Mr. Speaker, I hope that we can fix this, as we can fix other immigration issues, and I ask my colleagues to support this legislation. And I thank the gentleman from Indiana (Mr. PEASE) for his leadership.

Mr. Speaker, I yield back the balance of my time.

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

Mr. Speaker, I want to acknowledge the work of the gentleman from Texas (Mr. SMITH), the chairman of the Subcommittee on Immigration and Claims; the gentlewoman from Texas (Ms. JACKSON-LEE), the ranking member of the subcommittee; and the gentlewoman from California (Ms. LOFGREN) and the gentleman from Utah (Mr. CANNON), all of whom spent a great deal of time with us and with staff and with representatives of the religious denominations trying to meet the objections that were raised by the Department of Justice and the Immigration and Naturalization Service.

Mr. Speaker, it was the most candid, open, honest, effort that I have seen during my time here to reach a consensus; everyone operating in good faith. We have before us what I believe is a good bill. It is not a perfect bill. But under the circumstances and given the urgency of time, I believe it is the best we can do for the most. I would encourage all my colleagues to support the legislation.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SCARBOROUGH). The question is on the motion offered by the gentleman from Indiana (Mr. PEASE) that the House suspend the rules and pass the bill, H.R. 4068.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

DEBT RELIEF AND RETIREMENT SECURITY RECONCILIATION ACT

Mr. SHAW. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5203) to provide for reconciliation pursuant to sections 103(a)(2), 103(b)(2), and 213(b)(2)(C) of the concurrent resolution on the budget for fiscal year 2001 to reduce the public debt and decrease the statutory limit on the public debt, and to amend the Internal Revenue Code of 1986 to provide for retirement security.

The Clerk read as follows:

H.R. 5203

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

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Debt Relief and Retirement Security Reconciliation Act''.

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

DIVISION A—DEBT RELIEF

SEC. 100. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) fiscal discipline, resulting from the Balanced Budget Act of 1997, and strong economic growth have ended decades of deficit spending and have produced budget surpluses without using the social security surplus;

(2) fiscal pressures will mount in the future as the aging of the population increases budget obligations;

(3) until Congress and the President agree to legislation that saves social security and medicare, the social security and medicare surpluses should be used to reduce the debt held by the public;

(4) until Congress and the President agree on significant tax reductions, amounts dedicated for that purpose shall be used to reduce the debt held by the public;

(5) strengthening the Government's fiscal position through public debt reduction increases national savings, promotes economic growth, reduces interest costs, and is a constructive way to prepare for the Government's future budget obligations; and

(6) it is fiscally responsible and in the long-term national economic interest to use a portion of the nonsocial security and nonmedicare surpluses to reduce the debt held by the public.

(b) PURPOSE.—It is the purpose of this division to—

(1) reduce the debt held by the public by $240,000,000,000 in fiscal year 2001 with the goal of eliminating this debt by 2012;

(2) decrease the statutory limit on the public debt; and

(3) ensure that the social security and hospital insurance trust funds shall not be used for other purposes.

TITLE I—DEBT REDUCTION LOCK-BOX

SEC. 101. ESTABLISHMENT OF PUBLIC DEBT REDUCTION PAYMENT ACCOUNT.

(a) IN GENERAL.—Subchapter I of chapter 31 of title 31, United States Code, is amended by adding at the end the following new section:

''§ 3114. Public debt reduction payment account

''(a) There is established in the Treasury of the United States an account to be known as the Public Debt Reduction Payment Account (hereinafter in this section referred to as the 'account').

''(b) The Secretary of the Treasury shall use amounts in the account to pay at maturity, or to redeem or buy before maturity, any obligation of the Government held by the public and included in the public debt. Any obligation which is paid, redeemed, or bought with amounts from the account shall be canceled and retired and may not be reissued. Amounts deposited in the account are appropriated and may only be expended to carry out this section.

''(c) There is hereby appropriated into the account on October 1, 2000, or the date of enactment of this section, whichever is later, out of any money in the Treasury not otherwise appropriated, $42,000,000,000 for the fiscal year ending September 30, 2001. The funds appropriated to this account shall remain available until expended.

''(d) The appropriation made under subsection (c) shall not be considered direct spending for purposes of section 252 of Balanced Budget and Emergency Deficit Control Act of 1985.

''(e) Establishment of and appropriations to the account shall not affect trust fund transfers that may be authorized under any other provision of law.

''(f) The Secretary of the Treasury and the Director of the Office of Management and Budget shall each take such actions as may be necessary to promptly carry out this section in accordance with sound debt management policies.

''(g) Reducing the debt pursuant to this section shall not interfere with the debt management policies or goals of the Secretary of the Treasury.''.

(b) CONFORMING AMENDMENT.—The chapter analysis for chapter 31 of title 31, United States Code, is amended by inserting after the item relating to section 3113 the following:

''3114. Public debt reduction payment account.''.

SEC. 102. REDUCTION OF STATUTORY LIMIT ON THE PUBLIC DEBT.

Section 3101(b) of title 31, United States Code, is amended by inserting ''minus the amount appropriated into the Public Debt Reduction Payment Account pursuant to section 3114(c)'' after ''$5,950,000,000,000''.

SEC. 103. OFF-BUDGET STATUS OF PUBLIC DEBT REDUCTION PAYMENT ACCOUNT.

Notwithstanding any other provision of law, the receipts and disbursements of the Public Debt Reduction Payment Account established by section 3114 of title 31, United States Code, shall not be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

(1) the budget of the United States Government as submitted by the President,

(2) the congressional budget, or

(3) the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 104. REMOVING PUBLIC DEBT REDUCTION PAYMENT ACCOUNT FROM BUDGET PRONOUNCEMENTS.

(a) IN GENERAL.—Any official statement issued by the Office of Management and Budget, the Congressional Budget Office, or any other agency or instrumentality of the Federal Government of surplus or deficit totals of the budget of the United States Government as submitted by the President or of the surplus or deficit totals of the congressional budget, and any description of, or reference to, such totals in any official publication or material issued by either of such Offices or any other such agency or instrumentality, shall exclude the outlays and receipts of the Public Debt Reduction Payment Account established by section 3114 of title 31, United States Code.

(b) SEPARATE PUBLIC DEBT REDUCTION PAYMENT ACCOUNT BUDGET DOCUMENTS.—The excluded outlays and receipts of the Public Debt Reduction Payment Account established by section 3114 of title 31, United States Code, shall be submitted in separate budget documents.

SEC. 105. REPORTS TO CONGRESS.

(a) REPORTS OF THE SECRETARY OF THE TREASURY.—(1) Within 30 days after the appropriation is deposited into the Public Debt Reduction Payment Account under section 3114 of title 31, United States Code, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate confirming that such account has been established and the amount and date of such deposit. Such report shall also include a description of the Secretary's plan for using such money to reduce debt held by the public.

(2) Not later than October 31, 2002, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate setting forth the amount of money deposited into the Public Debt Reduction Payment Account, the amount of debt held by the public that was reduced, and a description of the actual debt instruments that were redeemed with such money.

(b) REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES.—Not later than November 15, 2002, the Comptroller General of the United States shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate verifying all of the information set forth in the reports submitted under subsection (a).

TITLE II—SOCIAL SECURITY AND MEDICARE LOCK-BOX

SEC. 201. PROTECTION OF SOCIAL SECURITY AND MEDICARE SURPLUSES.

(a) PROTECTION OF SOCIAL SECURITY AND MEDICARE SURPLUSES.—Section 201 of the concurrent resolution on the budget for fiscal year 2001 (H. Con. Res. 290, 106th Congress) is amended as follows:

(1) In the section heading, by inserting ''**AND MEDICARE**'' before ''**SURPLUSES**''.

(2) By striking subsection (c) and inserting the following new subsection:

''(c) LOCK-BOX FOR SOCIAL SECURITY AND HOSPITAL INSURANCE SURPLUSES.—

''(1) CONCURRENT RESOLUTIONS ON THE BUDGET.—It shall not be in order in the House of Representatives or the Senate to consider any concurrent resolution on the budget, or conference report thereon or amendment thereto, that would set forth a surplus for any fiscal year that is less than the surplus of the Federal Hospital Insurance Trust Fund for that fiscal year.

''(2) SUBSEQUENT LEGISLATION.—(A) Except as provided by subparagraph (B), it shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report if—

''(i) the enactment of that bill or resolution as reported;

''(ii) the adoption and enactment of that amendment; or

''(iii) the enactment of that bill or resolution in the form recommended in that conference report,

would cause the on-budget surplus for any fiscal year to be less than the projected surplus of the Federal Hospital Insurance Trust Fund (as assumed in the most recently agreed to concurrent resolution on the budget) for that fiscal year or increase the amount by which the on-budget surplus for any fiscal year would be less than such trust fund surplus for that fiscal year.

''(B) Subparagraph (A) shall not apply to social security reform legislation or medicare reform legislation.''.

(3) By redesignating subsections (e) and (f) as subsections (g) and (h), respectively, and inserting after subsection (d) the following new subsections:

''(e) CONTENT OF CONCURRENT RESOLUTION ON THE BUDGET.—The concurrent resolution on the budget for each fiscal year shall set forth appropriate levels for the fiscal year beginning on October 1 of such year and for at least each of the 4 ensuing fiscal years of the surplus or deficit in the Federal Hospital Insurance Trust Fund.

''(f) DEFINITIONS.—As used in this section:

''(1) The term 'medicare reform legislation' means a bill or a joint resolution to save Medicare that includes a provision stating the following: 'For purposes of section 201(c) of the concurrent resolution on the budget for fiscal year 2001, this Act constitutes medicare reform legislation.'.

''(2) The term 'social security reform legislation' means a bill or a joint resolution to save social security that includes a provision stating the following: 'For purposes of section 201(c) of the concurrent resolution on the budget for fiscal year 2001, this Act constitutes social security reform legislation.'.''.

(4) In the first sentence of subsection (h) (as redesignated), by striking ''(1)''.

(5) At the end, by adding the following new subsection:

''(i) EFFECTIVE DATE.—This section shall cease to have any force or effect upon the enactment of social security reform legislation and medicare reform legislation.''.

(b) PROTECTION OF SOCIAL SECURITY AND MEDICARE SURPLUSES.—(1) If the budget of the United States Government submitted by the President under section 1105(a) of title 31, United States Code, recommends an on-budget surplus for any fiscal year that is less than the surplus of the Federal Hospital Insurance Trust Fund for that fiscal year, then it shall include proposed legislative language for social security reform legislation or medicare reform legislation.

(2) Paragraph (1) shall cease to have any force or effect upon the enactment of social security reform legislation and medicare reform legislation as defined by section 201(g) of the concurrent resolution on the budget for fiscal year 2001 (H. Con. Res 290, 106th Congress).

(c) CONFORMING AMENDMENT.—The item relating to section 201 in the table of contents set forth in section 1(b) of the concurrent resolution on the budget for fiscal year 2001 (H. Con. Res 290, 106th Congress) is amended to read as follows:

''Sec. 201. Protection of social security and medicare surpluses.''.

SEC. 202. REMOVING SOCIAL SECURITY FROM BUDGET PRONOUNCEMENTS.

(a) IN GENERAL.—Any official statement issued by the Office of Management and Budget, the Congressional Budget Office, or any other agency or instrumentality of the Federal Government of surplus or deficit totals of the budget of the United States Government as submitted by the President or of

the surplus or deficit totals of the congressional budget, and any description of, or reference to, such totals in any official publication or material issued by either of such Offices or any other such agency or instrumentality, shall exclude the outlays and receipts of the old-age, survivors, and disability insurance program under title II of the Social Security Act (including the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund) and the related provisions of the Internal Revenue Code of 1986.

(b) SEPARATE SOCIAL SECURITY BUDGET DOCUMENTS.—The excluded outlays and receipts of the old-age, survivors, and disability insurance program under title II of the Social Security Act shall be submitted in separate Social Security budget documents.

DIVISION B—RETIREMENT SECURITY

TITLE XI—INDIVIDUAL RETIREMENT ACCOUNTS

SEC. 1100. REFERENCES.

Except as otherwise expressly provided, whenever in this division an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 1101. MODIFICATION OF IRA CONTRIBUTION LIMITS.

(a) INCREASE IN CONTRIBUTION LIMIT.—

(1) IN GENERAL.—Paragraph (1)(A) of section 219(b) (relating to maximum amount of deduction) is amended by striking ''$2,000'' and inserting ''the deductible amount''.

(2) DEDUCTIBLE AMOUNT.—Section 219(b) is amended by adding at the end the following new paragraph:

''(5) DEDUCTIBLE AMOUNT.—For purposes of paragraph (1)(A)—

''(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

''For taxable years beginning in:	The deductible amount is:
2001	$3,000
2002	$4,000
2003 and thereafter	$5,000.

''(B) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS 50 OR OLDER.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the deductible amount for taxable years beginning in 2001 or 2002 shall be $5,000.

''(C) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2003, the $5,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $500, such amount shall be rounded to the next lower multiple of $500.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 408(a)(1) is amended by striking ''in excess of $2,000 on behalf of any individual'' and inserting ''on behalf of any individual in excess of the amount in effect for such taxable year under section 219(b)(1)(A)''.

(2) Section 408(b)(2)(B) is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(3) Section 408(b) is amended by striking ''$2,000'' in the matter following paragraph (4) and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(4) Section 408(j) is amended by striking ''$2,000''.

(5) Section 408(p)(8) is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

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

TITLE XII—EXPANDING COVERAGE

SEC. 1201. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS.

(a) DEFINED BENEFIT PLANS.—

(1) DOLLAR LIMIT.—

(A) Subparagraph (A) of section 415(b)(1) (relating to limitation for defined benefit plans) is amended by striking ''$90,000'' and inserting ''$160,000''.

(B) Subparagraphs (C) and (D) of section 415(b)(2) are each amended by striking ''$90,000'' each place it appears in the headings and the text and inserting ''$160,000''.

(C) Paragraph (7) of section 415(b) (relating to benefits under certain collectively bargained plans) is amended by striking ''the greater of $68,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$90,000' '' and inserting ''one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$160,000' ''.

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subparagraph (C) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 62''.

(3) LIMIT INCREASED WHEN BENEFIT BEGINS AFTER AGE 65.—Subparagraph (D) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 65''.

(4) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) by striking ''$90,000'' in paragraph (1)(A) and inserting ''$160,000''; and

(B) in paragraph (3)(A)—

(i) by striking ''$90,000'' in the heading and inserting ''$160,000''; and

(ii) by striking ''October 1, 1986'' and inserting ''July 1, 2000''.

(5) CONFORMING AMENDMENT.—Section 415(b)(2) is amended by striking subparagraph (F).

(b) DEFINED CONTRIBUTION PLANS.—

(1) DOLLAR LIMIT.—Subparagraph (A) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''$30,000'' and inserting ''$40,000''.

(2) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) by striking ''$30,000'' in paragraph (1)(C) and inserting ''$40,000''; and

(B) in paragraph (3)(D)—

(i) by striking ''$30,000'' in the heading and inserting ''$40,000''; and

(ii) by striking ''October 1, 1993'' and inserting ''July 1, 2000''.

(c) QUALIFIED TRUSTS.—

(1) COMPENSATION LIMIT.—Sections 401(a)(17), 404(l), 408(k), and 505(b)(7) are each amended by striking ''$150,000'' each place it appears and inserting ''$200,000''.

(2) BASE PERIOD AND ROUNDING OF COST-OF-LIVING ADJUSTMENT.—Subparagraph (B) of section 401(a)(17) is amended—

(A) by striking ''October 1, 1993'' and inserting ''July 1, 2000''; and

(B) by striking ''$10,000'' both places it appears and inserting ''$5,000''.

(d) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on exclusion for elective deferrals) is amended to read as follows:

''(1) IN GENERAL.—

''(A) LIMITATION.—Notwithstanding subsections (e)(3) and (h)(1)(B), the elective deferrals of any individual for any taxable year shall be included in such individual's gross income to the extent the amount of such deferrals for the taxable year exceeds the applicable dollar amount.

''(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be the amount determined in accordance with the following table:

''For taxable years beginning in calendar year:	The applicable dollar amount:
2001	$11,000
2002	$12,000
2003	$13,000
2004	$14,000
2005 or thereafter	$15,000.''.

(2) COST-OF-LIVING ADJUSTMENT.—Paragraph (5) of section 402(g) is amended to read as follows:

''(5) COST-OF-LIVING ADJUSTMENT.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount under paragraph (1)(B) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 402(g) (relating to limitation on exclusion for elective deferrals), as amended by paragraphs (1) and (2), is further amended by striking paragraph (4) and redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (4), (5), (6), (7), and (8), respectively.

(B) Paragraph (2) of section 457(c) is amended by striking ''402(g)(8)(A)(iii)'' and inserting ''402(g)(7)(A)(iii)''.

(C) Clause (iii) of section 501(c)(18)(D) is amended by striking ''(other than paragraph (4) thereof)''.

(e) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended—

(A) in subsections (b)(2)(A) and (c)(1) by striking ''$7,500'' each place it appears and inserting ''the applicable dollar amount''; and

(B) in subsection (b)(3)(A) by striking ''$15,000'' and inserting ''twice the dollar amount in effect under subsection (b)(2)(A)''.

(2) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—Paragraph (15) of section 457(e) is amended to read as follows:

''(15) APPLICABLE DOLLAR AMOUNT.—

''(A) IN GENERAL.—The applicable dollar amount shall be the amount determined in accordance with the following table:

''For taxable years beginning in calendar year:	The applicable dollar amount:
2001	$11,000
2002	$12,000
2003	$13,000
2004	$14,000
2005 or thereafter	$15,000.

''(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount specified in the table in subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a

multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(f) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking ''$6,000'' and inserting ''the applicable dollar amount''.

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

''(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	The applicable dollar amount:
2001	$7,000
2002	$8,000
2003	$9,000
2004 or thereafter	$10,000.

''(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2004, the Secretary shall adjust the $10,000 amount under clause (i) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter beginning July 1, 2003, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Clause (I) of section 401(k)(11)(B)(i) is amended by striking ''$6,000'' and inserting ''the amount in effect under section 408(p)(2)(A)(ii)''.

(B) Section 401(k)(11) is amended by striking subparagraph (E).

(g) ROUNDING RULE RELATING TO DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS.—Paragraph (4) of section 415(d) is amended to read as follows:

''(4) ROUNDING.—

''(A) $160,000 AMOUNT.—Any increase under subparagraph (A) of paragraph (1) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(B) $40,000 AMOUNT.—Any increase under subparagraph (C) of paragraph (1) which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.''.

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

SEC. 1202. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) IN GENERAL.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

''(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i).''.

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

SEC. 1203. MODIFICATION OF TOP-HEAVY RULES.

(a) SIMPLIFICATION OF DEFINITION OF KEY EMPLOYEE.—

(1) IN GENERAL.—Section 416(i)(1)(A) (defining key employee) is amended—

(A) by striking ''or any of the 4 preceding plan years'' in the matter preceding clause (i);

(B) by striking clause (i) and inserting the following:

''(i) an officer of the employer having an annual compensation greater than $150,000,'';

(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively; and

(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C).

(2) CONFORMING AMENDMENT.—Section 416(i)(1)(B)(iii) is amended by striking ''and subparagraph (A)(ii)''.

(b) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by adding at the end the following: ''Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.''.

(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

''(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

''(A) IN GENERAL.—For purposes of determining—

''(i) the present value of the cumulative accrued benefit for any employee, or

''(ii) the amount of the account of any employee,

such present value or amount shall be increased by the aggregate distributions made with respect to such employee under the plan during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

''(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting '5-year period' for '1-year period'.''.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ''LAST 5 YEARS'' in the heading and inserting ''LAST YEAR BEFORE DETERMINATION DATE''; and

(B) by striking ''5-year period'' and inserting ''1-year period''.

(d) DEFINITION OF TOP-HEAVY PLANS.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

''(H) CASH OR DEFERRED ARRANGEMENTS USING ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—The term 'top-heavy plan' shall not include a plan which consists solely of—

''(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

''(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2).''.

(e) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) by striking ''clause (ii)'' in clause (i) and inserting ''clause (ii) or (iii)''; and

(B) by adding at the end the following:

''(iii) EXCEPTION FOR FROZEN PLAN.—For purposes of determining an employee's years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b)) no employee or former employee.''.

(f) ELIMINATION OF FAMILY ATTRIBUTION.—Section 416(i)(1)(B) (defining 5-percent owner) is amended by adding at the end the following new clause:

''(iv) FAMILY ATTRIBUTION DISREGARDED.—Solely for purposes of applying this paragraph (and not for purposes of any provision of this title which incorporates by reference the definition of a key employee or 5-percent owner under this paragraph), section 318 shall be applied without regard to subsection (a)(1) thereof in determining whether any person is a 5-percent owner.''.

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

SEC. 1204. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404 (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred payment plan) is amended by adding at the end the following new subsection:

''(n) ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.—Elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitation contained in paragraph (3), (7), or (9) of subsection (a), and such elective deferrals shall not be taken into account in applying any such limitation to any other contributions.''.

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

SEC. 1205. REPEAL OF COORDINATION REQUIREMENTS FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subsection (c) of section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations), as amended by section 1201, is amended to read as follows:

''(c) LIMITATION.—The maximum amount of the compensation of any one individual which may be deferred under subsection (a) during any taxable year shall not exceed the amount in effect under subsection (b)(2)(A) (as modified by any adjustment provided under subsection (b)(3)).''.

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

SEC. 1206. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 7527 of the Internal Revenue Code of 1986 for requests to the Internal Revenue Service for determination letters with respect to the qualified status of a pension benefit plan maintained solely by one or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

(1) made after the fifth plan year the pension benefit plan is in existence; or

(2) made by the sponsor of any prototype or similar plan which the sponsor intends to market to participating employers.

(b) PENSION BENEFIT PLAN.—For purposes of this section, the term ''pension benefit plan'' means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term ''eligible employer'' has the same meaning given such term in

section 408(p)(2)(C)(i)(I) of the Internal Revenue Code of 1986. The determination of whether an employer is an eligible employer under this section shall be made as of the date of the request described in subsection (a).

(d) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 1207. DEDUCTION LIMITS.

(a) IN GENERAL.—

(1) STOCK BONUS AND PROFIT SHARING TRUSTS.—Subclause (I) of section 404(a)(3)(A)(i) (relating to stock bonus and profit sharing trusts) is amended by striking ''15 percent'' and inserting ''20 percent''.

(2) COMPENSATION.—Section 404(a) (relating to general rule) is amended by adding at the end the following:

''(12) DEFINITION OF COMPENSATION.—For purposes of paragraphs (3), (7), (8), and (9), the term 'compensation otherwise paid or accrued during the taxable year' shall include amounts treated as 'participant's compensation' under subparagraph (C) or (D) of section 415(c)(3).''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 404(a)(3) is amended by striking the last sentence thereof.

(2) Subparagraph (C) of section 404(h)(1) is amended by striking ''15 percent'' each place it appears and inserting ''20 percent''.

(3) Clause (i) of section 4972(c)(6)(B) is amended by striking ''(within the meaning of section 404(a))'' and inserting ''(within the meaning of section 404(a) and as adjusted under section 404(a)(12))''.

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

SEC. 1208. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 402 the following new section:

''SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFERRALS AS PLUS CONTRIBUTIONS.

''(a) GENERAL RULE.—If an applicable retirement plan includes a qualified plus contribution program—

''(1) any designated plus contribution made by an employee pursuant to the program shall be treated as an elective deferral for purposes of this chapter, except that such contribution shall not be excludable from gross income, and

''(2) such plan (and any arrangement which is part of such plan) shall not be treated as failing to meet any requirement of this chapter solely by reason of including such program.

''(b) QUALIFIED PLUS CONTRIBUTION PROGRAM.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plus contribution program' means a program under which an employee may elect to make designated plus contributions in lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the applicable retirement plan.

''(2) SEPARATE ACCOUNTING REQUIRED.—A program shall not be treated as a qualified plus contribution program unless the applicable retirement plan—

''(A) establishes separate accounts ('designated plus accounts') for the designated plus contributions of each employee and any earnings properly allocable to the contributions, and

''(B) maintains separate recordkeeping with respect to each account.

''(c) DEFINITIONS AND RULES RELATING TO DESIGNATED PLUS CONTRIBUTIONS.—For purposes of this section—

''(1) DESIGNATED PLUS CONTRIBUTION.—The term 'designated plus contribution' means any elective deferral which—

''(A) is excludable from gross income of an employee without regard to this section, and

''(B) the employee designates (at such time and in such manner as the Secretary may prescribe) as not being so excludable.

''(2) DESIGNATION LIMITS.—The amount of elective deferrals which an employee may designate under paragraph (1) shall not exceed the excess (if any) of—

''(A) the maximum amount of elective deferrals excludable from gross income of the employee for the taxable year (without regard to this section), over

''(B) the aggregate amount of elective deferrals of the employee for the taxable year which the employee does not designate under paragraph (1).

''(3) ROLLOVER CONTRIBUTIONS.—

''(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated plus account which is otherwise allowable under this chapter may be made only if the contribution is to—

''(i) another designated plus account of the individual from whose account the payment or distribution was made, or

''(ii) a Roth IRA of such individual.

''(B) COORDINATION WITH LIMIT.—Any rollover contribution to a designated plus account under subparagraph (A) shall not be taken into account for purposes of paragraph (1).

''(d) DISTRIBUTION RULES.—For purposes of this title—

''(1) EXCLUSION.—Any qualified distribution from a designated plus account shall not be includible in gross income.

''(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified distribution' has the meaning given such term by section 408A(d)(2)(A) (without regard to clause (iv) thereof).

''(B) DISTRIBUTIONS WITHIN NONEXCLUSION PERIOD.—A payment or distribution from a designated plus account shall not be treated as a qualified distribution if such payment or distribution is made within the 5-taxable-year period beginning with the earlier of—

''(i) the first taxable year for which the individual made a designated plus contribution to any designated plus account established for such individual under the same applicable retirement plan, or

''(ii) if a rollover contribution was made to such designated plus account from a designated plus account previously established for such individual under another applicable retirement plan, the first taxable year for which the individual made a designated plus contribution to such previously established account.

''(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND EARNINGS.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) and any income on the excess deferral.

''(3) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated plus account and other distributions and payments from the plan.

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

''(1) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

''(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a), and

''(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b).

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3).''.

(b) EXCESS DEFERRALS.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: ''The preceding sentence shall not apply to so much of such excess as does not exceed the designated plus contributions of the individual for the taxable year.''; and

(2) by inserting ''(or would be included but for the last sentence thereof)'' after ''paragraph (1)'' in paragraph (2)(A).

(c) ROLLOVERS.—Subparagraph (B) of section 402(c)(8) is amended by adding at the end the following:

''If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated plus account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated plus account and a Roth IRA.''.

(d) REPORTING REQUIREMENTS.—

(1) W–2 INFORMATION.—Section 6051(a)(8) is amended by inserting '', including the amount of designated plus contributions (as defined in section 402A)'' before the comma at the end.

(2) INFORMATION.—Section 6047 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) DESIGNATED PLUS CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated plus contributions (as so defined) to the Secretary, participants and beneficiaries of the plan, and such other persons as the Secretary may prescribe.''.

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: ''Such term includes a rollover contribution described in section 402A(c)(3)(A).''.

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

''Sec. 402A. Optional treatment of elective deferrals as plus contributions.''.

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

TITLE XIII—ENHANCING FAIRNESS FOR WOMEN

SEC. 1301. CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) IN GENERAL.—Section 414 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

''(v) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—

''(1) IN GENERAL.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

''(2) LIMITATION ON AMOUNT OF ADDITIONAL DEFERRALS.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

''(A) $5,000, or

''(B) the excess (if any) of—

''(i) the participant's compensation for the year, over

''(ii) any other elective deferrals of the participant for such year which are made without regard to this subsection.

''(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1), such contribution shall not, with respect to the year in which the contribution is made—

''(A) be subject to any otherwise applicable limitation contained in section 402(g), 402(h)(2), 404(a), 404(h), 408(p)(2)(A)(ii), 415, or 457, or

''(B) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan.

''(4) ELIGIBLE PARTICIPANT.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

''(A) who has attained the age of 50 before the close of the plan year, and

''(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or comparable limitation contained in the terms of the plan.

''(5) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE EMPLOYER PLAN.—The term 'applicable employer plan' means—

''(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

''(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

''(iii) an eligible deferred compensation plan under section 457 of an eligible employer as defined in section 457(e)(1)(A), and

''(iv) an arrangement meeting the requirements of section 408 (k) or (p).

''(B) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

''(C) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in subparagraph (A)(iii) for any year to which section 457(b)(3) applies.

''(D) COST-OF-LIVING ADJUSTMENT.—For years beginning after December 31, 2005, the Secretary shall adjust annually the $5,000 amount in subparagraph (A) for increases in the cost-of-living at the same time and in the same manner as adjustments under section 415(d); except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

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

SEC. 1302. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''25 percent'' and inserting ''100 percent''.

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking ''the exclusion allowance for such taxable year'' in paragraph (1) and inserting ''the applicable limit under section 415'';

(B) by striking paragraph (2); and

(C) by inserting ''or any amount received by a former employee after the fifth taxable year following the taxable year in which such employee was terminated'' before the period at the end of the second sentence of paragraph (3).

(3) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking ''section 403(b)(2)(D)(iii))'' and inserting ''section 403(b)(2)(D)(iii), as in effect before the enactment of the Debt Relief and Retirement Security Reconciliation Act)''.

(B) Section 404(a)(10)(B) is amended by striking '', the exclusion allowance under section 403(b)(2),''.

(C) Section 415(a)(2) is amended by striking '', and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)''.

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

''(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3).''.

(E) Section 415(c) is amended by striking paragraph (4).

(F) Section 415(c)(7) is amended to read as follows:

''(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

''(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

''(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

''(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2).''.

(G) Subparagraph (B) of section 402(g)(7) (as redesignated by section 211) is amended by inserting before the period at the end the following: ''(as in effect before the enactment of the Debt Relief and Retirement Security Reconciliation Act)''.

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

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to limitation years beginning after December 31, 1999.

(B) EXCLUSION ALLOWANCE.—Effective for limitation years beginning in 2000, in the case of any annuity contract described in section 403(b) of the Internal Revenue Code of 1986, the amount of the contribution disqualified by reason of section 415(g) of such Code shall reduce the exclusion allowance as provided in section 403(b)(2) of such Code.

(3) MODIFICATION OF 403(b) EXCLUSION ALLOWANCE TO CONFORM TO 415 MODIFICATION.—The Secretary of the Treasury shall modify the regulations regarding the exclusion allowance under section 403(b)(2) of the Internal Revenue Code of 1986 to render void the requirement that contributions to a defined benefit pension plan be treated as previously excluded amounts for purposes of the exclusion allowance. For taxable years beginning after December 31, 1999, such regulations shall be applied as if such requirement were void.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Subparagraph (B) of section 457(b)(2) (relating to salary limitation on eligible deferred compensation plans) is amended by striking ''33⅓ percent'' and inserting ''100 percent''.

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

SEC. 1303. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) IN GENERAL.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (12), a plan''; and

(2) by adding at the end the following:

''(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100.''.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions for plan years beginning after December 31, 2000.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified by the date of the enactment of this Act, the amendments made by this section shall not apply to contributions on behalf of employees covered by any such agreement for plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of the enactment); or

(ii) January 1, 2001; or

(B) January 1, 2005.

(3) SERVICE REQUIRED.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

SEC. 1304. SIMPLIFY AND UPDATE THE MINIMUM DISTRIBUTION RULES.

(a) SIMPLIFICATION AND FINALIZATION OF MINIMUM DISTRIBUTION REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall—

(A) simplify and finalize the regulations relating to minimum distribution requirements under sections 401(a)(9), 408(a)(6) and (b)(3), 403(b)(10), and 457(d)(2) of the Internal Revenue Code of 1986; and

(B) modify such regulations to—

(i) reflect current life expectancy; and

(ii) revise the required distribution methods so that, under reasonable assumptions, the amount of the required minimum distribution does not decrease over a participant's life expectancy.

(2) FRESH START.—Notwithstanding subparagraph (D) of section 401(a)(9) of such Code, during the first year that regulations are in effect under this subsection, required distributions for future years may be redetermined to reflect changes under such regulations. Such redetermination shall include the opportunity to choose a new designated beneficiary and to elect a new method of calculating life expectancy.

(3) EFFECTIVE DATE FOR REGULATIONS.—Regulations referred to in paragraph (1) shall be effective for years beginning after December 31, 2000, and shall apply in such years without regard to whether an individual had previously begun receiving minimum distributions.

(b) REPEAL OF RULE WHERE DISTRIBUTIONS HAD BEGUN BEFORE DEATH OCCURS.—

(1) IN GENERAL.—Subparagraph (B) of section 401(a)(9) is amended by striking clause (i) and redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively.

(2) CONFORMING CHANGES.—

(A) Clause (i) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''FOR OTHER CASES'' in the heading; and

(ii) by striking ''the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii)'' and inserting ''his entire interest has been distributed to him''.

(B) Clause (ii) of section 401(a)(9)(B) (as so redesignated) is amended by striking ''clause (ii)'' and inserting ''clause (i)''.

(C) Clause (iii) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''clause (iii)(I)'' and inserting ''clause (ii)(I)'';

(ii) by striking ''clause (iii)(III)'' in subclause (I) and inserting ''clause (ii)(III)'';

(iii) by striking ''the date on which the employee would have attained age 70½,'' in subclause (I) and inserting ''April 1 of the calendar year following the calendar year in which the spouse attains 70½,''; and

(iv) by striking ''the distributions to such spouse begin,'' in subclause (II) and inserting ''his entire interest has been distributed to him,''.

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

(c) REDUCTION IN EXCISE TAX.—

(1) IN GENERAL.—Subsection (a) of section 4974 is amended by striking ''50 percent'' and inserting ''10 percent''.

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

SEC. 1305. CLARIFICATION OF TAX TREATMENT OF DIVISION OF SECTION 457 PLAN BENEFITS UPON DIVORCE.

(a) IN GENERAL.—Section 414(p)(11) (relating to application of rules to governmental and church plans) is amended—

(1) by inserting ''or an eligible deferred compensation plan (within the meaning of section 457(b))'' after ''subsection (e))''; and

(2) in the heading, by striking ''GOVERNMENTAL AND CHURCH PLANS'' and inserting ''CERTAIN OTHER PLANS''.

(b) WAIVER OF CERTAIN DISTRIBUTION REQUIREMENTS.—Paragraph (10) of section 414(p) is amended by striking ''and section 409(d)'' and inserting ''section 409(d), and section 457(d)''.

(c) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—Subsection (p) of section 414 is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

''(12) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—If a distribution or payment from an eligible deferred compensation plan described in section 457(b) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(e)(1)(A) shall apply to such distribution or payment.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers, distributions, and payments made after December 31, 2000.

SEC. 1306. MODIFICATION OF SAFE HARBOR RELIEF FOR HARDSHIP WITHDRAWALS FROM CASH OR DEFERRED ARRANGEMENTS.

(a) IN GENERAL.—The Secretary of the Treasury shall revise the regulations relating to hardship distributions under section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986 to provide that the period an employee is prohibited from making elective and employee contributions in order for a distribution to be deemed necessary to satisfy financial need shall be equal to 6 months.

(b) EFFECTIVE DATE.—The revised regulations under subsection (a) shall apply to years beginning after December 31, 2000.

TITLE XIV—INCREASING PORTABILITY FOR PARTICIPANTS

SEC. 1401. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

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

(1) ROLLOVERS FROM SECTION 457 PLANS.—

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

''(16) ROLLOVER AMOUNTS.—

''(A) GENERAL RULE.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

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

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

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

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

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

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

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

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

''(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

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

(D) WITHHOLDING.—

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

''(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) maintained by an employer described in section 457(e)(1)(A); or''.

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

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

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

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

(2) ROLLOVERS TO SECTION 457 PLANS.—

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

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

(B) SEPARATE ACCOUNTING.—Section 402(c) is amended by adding at the end the following new paragraph:

''(11) SEPARATE ACCOUNTING.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans.''.

(C) 10 PERCENT ADDITIONAL TAX.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

''(9) SPECIAL RULE FOR ROLLOVERS TO SECTION 457 PLANS.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c)).''.

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

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

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

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

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1)

of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

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

(d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking ''; except that'' and all that follows up to the end period.

(e) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator.''.

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

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

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

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

(f) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

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

SEC. 1402. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

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

''(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to this paragraph).

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

(b) CONFORMING AMENDMENTS.—

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

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

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

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

(c) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

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

SEC. 1403. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution to the extent—

''(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B).''.

(b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

''(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B).''.

(c) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

''(H) APPLICATION OF SECTION 72.—

''(i) IN GENERAL.—If—

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

''(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

''(ii) APPLICABLE RULES.—In the case of a distribution described in clause (i)—

''(I) section 72 shall be applied separately to such distribution,

''(II) notwithstanding the pro rata allocation of income on, and investment in, the contract to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

''(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''.

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

SEC. 1404. HARDSHIP EXCEPTION TO 60-DAY RULE.

(a) EXEMPT TRUSTS.—Paragraph (3) of section 402(c) (relating to transfer must be made within 60 days of receipt) is amended to read as follows:

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

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

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

(b) IRAS.—Paragraph (3) of section 408(d) (relating to rollover contributions), as amended by section 1403, is amended by adding after subparagraph (H) the following new subparagraph:

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1405. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) IN GENERAL.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

''(D) PLAN TRANSFERS.—

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

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

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

''(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I),

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

''(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election,

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

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

''(ii) EXCEPTION.—Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

''(E) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated, and

''(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''.

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

(b) REGULATIONS.—

(1) IN GENERAL.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: ''The Secretary shall by regulations provide that this subparagraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.''.

(2) SECRETARY DIRECTED.—Not later than December 31, 2001, the Secretary of the Treasury is directed to issue final regulations under section 411(d)(6) of the Internal Revenue Code of 1986, including the regulations required by the amendments made by this subsection. Such regulations shall apply to plan years beginning after December 31, 2001, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 1406. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS.

(a) MODIFICATION OF SAME DESK EXCEPTION.—

(1) SECTION 401(k).—

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

(B) Subparagraph (A) of section 401(k)(10) (relating to distributions upon termination of plan or disposition of assets or subsidiary) is amended to read as follows:

''(A) IN GENERAL.—An event described in this subparagraph is the termination of the plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7)).''.

(C) Section 401(k)(10) is amended—

(i) in subparagraph (B)—

(I) by striking ''An event'' in clause (i) and inserting ''A termination''; and

(II) by striking ''the event'' in clause (i) and inserting ''the termination'';

(ii) by striking subparagraph (C); and

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

(2) SECTION 403(b).—

(A) Paragraphs (7)(A)(ii) and (11)(A) of section 403(b) are each amended by striking ''separates from service'' and inserting ''has a severance from employment''.

(B) The heading for paragraph (11) of section 403(b) is amended by striking ''SEPARATION FROM SERVICE'' and inserting ''SEVERANCE FROM EMPLOYMENT''.

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

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1407. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

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

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

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

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

(b) 457 PLANS.—Subsection (e) of section 457 is amended by adding after paragraph (16) the following new paragraph:

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

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

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 1408. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

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

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

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 1409. MINIMUM DISTRIBUTION AND INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) MINIMUM DISTRIBUTION REQUIREMENTS.—Paragraph (2) of section 457(d) (relating to distribution requirements) is amended to read as follows:

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

(b) INCLUSION IN GROSS INCOME.—

(1) YEAR OF INCLUSION.—Subsection (a) of section 457 (relating to year of inclusion in gross income) is amended to read as follows:

''(a) YEAR OF INCLUSION IN GROSS INCOME.—

''(1) IN GENERAL.—Any amount of compensation deferred under an eligible deferred compensation plan, and any income attributable to the amounts so deferred, shall be includible in gross income only for the taxable year in which such compensation or other income—

''(A) is paid to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(A), and

''(B) is paid or otherwise made available to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(B).

''(2) SPECIAL RULE FOR ROLLOVER AMOUNTS.—To the extent provided in section 72(t)(9), section 72(t) shall apply to any amount includible in gross income under this subsection.''.

(2) CONFORMING AMENDMENTS.—

(A) So much of paragraph (9) of section 457(e) as precedes subparagraph (A) is amended to read as follows:

''(9) BENEFITS OF TAX EXEMPT ORGANIZATION PLANS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—In the case of an eligible deferred compensation plan of an employer described in subsection (e)(1)(B)—''.

(B) Section 457(d) is amended by adding at the end the following new paragraph:

''(3) SPECIAL RULE FOR GOVERNMENT PLAN.—An eligible deferred compensation plan of an employer described in subsection (e)(1)(A) shall not be treated as failing to meet the requirements of this subsection solely by reason of making a distribution described in subsection (e)(9)(A).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

TITLE XV—STRENGTHENING PENSION SECURITY AND ENFORCEMENT

SEC. 1501. REPEAL OF 150 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) IN GENERAL.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(1) by striking ''the applicable percentage'' in subparagraph (A)(i)(I) and inserting ''in the case of plan years beginning before January 1, 2004, the applicable percentage''; and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

"In the case of any plan year beginning in—	The applicable percentage is—
2001	160
2002	165
2003	170.''.

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

SEC. 1502. MAXIMUM CONTRIBUTION DEDUCTION RULES MODIFIED AND APPLIED TO ALL DEFINED BENEFIT PLANS.

(a) IN GENERAL.—Subparagraph (D) of section 404(a)(1) (relating to special rule in case of certain plans) is amended to read as follows:

''(D) SPECIAL RULE IN CASE OF CERTAIN PLANS.—

''(i) IN GENERAL.—In the case of any defined benefit plan, except as provided in regulations, the maximum amount deductible under the limitations of this paragraph shall not be less than the unfunded termination liability (determined as if the proposed termination date referred to in section 4041(b)(2)(A)(i)(II) of the Employee Retirement Income Security Act of 1974 were the last day of the plan year).

''(ii) PLANS WITH LESS THAN 100 PARTICIPANTS.—For purposes of this subparagraph, in the case of a plan which has less than 100 participants for the plan year, termination liability shall not include the liability attributable to benefit increases for highly compensated employees (as defined in section 414(q)) resulting from a plan amendment which is made or becomes effective, whichever is later, within the last 2 years before the termination date.

''(iii) RULE FOR DETERMINING NUMBER OF PARTICIPANTS.—For purposes of determining whether a plan has more than 100 participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 412(l)(8)(C))) shall be treated as one plan, but only employees of such member or employer shall be taken into account.

''(iv) PLANS ESTABLISHED AND MAINTAIN BY PROFESSIONAL SERVICE EMPLOYERS.—Clause (i) shall not apply to a plan described in section 4021(b)(13) of the Employee Retirement Income Security Act of 1974.''.

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 4972(c) is amended to read as follows:

''(6) EXCEPTIONS.—In determining the amount of nondeductible contributions for any taxable year, there shall not be taken into account so much of the contributions to one or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

''(A) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

''(B) the sum of—

''(i) the amount of contributions described in section 401(m)(4)(A), plus

''(ii) the amount of contributions described in section 402(g)(3)(A).

For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to a defined benefit plan and then to amounts described in subparagraph (B).''.

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

SEC. 1503. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING.

(a) IN GENERAL.—Subsection (c) of section 4972 (relating to nondeductible contributions) is amended by adding at the end the following new paragraph:

''(7) DEFINED BENEFIT PLAN EXCEPTION.—In determining the amount of nondeductible contributions for any taxable year, an employer may elect for such year not to take into account any contributions to a defined benefit plan except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof). For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to defined contribution plans and then to amounts described in this paragraph. If an employer makes an election under this paragraph for a taxable year, paragraph (6) shall not apply to such employer for such taxable year.''.

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

SEC. 1504. EXCISE TAX ON FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) IN GENERAL.—Chapter 43 (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

"SEC. 4980F. FAILURE OF APPLICABLE PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of any applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

''(b) AMOUNT OF TAX.—

''(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

''(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the failure is corrected.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—In the case of failures that are due to reasonable cause and not to willful neglect, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as one plan. For purposes of this paragraph, if not all persons who are treated as a single employer for purposes of this section have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(2) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

''(1) IN GENERAL.—If an applicable pension plan is amended to provide for a significant reduction in the rate of future benefit accrual, the plan administrator shall provide written notice to each applicable individual (and to each employee organization representing applicable individuals).

''(2) NOTICE.—The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow applicable individuals to understand the effect of the plan amendment.

''(3) TIMING OF NOTICE.—Except as provided in regulations, the notice required by paragraph (1) shall be provided within a reasonable time before the effective date of the plan amendment.

''(4) DESIGNEES.—Any notice under paragraph (1) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(5) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

''(f) APPLICABLE INDIVIDUAL; APPLICABLE PENSION PLAN.—For purposes of this section—

''(1) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means, with respect to any plan amendment—

''(A) any participant in the plan, and

''(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)),

who may reasonably be expected to be affected by such plan amendment.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) any defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 412,

which had 100 or more participants who had accrued a benefit, or with respect to whom contributions were made, under the plan (whether or not vested) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective. Such term shall not include a governmental plan (within the meaning of section 414(d)) or a church plan (within the meaning of section 414(e)) with respect to which the election provided by section 410(d) has not been made.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 43 is amended by adding at the end the following new item:

''Sec. 4980F. Failure of applicable plans reducing benefit accruals to satisfy notice requirements.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) TRANSITION.—Until such time as the Secretary of the Treasury issues regulations under sections 4980F(e)(2) and (3) of the Internal Revenue Code of 1986 (as added by the amendments made by this section), a plan shall be treated as meeting the requirements of such sections if it makes a good faith effort to comply with such requirements.

(3) SPECIAL RULE.—The period for providing any notice required by the amendments made by this section shall not end before the date which is 3 months after the date of the enactment of this Act.

(d) STUDY.—The Secretary of the Treasury shall prepare a report on the effects of conversions of traditional defined benefit plans to cash balance or hybrid formula plans. Such study shall examine the effect of such conversions on longer service participants, including the incidence and effects of ''wear away'' provisions under which participants earn no additional benefits for a period of time after the conversion. As soon as practicable, but not later than 60 days after the date of the enactment of this Act, the Secretary shall submit such report, together with recommendations thereon, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

SEC. 1505. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—Paragraph (11) of section 415(b) (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 (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 subsections (b)(1)(A) and (c).''.

(2) CONFORMING AMENDMENT FOR AGGREGATION OF PLANS.—Subsection (g) of section 415 (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, 2000.

SEC. 1506. PROHIBITED ALLOCATIONS OF STOCK IN S CORPORATION ESOP.

(a) IN GENERAL.—Section 409 (relating to qualifications for tax credit employee stock ownership plans) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) PROHIBITED ALLOCATIONS OF SECURITIES IN AN S CORPORATION.—

''(1) IN GENERAL.—An employee stock ownership plan holding employer securities consisting of stock in an S corporation shall provide that no portion of the assets of the plan attributable to (or allocable in lieu of) such employer securities may, during a nonallocation year, accrue (or be allocated directly or indirectly under any plan of the employer meeting the requirements of section 401(a)) for the benefit of any disqualified person.

''(2) FAILURE TO MEET REQUIREMENTS.—

''(A) IN GENERAL.—If a plan fails to meet the requirements of paragraph (1), the plan shall be treated as having distributed to any disqualified person the amount allocated to the account of such person in violation of paragraph (1) at the time of such allocation.

''(B) CROSS REFERENCE.—

''For excise tax relating to violations of paragraph (1) and ownership of synthetic equity, see section 4979A.

''(3) NONALLOCATION YEAR.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'nonallocation year' means any plan year of an employee stock ownership plan if, at any time during such plan year—

''(i) such plan holds employer securities consisting of stock in an S corporation, and

''(ii) disqualified persons own at least 50 percent of the number of shares of stock in the S corporation.

''(B) ATTRIBUTION RULES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The rules of section 318(a) shall apply for purposes of determining ownership, except that—

''(I) in applying paragraph (1) thereof, the members of an individual's family shall include members of the family described in paragraph (4)(D), and

''(II) paragraph (4) thereof shall not apply.

''(ii) DEEMED-OWNED SHARES.—Notwithstanding the employee trust exception in section 318(a)(2)(B)(i), individual shall be treated as owning deemed-owned shares of the individual.

Solely for purposes of applying paragraph (5), this subparagraph shall be applied after the attribution rules of paragraph (5) have been applied.

''(4) DISQUALIFIED PERSON.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'disqualified person' means any person if—

''(i) the aggregate number of deemed-owned shares of such person and the members of such person's family is at least 20 percent of the number of deemed-owned shares of stock in the S corporation, or

''(ii) in the case of a person not described in clause (i), the number of deemed-owned shares of such person is at least 10 percent of the number of deemed-owned shares of stock in such corporation.

''(B) TREATMENT OF FAMILY MEMBERS.—In the case of a disqualified person described in subparagraph (A)(i), any member of such person's family with deemed-owned shares shall be treated as a disqualified person if not otherwise treated as a disqualified person under subparagraph (A).

''(C) DEEMED-OWNED SHARES.—

''(i) IN GENERAL.—The term 'deemed-owned shares' means, with respect to any person—

''(I) the stock in the S corporation constituting employer securities of an employee stock ownership plan which is allocated to such person under the plan, and

''(II) such person's share of the stock in such corporation which is held by such plan but which is not allocated under the plan to participants.

''(ii) PERSON'S SHARE OF UNALLOCATED STOCK.—For purposes of clause (i)(II), a person's share of unallocated S corporation stock held by such plan is the amount of the unallocated stock which would be allocated to such person if the unallocated stock were allocated to all participants in the same proportions as the most recent stock allocation under the plan.

''(D) MEMBER OF FAMILY.—For purposes of this paragraph, the term 'member of the family' means, with respect to any individual—

''(i) the spouse of the individual,

''(ii) an ancestor or lineal descendant of the individual or the individual's spouse,

''(iii) a brother or sister of the individual or the individual's spouse and any lineal descendant of the brother or sister, and

''(iv) the spouse of any individual described in clause (ii) or (iii).

A spouse of an individual who is legally separated from such individual under a decree of divorce or separate maintenance shall not be treated as such individual's spouse for purposes of this subparagraph.

''(5) TREATMENT OF SYNTHETIC EQUITY.—For purposes of paragraphs (3) and (4), in the case of a person who owns synthetic equity in the S corporation, except to the extent provided in regulations, the shares of stock in such corporation on which such synthetic equity is based shall be treated as outstanding stock in such corporation and deemed-owned shares of such person if such treatment of synthetic equity of 1 or more such persons results in—

''(A) the treatment of any person as a disqualified person, or

''(B) the treatment of any year as a nonallocation year.

For purposes of this paragraph, synthetic equity shall be treated as owned by a person in the same manner as stock is treated as owned by a person under the rules of paragraphs (2) and (3) of section 318(a). If, without regard to this paragraph, a person is treated as a disqualified person or a year is treated as a nonallocation year, this paragraph shall not be construed to result in the person or year not being so treated.

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

''(A) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

''(B) EMPLOYER SECURITIES.—The term 'employer security' has the meaning given such term by section 409(l).

''(C) SYNTHETIC EQUITY.—The term 'synthetic equity' means any stock option, warrant, restricted stock, deferred issuance stock right, or similar interest or right that gives the holder the right to acquire or receive stock of the S corporation in the future. Except to the extent provided in regulations, synthetic equity also includes a stock appreciation right, phantom stock unit, or similar right to a future cash payment based on the value of such stock or appreciation in such value.

''(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection.''.

(b) COORDINATION WITH SECTION 4975(e)(7).—The last sentence of section 4975(e)(7) (defining employee stock ownership plan) is amended by inserting '', section 409(p),'' after ''409(n)''.

(c) EXCISE TAX.—

(1) APPLICATION OF TAX.—Subsection (a) of section 4979A (relating to tax on certain prohibited allocations of employer securities) is amended—

(A) by striking ''or'' at the end of paragraph (1), and

(B) by striking all that follows paragraph (2) and inserting the following:

''(3) there is any allocation of employer securities which violates the provisions of section 409(p), or a nonallocation year described in subsection (e)(2)(C) with respect to an employee stock ownership plan, or

''(4) any synthetic equity is owned by a disqualified person in any nonallocation year,

there is hereby imposed a tax on such allocation or ownership equal to 50 percent of the amount involved.''.

(2) LIABILITY.—Section 4979A(c) (defining liability for tax) is amended to read as follows:

''(c) LIABILITY FOR TAX.—The tax imposed by this section shall be paid—

''(1) in the case of an allocation referred to in paragraph (1) or (2) of subsection (a), by—

''(A) the employer sponsoring such plan, or

''(B) the eligible worker-owned cooperative,

which made the written statement described in section 664(g)(1)(E) or in section 1042(b)(3)(B) (as the case may be), and

''(2) in the case of an allocation or ownership referred to in paragraph (3) or (4) of subsection (a), by the S corporation the stock in which was so allocated or owned.''.

(3) DEFINITIONS.—Section 4979A(e) (relating to definitions) is amended to read as follows:

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

''(1) DEFINITIONS.—Except as provided in paragraph (2), terms used in this section have the same respective meanings as when used in sections 409 and 4978.

''(2) SPECIAL RULES RELATING TO TAX IMPOSED BY REASON OF PARAGRAPH (3) OR (4) OF SUBSECTION (a).—

''(A) PROHIBITED ALLOCATIONS.—The amount involved with respect to any tax imposed by reason of subsection (a)(3) is the amount allocated to the account of any person in violation of section 409(p)(1).

''(B) SYNTHETIC EQUITY.—The amount involved with respect to any tax imposed by reason of subsection (a)(4) is the value of the shares on which the synthetic equity is based.

''(C) SPECIAL RULE DURING FIRST NONALLOCATION YEAR.—For purposes of subparagraph (A), the amount involved for the first nonallocation year of any employee stock ownership plan shall be determined by taking into account the total value of all the deemed-owned shares of all disqualified persons with respect to such plan.

''(D) STATUTE OF LIMITATIONS.—The statutory period for the assessment of any tax imposed by this section by reason of paragraph (3) or (4) of subsection (a) shall not expire before the date which is 3 years from the later of—

''(i) the allocation or ownership referred to in such paragraph giving rise to such tax, or

''(ii) the date on which the Secretary is notified of such allocation or ownership.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2001.

(2) EXCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after July 11, 2000, or

(B) employee stock ownership plan established on or before such date if employer securities held by the plan consist of stock in a corporation with respect to which an election under section 1362(a) of the Internal Revenue Code of 1986 is not in effect on such date,

the amendments made by this section shall apply to plan years ending after July 11, 2000.

TITLE XVI—REDUCING REGULATORY BURDENS

SEC. 1601. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) IN GENERAL.—Paragraph (9) of section 412(c)(9) (relating to annual valuation) is amended to read as follows:

''(9) ANNUAL VALUATION.—

''(A) IN GENERAL.—For purposes of this section, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every year, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary.

''(B) VALUATION DATE.—

''(i) CURRENT YEAR.—Except as provided in clause (ii), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

''(ii) ELECTION TO USE PRIOR YEAR VALUATION.—The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if—

''(I) an election is in effect under this clause with respect to the plan, and

''(II) as of such date, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).

''(iii) ADJUSTMENTS.—Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) ELECTION.—An election under clause (ii), once made, shall be irrevocable without the consent of the Secretary.''.

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

SEC. 1602. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking ''or'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) is, at the election of such participants or their beneficiaries—

''(I) payable as provided in clause (i) or (ii), or

''(II) paid to the plan and reinvested in qualifying employer securities, or''.

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

SEC. 1603. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) IN GENERAL.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

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

SEC. 1604. EMPLOYEES OF TAX-EXEMPT ENTITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall modify Treasury Regulations section 1.410(b)–6(g) to provide that employees of an organization described in section 403(b)(1)(A)(i) of the Internal Revenue Code of 1986 who are eligible to make contributions under section 403(b) of such Code pursuant to a salary reduction agreement may be treated as excludable with respect to a plan under section 401(k) or (m) of such Code that is provided under the same general arrangement as a plan under such section 401(k), if—

(1) no employee of an organization described in section 403(b)(1)(A)(i) of such Code is eligible to participate in such section 401(k) plan or section 401(m) plan; and

(2) 95 percent of the employees who are not employees of an organization described in section 403(b)(1)(A)(i) of such Code are eligible to participate in such plan under such section 401(k) or (m).

(b) EFFECTIVE DATE.—The modification required by subsection (a) shall apply as of the same date set forth in section 1426(b) of the Small Business Job Protection Act of 1996.

SEC. 1605. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) IN GENERAL.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking ''or'' at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting '', or'', and by adding at the end the following new paragraph:

''(7) qualified retirement planning services.''.

(b) QUALIFIED RETIREMENT PLANNING SERVICES DEFINED.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

''(m) QUALIFIED RETIREMENT PLANNING SERVICES.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified retirement planning services' means any retirement planning service provided to an employee and his spouse by an employer maintaining a qualified employer plan.

''(2) NONDISCRIMINATION RULE.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such services are available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.

''(3) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' means a plan, contract, pension, or account described in section 219(g)(5).''.

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

SEC. 1606. REPORTING SIMPLIFICATION.

(a) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR OWNERS AND THEIR SPOUSES.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $250,000 or less as of the close of the plan year need not file a return for that year.

(2) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term ''one-participant retirement plan'' means a retirement plan that—

(A) on the first day of the plan year—

(i) covered only the employer (and the employer's spouse) and the employer owned the entire business (whether or not incorporated); or

(ii) covered only one or more partners (and their spouses) in a business partnership (including partners in an S or C corporation);

(B) meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business;

(C) does not provide benefits to anyone except the employer (and the employer's spouse) or the partners (and their spouses);

(D) does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

(E) does not cover a business that leases employees.

(3) OTHER DEFINITIONS.—Terms used in paragraph (2) which are also used in section 414 of the Internal Revenue Code of 1986 shall have the respective meanings given such terms by such section.

(b) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 EMPLOYEES.—In the case of a retirement plan which covers less than 25 employees on the first day of the plan year and meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2), the Secretary of the Treasury shall provide for the filing of a simplified annual return that is substantially similar to the annual return required to be filed by a one-participant retirement plan.

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2001.

SEC. 1607. IMPROVEMENT OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program) giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program;

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures;

(3) extending the duration of the self-correction period under the Administrative Policy Regarding Self-Correction for significant compliance failures;

(4) expanding the availability to correct insignificant compliance failures under the Administrative Policy Regarding Self-Correction during audit; and

(5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

SEC. 1608. REPEAL OF THE MULTIPLE USE TEST.

(a) IN GENERAL.—Paragraph (9) of section 401(m) is amended to read as follows:

''(9) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and subsection (k), including regulations permitting appropriate aggregation of plans and contributions.''.

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

SEC. 1609. FLEXIBILITY IN NONDISCRIMINATION, COVERAGE, AND LINE OF BUSINESS RULES.

(a) NONDISCRIMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury shall, by regulation, provide that a plan shall be deemed to satisfy the requirements of section 401(a)(4) of the Internal Revenue Code of 1986 if such plan satisfies the facts and circumstances test under section 401(a)(4) of such Code, as in effect before January 1, 1994, but only if—

(A) the plan satisfies conditions prescribed by the Secretary to appropriately limit the availability of such test; and

(B) the plan is submitted to the Secretary for a determination of whether it satisfies such test.

Subparagraph (B) shall only apply to the extent provided by the Secretary.

(2) EFFECTIVE DATES.—

(A) REGULATIONS.—The regulation required by paragraph (1) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) (relating to minimum coverage requirements) is amended by adding at the end the following:

''(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

''(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

''(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

''(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.''.

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(c) LINE OF BUSINESS RULES.—The Secretary of the Treasury shall, on or before December 31, 2000, modify the existing regulations issued under section 414(r) of the Internal Revenue Code of 1986 in order to expand (to the extent that the Secretary determines appropriate) the ability of a pension plan to demonstrate compliance with the line of business requirements based upon the facts and circumstances surrounding the design and operation of the plan, even though the plan is unable to satisfy the mechanical tests currently used to determine compliance.

SEC. 1610. EXTENSION TO ALL GOVERNMENTAL PLANS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—

(1) Subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by striking ''section 414(d))'' and all that follows and inserting ''section 414(d)).''.

(2) Subparagraph (G) of section 401(k)(3) and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 are each amended by striking ''maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for subparagraph (G) of section 401(a)(5) is amended to read as follows: ''GOVERNMENTAL PLANS''.

(2) The heading for subparagraph (H) of section 401(a)(26) is amended to read as follows: ''EXCEPTION FOR GOVERNMENTAL PLANS''.

(3) Subparagraph (G) of section 401(k)(3) is amended by inserting ''GOVERNMENTAL PLANS.—'' after ''(G)''.

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

SEC. 1611. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) IN GENERAL.—Subparagraph (A) of section 417(a)(6) is amended by striking ''90-day'' and inserting ''180-day''.

(2) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute ''180 days'' for ''90 days'' each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(3) EFFECTIVE DATE.—The amendment made by paragraph (1) and the modifications required by paragraph (2) shall apply to years beginning after December 31, 2000.

(b) CONSENT REGULATION INAPPLICABLE TO CERTAIN DISTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2000.

TITLE XVII—PLAN AMENDMENTS

SEC. 1701. PROVISIONS RELATING TO PLAN AMENDMENTS.

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

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

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

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

(A) pursuant to any amendment made by this Act, or pursuant to any regulation issued under this Act, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2003.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting ''2005'' for ''2003''.

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

(A) during the period—

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

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

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

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

PARLIAMENTARY INQUIRY

Mr. RANGEL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his inquiry.

Mr. RANGEL. Mr. Speaker, is it within the rules of this House under the suspension of the rules that we can bring legislation before us that has already passed the House of Representatives?

We have two bills that have already passed the House and now they are coming back. Is it within the rules of the House that we can repass same bills, the same form without any changes?

The SPEAKER pro tempore. Under suspension of the rules, there is no prohibition against that.

Mr. RANGEL. No prohibition?

The SPEAKER pro tempore. Under the rules of the House, there is no prohibition.

Mr. RANGEL. Okay, Mr. Speaker, I withdraw my parliamentary inquiry.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida (Mr. SHAW) and the gentleman from New York (Mr. RANGEL) each will control 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. SHAW).

GENERAL LEAVE

Mr. SHAW. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 5203.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

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

Mr. Speaker, I think perhaps my statement might very well clarify things for my friend, the gentleman from New York (Mr. RANGEL). One may ask why we are bringing up and voting on a bill that includes the legislation which so overwhelmingly passed this House yesterday under suspension of the rules by a vote of 381 to 3, along with the popular pension reform legislation which earlier passed by a vote of 401 to 25 and had at least 181 cosponsors including 81 House Democrats.

At a time when Washington reporters like to talk about partisan maneuvering at the end of a season to get Members out of town and back home to their districts, I would like to point out how hard the sponsors of this bill are working, including the Democrats and Republicans alike, the gentleman from Maryland (Mr. CARDIN), the gentleman from Ohio (Mr. PORTMAN), the gentleman from California (Mr. HERGER), and the gentleman from Kentucky (Mr. FLETCHER), we are working towards bipartisan solutions to important issues on which we agree.

We are delivering this to the American people in these closing days of this session of this Congress, but the reason we are taking a series of votes on the same or similar legislation is it that we need to be sure that some form of these important solutions get passed by the other Chamber and get signed into law by the President.

Mr. Speaker, I know that a lot of negotiations are going on along Pennsylvania Avenue on a variety of issues, but we are producing results on these items that are most important to the people, the people that I represent in the State of Florida; protecting Social Security and Medicare, protecting and enhancing their retirement security, and protecting our hard-earned money from wasteful Washington spenders.

Make no mistake, over the last 6 years, the Republicans have done most of the heavy lifting in cutting wasteful Washington spending and bringing the budget into balance. Now, that there is a surplus, Republicans have begun the process of responsibly paying down the national debt, while protecting Social Security and Medicare and keeping our economy strong so that future generations of Americans inherit a Nation that is free of debt with a healthy thriving economy.

In accomplishing this major feat, which less than a decade ago, seemed impossible, Republicans have adhered to some basic principles which continue to guide us as we prepare to address the challenges ahead of us, and that is saving Social Security and Medicare for future generations.

These are our basic principles, one, payroll taxes belong to the people who pay into the system, not to the government. Two, the best way to keep Washington from spending more is to take surplus cash off the table and store it in a lockbox that can only be used for Social Security, Medicare or debt reduction. Three, long-term overpayments by taxpayers should be given back to taxpayers in the form of tax relief not co-opted by those in Washington who want to spend more.

So it is logical that as we try to keep our economy strong and keep hard-earned dollars in the hands of the wage earners of this country, we focus on pension reform and other components of this goal. Increasing the savings stimulates the economic growth, reducing the government's take on a person's savings and earnings encourages people to save, leaving them more of their savings to keep them through their retirement years.

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It is no wonder why both these bills are so popular. The question is, why are we having trouble getting similar legislation moved through the other Chamber and on to the President's desk? These are the specific reasons we are bringing up this bill today.

First, we want to try again to break the logjam in the other body on moving forward with the Social Security and Medicare lockbox. Republicans have been pushing for this legislation since early last year but have been stonewalled by the minority. Everyone from the President to the Vice President says they want this but the minority in the other body continues to block its consideration.

We hope that they are not part of some larger political game; that they will finally agree to the lockbox and get this bill signed into law.

Second, Republicans want to set aside $42 billion of the FY 2001 surplus right now for debt relief so that those funds cannot be spent on more government programs. We should not use the surplus to make government bigger; we should use it to make the national debt smaller.

We would invite the President and our colleagues in the other body to join us in this historic effort to use 90 percent of the surplus for debt relief.

Here is what our lockbox does, and, again, it is identical to the legislation that we have previously passed: one, it sets aside $240 billion for debt reduction for FY 2001 alone. That is 90 percent of the entire surplus in FY 2001 dedicated to paying down the publicly held debt and putting us on to the path of eliminating the debt by the year 2012 or perhaps even sooner. It sets aside 100 percent of the Social Security surplus to pay down the debt until we pass legislation that actually saves Social Security. That is $165 billion of debt reduction in fiscal year 2001 and $2.4 trillion over the next 10 years; $2.4 trillion.

It sets aside 100 percent of the Medicare surplus to pay down the debt until we pass legislation that saves Medicare. That is another $32 billion of debt reduction in fiscal year 2001, and another $360 billion over the next 10 years. It sets aside an additional $42 billion of the non-Social Security and non-Medicare surplus for debt reduction. An additional $42 billion of the on-budget surplus would be set aside for debt reduction in a special account in Treasury.

The bill is good for millions of Americans, especially working women who have no pension or have inadequate pension coverage today. As we will hear from other speakers today describe in even more detail, we raise the limit of IRAs from $2,000 to $5,000. As we all know, the IRAs are one of the most popular and successful programs ever conceived. As inflation has caught up with the value of the original amount people can set aside, that is $1,500 in 1974 raised to $2,000 in 1981, it makes sense to allow people to do more to save for retirement.

Our bill similarly updates 401(k) amounts and improves portability so one can take their retirement nest egg with them when they move from job to job, which is even a greater incentive for younger Americans to start planning for their future earlier.

Only half of all private sector workers have any kind of pension and only 20 percent of small business offer retirement plans. So the ability to design an individual program and carry their savings with them is as important as our effort to protect pension plans from the burdens of overtaxation. But do not forget, every single individual in this country stands to benefit from this bill because we will be protecting future generations from debt. We will be making retirement savings grow for workers of all ages, and we will be helping keep hard-earned dollars in the hands of taxpayers rather than sending them to Washington.

When given the choice to put dollars in the hands of Washington or keeping them in the pockets of people living in Florida, I would choose to trust my constituents any day.

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

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

Mr. Speaker, my friend, the gentleman from Florida (Mr. SHAW), and he is my friend, has spent a lot of time talking about the merits of these two bills that are before the House on the suspension calendar. Throughout his support, he mentions Republicans a half a dozen times, which I can understand, it is that time of the year and he needs all the help he can get. My problem is, he would have us to believe that these two bills that passed this House overwhelmingly in a bipartisan way is just not enough to move his Republican leaders on the other side of this building. And so if this is so, then we will be using the suspension calendar for everything that we do not like the progress of a piece of legislation to move Republicans that are not in this Chamber, which I think is an abuse of the privilege of the suspension calendar. But that is a political matter.

What I am concerned about, as a member of the Committee on Ways and Means, is that there is a lot of talk about this new bill, H.R. 5203, being the

same as the House-passed bill, H.R. 5173. Since the new bill is still warm in my hand as it comes off the press, and we saw it at noontime, there may be a similarity in substance; but there is a heck of a lot of difference in terms of language. There are changes in this bill that may be technical, but there are 135 lines of the new bill that is shorter than what we had in the old bill.

Now, I know that some Republican expert decided which was good and which was bad, and the gentleman has a lot of time left, and I know he will explain why we do have at least in terms of numbers and pages a different bill. But another thing bothers me and that is if we do have a very important piece of legislation and they both concern the Committee on Ways and Means, and we did have an amendment to the bill when it was in the House that would allow lower-income people to have incentives for savings, why would not this bill, if it had to be revisited, why would it bypass the Committee on Ways and Means? Why would we have something that we have not even had our staffs to read, since it has just been out a couple of hours? Why do we have this urgency to get this thing done with such speed, in view of the fact that our committee has no work before it?

We do not get a chance to have a motion to recommit on the suspension calendar. We do not have a chance to see whether we can improve this bill. It is not the identical bill that we passed here before. The staff knows that. I am just saying that when one takes popular ideas and believe that each time they find us supporting something they can call it bipartisan, that it has to keep on getting passed, it is not right.

Democrats have worked with my colleagues on the other side of the aisle on the legislation, and we still think that it can be improved; but since they have given up on tax cuts and have moved swiftly to budget gimmicks, I thought we had really done all that we could the last time this thing came up, where we are now doing by legislation what President Clinton has been doing by making certain the Federal debt is being paid down.

I do not know how far we have to go with this type of procedures on the floor. Democratic support was gotten before. Democratic support has to be gotten now. Since the parliamentarians indicated that this can be brought up as often as the other side wants on the suspension calendar, maybe we will have other bills that we have joined together in passing. I might suggest, though, being in the minority, one of the ways that action might be gotten from the other body is for Republicans here to talk to Republicans there.

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

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

Mr. Speaker, I would like to say to my friend, the gentleman from New York (Mr. RANGEL), he has known me long enough to know that I am a man of my word; and I can assure him that these bills are exactly what the gentleman has already supported in the committee and that he has already supported on the floor.

I think the gentleman knows that when we get into the closing days, perhaps he knows better than I do, the negotiations that are going on. Two bills as important as these bills are, to merge them together, gives us just another option in which to get these matters before the Senate, to the conference, and to the President's desk for signature.

Mr. Speaker, I yield 4 minutes to the gentleman from Ohio (Mr. PORTMAN), the author of the pension portion of this bill.

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

Mr. PORTMAN. Mr. Speaker, I thank the chairman, the gentleman from Florida (Mr. SHAW), very much for yielding me this time; and I thank him for bringing this bill, H.R. 5203, to the floor today.

It is the Debt Relief and Retirement Security Reconciliation Act of 2000, and it is designed to give reconciliation protection to legislation we have already passed for the purpose of negotiating with the Senate to move this process forward and to get these bills enacted this year.

The first is the debt lockbox legislation that puts 90 percent of this year's budget surplus projected for 2001 into debt relief, and then second of course is the bipartisan retirement security legislation that we have passed in this House by a vote of 401 to 25, which expands and strengthens IRAs, 401(k)s and other pensions.

I would like to focus, if I could, this afternoon on the retirement security package that is before us. This is bipartisan legislation that my friend and colleague, the gentleman from Maryland (Mr. CARDIN), and I have worked on over the last 3 years. It is very important. It is very important we get it enacted and do so this year. We need to do all we can because there is a real retirement security crunch out there. Seventy million Americans, about half the workforce, do not have any kind of a pension at all today, not even a 401(k), nothing. The problem is even worse among small businesses. We are told that less than 20 percent of small businesses, Mr. Speaker, that is with businesses of 25 or fewer employees, offer any kind of pension coverage today.

Now, this is at a time when private savings in this country is dangerously low. In fact, last month we are told that our savings rate in this country was actually negative. This, of course, hurts our economy. It presents a real danger to our economy moving forward, but it also hurts people; it hurts individuals. Experts tell us that older baby-boomers, for instance, have put only 40 percent aside of what they will need for a financially secure retirement. So it is time to take action, and it is time to do it now.

Part of the problem we have had over the years is right here in Congress. Over the last 20 years, Congress has made pensions less generous by lowering the contribution of benefit levels, believe it or not, and while making pension benefits lower they have also made pensions more costly to offer by increasing the number of rules and regulations on employers.

Let me say what kind of impact that has had. Let me give a specific example. From 1982 to 1994, the limits on defined benefit plans were repeatedly reduced by Congress and new restrictions were added, primarily for the purpose of generating Federal revenue, by the way. This was not a policy decision that had to do with pensions. It had to do with at that time addressing the deficit. As these cutback from 1982 to 1994 took effect, the number of traditional defined benefit plans insured by PBGC dropped from 114,000 plans in 1987 to 45,000 plans in 1997. These are the facts. They speak for themselves.

During the past 2 decades, overall pension coverage has remained stagnant, even when the defined contribution side is included. Obviously, it is past time for Congress to reverse these trends, and the bill before us today does just that. It is a comprehensive approach. It has been developed over the last 3 years with careful consultation with small businesses, labor organizations like the building trades department of the AFL–CIO. It has also been worked on by pension law experts in the private sector, academia and the administration. Most importantly, we have looked to and taken the advice of workers themselves, folks who are in pension plans, to see how they could be improved. They have been fully vetted. About 200 Members of this House, almost equally divided between Republicans and Democrats, have cosponsored the bill and more than 85 outside groups have endorsed it. The approach is fiscally responsible, and it is very straightforward.

It falls in basically three categories. First, we allow all workers to set aside more money for their retirement. That means setting aside more money in a 401(k)-type plan, in a union, multiemployer-type plan, a defined benefit plan and all other pensions. It also means setting more money aside in an IRA. In most cases, very importantly, all we are doing is trying to restore those limits to where they were before the Congress reduced them.

For example, moving the IRA contribution levels from $2,000 to $5,000 is about where it would have been had it been indexed to inflation in the 1970s. We also allow special catch-up contributions that help workers over 50 set aside even more for retirement.

These accelerated contributions will allow older workers—especially women returning to the workforce—the opportunity to build up a retirement nest egg more quickly—at a time in

their lives when their earnings are relatively high and when they most need to save for retirement.

Second, we're modernizing pension laws to adapt to what we've learned about the realities of an increasingly mobile workforce. So, we make defined contributions plans portable so workers can roll-over their retirement nest egg between various types of qualified plans—including 401(k), 403(b) and 457 plans. And, we require employers to allow workers to become vested in their pension plans more quickly—in 3 years rather than the current-law 5.

Finally, we listened to those in the trenches, and we responded to the surveys that clearly demonstrate that we must reduce the complexities and red tape in current law if we are going to expand pension opportunities for those who work for small businesses. That's why we make it easier for employers—particularly small businesses—to establish and maintain pension plans by reducing costs and liabilities—including modernizing outdated laws and streamlining complex rules. Yet, we keep in place the important protections that ensure families fairness in our pension system.

Despite the overwhelming and broad-based support for this legislation, there are some in the Administration who call this package a ''tax cut for the rich.'' That's wrong. Why should they tell working Americans—who are struggling to save for retirement—that the $2,000 limit on IRA contributions established in 1981 makes sense today? Why should they tell working Americans that they can save less in a 401(k) plan than they could in the 1980s?

Remember who benefits here—77 percent of American workers currently participating in a pension plan make less than $50,000 per year. By expanding retirement savings options, we'll be helping those workers who need the most help in saving for retirement.

I urge my colleagues to join us today in sending a strong bipartisan message to the Senate—and to the White House—that we are committed to helping all Americans have more peace of mind—and more financial security—in their retirement years. Let's pass this package again.

□ 1430

Mr. RANGEL. Mr. Speaker, I yield 4 minutes to the gentleman from Washington (Mr. MCDERMOTT), a member of the Committee on Ways and Means and a member of the Committee on the Budget.

Mr. MCDERMOTT. Mr. Speaker, coming over here today, having been over here yesterday when half of this bill passed the last time, I could not help thinking of what, I think it was Groucho Marx said, that if you are going to go into politics, the first thing you have to learn to do is to act sincere. Because if we are going to come out here with this kind of legislation, we really have to work pretty hard to keep a straight face.

Yesterday we passed the bill on this lockbox on debt repayment, which is a totally useless piece of legislation. It is not necessary; the debt is being paid down without any such process now. But it was a pretty good press release yesterday. So they thought, well, let us do it again tomorrow. Since we are not doing anything worthwhile anyway, we might as well have something to put into our press release machine to fire out at the newspapers all over the country, and that is a good one, and oh, yeah, there is that pension thing, we can pass that too. Why do we not staple those bills together, because it will be different. They cannot say we are bringing out the same bill as we brought out yesterday; we are bringing out the same bill yesterday, plus the same bill from July 19.

Now, you say, why do we pick July 19? Well, we think about it and we say to ourselves, they must be bringing out the July 19 bill because they did it in the middle of the summer and people have forgotten about it, and today we are 49 days from election and we have to be sure and remind the people of the good legislation we passed that the majority in the other body killed, so we do not get blamed for it.

Mr. Speaker, the real irony of this thing is we have the majority party in the House who cannot seem to get the majority party in the other body to pay attention to them. We fire this nonsense over there and they put it in a desk drawer and it never sees the light of day again. This is an intra-party fight inside the majority party. That is why we will probably be out here tomorrow with the debt reduction bill and, let us see, we could marry it up to the estate tax removal. That would be a good one to put out here. Then, on Thursday we can bring out the debt reduction bill and the marriage tax penalty bill. Now, let me think. I will sit down over here and come up with the list for next week. Because we have not passed the appropriation acts, we have not had any conference committees on the budget, so we have to come out here and do these little shows.

Now, I think the American people are smarter than some people in this place give them credit for. They will see this; they are not going to forget that yesterday they read about the debt reduction bill and they are going to think they got the same paper 2 days in a row. Right there on the front pages, Republicans plan to spend 90 percent of the money in the surplus on paying down the debt. They cannot do it, because they already passed enough tax breaks to use up 22 percent; they cannot use 90 percent and 22 percent. If we add 90 and 22, that makes 112 percent of the surplus.

Now, I am not quite sure who teaches math over in the other caucus, but they need a new calculator, because it does not work. But, with a very straight face and acting very sincere, people stand down here and tell us that we can do it. I suppose if one believes that, one could believe in buying the Brooklyn Bridge or a whole lot of other things.

The only things we have passed here in the last few days has been naming new bridges and new courthouses and new highways and this kind of stuff, part of which is legislative nonsense, and the other part is a decent bill. But the people are not going to be fooled by this press release.

Mr. SHAW. Mr. Speaker, I yield myself such time as I may consume to remind the gentleman from Washington that in the other body, it is the other party that has been filibustering the lockbox legislation. Perhaps this will break something loose over there. It is very good bipartisan legislation in this body, but in the other body it has not worked that way.

Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HERGER), the author of the lockbox legislation.

Mr. HERGER. Mr. Speaker, I rise in strong support of this measure. This bill increases IRA contribution limits from $2,000 to $5,000, making it easier for Americans to save. This measure also includes two provisions I introduced, the Social Security lockbox, which passed the House last year by a 416-to-12 vote, and the Medicare lockbox, which I introduced in March and passed the House this June by a 420-to-2 vote.

Mr. Speaker, for the first time, these lockboxes will protect 100 percent of trust fund surpluses from spending on other unrelated government programs. Ending the raid on the Social Security and Medicare trust funds is the right thing to do. This legislation also creates another lockbox in which $42 billion additional surplus dollars will be held only for debt reduction. All in all, this legislation will use 90 percent, or $240 billion to pay down public debt this year alone. Never in the history of our Nation has a Congress paid down this much public debt in a single year.

Today, we made debt reduction the priority, not the afterthought. This bill is the epitome of sound fiscal policy. For individual Americans, we increase opportunities to save; for the government's part, we protect the Social Security and Medicare trust funds for the first time from raids and still pay down $240 billion in public debt. This bill is a win-win for fiscal responsibility, a win-win for our children, a win-win for our seniors, and a win-win for the best interests of the United States. I urge my colleagues to vote for this measure.

Mr. RANGEL. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan (Mr. LEVIN), a senior member of the Committee on Ways and Means.

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

Mr. LEVIN. Mr. Speaker, this session is descending into utter confusion, and if it is confusing here, we can imagine what the public thinks.

The Republican majority here in the House has moved from pillar to post. First a $900 billion tax cut, much of it for the very wealthy, eating up a good portion of the nonSocial Security surplus. Well, that did not fly, so now we have a proposal, 90 percent of the surplus for debt retirement. So we go from $900 billion in an unworkable tax proposal to 90 percent of that surplus, that

would have been used up in large measure by the tax bill, now for debt retirement.

Well, to add to the confusion, we now have this bill tied into another bill, and what could be the reason for it? The gentleman from Ohio talked about how it was necessary for budget reconciliation, he used those terms. Let me just read a statement on this point that we have worked on with the staff and I would like to have someone refute it if it is wrong.

The debt reduction lockbox provisions in H.R. 5203 are in no way, shape or form a reconciliation bill in the Senate. The Senate had no budget reconciliation instructions for debt reduction. Among other things, the debt reduction provisions violate the Byrd Rule in the Senate and section 306 of the Budget Act which protects the jurisdiction of the budget committees. As such, a motion to proceed to consideration of such a bill under budget reconciliation rules could be filibustered in the Senate. What the House is doing is converting the House-passed pension IRA bill into a nonreconciliation bill for the Senate. So this bill is not only confusing, it is counterproductive.

Well, what is the second reason given for combining these bills? It is said it is to get the attention of the Senate. How about e-mail or the telephone, or just walk across the rotunda and sit down with the majority leader in the Senate and we will be glad to join with the White House, and let us get busy and do some work and pass some legislation.

What we are doing here is treading water while the session is sinking. It just does not make any sense, as the gentleman from New York (Mr. RANGEL) said. We Democrats are ready to work. We are ready to move on. We are ready to pass legislation and not to add to an already confusing situation.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DELAY).

Mr. DELAY. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, it is not confusing. The Republicans are committed to empowering American families by returning power, money and choices to the people. We do not believe that the Federal budget surplus belongs to the government. It is the people's money, and it should be returned. They earned it.

This is our constant and unchanging goal. That is why we proposed a firm commitment that applies at least 90 percent of next year's Federal budget surplus to paying off our debts. It turns out that a commitment to paying off the debt is a popular position. Last night, we forged a common sense coalition for debt relief. We drew support from both sides of the aisle. We believe that the surplus must be returned to the American people, if not through tax relief, then through debt reduction.

Today, we take another important step. Members have another opportunity to send a very clear message to the White House. The American people demand greater fiscal discipline from their government. An unrestrained wave of new Washington spending is not an acceptable use for their surplus. Our latest initiative addresses this theme of fiscal discipline by both expanding retirement security and paying off the debt. We can again urge the President to join with us, but our expectations are pretty low.

The President has already repeatedly blocked the bipartisan effort to return the surplus to the American people. Just last week he said, whether we can do debt reduction this year or not depends upon what the various spending commitments are. Less than 24 hours ago, this House voted overwhelmingly in favor of our debt reduction plan. Now every Member, Republican and Democrat, who voted for that initiative should support this common sense measure.

Mr. President, we have room for you in our common sense coalition to refund the surplus, but you must first abandon any scheme to spend the surplus on more Washington programs. If you can commit to using at least 90 percent of next year's surplus to debt relief and only debt relief, we would like to have you with us.

Mr. Speaker, members should support this bill. It will return power to the American people and strengthen our Nation.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members are reminded to address their remarks to the Chair.

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

The majority whip has now confused me. I understood from the gentleman from Texas (Mr. ARCHER), the chairman of the Committee on Ways and Means, that we were relegislating this old legislation to send a message to the Republican leaders on the other side. However, now the majority whip wants to send a message to the President of the United States. This is really getting confusing. I mean have we given up all methods of communication completely? I know it is bad, but we do not have to legislate to talk to President Clinton. We can do these things directly. We can sit down today or tomorrow and work out how we can get some legislation passed and signed into law instead of getting out these press releases.

The next speaker on this side is the coauthor of this bipartisan piece of legislation that overwhelmingly passed the House, and he worked closely with the gentleman from Ohio (Mr. PORTMAN). I do not know how many times we are going to drag out the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Maryland (Mr. CARDIN) here to show that some people do talk with each other on the House side, but I hope my Republican colleagues keep doing it until they get it right, because some of us have to get out of here and get back home.

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

Mr. CARDIN. Mr. Speaker, let me thank the gentleman from New York (Mr. RANGEL) for yielding me this time. Let me assure our colleagues that there is strong bipartisan support for the provisions that are contained in this bill that is before us.

☐ 1445

Many of us, including this Member, is confused on the process. I listened also to the distinguished majority whip explain what this bill is intended to do, and I do not believe that is included in the legislation before us. So I am confused on the process that we are using, but I hope it is an effort that will allow us to enact some very important legislation.

I listened to the explanation on the lockbox, and I must tell my colleagues that I am confused on the explanation on the lockbox. As I understand, it is a 1-year bill. And we are going to be judged by our actions on the appropriation bills and on the tax bills, not on the lockbox. Let us be clear about that.

I hope at the end of the day that we can say as Democrats and Republicans that we have put as our first priority retiring our debt, which is exactly what the President of the United States has asked us to do, to make the top priority the reduction of our debt with the surplus funds.

Let me speak for a moment, if I might, about the pension legislation. The gentleman from New York (Mr. RANGEL) is correct, this bill has been worked very carefully on a bipartisan basis. I thank my colleague, the gentleman from Ohio (Mr. PORTMAN), for his leadership on this. Democrats and Republicans joined together in crafting this bill and in passing this bill by 401 votes. I would hope that by bringing it up again today it is a message that we intend to send to the President of the United States a bill that deals with pensions and is not loaded up with other issues that would make it impossible for us to get it enacted this year.

As the gentleman from Ohio (Mr. PORTMAN) has pointed out, it is important legislation because it is very comprehensive legislation that will not only increase the limits but will help employers provide employer-sponsored pension plans for their employees, which help lower-wage workers because the employer puts the money on the table, making it easier for low-wage workers to put money away for their own retirement.

We deal with portability and the realization that the current workforce holds people that will work for more than one employer in their work life, so they need to be able to combine their funds. We remove a lot of the obstacles that make it difficult for employers to sponsor pension plans. We make it easier for individuals to put more money away for themselves to address the critical need in this Nation to increase the savings rates.

So I hope at the end of the day that we will be able to come together with a bill that is enacted and sent to the President. And if we can keep it to the pension issues alone, if we do not get confused with some of the other politics around here, I think we can achieve that.

But I would urge my friends on the other side of the aisle to work with us on the process issues. It is somewhat confusing to us to wake up in the morning only to find legislation that we thought already was completed in this body has once again been brought up for initial action rather than being sent to the President for signature.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. SMITH).

Mr. SMITH of Michigan. Mr. Speaker, encouraging savings and investment and not leaving our kids and our grandkids with a huge mortgage is a reasonable combination in this piece of legislation.

On September 13, the President said, in regard to paying down the debt, and I quote from the New York Times, ''Whether we can do it this year or not depends upon what the various spending commitments are.'' He may have very well said, ''I have other plans for this money.''

Today, this House makes spending commitments under this bill. We are committed to paying down the debt. Maybe we could do more. I would have liked to have done more. But the problem is that we have to make a commitment to do it, otherwise the propensity to spend by the President and by this Congress is too great.

Let us pass this legislation to help assure we don't simply increase spending. The President sent us the Democrat budget proposal last spring that increased spending $100 billion more than could be paid for with projected revenues. That meant that without increased taxes and increased revenues, it would have used the Social Security and the Medicaid trust fund surpluses.

Let us pass this bill and move ahead. Let us make sure saving and investment is easier for the American people and we do not leave our kids with a bigger mortgage.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. WELLER), a member of the Committee on Ways and Means.

Mr. WELLER. Mr. Speaker, this is important legislation that we are voting on today. I strongly support setting aside 90 percent of the projected budget surplus to pay down the national debt. Of course, our goal is not only to build on the $360 billion in debt retirement we have already accomplished in the last 3 years, but to pay off the national debt by the year 2010.

I also want to stand in strong support of this legislation which locks away 100 percent of the Social Security Trust Fund for Social Security and locks away 100 percent of the Medicare Trust Fund for Medicare. That is an important commitment not only for today's seniors but for future generations.

My colleagues, I also stand in strong support of this legislation which makes it easier for America's workers and small businesses to set aside money for their own retirement. Efforts to expand what Americans can contribute to their IRAs and 401(k)s can make a big difference to many millions of working Americans.

I also want to note that this legislation includes two very important provisions: Catch-up provisions that allow individuals to make additional contributions to 401(k)s or IRAs if they are over 50. That helps working moms. And the repeal of 415 limits, which helps 10 million working Americans in the building trades.

Mr. RANGEL. Mr. Speaker, I yield myself the balance of my time.

As we close the debate on this issue, quite a number of the majority Members are concerned about the President of the United States getting involved in spending programs. I would just want the RECORD to be clear that the President will not be involved with any spending programs that are not supported by the majority Members in this House and the majority of the Members on the other side.

So if my colleagues do not want to support any of these programs, then get together with the appropriation committees to see what we are going to do, but let us not use the legislative process to send messages to the other side or send messages to the President.

Now, this is a good piece of legislation, but some of us, even though we supported the commitment to the reduction of the national debt, thought that we should have included the President's retirement plan that gave incentives for low-income workers to save. And the last time this bill was on the floor, Members had a chance to participate because it was not on the suspension calendar. The gentleman from Massachusetts (Mr. NEAL) had an amendment that would have improved upon this bill and got over 200 votes, as I recall. Many of the Members who worked on this piece of legislation that once again is before us wish that this could have been a part of the package so that all of us, in a unanimous way, could say that it helps all of the workers in different income categories.

So even though I will not be supporting this in its present form, since we do not have a chance to amend it or to work with the motion to recommit, I do want to congratulate the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Maryland (Mr. CARDIN) for showing that in this House we can work together in a bipartisan way.

The SPEAKER pro tempore (Mr. SCARBOROUGH). The time of the gentleman from New York (Mr. RANGEL) has expired. The gentleman from Florida (Mr. SHAW) has 1½ minutes remaining.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky (Mr. FLETCHER).

Mr. FLETCHER. Mr. Speaker, I thank the gentleman for yielding me this time. It is a busy time of the year, but this past Sunday I was able to spend some time with a new grandson, born July 22. His name is Joshua.

And that is really what this is about up here. Joshua does not understand partisan politics. He does not understand a lot of the games that may go on here. He certainly does not understand why the minority on the other side is blocking some legislation that would give him a bright future and pay down the publicly held debt instead of handing him a mortgage of $20,000. It would allow him, as he is growing up, to save more, or his parents to save more to be able to afford a home in the future. And he certainly does not understand the attitude of some people that believe it is the government's money instead of the people's money.

But one day he will appreciate what we are doing here today, because this is really about Joshua and who Joshua represents: All the children across this Nation. The future. And not only the debt that they have that we have given them, or has been given to them due to 40 years of minority rule when the debt was increased, but also the opportunity to save and to be all that he can be.

Mr. SHAW. Mr. Speaker, I yield myself the balance of my time.

Because of what we do here today, if it does pass the other body and the President's desk, little Joshua will owe $240 billion less than he does today on the national debt.

Mr. NEAL of Massachusetts. Mr. Speaker, this is an interesting bill. It seems to combine an unnecessary bill on debt relief that passed the House yesterday by a vote of 381–3, with a faulty bill on retirement policy that passed the House on July 19 by a vote of 401–25. It is my understanding that our side of the aisle learned about the contents of the bill about 11:00 this morning, so there may be changes that we have not discovered yet.

Since revenue that is not spent goes to deficit reduction automatically, a statement that 90 percent of the surplus should go to deficit reduction next year hardly seems momentous. However, it does no great harm either, so I intend to vote for passage of this bill to indicate my strong support for deficit reduction. In addition, I am pleased that Members on the other side of the aisle have adopted the Democratic position as articulated all year, and have finally made deficit reduction a priority.

On the retirement bill, let me just say that I continue to believe that H.R. 1102 is flawed and is in need of many improvements. I agree with Jane Bryant Quinn when she wrote in the Business Section of the Washington Post this past weekend that this and other bills are ''for the upper-middle, investor class. There should be a companion tax incentive bill that helps the workers, too.''

Just such a companion bill, I believe, was offered by myself on July 19, but that amendment failed by a vote of 200–216, with all Republicans present and voting opposed, and all Democrats but three present and voting in

support. This amendment established a refundable tax credit for contributions to pension plans by low and moderate income workers, and tax credits to small businesses to establish and contribute to pension plans. While not perfect, it at least made an attempt to deal with the problem of access to retirement income for those who can not save due to their low income, or can not save as much as they should. But the House, as I indicated, adopted the narrow approach.

Mr. Speaker, in conclusion, I intend to vote for deficit reduction, and to continue my effort to enact a comprehensive retirement bill that helps all Americans save for retirement, not just the ''upper-middle, investor class.''

Mr. GUTKNECHT. Mr. Speaker, today the House is taking up a bill which would ensure that 90 percent of next year's budget surplus goes to paying down debt. With this bill, over $600 billion of publicly held debt would be paid down by the end of next year. It would be entirely eliminated by 2013. This means lower interest rates on credit cards and home mortgages for millions of Americans. I can't think of a better gift for our children.

Unfortunately, this debt reduction measure has been attached to H.R. 1102, the Retirement Security Act. In my district, constituents have voiced concern over certain pension provisions included in this bill. Some recent pension conversions have been a grave injustice to American workers, especially mid-career and older employees who have planned for retirement based on the benefits built into their original pension plans. While H.R. 1102 provides some much-needed disclosure requirements, we need to be tougher on those companies who have taken advantage of pension conversions to fatten their bottom lines. I will continue to fight for those tougher provisions.

When H.R. 1102 was being considered, I fought to ensure that all vested employees have the choice to remain in their current defined benefit plans. I brought an amendment to the Rules Committee which would have done just that. Unfortunately, I wasn't allowed to bring it to the House floor for consideration. In the end, I cast a protest vote against H.R. 1102 because it lacked this important provision.

Today, there is no opportunity to amend this bill. I wish that these pension reform provisions had not been attached to debt relief, but it has. The importance of this bill in locking in debt reduction and increasing the ability of Americans to save for their own retirement will carry the day for most Members of this House. I will support this bill because it is critical that we offer our children a debt-free future.

Mr. SHAW. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. SHAW) that the House suspend the rules and pass the bill, H.R. 5203.

The question was taken.

Mr. SHAW. 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.

This is a 15-minute vote on H.R. 5203 and it will be followed by a 5-minute vote on H.R. 3986.

The vote was taken by electronic device, and there were—yeas 401, nays 20, not voting 13, as follows:

[Roll No. 479]

YEAS—401

Abercrombie	DeLay	Jefferson
Ackerman	DeMint	Jenkins
Aderholt	Deutsch	John
Allen	Diaz-Balart	Johnson, E. B.
Andrews	Dickey	Johnson, Sam
Archer	Dicks	Jones (NC)
Armey	Dingell	Jones (OH)
Baca	Dixon	Kanjorski
Bachus	Doggett	Kaptur
Baird	Doolittle	Kasich
Baker	Doyle	Kelly
Baldacci	Dreier	Kildee
Baldwin	Duncan	Kilpatrick
Ballenger	Dunn	Kind (WI)
Barcia	Edwards	King (NY)
Barr	Ehlers	Kingston
Barrett (NE)	Ehrlich	Kleczka
Barrett (WI)	Emerson	Knollenberg
Bartlett	Engel	Kolbe
Barton	English	Kucinich
Bass	Eshoo	Kuykendall
Becerra	Etheridge	LaHood
Bentsen	Evans	Lampson
Bereuter	Everett	Lantos
Berkley	Ewing	Largent
Berman	Farr	Larson
Berry	Fattah	Latham
Biggert	Fletcher	LaTourette
Bilbray	Foley	Leach
Bilirakis	Forbes	Levin
Bishop	Ford	Lewis (CA)
Blagojevich	Fossella	Lewis (GA)
Bliley	Fowler	Lewis (KY)
Blumenauer	Frelinghuysen	Linder
Blunt	Frost	Lipinski
Boehlert	Gallegly	LoBiondo
Boehner	Ganske	Lofgren
Bonilla	Gejdenson	Lowey
Bonior	Gekas	Lucas (KY)
Bono	Gephardt	Lucas (OK)
Borski	Gibbons	Luther
Boswell	Gilchrest	Maloney (CT)
Boucher	Gillmor	Maloney (NY)
Boyd	Gilman	Manzullo
Brady (PA)	Gonzalez	Markey
Brady (TX)	Goode	Martinez
Brown (FL)	Goodlatte	Mascara
Brown (OH)	Goodling	McCarthy (MO)
Bryant	Gordon	McCarthy (NY)
Burr	Goss	McCrery
Burton	Graham	McGovern
Buyer	Granger	McHugh
Callahan	Green (TX)	McInnis
Calvert	Green (WI)	McIntyre
Camp	Greenwood	McKeon
Canady	Gutierrez	McKinney
Cannon	Gutknecht	Meehan
Capps	Hall (OH)	Meek (FL)
Capuano	Hall (TX)	Meeks (NY)
Cardin	Hansen	Menendez
Carson	Hastert	Metcalf
Castle	Hastings (FL)	Mica
Chabot	Hastings (WA)	Millender-McDonald
Chambliss	Hayes	Miller (FL)
Chenoweth-Hage	Hayworth	Miller, Gary
Clayton	Hefley	Miller, George
Clement	Herger	Minge
Clyburn	Hill (IN)	Mink
Coble	Hill (MT)	Moakley
Coburn	Hilleary	Moore
Collins	Hilliard	Moran (KS)
Combest	Hinchey	Moran (VA)
Condit	Hinojosa	Morella
Cook	Hobson	Murtha
Cooksey	Hoeffel	Myrick
Costello	Hoekstra	Napolitano
Cox	Holden	Neal
Coyne	Holt	Ney
Cramer	Hooley	Northup
Crane	Horn	Norwood
Crowley	Hostettler	Nussle
Cubin	Houghton	Oberstar
Cummings	Hoyer	Obey
Cunningham	Hulshof	Ortiz
Danner	Hunter	Ose
Davis (FL)	Hutchinson	Owens
Davis (VA)	Hyde	Oxley
Deal	Inslee	Packard
DeFazio	Isakson	Pallone
DeGette	Istook	Pascrell
Delahunt	Jackson-Lee (TX)	Pastor
DeLauro		
Paul	Scarborough	Terry
Pease	Schaffer	Thomas
Pelosi	Schakowsky	Thompson (CA)
Peterson (MN)	Scott	Thompson (MS)
Peterson (PA)	Sensenbrenner	Thornberry
Petri	Serrano	Thune
Phelps	Sessions	Thurman
Pickering	Shadegg	Tiahrt
Pickett	Shaw	Tierney
Pitts	Shays	Toomey
Pombo	Sherman	Towns
Pomeroy	Sherwood	Traficant
Porter	Shimkus	Turner
Portman	Shows	Udall (CO)
Price (NC)	Shuster	Udall (NM)
Pryce (OH)	Simpson	Upton
Quinn	Sisisky	Velazquez
Radanovich	Skeen	Visclosky
Rahall	Skelton	Vitter
Ramstad	Slaughter	Walden
Regula	Smith (MI)	Walsh
Reyes	Smith (NJ)	Wamp
Reynolds	Smith (TX)	Waters
Riley	Smith (WA)	Watt (NC)
Rivers	Snyder	Watts (OK)
Rodriguez	Souder	Waxman
Roemer	Spence	Weiner
Rogan	Spratt	Weldon (FL)
Rogers	Stabenow	Weldon (PA)
Rohrabacher	Stearns	Weller
Ros-Lehtinen	Stenholm	Wexler
Rothman	Strickland	Weygand
Roukema	Stump	Whitfield
Royce	Stupak	Wicker
Rush	Sununu	Wilson
Ryan (WI)	Sweeney	Wolf
Ryun (KS)	Talent	Woolsey
Salmon	Tancredo	Wu
Sanchez	Tanner	Wynn
Sandlin	Tauscher	Young (AK)
Sanford	Tauzin	Young (FL)
Sawyer	Taylor (MS)	
Saxton	Taylor (NC)	

NAYS—20

Clay	LaFalce	Payne
Conyers	Lee	Rangel
Davis (IL)	Matsui	Roybal-Allard
Filner	McDermott	Sabo
Frank (MA)	Mollohan	Sanders
Jackson (IL)	Nadler	Stark
Kennedy	Olver	

NOT VOTING—13

Campbell	Lazio	Vento
Dooley	McCollum	Watkins
Franks (NJ)	McIntosh	Wise
Johnson (CT)	McNulty	
Klink	Nethercutt	

☐ 1517

Messrs. JACKSON of Illinois, FILNER, and NADLER changed their vote from ''yea'' to ''nay.''

So (two-thirds having voted in favor thereof) the rules were suspended and 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:

Mrs. JOHNSON of Connecticut. Mr. Speaker, on rollcall No. 479 I was inadvertently detained. Had I been present, I would have voted ''yes.''

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SCARBOROUGH). Pursuant to clause 8 of rule XX, the Chair will reduce to 5 minutes the minimum time for electronic voting on the additional motion to suspend the rules on which the Chair has postponed further proceedings.