we can to encourage this kind of economic growth.

Specifically, the items that are in this tax package that are particularly beneficial, of course, allow us to deal with this health care question by providing for the self-employed workers to deduct their health care insurance expenses. We also, and I see my very dear friend from New York (Mr. RANGEL) here, we want to encourage community redevelopment. We want the community renewal movement to go ahead. Again, President Clinton has joined with Speaker HASTERT in supporting that. So I know that my friend from New York will strongly embrace that provision that is in this measure.

So there are very, very good aspects of it; and I hope that we will see a strong vote for this rule. But before my colleagues get a chance to vote for the rule, I suspect that there just may be a vote on the previous question. So in light of that, I urge my colleagues on both sides of the aisle to join in support of the previous question so that we can move ahead with a fair, balanced rule that allows all of the different ideas out there to be considered, and then we will do what Speaker Hastert said when he on the opening day of the 106th Congress just a little over a year ago stood here and said we will allow the House to work its will so that the majority will prevail.

Mr. MOAKLEY. Mr. Speaker, I am very happy that my chairman really has the courage to say he is against the minimum wage. Unfortunately, many people are hiding behind this bill who are also against the minimum wage.

Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. RANGEL), the ranking Democrat on the Committee on Ways and Means, who is in favor of a real minimum-wage increase.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, let me join in congratulating the distinguished chairman of the Committee on Rules. His honesty in terms of opposing the minimum wage for the lowest working employees is really to be commended for coming forward and saying it, because like Governor Bush, I wondered about the meanness on this side of the aisle; and it is good to see that people are willing to say that there is a reason behind it.

Mr. Speaker, one can be reforming and want results if one is going to cave in to the things that one believes in, and I would like to join with my Senator who makes it abundantly clear that the country is really not looking for tax cuts, but looking for us to do the right thing, protecting Social Security, Medicare, the Patients' Bill of Rights, affordable drugs. These are the things that the Congress, not Republicans and not Democrats, but working together, should be doing. There is very, very little compassion for the working people at a time that our country is doing so great.

I oppose the rule because my colleagues do not even give us an opportunity to have an alternative. What is the fear in just allowing the House to work its will? There was a time that the tax-writing committee used to be involved in taxes. We yield to the distinguished people on the Committee on Rules to pick and choose what they would like. But when they do not have the courage of the gentleman from California (Mr. DREIER) to say that they are against the minimum-wage increase, for God's sake, do not kill it by just burdening taxes on it. Just say that we do not want reform on this side of the House of Representatives.

How dare my colleagues say, how dare my colleagues say that the tax provisions in this bill is to protect small businesses. That is outrageous. It is an insult to the American people. It is clear that two-thirds of the tax benefits, they do not go to small businesses, they go to the richest Republicans that we have. So do what you want politically and kill the minimum-wage bill, but for God's sake, do not say that you are doing it fairly.

The same thing applies to the Patients' Bill of Rights. If you do not want patients to have a bill of rights, and your leadership does not, do not compromise and say you are coming out for it and then load it up with hundreds of billions of dollars in tax cuts.

Mr. Speaker, it was clear to us a long time ago what our Republican colleagues' game plan was, and that is to do absolutely nothing and get out of this House of Representatives. And how did they intend to do it? By getting this big \$800 billion tax cut, thinking about anything you could imagine, and having the President veto it so that you could go home and campaign on just how we Democrats are against tax cuts. Well, guess what? We Democrats are for tax cuts, but we also are for saving Social Security, saving Medicare, and helping all Americans enjoy it and not just the chosen and the blessed few.

Why is it that when my colleagues' tax cut was vetoed, they did not move to override the veto? Could it be that they had lack of votes, or could it be they had lack of guts? In any event, now they have to give us an \$800 billion tax cut \$200 billion at a time. What does the \$122 billion tax cut have to do with giving working people a buck in-

crease from \$5.15 to \$6.15? Why did my Republican colleagues wait until the President said he would veto it before they brought it to the floor?

Many of the things that my colleagues have in the tax provision we support. Why did they overdo it? If they really wanted to be fair, why did they not give us a chance really to report out a tax bill that the President will sign?

Now, if my Republican colleagues want to be against the working poor, do it. But at least have the courage to stand up here and to say that every time you steal one of the President's good ideas that you have to load it up with some piece of the \$800 billion tax cut until you have to force him to veto it.

So if we want to talk about reformists with results, we better walk away from many of the critics outside of our side of the aisle that are talking about the way my colleagues on the other side of the aisle are not taking care of the people's business.

Mr. Speaker, I want to thank my colleagues for seeing their way clear to allowing the gentleman from Ohio (Mr. TRAFICANT) to have an amendment to this bill, and I wondered why my colleagues could not reach beyond that to allow some of us on the tax-writing committee to have an amendment to the tax bill.

I know one thing: my Republican colleagues may be for reform, but they certainly are not supporting results.

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

Hearing my colleagues talk about this rule would make me think that they simply do not understand what the Committee on Rules did. First of all, the Committee on Rules, under Republicans, has always insisted or guaranteed that there will be a motion to recommit to the minority party. As my recollection tells me, that rarely happened when the Democrats were in control.

Secondly, the fairness of this rule is very obvious to everyone. We will have a separate vote that will be on the provisions for minimum wage from the vote for the tax package, which means if the gentleman from New York or any of my colleagues wish to vote yes or no on minimum wage, they will be allowed to do that. If they want to vote yes or no on the tax package, they will be allowed to do that. If we were being unfair, we would have put them together. Then we would have heard that would be a poison pill, and I think that that could be said and it would be true.

The fact of the matter is that the wisdom of this Committee on Rules is that we are trying to present an opportunity of fairness to fully debate the issue, to allow open votes that will take place; and I am very, very proud of what we have done. I believe that any criticism like this is from someone that simply has not read the rule, taken the time to read the rule, or who is trying to dissuade someone else by not using the facts that are at hand.

Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. SHIMKUS).

(Mr. SHIMKUS asked and was given permission to revise and extend his remarks.)

1415

Mr. SHIMKUS. Mr. Speaker, I want to thank the Committee on Rules and commend them for the work they have done. We worked in a bipartisan manner with a group of Republicans and Democrats, myself, the gentleman from New York (Mr. LAZIO), the gentleman from California (Mr. CONDIT), and the gentleman from Alabama (Mr. CRAMER) to try to reach across the divide to address an issue that would do two things: It would increase the minimum wage, while protecting those jobs that could be lost through the increase of a minimum wage.

In this rule, the will of the House will be heard. I think that is the important thing. If we want to judge the fairness of a rule, the question is, does the House have the ability to have their will heard on votes? We will have a debate, and we will have a vote on the tax cut portion of this bill, so those who believe that it is important to cut taxes to help offset the cost of small business can vote yes, and those who do not can vote no.

Not many people in the 20th District of Illinois read the Washington Post. I have great respect for the gentleman from Massachusetts (Mr. MOAKLEY), but they do read the Herald and Review from Decatur, Illinois.

In an October 26, 1999, editorial, it reads: "Minimum Wage Tax Break Sensible." I will quote just a portion of it.

The paper stated that "When the minimum wage increases, someone has to pay for it, because business owners have to maintain a profit level. The result could be higher prices or fewer jobs at minimum wage. Just as a worker will offer his labor at an acceptable wage level, an employer will pay workers a wage that will permit his company to earn a profit. That is why a minimum wage increase alone won't work, and why a bill to raise the rate linked to some tax breaks for small businesses makes sense."

Again, that is from the October 26 Herald and Review from Decatur, Illinois.

So we are going to have a vote on the tax cut. We are going to have a vote and debate on an issue that me and my friends on the conservative side want, State flexibility. We are going to have a debate. We are going to have a debate and a vote, and the will of the House is going to move forward.

We are going to have a debate and we are going to have a vote on the increase, whether it should be \$1 over 3 years or \$1 over 2 years. The will of the House will have an opportunity to be spoken.

I think the rule is pretty fair and pretty balanced, but what I really appreciate about the rule is that I think

it respects the work that we tried to do over an entire year of keeping a balance, trying to get to the center ground to raise the minimum wage and cut taxes and protect jobs, a group of two Republicans and two Democrats that worked long and hard to get to the point where we are here today.

I want to thank the gentleman from California (Mr. DREIER), the chairman, I want to thank the Committee on Rules, and I urge all my colleagues to support the rule.

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

Mr. Speaker, I would just like to correct my dear friend, the gentleman from Texas. Since 1892, the rules of the House have prohibited the Committee on Rules from reporting any rule that prevents a motion to recommit from being made.

Mr. SESSIONS. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from Texas.

Mr. SESSIONS. A motion to recommit with instructions.

Mr. MOAKLEY. I thought the gentleman was just talking about a motion to recommit.

Mr. SESSIONS. With instructions.

Mr. MOAKLEY. That was added later.

Mr. SESSIONS. I thank the gentleman for helping me with that history, Mr. Speaker.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. GEPHARDT), the leader of the Democratic Party in the House of Representatives.

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, do not be fooled. This is not an illustration of bipartisanship at work. This debate is a good illustration of how to turn what should have been a proud bipartisan moment for the House into a partisan action by Republican leaders. The majority is performing a charade of bipartisanship. It is not the real thing.

For more than 2 years, there has been a true bipartisan effort in this House to increase the minimum wage by \$1 over 2 years. This effort has repeatedly run head on into the desire by Republican leaders to keep this issue off the floor for good, but the bipartisan coalition never gave up, thanks to the efforts of Members on both sides of the aisle like the gentleman from Michigan (Mr. BONIOR) and the gentleman from New York (Mr. QUINN). Because of their persistence and because of the insistence of the American people, Republican leaders had no choice but to bring a minimum wage bill to the floor.

Like so many times before, Republican leaders decided if they could not kill a popular bill they disagree with, they would kill it through neglect. They would try and kill it, attacking it in the light of day on the floor of the House with legislative trickery.

Today they are dispensing dollars to the wealthy through the tax bill that is

going to be attached at the end, but pennies to the working poor. Republican leaders are forcing us to vote on a minimum wage bill originally designed to help hard-working low-income families that is tied to a regressive tax bill designed to give \$120 billion in tax breaks to the very wealthiest Americans. They are preventing Democrats from even offering an alternative that would provide tax cuts targeted to owners of small businesses and family farms, giving relief to those who need it.

For every penny that would go to working low-income Americans, Republicans want to give 10 cents or a dime to the wealthiest Americans among us.

It is really emblematic of their values. Republicans do not seem able to ever give a break to working families without making sure that they first take care of the wealthiest in America with even greater largesse.

We should be voting on a minimum wage that provides a real pay increase and a tax package that provides sensible, responsible tax relief to small businesses, just as the Democratic tax alternative would do. We should be voting on a bill that will be signed by the President, so we can get this minimum wage increase to the people who need it now.

The Republican rule is designed to produce a bill that will eliminate the possibility that we can ever get this minimum wage done this year. The people who need it need it now. They do not need to have a bill vetoed by the President because the bill gets joined up with a tax bill that the President will not sign.

If we are really, truly committed to working in a bipartisan manner and ensuring that a minimum wage bill passes this year, Members will join me in voting against this rule and putting together a rule that will allow us to have a tax bill joined with the minimum wage that will get this bill signed by the President of the United States.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. CLAY), the ranking member of the Committee on Education and the Workforce, a gentleman who knows what the minimum wage is, he has been fighting it for so long.

Mr. CLAY. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in opposition to this rule, because it limits the opportunity for Members to have a fair and open debate on a pocketbook issue affecting millions of workers.

First, it denies us an opportunity to offer a Democratic substitute that would phase in a \$1 increase over a 2-year period. This parliamentary maneuver bars Members from debating and amending provisions of the bill that repeal overtime pay for millions of employees working in computers, sales, and funeral services.

This maneuver is even more insulting to Members of this body because the ef-

fect of these overtime provisions were never considered in this Congress by the Committee on Education and the Workforce, or evaluated by expert witnesses to determine what impact they may have on the work force.

Second, Mr. Speaker, the rule automatically includes the DeMint amendment, which will destroy the concept of a Federal minimum wage by allowing 50 States to enact 50 different Federal minimum wage provisions.

What a disaster, Mr. Speaker. What an administrative nightmare: fifty States, some of them competing against each other to see who can reduce their State's minimum wage to a level as close to Mexico's and other Nations that exploit their workers.

Mr. Speaker, this House should not be in the business of relegating our workers to slave wages in order to compete with cruel, insensitive economic systems of Third World countries. This rule should be opposed because it abuses the House rules, because it violates fair play, and because it stacks the deck against American workers. I urge its defeat, Mr. Speaker.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. BONIOR), the Democratic whip.

Mr. BONIOR. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, the dictionary defines "outrage" as a forcible violation of others' rights, and a gross or wanton offense or indignity. That definition could easily apply to this rule. But what else can we expect when the Republican leader once again this year tells the American people that raising the minimum wage is, and I quote "the wrong thing?"

Let me tell the Members what Democrats think is wrong, Mr. Speaker. We think it is wrong that even as our economy is surging ahead, millions of Americans are left behind. They are the workers who earn the minimum wage. These are the folks that look after our children at day care, that take care of our parents and our grandparents when they are sick. These are the folks who work in our hospitals, who clean our offices.

Most of them are women. They have families of their own, in many instances. They struggle to keep a roof over their heads, the heads of their children, food on the table; to give their kids a better life, a little bit of hope; to spend some time with them, but they cannot spend any time with them because they are making \$10,700 a year, \$2,300 below the poverty level, if they have two children.

What do they end up doing? They are out there working two and often three jobs, and it is not right. They deserve a raise, just like the rest of America. By providing a \$1 increase over 2 years, our plan will help them achieve just that.

Some may ask, what is the difference between a \$1 increase over 2 years or \$1 over 3 years? The answer to that is,

\$1,000. I know some of my Republican leadership friends may seem to think, well, that is pocket change. That is not a lot of money. But to a poverty wage worker, it can make all the difference in the world. It can make a difference on whether their children get another pair of blue jeans, whether they can meet the bills at the end of the month, whether they may even have a little left over to go to the movies. It makes a heck of a difference.

Our initiative does not stop with providing a fair wage, Mr. Speaker. We understand that small businesses are creating most of the jobs in this country and we want to help them. That is why our plan expands the tax relief for family businesses and family farms. It provides for the deductibility of health care premium insurance. Our plan offers a higher minimum wage to workers who have earned it, and tax relief to the businesses who need it.

Under the outrageous rule that we have before us right now, it is a plan we will not even have a fair chance to consider. Instead, the leadership on this side of the aisle is presenting us with an elaborate scheme. They will provide a wage increase all right, but only if it is tied to this jumbo tax cut for the wealthy and the super rich, tax cuts that are reckless and that are enormous.

Their message basically is this, to working families: Sure, we will give you a little bologna sandwich, but first you have to buy my friends who belong to the country club a really nice, thick, juicy steak dinner. Mr. Speaker, we have news for the Republican leaders, and it is that the minimum wage was never intended to become a meal ticket for their fat cat friends.

Mr. Speaker, what the Republican leaders propose is not policy-making, it is a shell game. No wonder the President has pledged that he will veto the Republican plan. Whether we agree with it or not, every Member of this House deserves a chance to consider our substitute, but this rule would deny us that opportunity, and that is why we are fighting it.

We will not be denied. We will offer motions to recommit that will give workers a fair minimum wage and provide real tax relief for small businesses and family farms.

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Mr. Speaker, our plan is the only one that provides the raise that workers have earned and the tax relief small business and family farms need. Vote against this outrageous rule. Bring back a rule that will give us some sense of equity and fairness and stand with us for America's workers, for small business, for the family farmer. We are not asking for anything more; and by God, the country deserves nothing less.

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

Mr. Speaker, when I hear the debate on the other side, the debate is as

though these Republicans have not allowed a fair and open rule, a great vote for people who think we ought to raise the minimum wage and a great vote and an opportunity for small businesses, men and women who create opportunity for America. You would think by listening to the other side that they do not want to create opportunity and jobs and growth and happiness and the opportunity for the next generation to be employed.

I want to stand up and say that my Republican Party has the provisions that accelerate the increase and the self-employed health insurance deduction to 100 percent because we want people to be able to have, not only health insurance, we want people to have their own doctors; that we want to do the things that will extend work opportunities and tracks credits to extend welfare to work.

We want to put America to work, want to have opportunity and jobs that are available for everyone. That is what this fair and open rule is about.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Perry Township, Ohio (Ms. PRYCE) who sits on the Committee on Rules with me.

Ms. PRYCE of Ohio. Mr. Speaker, I rise in support of this very fair rule which will allow the House to work its will on the question of raising the minimum wage and providing tax relief to the very businesses that will pay the cost of this new Federal mandate.

Now, no matter what my colleagues' position may be on the minimum wage or on tax relief, they will have an opportunity to make their views very clear through the procedure by which we will consider these two bills. Now what could be fairer?

For those who support this minimum wage, this rule makes in order legislation to increase it by a dollar over 3 years. If that table is not fast enough, the rule allows Members to vote for a Democrat amendment that increases the minimum wage by \$1 over 2 years.

Now, of course, many of my colleagues do not think the government should play any role in setting the wages and telling businesses what to pay employees. Even these Members will have at least two opportunities to make their disapproval known when they vote against the Martinez-Trafficant amendment and final passage.

Whatever one's view is on the minimum wage, I hope that we all recognize that this policy is not free. Someone actually has to pay the higher wages. Those who pay the highest prices are the small businesses across this Nation, the engines of our economy, those businesses which are creating jobs for some of our workers who are the very, very hardest to employ.

That is why this rule also allows the House to vote on tax relief for these small companies. The mom and pop store fronts and the new start-up businesses, the dreams of our country's entrepreneurs.

Under this rule, Members can register their support for these businesses

by voting for legislation that increases the self-employed health insurance deduction to 100 percent, reduces the death tax so that family businesses can be passed on from one generation to the next. It increases the deduction for business meal expenses, and it reforms pension laws to help businesses offer more retirement security to their workers.

All of these changes will be helpful to the businessmen and women who are responsible for the innovations and job creation that are making this economy so very strong.

Mr. Speaker, we are dealing with some controversial issues today on which Members of the House have very, very different views. But this rule gives all Members a fair opportunity to express their position and let the House work its will.

Many of my colleagues on the other side of the aisle are not happy, but believe me, Mr. Speaker, many of our colleagues on this side of the aisle are not happy either; and it is my experience that that usually means we have a pretty good rule.

I urge all of my colleagues to support it.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

(Mr. KUCINICH asked and was given permission to revise and extend his remarks.)

Mr. KUCINICH. Mr. Speaker, I rise today to support raising the minimum wage over a period of 2 years instead of 3 years. The current minimum wage is \$5.15 per hour. At this rate, a full-time year-round minimum wage earner in the United States makes approximately \$10,712 per year. In 1998, the yearly salary determined necessary for a family of three to rise above the poverty level in this country was \$13,003, an amount \$2,291 more than the minimum wage salary provides. Clearly, the current minimum wage is too low.

Congress has already inexcusably allowed the value of the minimum wage to fall 21 percent lower than in 1979. If the minimum wage is not increased by the year 2001, recent studies show that the inflation adjusted value will fall to \$4.90 per hour.

It is essential that the minimum wage is raised over the course of 2 years instead of 3. That is why I will support the Trafficant amendment, and I urge everyone to support the Trafficant amendment.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. STENHOLM).

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, the previous speaker was right. Not all of us are happy with this rule. I believe it deals fairly with the minimum wage question. But I continue to not understand why the majority party continues to refuse to allow a substitute

tax bill when there are sufficient Members on both sides of the aisle who I believe would like our version better than the version that is put before us.

But here again, the fundamental question is why not allow a simple vote? Why not allow the package put together by the gentleman from New York (Mr. RANGEL) and the gentleman from Tennessee (Mr. TANNER) to have the opportunity to have the will of the House worked?

The bill that we will be voting on today continues the fiscal irresponsible pattern of legislation coming from the majority side that, once again, will squander our national surplus and our opportunity to deal with Social Security and Medicare. This, when one adds up this \$122 billion unpaid for, will amount to something over \$400 billion now voted by the House and by the Senate in spending the surplus that is not yet real.

The tax bill that this rule will allow is the latest in the series of tax bills that will drain the projected budget surplus drip by drip without regard for the consequences.

If we pass this bill today, it will be fiscally reckless for this body to continue to rush down this path of passing tax cuts and spending bills without a road map.

Why do we continue to casually waive the budget rules? Why do we just continue to come to this floor of the House without first bringing a road map so we can deal with how we are going to spend money and cut taxes this year?

The tax bill before us is simply a political document that will never become law. We know this. It appears the majority wants a political issue rather than dealing with the estates of family farmers and small businessmen and women.

If my colleagues are truly concerned about estate tax relief, which I am and have been, I very much appreciate what could have been an opportunity to vote on an immediate exemption exclusion of \$4 million estates immediately. But, yet, the bill that we have before us pays more attention to estates over \$10 million. I do not understand this.

The President has promised that he will sign into law the Democratic tax package. The fact the leadership will not allow the House to vote on this amendment suggests they are more interested in keeping a political issue, which I fail to understand, than they are on actually providing tax relief to small businesses.

This rule is unfair to our children and grandchildren who will face the consequences of our fiscal irresponsibility if this bill should become law, which it will not.

What I do not understand is why we never allow the House of Representatives to work our will so that we might send something to the President that the President will actually sign. Mr. Speaker, I ask that simple question. Why not let the House be the House?

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Mr. Speaker, I was sitting in my office not intending to participate in this debate and really got incensed. I sat there, and I wondered, what must the American people be thinking is going on here? What must my Republican colleagues be thinking? Do they think the American people are stupid? What are they doing?

It is obvious that their leadership does not support the minimum wage increase, and they are trying to kill the minimum wage increase by loading it up with an irresponsible tax cut that benefits the richest people in America. Are we stupid? Do they think we are stupid? That is exactly what is going on here.

The President has said, I will veto this bill. We cannot stand here on the floor and say, hey, we are being bipartisan. There is no bipartisanship here.

All we are trying to do is get a wage increase for people in America who need it and want it. All they are trying to do is kill that minimum wage increase. They will try anything and everything to accomplish that objective.

We should not sit here and pretend that we are doing something being bipartisan. There is nobody being bipartisan in this House. If they were being bipartisan, they would separate these two bills, let them be voted up or down, give us the opportunity to offer amendments on both bills, and let the House work its will.

That is all we are asking for in this equation. It is quite obvious that the Republicans are not going to give it to us and not going to give the opportunity to the American people to have a wage increase.

Mr. MOAKLEY. Mr. Speaker, just directing my conversation to the gentleman from Texas (Mr. SESSIONS), is he the only remaining speaker?

Mr. SESSIONS. Mr. Speaker, I have one additional speaker who I am going to give 7 minutes to, rundown the time to where we have a minute or so left, and then I will reserve 1 minute for myself when that speaker is through.

Mr. MOAKLEY. Then I would be delighted to sit back and listen to the gentleman's speaker for 7 minutes right now.

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

In response to both gentlemen who have just spoken, the fact of the matter is that the Republican House of Representatives is not going to send a tax increase, which is what President Clinton wants to sign. The American people understand this. The bills that the President wants to sign are tax increases that take money away from people.

Forty-eight of my colleagues on the Democrat side came across just within weeks to sign the marriage penalty. The President of the United States cannot join us.

What we are doing today is talking about a minimum wage that is good for America and great for the people who employ those people, small businesses.

Mr. Speaker, I yield 7 minutes to the gentleman from Ohio (Mr. TRAFICANT). (Mr. TRAFICANT asked and was given permission to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, I disagree with the Democrat leadership on their analysis of this bill. I support the rule. I will support the tax break. I will support an amendment to increase the minimum wage \$1 over a 24-month span, and I will vote for final passage when they are linked together.

My district desperately needs an increase in the minimum wage. The sharpest politician to ever sit on Independence Avenue, with great political wisdom, owns two-thirds of the votes, and there are many political machinations that follow down the road on this bill. But a tax break for the boss who raises the wages of my workers is a decent trade-off for me.

Am I totally crazy about their tax break? Not totally. There is a thing called a conference. But in the last 4 years, we have had two increases in the minimum wage that were under Republican Party leadership.

The Republicans could have brought a bill out here today that did not have an opportunity for \$1 over 2 years. They could have left it \$1 over 3 years. They did that. I thank them for that. But I want to also say this, those who say that the Republican Party's tactics are simply mean spirited, trying to kill a minimum wage are not truthful.

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Their concerns over inflation causing a downward spiral that could hurt my workers is a valid concern that I share, just as they do. I believe our economy is strong enough that it can absorb both.

But I think the point that I would like to make today is this: there are many people who come from different backgrounds. I look around and I see great Members coming from very, very poor families. I come from a very poor family. My dad finally got on his feet maybe when I was about 11 years old. My dad never worked for a poor man.

This business of bashing one another should stop. Is this bill good for America or not? My Democrat colleagues are saying it is not. I am a Democrat. I am saying it is, after it goes through the conference and after we go through the political machinations to work out those problems. That is what the process is all about, my colleagues.

But let us look at this. How many times do we come to the floor that we bash, that we pit old against the young; rich against the poor; black against the white; man against the woman; worker against the company? My colleagues, without a company there is no worker. Without an entrepreneur there is no company. I think the Democrat Party has got to look at this issue.



I am appealing to the Democrat Party to pass the rule. I do not want to see the Republican Party on their own pass the rule and give an opportunity for a minimum-wage increase on their own, because President Clinton is sharp. I believe if the Clinton White House and the Republican leadership, whose intentions I believe are honorable, were to get together in reasonableness on that tax scheme, we will have a minimum-age increase, and my people desperately need it.

My colleagues, the gas prices in America are beginning to approach \$2 a gallon. So I want to say this: I want to commend the Republican Party and the Republican leadership for bringing out an opportunity for a minimum-wage increase and, yes, politically machinating the process to accommodate some of their goals. That is what we do here. We are not the Rotary.

In closing, Democrats, my amendment does this: the bill says there is a \$1 increase over 3 years. The Traficant bill would accelerate the minimum wage of \$1 over 2 years. I am asking for a positive vote. I will vote "yes" on the previous question; I will vote "yes" on the rule.

And I will also say this in closing: I served on the majority and on the minority; and we have had, in my opinion, much fairer rules coming from this majority party than we did when I was in the majority. That is telling it like it is.

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

Mr. Speaker, I urge Members to vote "no" on the previous question. If the previous question is defeated, I will offer an amendment to the rule that will allow the Democrats to offer a substitute to both the minimum-wage bill and to the small business tax bill.

It is extremely unfortunate that the majority leadership in this House has shut the minority out of the amendment process on these two very critical bills. The two substitutes proposed by the Democrats are reasonable, and they are responsible alternatives to the two bills being offered by the Republicans. Members deserve an opportunity to choose between these two approaches. So, Mr. Speaker, I urge Members to vote "no" on the previous question so that we may consider these two sensible alternatives.

#### THE VOTE ON THE PREVIOUS QUESTION: WHAT IT REALLY MEANS

This vote, the vote on whether to order the previous question on a special rule, is not merely a procedural vote. A vote against ordering the previous question is a vote against the Republican majority agenda and a vote to allow the opposition, at least for the moment, to offer an alternative plan. It is a vote about what the House should be debating.

Mr. Clarence Cannon's *Precedents of the House of Representatives*, (VI, 308-311) describes the vote on the previous question on the rule as "a motion to direct or control the consideration of the subject before the House being made by the Member in charge." To defeat the previous question is to give the opposition a chance to decide the subject be-

fore the House. Cannon cites the Speaker's ruling of January 13, 1920, to the effect that "the refusal of the House to sustain the demand for the previous question passes the control of the resolution to the opposition" in order to offer an amendment. On March 15, 1909, a member of the majority party offered a rule resolution. The House defeated the previous question and a member of the opposition rose to a parliamentary inquiry, asking who was entitled to recognition. Speaker Joseph G. Cannon (R-Illinois) said: "The previous question having been refused, the gentleman from New York, Mr. Fitzgerald, who had asked the gentleman to yield to him for an amendment, is entitled to the first recognition."

Because the vote today may look bad for the Republican majority they will say "the vote on the previous question is simply a vote on whether to proceed to an immediate vote on adopting the resolution . . . [and] has no substantive legislation or policy implications whatsoever." But that is not what they have always said. Listen to the Republican Leadership Manual on the Legislative Process in the United States House of Representatives, (6th edition, page 135). Here's how the Republicans describe the previous question vote in their own manual: "Although it is generally not possible to amend the rule because the majority Member controlling the time will not yield for the purpose of offering an amendment, the same result may be achieved by voting down the previous question on the rule . . . When the motion for the previous question is defeated, control of the time passes to the Member who led the opposition to ordering the previous question. That Member, because he then controls the time, may offer an amendment to the rule, or yield for the purpose of amendment."

Deschler's Procedure in the U.S. House of Representatives, the subchapter titled "Amending Special Rules" states: "a refusal to order the previous question on such a rule [a special rule reported from the Committee on Rules] opens the resolution to amendment and further debate." (Chapter 21, section 21.2) Section 21.3 continues: "Upon rejection of the motion for the previous question on a resolution reported from the Committee on Rules, control shifts to the Member leading the opposition to the previous question, who may offer a proper amendment or motion and who controls the time for debate thereon."

The vote on the previous question on a rule does have substantive policy implications. It is one of the only available tools for those who oppose the Republican majority's agenda to offer an alternative plan.

Mr. Speaker, I submit for the RECORD the text of the amendments I have just referred to and other extraneous materials:

#### PREVIOUS QUESTION FOR H. RES. SMALL BUSINESS TAX AND MINIMUM WAGE INCREASE H.R. 3081 AND H.R. 3846—MARCH 9, 2000

Strike all after the resolving clause and insert in lieu thereof the following:

Providing for consideration of the bill (H.R. 3081) to increase the Federal minimum wage and to amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, and for other purposes, and for consideration of the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes.

*Resolved*, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 3081) to increase the

Federal minimum wage and to amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, and for other purposes. The bill shall be considered as read for amendment. In lieu of the amendment recommended by the Committee on Ways and Means now printed in the bill, the amendment in the nature of a substitute printed in part A of the report of the Committee on Rules accompanying this resolution shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the amendment in the nature of a substitute printed in section 4 of this resolution, if offered by Representative Rangel or a designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

SEC. 2. After disposition of H.R. 3081, it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce; (2) the amendment in the nature of a substitute printed in section 5 of this resolution, if offered by Representative Bonior or a designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

SEC. 3. (a) In the engrossment of H.R. 3081, the Clerk shall—

(1) await the disposition of H.R. 3846;

(2) add the text of H.R. 3846, as passed by the House, as new matter at the end of H.R. 3081;

(3) conform the title of H.R. 3081 to reflect the addition of the text of H.R. 3846 to the engrossment;

(4) assign appropriate designations to provisions within the engrossment; and

(5) conform provisions for short titles within the engrossment.

(b) Upon the addition of the text of H.R. 3846 to the engrossment of H.R. 3081, H.R. 3846 shall be laid on the table.

SEC. 4. The second amendment specified in the first section of this resolution is as follows:

Strike all after the enacting clause, and insert the following:

#### TITLE II—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

##### SEC. 200. SHORT TITLE.

(a) SHORT TITLE.—This title may be cited as the "Small Business Tax Relief Act of 2000".

(b) TABLE OF CONTENTS.—

#### TITLE II—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

Sec. 200. Table of contents.



Subtitle A—Permanent Extension of Work Opportunity Credit and Welfare-to-Work Credit

Sec. 201. Work opportunity credit and welfare-to-work credit; repeal of age limitation on eligibility of food stamp recipients.

Subtitle B—Deduction for 100 Percent of Health Insurance Costs of Self-Employed Individuals

Sec. 211. Deduction for 100 percent of health insurance costs of self-employed individuals.

Subtitle C—Pension Provisions

Sec. 221. Treatment of multiemployer plans under section 415.

Sec. 222. Early retirement limits for certain plans.

Sec. 223. Certain post-secondary educational benefits provided by an employer to children of employees excludable from gross income as a scholarship.

Subtitle D—Business Tax Relief

Sec. 231. Increase in expense treatment for small businesses.

Sec. 232. Small businesses allowed increased deduction for meal and entertainment expenses.

Sec. 233. Restoration of deduction for travel expenses of spouse, etc. accompanying taxpayer on business travel.

Sec. 234. Increased credit and amortization deduction for reforestation expenditures.

Sec. 235. Repeal of modification of installment method.

Subtitle E—Expansion of Incentives for Public Schools

Sec. 241. Expansion of incentives for public schools.

Subtitle F—Increased Estate Tax Relief for Family-Owned Business Interests

Sec. 251. Increase in estate tax benefit for family-owned business interests.

Subtitle G—Revenue Offsets

PART I—REVISION OF TAX RULES ON EXPATRIATION

Sec. 261. Revision of tax rules on expatriation.

PART II—DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES

SUBPART A—DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES; INCREASE IN PENALTY WITH RESPECT TO DISALLOWED NONECONOMIC TAX ATTRIBUTES

Sec. 266. Disallowance of noneconomic tax attributes.

Sec. 267. Increase in substantial underpayment penalty with respect to disallowed noneconomic tax attributes.

Sec. 268. Penalty on marketed tax avoidance strategies which have no economic substance, etc.

Sec. 269. Effective dates.

SUBPART B—LIMITATIONS ON IMPORTATION OR TRANSFER OF BUILT-IN LOSSES

Sec. 271. Limitation on importation of built-in losses.

Sec. 272. Disallowance of partnership loss transfers.

PART III—ESTATE AND GIFT TAX OFFSETS

Sec. 276. Valuation rules for transfers involving nonbusiness assets.

Sec. 277. Correction of technical error affecting largest estates.

PART IV—OTHER OFFSETS

Sec. 281. Consistent amortization periods for intangibles.

Sec. 282. Modification of foreign tax credit carryover rules.

Sec. 283. Recognition of gain on transfers to swap funds.

**Subtitle A—Permanent Extension of Work Opportunity Credit and Welfare-to-Work Credit**

**SEC. 201. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT; REPEAL OF AGE LIMITATION ON ELIGIBILITY OF FOOD STAMP RECIPIENTS.**

(a) PERMANENT EXTENSION.—

(1) IN GENERAL.—

(A) Section 51(c) of the Internal Revenue Code of 1986 is amended by striking paragraph (4).

(B) Section 51A of such Code is amended by striking subsection (f).

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals who begin work for the employer after December 31, 2001.

(b) REPEAL OF AGE LIMITATION ON ELIGIBILITY OF FOOD STAMP RECIPIENTS.—

(1) IN GENERAL.—Subparagraph (A) of section 51(d)(8) of such Code is amended to read as follows:

“(A) IN GENERAL.—The term ‘qualified food stamp recipient’ means any individual who is certified by the designated local agency as being a member of a family—

“(i) receiving assistance under a food stamp program under the Food Stamp Act of 1977 for the 6-month period ending on the hiring date, or

“(ii) receiving such assistance for at least 3 months of the 5-month period ending on the hiring date, in the case of a member of a family who ceases to be eligible for such assistance under section 6(o) of the Food Stamp Act of 1977.”

(2) EFFECTIVE DATE.—The amendment

made by this subsection shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

**Subtitle B—Deduction for 100 Percent of Health Insurance Costs of Self-Employed Individuals**

**SEC. 211. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.**

(a) IN GENERAL.—Paragraph (1) of section 162(l) of the Internal Revenue Code of 1986 is amended to read as follows:

“(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

**Subtitle C—Pension Provisions**

**SEC. 221. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.**

(a) COMPENSATION LIMIT.—Paragraph (11) of section 415(b) of the Internal Revenue Code of 1986 (relating to limitation for defined benefit plans) is amended to read as follows:

“(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.”

(b) COMBINING AND AGGREGATION OF PLANS.—

(1) COMBINING OF PLANS.—Subsection (f) of section 415 of such Code (relating to combining of plans) is amended by adding at the end the following:

“(3) EXCEPTION FOR MULTIEMPLOYER PLANS.—Notwithstanding paragraph (1) and

subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying the limitations established in this section, except that such plan shall be combined or aggregated with another plan which is not such a multiemployer plan solely for purposes of determining whether such other plan meets the requirements of subsection (b)(1)(A).”

(2) CONFORMING AMENDMENT FOR AGGREGATION OF PLANS.—Subsection (g) of section 415 of such Code (relating to aggregation of plans) is amended by striking “The Secretary” and inserting “Except as provided in subsection (f)(3), the Secretary”.

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

**SEC. 222. EARLY RETIREMENT LIMITS FOR CERTAIN PLANS.**

(a) IN GENERAL.—Subparagraph (F) of section 415(b)(2) of the Internal Revenue Code of 1986 is amended to read as follows:

“(F) MULTIEMPLOYER PLANS AND PLANS MAINTAINED BY GOVERNMENTS AND TAX EXEMPT ORGANIZATIONS.—In the case of a governmental plan (within the meaning of section 414(d)), a plan maintained by an organization (other than a governmental unit) exempt from tax under this subtitle, a multiemployer plan (as defined in section 414(f)), or a qualified merchant marine plan—

“(i) subparagraph (C) shall be applied—

“(I) by substituting ‘age 62’ for ‘social security retirement age’ each place it appears, and

“(II) as if the last sentence thereof read as follows: ‘The reduction under this subparagraph shall not reduce the limitation of paragraph (1)(A) below (i) 80 percent of such limitation as in effect for the year, or (ii) if the benefit begins before age 55, the equivalent of such 80 percent amount for age 55.’, and

“(ii) subparagraph (D) shall be applied by substituting ‘age 65’ for ‘social security retirement age’ each place it appears.

For purposes of this subparagraph, the term ‘qualified merchant marine plan’ means a plan in existence on January 1, 1986, the participants in which are merchant marine officers holding licenses issued by the Secretary of Transportation under title 46, United States Code.”

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

**SEC. 223. CERTAIN POST-SECONDARY EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.**

(a) IN GENERAL.—Section 117 of the Internal Revenue Code of 1986 (relating to qualified scholarships) is amended by adding at the end the following:

“(e) EMPLOYER-PROVIDED POST-SECONDARY EDUCATIONAL BENEFITS PROVIDED TO CHILDREN OF EMPLOYEES.—

“(1) IN GENERAL.—In determining whether any amount is a qualified scholarship for purposes of subsection (a), the fact that such amount is provided in connection with an employment relationship shall be disregarded if—

“(A) such amount is provided by the employer to a child (as defined in section 151(c)(3)) of an employee or former employee of such employer,

“(B) such amount is provided pursuant to a plan which meets the nondiscrimination requirements of subsection (d)(3), and

“(C) amounts provided under such plan are in addition to any other compensation payable to employees and such plan does not provide employees with a choice between such amounts and any other benefit.

For purposes of subparagraph (C), the business practices of the employer (as well as such plan) shall be taken into account.

“(2) DOLLAR LIMITATIONS.—

“(A) PER CHILD.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year with respect to amounts provided to each child of such employee shall not exceed \$2,000.

“(B) AGGREGATE LIMIT.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year (after the application of subparagraph (A)) shall not exceed the excess of the dollar amount contained in section 127(a)(2) over the amount excluded from the employee's gross income under section 127 for such year.

“(3) PRINCIPAL SHAREHOLDERS AND OWNERS.—Paragraph (1) shall not apply to any amount provided to any child of any individual if such individual (or such individual's spouse) owns (on any day of the year) more than 5 percent of the stock or of the capital or profits interest in the employer.

“(4) SPECIAL RULES OF APPLICATION.—In the case of an amount which is treated as a qualified scholarship by reason of this subsection—

“(A) subsection (a) shall be applied without regard to the requirement that the recipient be a candidate for a degree, and

“(B) subsection (b)(2)(A) shall be applied by substituting ‘section 529(e)(5)’ for ‘section 170(b)(1)(A)(ii)’.

“(5) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (7) of section 127(c) shall apply for purposes of this subsection.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

**Subtitle D—Business Tax Relief**

**SEC. 231. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.**

(a) IN GENERAL.—Paragraph (1) of section 179(b) of the Internal Revenue Code of 1986 (relating to dollar limitation) is amended to read as follows:

“(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed \$30,000.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 232. SMALL BUSINESSES ALLOWED INCREASED DEDUCTION FOR MEAL AND ENTERTAINMENT EXPENSES.**

(a) IN GENERAL.—Subsection (n) of section 274 (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following new paragraph:

“(4) SPECIAL RULE FOR SMALL BUSINESSES.—

“(A) IN GENERAL.—In the case of any taxpayer which is a small business, paragraph (1) shall be applied by substituting for ‘50 percent’—

“(i) ‘55 percent’ in the case of taxable years beginning in 2001 and 2002, and

“(ii) ‘60 percent’ in the case of taxable years beginning in 2003, 2004, 2005 and 2006, and

“(iii) ‘65 percent’ in the case of taxable years beginning after 2006.

“(B) SMALL BUSINESS.—For purposes of this paragraph, the term ‘small business’ means, with respect to expenses paid or incurred during any taxable year—

“(i) any C corporation which meets the requirements of section 55(e)(1) for such year, and

“(ii) any S corporation, partnership, or sole proprietorship which would meet such requirements if it were a C corporation.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

**SEC. 233. RESTORATION OF DEDUCTION FOR TRAVEL EXPENSES OF SPOUSE, ETC. ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.**

(a) IN GENERAL.—Subsection (m) of section 274 of the Internal Revenue Code of 1986 (relating to additional limitations on travel expenses) is amended by striking paragraph (3).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 234. INCREASED CREDIT AND AMORTIZATION DEDUCTION FOR REFORESTATION EXPENDITURES.**

(a) INCREASE IN CREDIT.—Paragraph (1) of section 48(b) of the Internal Revenue Code of 1986 (relating to reforestation credit) is amended by striking “10 percent” and inserting “20 percent”.

(b) REDUCTION IN AMORTIZATION PERIOD.—Subsection (a) of section 194 of such Code (relating to amortization of reforestation expenditures) is amended—

(1) by striking “84 months” and inserting “36 months”, and

(2) by striking “84-month period” and inserting “36-month period”.

(c) INCREASE IN MAXIMUM AMOUNT WHICH MAY BE AMORTIZED.—Paragraph (1) of section 194(b) of such Code is amended by striking “\$10,000 (\$5,000)” and inserting “\$20,000 (\$10,000”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

**SEC. 235. REPEAL OF MODIFICATION OF INSTALLMENT METHOD.**

(a) IN GENERAL.—Subsection (a) of section 536 of the Ticket to Work and Work Incentives Improvement Act of 1999 (relating to modification of installment method and repeal of installment method for accrual method taxpayers) is repealed effective with respect to sales and other dispositions occurring on or after the date of the enactment of such Act.

(b) APPLICABILITY.—The Internal Revenue Code of 1986 shall be applied and administered as if that subsection (and the amendments made by that subsection) had not been enacted.

**Subtitle E—Expansion of Incentives for Public Schools**

**SEC. 241. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.**

(a) IN GENERAL.—Chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

**“Subchapter X—Public School Modernization Provisions**

“Part I. Credit to holders of qualified public school modernization bonds.

“Part II. Qualified school construction bonds.

“Part III. Incentives for education zones.

**“PART I—CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS**

“Sec. 1400F. Credit to holders of qualified public school modernization bonds.

**“SEC. 1400F. CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS**

“(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified public school modernization bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance

dates during such year on which the taxpayer holds such bond.

“(b) AMOUNT OF CREDIT.—

“(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified public school modernization bond is 25 percent of the annual credit determined with respect to such bond.

“(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified public school modernization bond is the product of—

“(A) the applicable credit rate, multiplied by

“(B) the outstanding face amount of the bond.

“(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (1), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the date of issuance of the issue) on outstanding long-term corporate debt obligations (determined under regulations prescribed by the Secretary).

“(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

“(c) LIMITATION BASED ON AMOUNT OF TAX.—

“(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

“(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

“(d) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND; CREDIT ALLOWANCE DATE.—For purposes of this section—

“(1) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND.—The term ‘qualified public school modernization bond’ means—

“(A) a qualified zone academy bond, and

“(B) a qualified school construction bond.

“(2) CREDIT ALLOWANCE DATE.—The term ‘credit allowance date’ means—

“(A) March 15,

“(B) June 15,

“(C) September 15, and

“(D) December 15.

Such term includes the last day on which the bond is outstanding.

“(e) OTHER DEFINITIONS.—For purposes of this subchapter—

“(1) LOCAL EDUCATIONAL AGENCY.—The term ‘local educational agency’ has the meaning given to such term by section 14101 of the Elementary and Secondary Education Act of 1965. Such term includes the local educational agency that serves the District of Columbia but does not include any other State agency.

“(2) BOND.—The term ‘bond’ includes any obligation.

“(3) STATE.—The term ‘State’ includes the District of Columbia and any possession of the United States.

“(4) PUBLIC SCHOOL FACILITY.—The term ‘public school facility’ shall not include—

"(A) any stadium or other facility primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public, or

"(B) any facility which is not owned by a State or local government or any agency or instrumentality of a State or local government.

"(f) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

"(g) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified public school modernization bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

"(h) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

"(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified public school modernization bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

"(2) CERTAIN RULES TO APPLY.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified public school modernization bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

"(i) TREATMENT FOR ESTIMATED TAX PURPOSES.—Solely for purposes of sections 6654 and 6655, the credit allowed by this section to a taxpayer by reason of holding a qualified public school modernization bonds on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

"(j) CREDIT MAY BE TRANSFERRED.—Nothing in any law or rule of law shall be construed to limit the transferability of the credit allowed by this section through sale and repurchase agreements.

"(k) REPORTING.—Issuers of qualified public school modernization bonds shall submit reports similar to the reports required under section 149(e).

"(l) PENALTY ON CONTRACTORS FAILING TO PAY PREVAILING WAGE.—

"(1) IN GENERAL.—If any contractor on any project funded by any qualified public school modernization bond has failed, during any portion of such contractor's taxable year, to pay prevailing wages that would be required under section 439 of the General Education Provisions Act if such funding were an applicable program under such section, the tax imposed by chapter 1 on such contractor for such taxable year shall be increased by 200 percent of the amount involved in such failure.

"(2) AMOUNT INVOLVED.—For purposes of paragraph (1), the amount involved with respect to any failure is the excess of the amount of wages such contractor would be so required to pay under such section over the amount of wages paid.

"(3) ABATEMENT OF TAX IF FAILURE CORRECTED.—If a failure to pay prevailing wages is corrected within a reasonable period, then any tax imposed by paragraph (1) with respect to such failure (including interest, additions to the tax, and additional amounts) shall not be assessed, and if assessed the assessment shall be abated, and if collected shall be credited or refunded as an overpayment.

"(4) NO CREDITS AGAINST TAX.—The tax imposed by paragraph (1) shall not be treated as

a tax imposed by this chapter for purposes of determining—

"(A) the amount of any credit allowable under this chapter, or

"(B) the amount of the minimum tax imposed by section 55.

"(m) TERMINATION.—This section shall not apply to any bond issued after December 31, 2004.

## **"PART II—QUALIFIED SCHOOL CONSTRUCTION BONDS**

"Sec. 1400G. Qualified school construction bonds.

### **"SEC. 1400G. QUALIFIED SCHOOL CONSTRUCTION BONDS.**

"(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—For purposes of this subchapter, the term 'qualified school construction bond' means any bond issued as part of an issue if—

"(1) 95 percent or more of the proceeds of such issue are to be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with part of the proceeds of such issue,

"(2) the bond is issued by a State or local government within the jurisdiction of which such school is located,

"(3) the issuer designates such bond for purposes of this section, and

"(4) the term of each bond which is part of such issue does not exceed 15 years.

"(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) by any issuer shall not exceed the sum of—

"(1) the limitation amount allocated under subsection (d) for such calendar year to such issuer, and

"(2) if such issuer is a large local educational agency (as defined in subsection (e)(4)) or is issuing on behalf of such an agency, the limitation amount allocated under subsection (e) for such calendar year to such agency.

"(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified school construction bond limitation for each calendar year. Such limitation is—

"(1) \$11,000,000,000 for 2001,

"(2) except as provided in subsection (f), zero after 2001.

"(d) HALF OF LIMITATION ALLOCATED AMONG STATES.—

"(1) IN GENERAL.—One-half of the limitation applicable under subsection (c) for any calendar year shall be allocated among the States under paragraph (2) by the Secretary. The limitation amount allocated to a State under the preceding sentence shall be allocated by the State to issuers within such State and such allocations may be made only if there is an approved State application.

"(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among the States in proportion to the respective amounts each such State received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year. For purposes of the preceding sentence, Basic Grants attributable to large local educational agencies (as defined in subsection (e)) shall be disregarded.

"(3) MINIMUM ALLOCATIONS TO STATES.—

"(A) IN GENERAL.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the sum of—

"(i) the amount allocated to such State under this subsection for such year, and

"(ii) the aggregate amounts allocated under subsection (e) to large local educational agencies in such State for such year,

is not less than an amount equal to such State's minimum percentage of the amount to be allocated under paragraph (1) for the calendar year.

"(B) MINIMUM PERCENTAGE.—A State's minimum percentage for any calendar year is the minimum percentage described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for such State for the most recent fiscal year ending before such calendar year.

"(4) ALLOCATIONS TO CERTAIN POSSESSIONS.—The amount to be allocated under paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

"(5) ALLOCATIONS FOR INDIAN SCHOOLS.—In addition to the amounts otherwise allocated under this subsection, \$200,000,000 for calendar year 2001 shall be allocated by the Secretary of the Interior for purposes of the construction, rehabilitation, and repair of schools funded by the Bureau of Indian Affairs. In the case of amounts allocated under the preceding sentence, Indian tribal governments (as defined in section 7871) shall be treated as qualified issuers for purposes of this subchapter.

"(6) APPROVED STATE APPLICATION.—For purposes of paragraph (1), the term 'approved State application' means an application which is approved by the Secretary of Education and which includes—

"(A) the results of a recent publicly-available survey (undertaken by the State with the involvement of local education officials, members of the public, and experts in school construction and management) of such State's needs for public school facilities, including descriptions of—

"(i) health and safety problems at such facilities,

"(ii) the capacity of public schools in the State to house projected enrollments, and

"(iii) the extent to which the public schools in the State offer the physical infrastructure needed to provide a high-quality education to all students, and

"(B) a description of how the State will allocate to local educational agencies, or otherwise use, its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how it will—

"(i) give highest priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

"(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own, and

"(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation.

Any allocation under paragraph (1) by a State shall be binding if such State reasonably determined that the allocation was in accordance with the plan approved under this paragraph.

"(e) HALF OF LIMITATION ALLOCATED AMONG LARGEST SCHOOL DISTRICTS.—

“(1) IN GENERAL.—One-half of the limitation applicable under subsection (c) for any calendar year shall be allocated under paragraph (2) by the Secretary among local educational agencies which are large local educational agencies for such year. No qualified school construction bond may be issued by reason of an allocation to a large local educational agency under the preceding sentence unless such agency has an approved local application.

“(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among large local educational agencies in proportion to the respective amounts each such agency received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

“(3) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local educational agency for any calendar year may be reallocated by such agency to the State in which such agency is located for such calendar year. Any amount reallocated to a State under the preceding sentence may be allocated as provided in subsection (d)(1).

“(4) LARGE LOCAL EDUCATIONAL AGENCY.—For purposes of this section, the term ‘large local educational agency’ means, with respect to a calendar year, any local educational agency if such agency is—

“(A) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

“(B) 1 of not more than 25 local educational agencies (other than those described in subparagraph (A)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

“(5) APPROVED LOCAL APPLICATION.—For purposes of paragraph (1), the term ‘approved local application’ means an application which is approved by the Secretary of Education and which includes—

“(A) the results of a recent publicly-available survey (undertaken by the local educational agency or the State with the involvement of school officials, members of the public, and experts in school construction and management) of such agency’s needs for public school facilities, including descriptions of—

“(i) the overall condition of the local educational agency’s school facilities, including health and safety problems,

“(ii) the capacity of the agency’s schools to house projected enrollments, and

“(iii) the extent to which the agency’s schools offer the physical infrastructure needed to provide a high-quality education to all students,

“(B) a description of how the local educational agency will use its allocation under this subsection to address the needs identified under subparagraph (A), and

“(C) a description of how the local educational agency will ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, or repair in the locality that would have occurred in the absence of such allocation.

A rule similar to the rule of the last sentence of subsection (d)(6) shall apply for purposes of this paragraph.

“(f) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

“(1) the amount allocated under subsection (d) to any State, exceeds

“(2) the amount of bonds issued during such year which are designated under subsection (a) pursuant to such allocation, the limitation amount under such subsection for such State for the following calendar year shall be increased by the amount of such excess. A similar rule shall apply to the amounts allocated under subsection (d)(5) or (e).

“(g) SPECIAL RULES RELATING TO ARBITRATION.—

“(1) IN GENERAL.—A bond shall not be treated as failing to meet the requirement of subsection (a)(1) solely by reason of the fact that the proceeds of the issue of which such bond is a part are invested for a temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued.

“(2) BINDING COMMITMENT REQUIREMENT.—Paragraph (1) shall apply to an issue only if, as of the date of issuance, there is a reasonable expectation that—

“(A) at least 10 percent of the proceeds of the issue will be spent within the 6-month period beginning on such date for the purpose for which such issue was issued, and

“(B) the remaining proceeds of the issue will be spent with due diligence for such purpose.

“(3) EARNINGS ON PROCEEDS.—Any earnings on proceeds during the temporary period shall be treated as proceeds of the issue for purposes of applying subsection (a)(1) and paragraph (1) of this subsection.

### “PART III—INCENTIVES FOR EDUCATION ZONES

“Sec. 1400H. Qualified zone academy bonds.

“SEC. 1400H. QUALIFIED ZONE ACADEMY BONDS.

“(a) QUALIFIED ZONE ACADEMY BOND.—For purposes of this subchapter—

“(1) IN GENERAL.—The term ‘qualified zone academy bond’ means any bond issued as part of an issue if—

“(A) 95 percent or more of the proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by a local educational agency,

“(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

“(C) the issuer—

“(i) designates such bond for purposes of this section,

“(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

“(iii) certifies that it has the written approval of the local educational agency for such bond issuance, and

“(D) the term of each bond which is part of such issue does not exceed 15 years.

Rules similar to the rules of section 1400G(g) shall apply for purposes of paragraph (1).

“(2) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—

“(A) IN GENERAL.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the local educational agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

“(B) QUALIFIED CONTRIBUTIONS.—For purposes of subparagraph (A), the term ‘qualified contribution’ means any contribution (of a type and quality acceptable to the local educational agency) of—

“(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

“(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

“(iii) services of employees as volunteer mentors,

“(iv) internships, field trips, or other educational opportunities outside the academy for students, or

“(v) any other property or service specified by the local educational agency.

“(3) QUALIFIED ZONE ACADEMY.—The term ‘qualified zone academy’ means any public school (or academic program within a public school) which is established by and operated under the supervision of a local educational agency to provide education or training below the postsecondary level if—

“(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

“(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the local educational agency,

“(C) the comprehensive education plan of such public school or program is approved by the local educational agency, and

“(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

“(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

“(4) QUALIFIED PURPOSE.—The term ‘qualified purpose’ means, with respect to any qualified zone academy—

“(A) constructing, rehabilitating, or repairing the public school facility in which the academy is established,

“(B) acquiring the land on which such facility is to be constructed with part of the proceeds of such issue,

“(C) providing equipment for use at such academy,

“(D) developing course materials for education to be provided at such academy, and

“(E) training teachers and other school personnel in such academy.

“(b) LIMITATIONS ON AMOUNT OF BONDS DESIGNATED.—

“(1) IN GENERAL.—There is a national zone academy bond limitation for each calendar year. Such limitation is—

“(A) \$400,000,000 for 1998,

“(B) \$400,000,000 for 1999,

“(C) \$400,000,000 for 2000,

“(D) \$1,400,000,000 for 2001,

“(E) except as provided in paragraph (3), zero after 2001.

“(2) ALLOCATION OF LIMITATION.—

“(A) ALLOCATION AMONG STATES.—

“(i) 1998, 1999, and 2000 LIMITATIONS.—The national zone academy bond limitations for calendar years 1998, 1999, and 2000 shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget).

“(ii) LIMITATION AFTER 2000.—The national zone academy bond limitation for any calendar year after 2000 shall be allocated by

any calendar year after 2000 shall be allocated by the Secretary among the States in the manner prescribed by section 1400G(d); except that in making the allocation under this clause, the Secretary shall take into account—

“(I) Basic Grants attributable to large local educational agencies (as defined in section 1400G(e)).

“(II) the national zone academy bond limitation.

“(B) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—The limitation amount allocated to a State under subparagraph (A) shall be allocated by the State education agency to qualified zone academies within such State.

“(C) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under subparagraph (B) for such calendar year.

“(3) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

“(A) the limitation amount under this subsection for any State, exceeds

“(B) the amount of bonds issued during such year which are designated under subsection (a) (or the corresponding provisions of prior law) with respect to qualified zone academies within such State, the limitation amount under this subsection for such State for the following calendar year shall be increased by the amount of such excess.”

(b) REPORTING.—Subsection (d) of section 6049 of such Code (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

“(8) REPORTING OF CREDIT ON QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.—

“(A) IN GENERAL.—For purposes of subsection (a), the term ‘interest’ includes amounts includible in gross income under section 1400F(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1400F(d)(2)).

“(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

“(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.”

(c) OTHER CONFORMING AMENDMENTS.—

(1) Subchapter U of chapter 1 of such Code is amended by striking part IV, by redesignating part V as part IV, and by redesignating section 1397F as section 1397E.

(2) The table of subchapters for chapter 1 of such Code is amended by adding at the end the following new item:

“Subchapter X. Public school modernization provisions.”

(3) The table of parts of subchapter U of chapter 1 of such Code is amended by striking the last 2 items and inserting the following item:

“Part IV. Regulations.”

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to obligations issued after December 31, 2000.

(2) REPEAL OF RESTRICTION ON ZONE ACADEMY BOND HOLDERS.—In the case of bonds to which section 1397E of the Internal Revenue Code of 1986 (as in effect before the date of the enactment of this Act) applies, the limi-

tation of such section to eligible taxpayers (as defined in subsection (d)(6) of such section) shall not apply after the date of the enactment of this Act.

#### **Subtitle F—Increased Estate Tax Relief for Family-Owned Business Interests**

#### **SEC. 251. INCREASE IN ESTATE TAX BENEFIT FOR FAMILY-OWNED BUSINESS INTERESTS.**

(a) TRANSFER TO CREDIT PROVISIONS.—Section 2057 of the Internal Revenue Code of 1986 (relating to family-owned business interests) is hereby moved to part II of subchapter A of chapter 11 of such Code, inserted after section 2010, and redesignated as section 2010A.

(b) INCREASE IN CREDIT; SURVIVING SPOUSE ALLOWED UNUSED CREDIT OF DECEDENT.—Subsection (a) of section 2010A of such Code, as redesignated by subsection (a) of this section, is amended to read as follows:

“(a) INCREASE IN UNITED CREDIT.—For purposes of determining the unified credit under section 2010 in the case of an estate of a decedent to which this section applies—

“(1) IN GENERAL.—The applicable exclusion amount under section 2010(c) shall be increased (but not in excess of \$2,000,000) by the adjusted value of the qualified family-owned business interests of the decedent which are described in subsection (b)(2) and for which no deduction is allowed under section 2056.

“(2) TREATMENT OF UNUSED LIMITATION OF PREDECEASED SPOUSE.—In the case of a decedent—

“(A) having no surviving spouse, but

“(B) who was the surviving spouse of a decedent—

“(i) who died after December 31, 2000, and

“(ii) whose estate met the requirements of subsection (b)(1) other than subparagraph (B) thereof,

there shall be substituted for ‘\$2,000,000’ in paragraph (1) an amount equal to the excess of \$4,000,000 over the exclusion equivalent of the credit allowed under section 2010 (as increased by this section) to the estate of the decedent referred to in subparagraph (B). For purposes of the preceding sentence, the exclusion equivalent of the credit is the amount on which a tentative tax under section 2001(c) equal to such credit would be imposed.”

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2057.

(2) Paragraph (10) of section 2031(c) of such Code is amended by striking “section 2057(e)(3)” and inserting “section 2010A(e)(3)”.

(3) The table of sections for part II of subchapter A of chapter 11 of such Code is amended by inserting after the item relating to section 2010 the following new item:

“Sec. 2010A. Family-owned business interests.”

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

#### **Subtitle G—Revenue Offsets**

#### **PART I—REVISION OF TAX RULES ON EXPATRIATION**

#### **SEC. 261. REVISION OF TAX RULES ON EXPATRIATION.**

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 877 the following new section:

#### **“SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

“(a) GENERAL RULES.—For purposes of this subtitle—

“(1) MARK TO MARKET.—Except as provided in subsection (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

“(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

“(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

“(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

“(3) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this paragraph) be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by \$600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

“(b) ELECTION TO DEFER TAX.—

“(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

“(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

“(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

“(4) SECURITY.—

“(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided with respect to such property.

“(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

“(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2)(A) for the property, or

“(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

“(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

“(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be under paragraph (1) with respect to an interest in a

trust with respect to which gain is required to be recognized under subsection (f)(1).

“(7) INTEREST.—For purposes of section 6601, the last date for the payment of tax shall be determined without regard to the election under this subsection.

“(c) COVERED EXPATRIATE.—For purposes of this section—

“(1) IN GENERAL.—The term ‘covered expatriate’ means an expatriate who meets the requirements of subparagraph (A) or (B) of section 877(a)(2).

“(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

“(A) the individual—

“(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

“(ii) has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for not more than 8 taxable years during the 15-taxable year period ending with the taxable year during which the expatriation date occurs, or

“(B)(i) the individual’s relinquishment of United States citizenship occurs before such individual attains age 18½, and

“(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

“(d) SECTION NOT TO APPLY TO CERTAIN PROPERTY.—This section shall not apply to the following property:

“(1) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

“(2) INTEREST IN CERTAIN RETIREMENT PLANS.—

“(A) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(c)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

“(B) FOREIGN PENSION PLANS.—

“(i) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

“(ii) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed \$500,000.

“(e) DEFINITIONS.—For purposes of this section—

“(1) EXPATRIATE.—The term ‘expatriate’ means—

“(A) any United States citizen who relinquishes his citizenship, and

“(B) any long-term resident of the United States who—

“(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

“(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

“(2) EXPATRIATION DATE.—The term ‘expatriation date’ means—

“(A) the date an individual relinquishes United States citizenship, or

“(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

“(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

“(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

“(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

“(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

“(D) the date a court of the United States cancels a naturalized citizen’s certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

“(4) LONG-TERM RESIDENT.—The term ‘long-term resident’ has the meaning given to such term by section 877(e)(2).

“(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES’ INTERESTS IN TRUST.—

“(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

“(A) the individual shall not be treated as having sold such interest,

“(B) such interest shall be treated as a separate share in the trust, and

“(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

“(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

“(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii).

“(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

“(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

“(i) paragraph (1) and subsection (a) shall not apply, and

“(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

“(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

“(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

“(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

“(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

“(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

“(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods.

“(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

“(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

“(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

“(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary’s interest in a trust is the amount of gain which would be allocable to such beneficiary’s vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

“(E) TAX DEDUCTED AND WITHHELD.—

“(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

“(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

“(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

“(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

“(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

“(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

“(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

“(G) DEFINITIONS AND SPECIAL RULE.—For purposes of this paragraph—

“(i) QUALIFIED TRUST.—The term ‘qualified trust’ means a trust—

“(I) which is organized under, and governed by, the laws of the United States or a State, and

“(II) with respect to which the trust instrument requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation.

“(ii) VESTED INTEREST.—The term ‘vested interest’ means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

“(iii) NONVESTED INTEREST.—The term ‘nonvested interest’ means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest

shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

“(iv) **ADJUSTMENTS.**—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

“(3) **DETERMINATION OF BENEFICIARIES** IN TRUST.—

“(A) **DETERMINATIONS UNDER PARAGRAPH (1).**—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

“(B) **OTHER DETERMINATIONS.**—For purposes of this section—

“(i) **CONSTRUCTIVE OWNERSHIP.**—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

“(ii) **TAXPAYER RETURN POSITION.**—A taxpayer shall clearly indicate on its income tax return—

“(I) the methodology used to determine that taxpayer's trust interest under this section, and

“(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

“(g) **TERMINATION OF DEFERRALS, ETC.**—In the case of any covered expatriate, notwithstanding any other provision of this title—

“(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

“(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

“(h) **REGULATIONS.**—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.”

(b) **TAX ON GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.**—

(1) **IN GENERAL.**—Subtitle B of the Internal Revenue Code of 1986 (relating to estate and gift taxes) is amended by inserting after chapter 13 the following new chapter:

**“CHAPTER 13A—GIFTS AND BEQUESTS FROM EXPATRIATES**

“Sec. 2681. Imposition of tax.

**“SEC. 2681. IMPOSITION OF TAX.**

“(a) **IN GENERAL.**—If, during any calendar year, any United States citizen or resident receives any covered gift or bequest, there is hereby imposed a tax equal to the product of—

“(1) the highest rate of tax specified in the table contained in section 2001(c) as in effect on the date of such receipt, and

“(2) the value of such covered gift or bequest.

“(b) **TAX TO BE PAID BY RECIPIENT.**—The tax imposed by subsection (a) on any covered gift or bequest shall be paid by the person receiving such gift or bequest.

“(c) **EXCEPTION FOR CERTAIN GIFTS.**—Subsection (a) shall apply only to the extent that the covered gifts and bequests received during the calendar year exceed \$10,000.

“(d) **TAX REDUCED BY FOREIGN GIFT OR ESTATE TAX.**—The tax imposed by subsection

(a) on any covered gift or bequest shall be reduced by the amount of any gift or estate tax paid to a foreign country with respect to such covered gift or bequest.

“(e) **COVERED GIFT OR BEQUEST.**—

“(1) **IN GENERAL.**—For purposes of this chapter, the term ‘covered gift or bequest’ means—

“(A) any property acquired by gift directly or indirectly from an individual who, at the time of such acquisition, was an expatriate, and

“(B) any property acquired by bequest, devise, or inheritance directly or indirectly from an individual who, at the time of death, was an expatriate.

“(2) **EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.**—Such term shall not include—

“(A) any property shown on a timely filed return of tax imposed by chapter 12 which is a taxable gift by the expatriate, and

“(B) any property shown on a timely filed return of tax imposed by chapter 11 of the estate of the expatriate.

“(3) **TRANSFERS IN TRUST.**—Any covered gift or bequest which is made in trust shall be treated as made to the beneficiaries of such trust in proportion to their respective interests in such trust (as determined under section 877A(f)(3)).

“(f) **EXPATRIATE.**—For purposes of this section, the term ‘expatriate’ has the meaning given to such term by section 877A(e)(1).”

(2) **CLERICAL AMENDMENT.**—The table of chapters for subtitle B of such Code is amended by inserting after the item relating to chapter 13 the following new item:

“Chapter 13A. Gifts and bequests from expatriates.”

(c) **DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.**—Section 7701(a) of such Code is amended by adding at the end the following new paragraph:

“(47) **TERMINATION OF UNITED STATES CITIZENSHIP.**—

“(A) **IN GENERAL.**—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

“(B) **DUAL CITIZENS.**—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.”

(d) **CONFORMING AMENDMENT.**—Paragraph (1) of section 6039G(d) of such Code is amended by inserting “or 877A” after “section 877”.

(e) **CLERICAL AMENDMENT.**—The table of sections for subpart A of part II of subchapter N of chapter 1 of such Code is amended by inserting after the item relating to section 877 the following new item:

“Sec. 877A. Tax responsibilities of expatriation.”

(f) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after March 9, 2000.

(2) **GIFTS AND BEQUESTS.**—Chapter 13A of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to covered gifts and bequests (as defined in section 2681 of such Code, as so added) received on or after March 9, 2000.

**PART II—DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES**

**Subpart A—Disallowance of Noneconomic Tax Attributes; Increase in Penalty With Respect to Disallowed Noneconomic Tax Attributes**

**SEC. 266. DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES.**

Section 7701 of the Internal Revenue Code of 1986 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

“(m) **DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES.**—

“(1) **IN GENERAL.**—In determining liability for any tax under subtitle A, noneconomic tax attributes shall not be allowed.

“(2) **NONECONOMIC TAX ATTRIBUTE.**—For purposes of this subsection, a noneconomic tax attribute is any deduction, loss, or credit claimed to result from any transaction unless—

“(A) the transaction changes in a meaningful way (apart from Federal income tax consequences) the taxpayer's economic position, and

“(B)(i) the present value of the reasonably expected potential income from the transaction (and the taxpayer's risk of loss from the transaction) are substantial in relationship to the present value of the tax benefits claimed, or

“(ii) in the case of a transaction which is in substance the borrowing of money or the acquisition of financial capital, the deductions claimed with respect to the transaction for any period are not significantly in excess of the economic return for such period realized by the person lending the money or providing the financial capital.

“(3) **PRESUMPTION OF NONECONOMIC TAX ATTRIBUTES.**—For purposes of paragraph (2), the following factors shall give rise to a presumption that a transaction fails to meet the requirements of paragraph (2):

“(A) The fact that the payments, liabilities, or assets that purport to create a loss (or other benefit) for tax purposes are not reflected to any meaningful extent on the taxpayer's books and records for financial reporting purposes.

“(B) The fact that the transaction results in an allocation of income or gain to a tax-indifferent party which is substantially in excess of such party's economic income or gain from the transaction.

“(4) **TREATMENT OF BUILT-IN LOSS.**—The determination of whether a transaction results in the realization of a built-in loss shall be made under subtitle A as if this subsection had not been enacted. For purposes of the preceding sentence, the term ‘built-in loss’ means any loss or deduction to the extent that such loss or deduction had economically been incurred before such transaction is entered into and to the extent that the loss or deduction was economically borne by the taxpayer.

“(5) **DEFINITION AND SPECIAL RULES.**—For purposes of this subsection—

“(A) **TAX-INDIFFERENT PARTY.**—The term ‘tax-indifferent party’ means any person or entity exempt from tax under subtitle A. A person shall be treated as a tax-indifferent party with respect to a transaction if, by reason of such person's method of accounting, the items taken into account with respect to the transaction have no substantial impact on such person's liability under subtitle A.

“(B) **SERIES OF RELATED TRANSACTION.**—A transaction which is part of a series of related transactions shall be treated as meeting the requirements of paragraph (2) only if—



“(i) such transaction meets such requirements without regard to the other transactions, and

“(ii) such transactions, if treated as 1 transaction, would meet such requirements. A similar rule shall apply to a multiple step transaction with each step being treated as a separate related transaction.

“(C) NORMAL BUSINESS TRANSACTIONS.—In the case of a transaction which is an integral part of a taxpayer's trade or business and which is entered into in the normal course of such trade or business, the determination of the potential income from such transaction shall be made by taking into account its relationship to the overall trade or business of the taxpayer.

“(D) TREATMENT OF FEES.—In determining whether there is risk of loss from a transaction (and the amount thereof), potential loss of fees and other transaction expenses shall be disregarded.

“(E) TREATMENT OF ECONOMIC RETURN ENHANCEMENTS.—The following shall be treated as economic returns and not tax benefits:

“(i) The credit under section 29 (relating to credit for producing fuel from a nonconventional source).

“(ii) The credit under section 42 (relating to low-income housing credit).

“(iii) The credit under section 45 (relating to electricity produced from certain renewable resources).

“(iv) The credit under section 1397E (relating to credit to holders of qualified zone academy bonds) or any similar program hereafter enacted.

“(v) Any other tax benefit specified in regulations.

“(F) EXCEPTIONS FOR NONBUSINESS TRANSACTIONS.—

“(i) INDIVIDUALS.—In the case of an individual, this subsection shall only apply to transactions entered into in connection with a trade or business or activity engaged in for profit.

“(ii) CHARITABLE TRANSFERS.—This subsection shall not apply in determining the amount allowable as a deduction under section 170, 545(b)(2), 556(b)(2), or 642(c).

“(6) ECONOMIC SUBSTANCE DOCTRINE, ETC., NOT AFFECTED.—The provisions of this subsection shall not be construed as altering or supplanting any rule of law referred to in section 6662(i)(2)(B) and the requirements of this subsection shall be construed as being in addition to any such rule of law.”

#### **SEC. 267. INCREASE IN SUBSTANTIAL UNDERPAYMENT PENALTY WITH RESPECT TO DISALLOWED NONECONOMIC TAX ATTRIBUTES.**

(a) IN GENERAL.—Section 6662 of the Internal Revenue Code of 1986 (relating to imposition of accuracy-related penalty) is amended by adding at the end the following new subsection:

“(i) INCREASE IN PENALTY IN CASE OF DISALLOWED NONECONOMIC TAX ATTRIBUTES.—

“(I) IN GENERAL.—In the case of the portion of the underpayment to which this subsection applies—

“(A) subsection (a) shall be applied with respect to such portion by substituting ‘40 percent’ for ‘20 percent’, and

“(B) subsection (d)(2)(B) and section 6664(c) shall not apply.

“(2) UNDERPAYMENTS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to an underpayment to which this section applies by reason of paragraph (1) or (2) of subsection (b) but—

“(A) only to the extent that such underpayment is attributable to—

“(i) the disallowance of any noneconomic tax attribute (determined under section 7701(m)), or

“(ii) the disallowance of any other benefit—

“(I) because of a lack of economic substance or business purpose for the transaction giving rise to the claimed benefit,

“(II) because the form of the transaction did not reflect its substance, or

“(III) because of any other similar rule of law, and

“(B) only if the underpayment so attributable exceeds \$1,000,000.

“(3) INCREASE IN PENALTY NOT TO APPLY IF COMPLIANCE WITH DISCLOSURE REQUIREMENTS.—Paragraph (1)(A) shall not apply if the taxpayer—

“(A) discloses to the Secretary within 30 days after the closing of the transaction appropriate documents describing the transaction, and

“(B) files with the taxpayer's return of tax imposed by subtitle A—

“(i) a statement verifying that such disclosure has been made,

“(ii) a detailed description of the facts, assumptions of facts, and factual conclusions with respect to the business or economic purposes or objectives of the transaction that are relied upon to support the manner in which it is reported on the return,

“(iii) a description of the due diligence performed to ascertain the accuracy of such facts, assumptions, and factual conclusions,

“(iv) (I) a statement (signed by the senior financial officer of the corporation under penalty of perjury) that the facts, assumptions, or factual conclusions relied upon in reporting the transaction are true and correct as of the date the return is filed, to the best of such officer's knowledge and belief, and

“(II) if the actual facts varied materially from the facts, assumptions, or factual conclusions relied upon, a statement describing such variances,

“(v) copies of any written material provided in connection with the offer of the transaction to the taxpayer by a third party,

“(vi) a full description of any express or implied agreement or arrangement with any advisor, or with any offeror, that the fee payable to such person would be contingent or subject to possible reimbursement, and

“(vii) a full description of any express or implied warranty from any person with respect to the anticipated tax results from the transaction.”

(b) MODIFICATIONS TO PENALTY ON SUBSTANTIAL UNDERSTATEMENT OF INCOME TAX.—

(1) MODIFICATION OF THRESHOLD.—Subparagraph (A) of section 6662(d)(2) of such Code is amended to read as follows:

“(A) IN GENERAL.—For purposes of this section, there is a substantial understatement of income tax for any taxable year if the amount of the understatement for the taxable year exceeds the lesser of—

“(i) \$1,000,000, or

“(ii) the greater of 10 percent of the tax required to be shown on the return for the taxable year or \$5,000.”

(2) REDUCTION OF PENALTY ON ACCOUNT OF DISCLOSURE NOT TO APPLY TO TAX SHELTERS.—Subparagraph (C) of section 6662(d)(2) of such Code is amended by striking clause (ii), by redesignating clause (iii) as clause (ii), and by striking clause (i) and inserting the following new clause:

“(i) IN GENERAL.—Subparagraph (B) shall not apply to any item attributable to a tax shelter.”

(c) TREATMENT OF AMENDED RETURNS.—Subsection (a) of section 6664 of such Code is amended by adding at the end the following new sentence: “For purposes of this subsection, an amended return shall be disregarded if such return is filed on or after the date the taxpayer is first contacted by the Secretary regarding the examination of the return.”

#### **SEC. 268. PENALTY ON MARKETED TAX AVOIDANCE STRATEGIES WHICH HAVE NO ECONOMIC SUBSTANCE, ETC.**

(a) PENALTY.—

(1) IN GENERAL.—Section 6700 of the Internal Revenue Code of 1986 (relating to promoting abusive tax shelters, etc.) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

“(c) PENALTY ON SUBSTANTIAL PROMOTERS FOR PROMOTING TAX AVOIDANCE STRATEGIES WHICH HAVE NO ECONOMIC SUBSTANCE, ETC.—

“(I) IMPOSITION OF PENALTY.—Any substantial promoter of a tax avoidance strategy shall pay a penalty in the amount determined under paragraph (2) with respect to such strategy if any tax benefit attributable to such strategy (or any similar strategy promoted by such promoter) is not allowable by reason of any rule of law referred to in section 6662(i)(2)(A).

“(2) AMOUNT OF PENALTY.—The penalty under paragraph (1) with respect to a promoter of a tax avoidance strategy is an amount equal to 100 percent of the gross income derived (or to be derived) by such promoter from such strategy.

“(3) TAX AVOIDANCE STRATEGY.—For purposes of this subsection, the term ‘tax avoidance strategy’ means any entity, plan, arrangement, or transaction a significant purpose of the structure of which is the avoidance or evasion of Federal income tax.

“(4) SUBSTANTIAL PROMOTER.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘substantial promoter’ means, with respect to any tax avoidance strategy, any promoter if—

“(i) such promoter offers such strategy to more than 1 potential participant, and

“(ii) such promoter may receive fees in excess of \$1,000,000 in the aggregate with respect to such strategy.

“(B) AGGREGATION RULES.—For purposes of this paragraph—

“(i) RELATED PERSONS.—A promoter and all persons related to such promoter shall be treated as 1 person.

“(ii) SIMILAR STRATEGIES.—All similar tax avoidance strategies of a promoter shall be treated as 1 tax avoidance strategy.

“(C) PROMOTER.—The term ‘promoter’ means any person who participates in the promotion, offering, or sale of the tax avoidance strategy.

“(D) RELATED PERSON.—Persons are related if they bear a relationship to each other which is described in section 267(b) or 707(b).

“(4) COORDINATION WITH SUBSECTION (a).—No penalty shall be imposed by this subsection on any promoter with respect to a tax avoidance strategy if a penalty is imposed under subsection (a) on such promoter with respect to such strategy.”

(2) CONFORMING AMENDMENT.—Subsection (d) of section 6700 of such Code is amended—

(A) by striking “PENALTY” and inserting “PENALTIES”, and

(B) by striking “penalty” the first place it appears in the text and inserting “penalties”.

(b) INCREASE IN PENALTY ON PROMOTING ABUSIVE TAX SHELTERS.—The first sentence of section 6700(a) of such Code is amended by striking “a penalty equal to” and all that follows and inserting “a penalty equal to the greater of \$1,000 or 100 percent of the gross income derived (or to be derived) by such person from such activity.”

#### **SEC. 269. EFFECTIVE DATES.**

(a) IN GENERAL.—Except as provided in subsections (b) and (c), the amendments made by this subpart shall apply to transactions after the date of the enactment of this Act.

(b) SECTION 267.—The amendments made by subsections (b) and (c) of section 267 shall

apply to taxable years ending after the date of the enactment of this Act.

(c) SECTION 268.—The amendments made by subsection (a) of section 268 shall apply to any tax avoidance strategy (as defined in section 6700(c) of the Internal Revenue Code of 1986, as amended by this title) interests in which are offered to potential participants after the date of the enactment of this Act.

**Subpart B—Limitations on Importation or Transfer of Built-in Losses**

**SEC. 271. LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.**

(a) IN GENERAL.—Section 362 of the Internal Revenue Code of 1986 (relating to basis to corporations) is amended by adding at the end the following new subsection:

“(e) LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.—

“(1) IN GENERAL.—If in any transaction described in subsection (a) or (b) there would (but for this subsection) be an importation of a net built-in loss, the basis of each property described in paragraph (2) which is acquired in such transaction shall (notwithstanding subsections (a) and (b)) be its fair market value immediately after such transaction.

“(2) PROPERTY DESCRIBED.—For purposes of paragraph (1), property is described in this paragraph if—

“(A) gain or loss with respect to such property is not subject to tax under this subtitle in the hands of the transferor immediately before the transfer, and

“(B) gain or loss with respect to such property is subject to such tax in the hands of the transferee immediately after such transfer.

In any case in which the transferor is a partnership, the preceding sentence shall be applied by treating each partner in such partnership as holding such partner's proportionate share of the property of such partnership.

“(3) IMPORTATION OF NET BUILT-IN LOSS.—For purposes of paragraph (1), there is an importation of a net built-in loss in a transaction if the transferee's aggregate adjusted bases of property described in paragraph (2) which is transferred in such transaction would (but for this subsection) exceed the fair market value of such property immediately after such transaction.”

(b) COMPARABLE TREATMENT WHERE LIQUIDATION.—Paragraph (1) of section 334(b) of such Code (relating to liquidation of subsidiary) is amended to read as follows:

“(1) IN GENERAL.—If property is received by a corporate distributee in a distribution in a complete liquidation to which section 332 applies (or in a transfer described in section 337(b)(1)), the basis of such property in the hands of such distributee shall be the same as it would be in the hands of the transferor; except that the basis of such property in the hands of such distributee shall be the fair market value of the property at the time of the distribution—

“(A) in any case in which gain or loss is recognized by the liquidating corporation with respect to such property, or

“(B) in any case in which the liquidating corporation is a foreign corporation, the corporate distributee is a domestic corporation, and the corporate distributee's aggregate adjusted bases of property described in section 362(e)(2) which is distributed in such liquidation would (but for this subparagraph) exceed the fair market value of such property immediately after such liquidation.”

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

**SEC. 272. DISALLOWANCE OF PARTNERSHIP LOSS TRANSFERS.**

(a) TREATMENT OF CONTRIBUTED PROPERTY WITH BUILT-IN LOSS.—Paragraph (1) of sec-

tion 704(c) of the Internal Revenue Code of 1986 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 adding at the end the following:

“(C) if any property so contributed has a built-in loss—

“(i) such built-in loss shall be taken into account only in determining the amount of items allocated to the contributing partner, and

“(ii) except as provided in regulations, in determining the amount of items allocated to other partners, the basis of the contributed property in the hands of the partnership shall be treated as being equal to its fair market value immediately after the contribution.

For purposes of subparagraph (C), the term ‘built-in loss’ means the excess of the adjusted basis of the property over its fair market value immediately after the contribution.”

(b) ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY ON TRANSFER OF PARTNERSHIP INTEREST IF THERE IS SUBSTANTIAL BUILT-IN LOSS.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 743 of such Code (relating to optional adjustment to basis of partnership property) is amended by inserting before the period “or unless the partnership has a substantial built-in loss immediately after such transfer”.

(2) ADJUSTMENT.—Subsection (b) of section 743 of such Code is amended by inserting “or with respect to which there is a substantial built-in loss immediately after such transfer” after “section 754 is in effect”.

(3) SUBSTANTIAL BUILT-IN LOSS.—Section 743 of such Code is amended by adding at the end the following new subsection:

“(d) SUBSTANTIAL BUILT-IN LOSS.—For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in a partnership if the transferee partner's proportionate share of the adjusted basis of the partnership property exceeds 110 percent of the basis of such partner's interest in the partnership.”

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 743 of such Code is amended to read as follows:

**“SEC. 743. ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BUILT-IN LOSS.”**

(B) The table of sections for subpart C of part II of subchapter K of chapter 1 of such Code is amended by striking the item relating to section 743 and inserting the following new item:

“Sec. 743. Adjustment to basis of partnership property where section 754 election or substantial built-in loss.”

(c) ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY IF THERE IS SUBSTANTIAL BASIS REDUCTION.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 734 of such Code (relating to optional adjustment to basis of undistributed partnership property) is amended by inserting before the period “or unless there is a substantial downward adjustment”.

(2) ADJUSTMENT.—Subsection (b) of section 734 of such Code is amended by inserting “or unless there is a substantial downward adjustment” after “section 754 is in effect”.

(3) SUBSTANTIAL DOWNWARD ADJUSTMENT.—Section 734 of such Code is amended by adding at the end the following new subsection:

“(d) SUBSTANTIAL DOWNWARD ADJUSTMENT.—For purposes of this section, there is a substantial downward adjustment with respect to a distribution if the sum of the

amounts described in subparagraphs (A) and (B) of subsection (b)(2) exceeds 10 percent of the aggregate adjusted basis of partnership property immediately after the distribution.”

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 734 of such Code is amended to read as follows:

**“SEC. 734. ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BASIS REDUCTION.”**

(B) The table of sections for subpart B of part II of subchapter K of chapter 1 of such Code is amended by striking the item relating to section 734 and inserting the following new item:

“Sec. 734. Adjustment to basis of undistributed partnership property where section 754 election or substantial basis reduction.”

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to contributions made after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (a) shall apply to transfers after the date of the enactment of this Act.

(3) SUBSECTION (c).—The amendments made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

**PART III—ESTATE AND GIFT TAX OFFSETS**  
**SEC. 276. VALUATION RULES FOR TRANSFERS INVOLVING NONBUSINESS ASSETS.**

(a) IN GENERAL.—Section 2031 of the Internal Revenue Code of 1986 (relating to definition of gross estate) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

“(d) VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS.—For purposes of this chapter and chapter 12—

“(1) IN GENERAL.—In the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092), the value of such interest shall be determined by taking into account—

“(A) the value of such interest's proportionate share of the nonbusiness assets of such entity (and no valuation discount shall be allowed with respect to such nonbusiness assets), plus

“(B) the value of such entity determined without regard to the value taken into account under subparagraph (A).

“(2) NONBUSINESS ASSETS.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘nonbusiness asset’ means any asset which is not used in the active conduct of 1 or more trades or businesses.

“(B) EXCEPTION FOR CERTAIN PASSIVE ASSETS.—Except as provided in subparagraph (C), a passive asset shall not be treated for purposes of subparagraph (A) as used in the active conduct of a trade or business unless—

“(i) the asset is property described in paragraph (1) or (4) of section 1221(a) or is a hedge with respect to such property, or

“(ii) the asset is real property used in the active conduct of 1 or more real property trades or businesses (within the meaning of section 469(c)(7)(C)) in which the transferor materially participates and with respect to which the transferor meets the requirements of section 469(c)(7)(B)(ii).

For purposes of clause (ii), material participation shall be determined under the rules of section 469(h), except that section 469(h)(3) shall be applied without regard to the limitation to farming activity.

“(C) EXCEPTION FOR WORKING CAPITAL.—Any asset (including a passive asset) which is held as a part of the reasonably required

working capital needs of a trade or business shall be treated as used in the active conduct of a trade or business.

“(3) **PASSIVE ASSET.**—For purposes of this subsection, the term ‘passive asset’ means any—

“(A) cash or cash equivalents,

“(B) except to the extent provided by the Secretary, stock in a corporation or any other equity, profits, or capital interest in any entity,

“(C) evidence of indebtedness, option, forward or futures contract, notional principal contract, or derivative,

“(D) asset described in clause (iii), (iv), or (v) of section 351(e)(1)(B),

“(E) annuity,

“(F) real property used in 1 or more real property trades or businesses (as defined in section 469(c)(7)(C)),

“(G) asset (other than a patent, trademark, or copyright) which produces royalty income,

“(H) commodity,

“(I) collectible (within the meaning of section 401(m)), or

“(J) any other asset specified in regulations prescribed by the Secretary.

“(4) **LOOK-THRU RULES.**—

“(A) **IN GENERAL.**—If a nonbusiness asset of an entity consists of a 10-percent interest in any other entity, this subsection shall be applied by disregarding the 10-percent interest and by treating the entity as holding directly its ratable share of the assets of the other entity. This subparagraph shall be applied successively to any 10-percent interest of such other entity in any other entity.

“(B) **10-PERCENT INTEREST.**—The term ‘10-percent interest’ means—

“(i) in the case of an interest in a corporation, ownership of at least 10 percent (by vote or value) of the stock in such corporation,

“(ii) in the case of an interest in a partnership, ownership of at least 10 percent of the capital or profits interest in the partnership, and

“(iii) in any other case, ownership of at least 10 percent of the beneficial interests in the entity.

“(5) **COORDINATION WITH SUBSECTION (b).**—Subsection (b) shall apply after the application of this subsection.”

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

#### **SEC. 277. CORRECTION OF TECHNICAL ERROR AFFECTING LARGEST ESTATES.**

(a) **IN GENERAL.**—Paragraph (2) of section 2001(c) of the Internal Revenue Code of 1986 is amended by striking “\$10,000,000” and all that follows and inserting “\$10,000,000. The amount of the increase under the preceding sentence shall not exceed the sum of the applicable credit amount under section 2010(c) (as increased by section 2010A) and \$359,200.”

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

#### **PART IV—OTHER OFFSETS**

#### **SEC. 281. CONSISTENT AMORTIZATION PERIODS FOR INTANGIBLES.**

(a) **START-UP EXPENDITURES.**—

(1) **ALLOWANCE OF DEDUCTION.**—Paragraph (1) of section 195(b) of the Internal Revenue Code of 1986 (relating to start-up expenditures) is amended to read as follows:

“(1) **ALLOWANCE OF DEDUCTION.**—If a taxpayer elects the application of this subsection with respect to any start-up expenditures—

“(A) the taxpayer shall be allowed a deduction for the taxable year in which the active trade or business begins in an amount equal to the lesser of—

“(i) the amount of start-up expenditures with respect to the active trade or business, or

“(ii) \$5,000, reduced (but not below zero) by the amount by which such start-up expenditures exceed \$50,000, and

“(B) the remainder of such start-up expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the active trade or business begins.”

(2) **CONFORMING AMENDMENT.**—Subsection (b) of section 195 is amended by striking “AMORTIZE” and inserting “DEDUCT” in the heading.

(b) **ORGANIZATIONAL EXPENDITURES.**—Subsection (a) of section 248 of such Code (relating to organizational expenditures) is amended to read as follows:

“(a) **ELECTION TO DEDUCT.**—If a corporation elects the application of this subsection (in accordance with regulations prescribed by the Secretary) with respect to any organizational expenditures—

“(1) the corporation shall be allowed a deduction for the taxable year in which the corporation begins business in an amount equal to the lesser of—

“(A) the amount of organizational expenditures with respect to the taxpayer, or

“(B) \$5,000, reduced (but not below zero) by the amount by which such organizational expenditures exceed \$50,000, and

“(2) the remainder of such organizational expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the corporation begins business.”

(c) **TREATMENT OF ORGANIZATIONAL AND SYNDICATION FEES OR PARTNERSHIPS.**—Section 709(b) of such Code (relating to amortization of organization fees) is amended by redesignating paragraph (2) as paragraph (4) and by amending paragraph (1) to read as follows:

“(1) **ALLOWANCE OF DEDUCTION.**—If a taxpayer elects the application of this subsection (in accordance with regulations prescribed by the Secretary) with respect to any organizational expenses—

“(A) the taxpayer shall be allowed a deduction for the taxable year in which the partnership begins business in an amount equal to the lesser of—

“(i) the amount of organizational expenses with respect to the partnership, or

“(ii) \$5,000, reduced (but not below zero) by the amount by which such organizational expenses exceed \$50,000, and

“(B) the remainder of such organizational expenses shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the partnership begins business.

(2) **DISPOSITIONS BEFORE CLOSE OF AMORTIZATION PERIOD.**—In any case in which a partnership is liquidated before the end of the period to which paragraph (1)(B) applies, any deferred expenses attributable to the partnership which were not allowed as a deduction by reason of this section may be deducted to the extent allowable under section 165.”

(d) **CONFORMING AMENDMENT.**—Subsection (b) of section 709 of such Code is amended by striking “AMORTIZATION” and inserting “DEDUCTION” in the heading.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

#### **SEC. 282. MODIFICATION OF FOREIGN TAX CREDIT CARRYOVER RULES.**

(a) **IN GENERAL.**—Section 904(c) of the Internal Revenue Code of 1986 (relating to limitation on credit) is amended—

(1) by striking “in the second preceding taxable year,” and

(2) by striking “or fifth” and inserting “fifth, sixth, or seventh”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 2000.

#### **SEC. 283. RECOGNITION OF GAIN ON TRANSFERS TO SWAP FUNDS.**

(a) **INTERESTS SIMILAR TO PREFERRED STOCK TREATED AS STOCK.**—Clause (vi) of section 351(e)(1)(B) of the Internal Revenue Code of 1986 (relating to transfer of property to an investment company) is amended to read as follows:

“(vi) except as otherwise provided in regulations prescribed by the Secretary—

“(I) any interest in an entity if the return on such interest is limited and preferred, and

“(II) interests (not described in subclause (I)) in any entity if substantially all of the assets of such entity consist (directly or indirectly) of any assets described in subclause (I), any preceding clause, or clause (viii).”

(b) **CERTAIN TRANSFERS DEEMED TO BE TO INVESTMENT COMPANIES.**—Subsection (e) of section 351 of such Code is amended by adding at the end the following new paragraph:

“(3) **TRANSFERS OF MARKETABLE SECURITIES TO CERTAIN CORPORATIONS.**—A transfer of property to a corporation if—

“(A) such property is marketable securities (as defined in section 731(c)(2)), other than a diversified portfolio of securities,

“(B) such corporation—

“(i) is registered under the Investment Company Act of 1940 as an investment company, or is exempt from registration as a investment company under section 3(c)(7) of such Act because interests in such corporation are offered to qualified purchasers within the meaning of section 2(a)(51) of such Act, or

“(ii) is formed or availed of for purposes of allowing persons who have significant blocks of marketable securities with unrealized appreciation to diversify those holdings without recognition of gain, and

“(C) the transfer results, directly or indirectly, in diversification of the transferor's interest.”

(c) **TRANSFERS TO PARTNERSHIPS.**—Subsection (b) of section 721 of such Code is amended to read as follows:

“(b) **SPECIAL RULE.**—Subsection (a) shall not apply to gain realized on a transfer of property to a partnership if, were the partnership incorporated—

“(1) such partnership would be treated as an investment company (within the meaning of section 351), or

“(2) section 351 would not apply to such transfer by reason of section 351(e)(3).”

(d) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—The amendments made by this section shall apply to transfers after March 8, 2000.

(2) **BINDING CONTRACTS.**—The amendments made by this section shall not apply to any transfer pursuant to a written binding contract in effect on August 4, 1999, and at all times thereafter before such transfer if such contract provides for the transfer of a fixed amount of property.

SEC. 5. The amendment specified in section 2 of this resolution is as follows:

Strike all after the enacting clause and insert the following:

At the appropriate place, insert the following:

#### **TITLE —MINIMUM WAGE INCREASE**

##### **SEC. 01. SHORT TITLE.**

This title may be cited as the “Fair Minimum Wage Act of 2000.”

##### **SEC. 02. MINIMUM WAGE INCREASE.**

Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

“(1) except as otherwise provided in this section, not less than—

“(A) \$5.65 an hour during the year beginning on the date that is 30 days after the date of enactment of the Fair Minimum Wage Act of 2000; and

“(B) \$6.15 an hour beginning on the date that is 1 year after the date on which the increase in subparagraph (A) takes effect.”.

### SEC. 03. MINIMUM WAGE IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Subject to subsection (b), the provisions of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—

(1) IN GENERAL.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be \$3.55 an hour beginning on the date that is 30 days after the date of enactment of this section.

(2) INCREASES IN MINIMUM WAGE.—

(A) IN GENERAL.—On the date that is 6 months after the date of enactment of this Act, and every 6 months thereafter, the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be increased by \$0.50 per hour (or such a lesser amount as may be necessary to equal the minimum wage under such section) until such time as the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in section 6(a)(1) of such Act for the date involved.

(B) FURTHER INCREASES.—With respect to dates beginning after the minimum wage applicable to the Commonwealth of the Northern Mariana Islands is equal to the minimum wage set forth in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)), as provided in subparagraph (A), such applicable minimum wage shall be immediately increased so as to remain equal to the minimum wage set forth in section 6(a)(1) of such Act for the date involved.

Mr. MOAKLEY: Mr. Speaker, I yield back the balance of my time.

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

Today, we have had an opportunity to have a vigorous debate about the rule, the rule which will decide how we are going to follow forth on talking about the bill that is before us.

We have a tax bill, a tax bill that gives an opportunity to the workers of America to have more small businesses, and more people who want to take that risk and opportunity to go and invest their savings and to open up their own stores and to do things that might be a lifetime dream. On the other hand, we are going to allow a vote that would be very directly for people who wish to support raising the minimum wage.

What we have done is we have crafted a fair rule. We have talked about the essence of what Republicans and Democrats are all about today; and I am very, very proud of what we have done and appreciate those who have spoken today.

There is an amendment at the desk, Mr. Speaker. The amendment will strike out the language allowing

States to opt out of the minimum-wage increase.

AMENDMENT OFFERED BY MR. SESSIONS

Mr. SESSIONS. Mr. Speaker, I ask unanimous consent that the amendment at the desk be considered as adopted.

The SPEAKER pro tempore (Mr. LAHOOD). The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SESSIONS:

Strike section 2 and insert the following:

SEC. 2. Upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes. An amendment striking section 5 shall be considered adopted. The bill, as amended, shall be considered as read for amendment. The previous question shall be considered as ordered on the bill, as amended, and any further amendment thereto to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce; (2) the amendment numbered 2 in House Report 106-516, which shall be in order without intervention of any point of order (except those arising under section 425 of the Congressional Budget Act of 1974) and which may be offered only by a Member designated in the report, shall be considered as read, and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

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

There was no objection.

The SPEAKER pro tempore. The amendment is agreed to.

Mr. SESSIONS. Mr. Speaker, I move the previous question on the resolution, as amended.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 9 of rule XX, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution, as amended.

The vote was taken by electronic device, and there were—yeas 216, nays 208, not voting 10, as follows:

[Roll No. 38]

YEAS—216

Aderholt  
Archer  
Armey  
Bachus

Baker  
Ballenger  
Barr  
Barrett (NE)

Bartlett  
Barton  
Bass  
Bateman

Bereuter  
Biggert  
Bilbray  
Bilirakis  
Bliley  
Blunt  
Boehlert  
Boehner  
Bonilla  
Bono  
Brady (TX)  
Bryant  
Burr  
Burton  
Buyer  
Callahan  
Calvert  
Camp  
Campbell  
Canady  
Cannon  
Castle  
Chabot  
Chambliss  
Chenoweth-Hage  
Coble  
Coburn  
Collins  
Combest  
Cook  
Cox  
Crane  
Cubin  
Cunningham  
Davis (VA)  
Deal  
DeLay  
DeMint  
Diaz-Balart  
Dickey  
Doolittle  
Dreier  
Duncan  
Dunn  
Ehlers  
Ehrlich  
Emerson  
English  
Everett  
Ewing  
Fletcher  
Foley  
Fossella  
Fowler  
Franks (NJ)  
Frelinghuysen  
Gallegly  
Ganske  
Gekas  
Gibbons  
Gilchrest  
Gillmor  
Gilman  
Goode  
Goodlatte  
Goodling  
Goss  
Graham

Green (WI)  
Greenwood  
Hansen  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill (MT)  
Hilleary  
Hobson  
Hoekstra  
Horn  
Hostettler  
Houghton  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Isakson  
Istook  
Jenkins  
Johnson (CT)  
Johnson, Sam  
Jones (NC)  
Kasich  
Kelly  
King (NY)  
Kingston  
Knollenberg  
Kolbe  
Kuykendall  
LaHood  
Largent  
Latham  
LaTourette  
Lazio  
Leach  
Lewis (CA)  
Lewis (KY)  
Linder  
LoBiondo  
Lucas (OK)  
Manzullo  
Martinez  
McCrery  
McHugh  
McInnis  
McIntosh  
McKeon  
Metcalf  
Mica  
Miller (FL)  
Miller, Gary  
Moran (KS)  
Morella  
Nethercutt  
Ney  
Northup  
Norwood  
Nussle  
Ose  
Oxley  
Packard  
Paul  
Pease  
Peterson (PA)  
Petri

Pickering  
Pitts  
Pombo  
Porter  
Portman  
Pryce (OH)  
Quinn  
Radanovich  
Ramstad  
Regula  
Reynolds  
Riley  
Rogan  
Rogers  
Rohrabacher  
Ros-Lehtinen  
Roukema  
Royce  
Ryan (WI)  
Ryun (KS)  
Salmon  
Sanford  
Saxton  
Sensenbrenner  
Sessions  
Shadegg  
Shaw  
Shays  
Sherwood  
Shimkus  
Shuster  
Simpson  
Skeen  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Souder  
Stearns  
Stump  
Sununu  
Sweeney  
Talent  
Tancredo  
Tauzin  
Taylor (NC)  
Terry  
Thomas  
Thornberry  
Thune  
Tiahrt  
Toomey  
Trafigant  
Upton  
Vitter  
Walden  
Walsh  
Wamp  
Watkins  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
Whitfield  
Wicker  
Wilson  
Wolf  
Young (AK)  
Young (FL)

NAYS—208

Abercrombie  
Ackerman  
Allen  
Andrews  
Baca  
Baird  
Baldacci  
Baldwin  
Barcia  
Barrett (WI)  
Becerra  
Bentsen  
Berkley  
Berman  
Berry  
Bishop  
Blagojevich  
Blumenauer  
Bonior  
Borski  
Boswell  
Boucher  
Boyd  
Brady (PA)  
Brown (FL)  
Capps  
Capuano  
Cardin  
Carson

Clay  
Clayton  
Clement  
Clyburn  
Condit  
Conyers  
Costello  
Coyne  
Cramer  
Crowley  
Cummings  
Danner  
Davis (FL)  
Davis (IL)  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Deutsch  
Dicks  
Dingell  
Dixon  
Doggett  
Dooley  
Doyle  
Edwards  
Engel  
Eshoo  
Etheridge

Evans  
Farr  
Fattah  
Filner  
Forbes  
Ford  
Frank (MA)  
Frost  
Gephardt  
Gephardt  
Gonzalez  
Gordon  
Green (TX)  
Gutierrez  
Gutknecht  
Hall (OH)  
Hall (TX)  
Hastings (FL)  
Hill (IN)  
Hilliard  
Hinchee  
Hinojosa  
Hoeffel  
Holden  
Holt  
Hooley  
Hoyer  
Inslee  
Jackson (IL)

Jackson-Lee (TX) Jefferson Johnson, E. B. Jones (OH) Kanjorski Kaptur Kennedy Kildee Kilpatrick Kind (WI) Kleczka Klink Kucinich LaFalce Lampson Lantos Larson Lee Levin Lewis (GA) Lipinski Lofgren Lowey Lucas (KY) Luther Maloney (CT) Maloney (NY) Markey Mascara Matsui McCarthy (MO) McCarthy (NY) McDermott McGovern McIntyre McKinney McNulty Meehan Meeks (NY) Menendez McDonald Miller, George Minge Mink Moakley Molloy Moore Moran (VA) Murtha Nadler Napolitano Neal Oberstar Obey Olver Ortiz Owens Pallone Pascarelli Pastor Payne Pelosi Peterson (MN) Phelps Pickett Pomeroy Price (NC) Rahall Rangel Reyes Rivers Rodriguez Roemer Rothman Roybal-Allard Rush Sabo Sanchez Sanders Sandlin Sawyer Schakowsky Scott Serrano Sherman Shows Sisisky Skelton Slaughter Smith (WA) Snyder Spratt Stabenow Stark Stenholm Strickland Stupak Tanner Tauscher Taylor (MS) Thompson (CA) Thompson (MS) Thurman Tierney Towns Turner Udall (CO) Udall (NM) Velazquez Visclosky Waters Watt (NC) Waxman Weiner Wexler Weygand Wise Woolsey Wu Wynne

## NOT VOTING—10

Brown (OH) Cooksey Granger McCollum Meek (FL) Myrick Scarborough Schaffer Spence Vento

## 1516

Messrs. JEFFERSON, JOHN and POMEROY changed their vote from "yea" to "nay."

Mr. PITTS and Mr. GILMAN changed their vote from "nay" to "yea."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the resolution, as amended.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

## RECORDED VOTE

Mr. MOAKLEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 214, noes 211, not voting 10, as follows:

[Roll No. 39]

## AYES—214

Aderholt Archer Arney Bachus Baker Ballenger Barr Barrett (NE) Bartlett Barton Bass Bateman Bereuter Biggart Bilbray Bilirakis Bliley Blunt Boehlert Boehner Bonilla Bono Brady (TX) Bryant Burr Burton Buyer Callahan Calvert Camp Campbell Canady Cannon Castle Chabot Chambliss Chenoweth-Hage Coble Coburn Collins Combust Cook Cox Crane Cubin Cunningham Davis (VA) Deal DeLay DeMint Diaz-Balart

Dickey Doolittle Dreier Duncan Dunn Ehlers Ehrlich Emerson English Everett Ewing Fletcher Foley Fossella Fowler Franks (NJ) Frelinghuysen Gallegly Ganske Gekas Gibbons Gilchrist Gillmor Gilman Goode Goodlatte Goodling Goss Graham Green (WI) Greenwood Hansen Hastert Hastings (WA) Hayes Hayworth Herger Hill (MT) Hilleary Hobson Hoekstra Horn Hostettler Houghton Hulshof Hunter Hutchinson Hyde Isakson Jenkins Johnson (CT) Johnson, Sam Jones (NC) Kasich Kelly King (NY) Kingston Knollenberg Kolbe Kuykendall LaHood Largent Latham LaTourette Lazio Leach Lewis (CA) Lewis (KY) Linder LoBiondo Lucas (OK) Manullo Martinez McCrery McHugh McInnis McIntosh McKeon Metcalf Mica Miller (FL) Miller, Gary Moran (KS) Morella Nethercutt Ney Northup Norwood Nussle Ose Oxley Packard Paul Pease Peterson (PA) Petri Pickering Pitts Pombo Porter Portman Pryce (OH) Quinn Radanovich Ramstad Regula Reynolds Riley Rogan Rogers

## NOES—211

Abercrombie Ackerman Allen Andrews Baca Baird Baldacci Baldwin Barcia Barrett (WI) Becerra Bentsen Berkley Berman Berry Blagovestich Blumenauer Bonior Borski Boswell Boucher Boyd Brady (PA) Brown (FL) Capps Capuano Cardin Carson Clay Clayton Clement Clyburn Condit Conyers Costello Coyne Cramer Crowley Cummings Danner Davis (FL) Davis (IL) DeFazio DeGette Delahunt DeLauro Deutsch Dicks Dingell Dixon Doggett Dooley Doyle Edwards Engel Eshoo Etheridge Evans Farr Fattah Filner Forbes Ford Frank (MA) Frost Gejdenson Gephardt Gonzalez Gordon Green (TX) Gutierrez Gutknecht Hall (OH) Hall (TX) Hastings (FL) Hefley Hill (IN) Hilliard Hinchey Hinojosa Hoeft Holden Holt Hooley Hoyer Inslee Istook Jackson (IL) Jackson-Lee (TX) Jefferson John Johnson, E.B. Jones (OH) Kanjorski Kaptur Kennedy Kildee Kilpatrick Kind (WI) Kleczka Klink Kucinich LaFalce Lampson Lantos Larson Lee Levin Lewis (GA) Lipinski Lofgren Lowey Lucas (KY) Luther Maloney (CT) Maloney (NY) Markey Mascara Matsui McCarthy (MO) McCarthy (NY) McDermott McGovern McIntyre

Rohrabacher Ros-Lehtinen Roukema Royce Ryan (WI) Ryun (KS) Salmon Sanford Saxton Sensenbrenner Sessions Shadegg Shaw Shays Sherwood Shimkus Shuster Simpson Skee Sken Smith (MI) Smith (NJ) Smith (TX) Souder Stearns Stump Sununu Sweeney Talent Tancredo Tauzin Taylor (NC) Thomas Thornberry Thune Tiahrt Toomey Traficant Upton Vitter Walden Walsh Wamp Watkins Watts (OK) Weldon (FL) Weldon (PA) Weller Whitfield Wicker Wilson Wolf Young (AK) Young (FL)

McKinney McNulty Meehan Meek (FL) Meeks (NY) Menendez Millender-McDonald Miller, George Minge Mink Moakley Molloy Moore Moran (VA) Murtha Nadler Napolitano Neal Oberstar Obey Olver Ortiz Owens Pallone Pascarelli Pastor Payne Pelosi Peterson (MN) Phelps Pickett Pomeroy Price (NC) Rahall Rangel Reyes Rivers Rodriguez Roemer Rothman Roybal-Allard Rush Sabo Sanchez Sanders Sandlin Sawyer Schakowsky Scott Serrano Sherman Shows Sisisky Skelton Slaughter Smith (WA) Snyder

## NOT VOTING—10

Brown (OH) Cooksey Granger McCollum Myrick Scarborough Schaffer Spence Terry Vento

## 1527

So the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. TERRY. Mr. Speaker, on rollcall No. 39, I was inadvertently detained. Had I been present, I would have voted "yes."

## WAGE AND EMPLOYMENT GROWTH ACT OF 1999

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 434, I call up the bill (H.R. 3081) to increase the Federal minimum wage and to amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. PEASE). Pursuant to House Resolution 434, the bill is considered read for amendment.

The text of H.R. 3081 is as follows:

## H.R. 3081

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

## SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Wage and Employment Growth 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.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; references; table of contents.

TITLE I—AMENDMENTS TO FAIR LABOR STANDARDS ACT OF 1938

Sec. 101. Minimum wage.