House where it will be automatically blue slipped, meaning that the bill is dead. So it is quite clear the repeal of the gas tax is nothing more than an effort to make a political statement, and I think the political statement is not appropriate.

If the majority is serious about this matter, it should call up, for example, the House-passed tax bill. There is one there, H.R. 3081, dealing with minimum wage and various other tax matters.

I do not believe there is anyone in this body who does not want a tax decrease on fuel. But this is not the way to go about it. Let's keep in mind where we are. OPEC has agreed to produce more oil. In addition to that, there are other nations, such as Mexico and Norway, that have agreed to produce more oil. It is going to take some time before these gas prices go down, but they will.

To show how really frail in logic the majority is on this matter, they recognize it should be just a short-term fix. That is, by the end of the year a certain mechanical thing would happen that would reestablish the tax. Remember, we are talking about a tax of 4.3 cents per gallon. So I think the action by the majority leader is wrong.

There are a lot of things we can do, I think, to meet some of the demands for fuel we have in this country. For example, there are 300,000 barrels of oil every day produced in our country, in Alaska, that are shipped to Asia. Should that oil not be shipped to the United States? Obviously, the answer is yes.

There is also every reason to believe there are things we can do to lessen our dependency on this foreign oil. We could develop alternative fuels. I think we could improve the efficiency of energy use through different economy measures. One of the things we have not done for many years is advance and enhance fuel efficiency standards, what we call CAFE. Given the modern technology that we have, there is no reason in the world we cannot produce automobiles in America that are more fuel efficient. We did it once before, and it was tremendous. It was unheard of, that cars would get over 20 miles to the gallon of gasoline, but we were able to do that through modern technology.

We need to promote renewable energy. In what ways? Geothermal, solar, wind. As soon as the energy crisis was over, it seemed we backed off from that as a government. We fight every year in this Senate Chamber. Every year, there is a battle. I am the ranking member of the Energy and Water Development Subcommittee on Appropriations. Senator DOMENICI, from New Mexico, is the chairman. We have an ongoing battle in here every year, trying to get more money for alternative energy programs—geothermal, solar, wind.

There are other things that simply need to be done that are not being done. Reducing the price of fuel by 4.3 cents a gallon for part of a year is not the solution to the problem.

It is important that we recognize some of the things that are being written around the country. There are lots of things being written about how foolish it would be to reduce the price of gas for part of the year by 4.3 cents a gallon, especially when one keeps in mind the tremendous infrastructure needs in this country.

Take, for instance, the State of Nevada. I hope to travel to Nevada tomorrow to be part of a very large celebration. That celebration will deal with cutting a ribbon to open a highway project, the largest public works project in the history of the State of Nevada, except for Hoover Dam and a few other programs. Certainly, without question, it is the largest public works project that relates to highways. This one thing we call the spaghetti bowl cost $100 million.

Those moneys came from this tax. When the American consumer goes to the fuel pump and buys gasoline, there is money taken every time, about 18 cents a gallon, and put into a trust fund. That money can be used for the construction of roads, bridges, highways. That is why I am able to go to Las Vegas tomorrow and cut the ribbon on this project. It will alleviate traffic problems significantly in that area.

These programs take place all over America, and if we cut this program, if we eliminate this 4.3-cents-a-gallon gasoline tax, it will mean we will not have approximately $6 billion a year for construction projects around the country.

That is why there is a bipartisan effort to defeat this foolish proposal to take away this tax.

I was here yesterday afternoon when Senator WARNER of Virginia, who serves, and has served for many years, on the Environment and Public Works Committee and is one of the senior members of that committee, said it is not the right thing to do. Sitting in the position of Presiding Officer yesterday was Senator VOINOVICH of Ohio. He was relieved of his duties as Presiding Officer and came down and gave a speech as to why this should not be done.

I hope we will look at this and realize that papers all over America, not the least of which is the New York Times, talks about the ''Gasoline Tax Follies.'' This means it is simply a foolish thing to do.

Quoting from the New York Times:

Let's start with why the oil cartel should love this proposal.

Put yourself in the position of an OPEC minister: What sets the limits to how high you want to push oil prices? The answer is that you are afraid that too high a price will lead people to use less gasoline, heating oil and so on. Suppose, however, that you can count on the U.S. Government to reduce gasoline taxes whenever the price of crude oil rises. Then Americans are less likely to reduce their oil consumption if you conspire to drive prices up—which makes such a conspiracy a considerably more attractive proposition.

They go on to say:

A cynic might suggest that that is the point.

They are being critical in this article, among other things, about Gov. George W. Bush pushing for repeal of this gas tax. In fact, they say, as others say, it appears his solution to all the problems in America today is tax reduction. For example, we know he wants over a $1 trillion tax cut over the next few years. The American people do not accept this. Why? Because they think it is more important that we have targeted tax cuts and we also spend these moneys, if we have extra moneys, to do something about education, to fix the prescription drug problem we have with Medicare, make sure we bolster Social Security, and, most important, that we do something to reduce the $5 trillion debt that has accumulated.

This New York Times article goes on to state:

A cynic might suggest that that is the point. But I'd rather think that Mr. Bush isn't deliberately trying to throw his friends in the oil industry a few extra billions; I prefer to believe that the candidate, or whichever adviser decided to make gasoline taxes an issue, was playing a political rather than a financial game. . . .

This is one case in which a tax cut would lead directly to cutbacks in a necessary and popular government service.

I hope the Senate, in a bipartisan fashion, will resoundingly defeat this effort to roll back this 4.3-cents-a-gallon gas tax. There are other places we can look to move taxes back or adjust taxes. Certainly, this is not one of those places. We need to do better than this.

I repeat, I hope in a bipartisan fashion this afternoon we will defeat the motion to invoke cloture on the repeal of the 4.3-cents-a-gallon gas tax.

The PRESIDING OFFICER. The Senator from Texas.

MEASURES PLACED ON THE CALENDAR—S. 2314 AND S. 2323

Mr. GRAMM. Mr. President, I understand there are two bills at the desk due for their second reading.

The PRESIDING OFFICER. The clerk will report the bills by title.

The bill clerk read as follows:

A bill (S. 2314) for the relief of Elian Gonzalez.

A bill (S. 2323) to amend the Fair Labor Standards Act of 1938 to clarify the treatment of stock options under the Act.

Mr. GRAMM. Mr. President, I object to further proceedings on these bills at this time.

The PRESIDING OFFICER. The bills will be placed on the calendar.

LAUNCHING OUR COMMUNITIES' ACCESS TO LOCAL TELEVISION ACT OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 2097, which the clerk will report by title.

The legislative clerk read as follows:

A bill (S. 2097) to authorize loan guarantees in order to facilitate access to local television broadcast signals in unserved areas, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Launching Our Communities' Access to Local Television Act of 2000''.

SEC. 2. PURPOSE.

The purpose of this Act is to facilitate access, on a technologically neutral basis and by December 31, 2006, to signals of local television stations for households located in unserved areas and underserved areas.

SEC. 3. LOCAL TELEVISION LOAN GUARANTEE BOARD.

(a) ESTABLISHMENT.—There is established the LOCAL Television Loan Guarantee Board (in this Act referred to as the ''Board'').

(b) MEMBERS.—

(1) IN GENERAL.—Subject to paragraph (2), the Board shall consist of the following members:

(A) The Secretary of the Treasury, or the designee of the Secretary.

(B) The Chairman of the Board of Governors of the Federal Reserve System, or the designee of the Chairman.

(C) The Secretary of Agriculture, or the designee of the Secretary.

(2) REQUIREMENT AS TO DESIGNEES.—An individual may not be designated a member of the Board under paragraph (1) unless the individual is an officer of the United States pursuant to an appointment by the President, by and with the advice and consent of the Senate.

(c) FUNCTIONS OF THE BOARD.—

(1) IN GENERAL.—The Board shall determine whether or not to approve loan guarantees under this Act. The Board shall make such determinations consistent with the purpose of this Act and in accordance with this subsection and section 4 of this Act.

(2) CONSULTATION AUTHORIZED.—

(A) IN GENERAL.—In carrying out its functions under this Act, the Board shall consult with such departments and agencies of the Federal Government as the Board considers appropriate, including the Department of Commerce, the Department of Agriculture, the Department of the Treasury, the Department of Justice, the Department of the Interior, the Board of Governors of the Federal Reserve System, the Federal Communications Commission, the Federal Trade Commission, and the National Aeronautics and Space Administration.

(B) RESPONSE.—A department or agency consulted by the Board under subparagraph (A) shall provide the Board such expertise and assistance as the Board requires to carry out its functions under this Act.

(3) APPROVAL BY MAJORITY VOTE.—The determination of the Board to approve a loan guarantee under this Act shall be by a vote of a majority of the Board.

SEC. 4. APPROVAL OF LOAN GUARANTEES.

(a) AUTHORITY TO APPROVE LOAN GUARANTEES.—Subject to the provisions of this section and consistent with the purpose of this Act, the Board may approve loan guarantees under this Act.

(b) REGULATIONS.—

(1) REQUIREMENTS.—The Administrator (as defined in section 5 of this Act), under the direction of and for approval by the Board, shall prescribe regulations to implement the provisions of this Act and shall do so not later than 120 days after funds authorized to be appropriated under section 10 of this Act have been appropriated in a bill signed into law.

(2) ELEMENTS.—The regulations prescribed under paragraph (1) shall—

(A) set forth the form of any application to be submitted to the Board under this Act;

(B) set forth time periods for the review and consideration by the Board of applications to be submitted to the Board under this Act, and for any other action to be taken by the Board with respect to such applications;

(C) provide appropriate safeguards against the evasion of the provisions of this Act;

(D) set forth the circumstances in which an applicant, together with any affiliate of an applicant, shall be treated as an applicant for a loan guarantee under this Act;

(E) include requirements that appropriate parties submit to the Board any documents and assurances that are required for the administration of the provisions of this Act; and

(F) include such other provisions consistent with the purpose of this Act as the Board considers appropriate.

(3) CONSTRUCTION.—(A) Nothing in this Act shall be construed to prohibit the Board from requiring, to the extent and under circumstances considered appropriate by the Board, that affiliates of an applicant be subject to certain obligations of the applicant as a condition to the approval or maintenance of a loan guarantee under this Act.

(B) If any provision of this Act or the application of such provision to any person or entity or circumstance is held to be invalid by a court of competent jurisdiction, the remainder of this Act, or the application of such provision to such person or entity or circumstance other than those as to which it is held invalid, shall not be affected thereby.

(c) AUTHORITY LIMITED BY APPROPRIATIONS ACTS.—The Board may approve loan guarantees under this Act only to the extent provided for in advance in appropriations Acts. The Board may delegate to the Administrator (as defined in section 5 of this Act) the authority to approve loan guarantees of up to $20,000,000. To the extent the Administrator is delegated such authority, the Administrator shall comply with the terms of this Act applicable to the Board.

(d) REQUIREMENTS AND CRITERIA APPLICABLE TO APPROVAL.—

(1) IN GENERAL.—The Board shall utilize the underwriting criteria developed under subsection (g), and any relevant information provided by the departments and agencies with which the Board consults under section 3, to determine which loans may be eligible for a loan guarantee under this Act.

(2) PREREQUISITES.—In addition to meeting the underwriting criteria under paragraph (1), a loan may not be guaranteed under this Act unless—

(A) the loan is made to finance the acquisition, improvement, enhancement, construction, deployment, launch, or rehabilitation of the means by which local television broadcast signals will be delivered to an unserved area or underserved area;

(B) the proceeds of the loan will not be used for operating expenses;

(C) the proposed project, as determined by the Board in consultation with the National Telecommunications and Information Administration, is not likely to have a substantial adverse impact on competition that outweighs the benefits of improving access to the signals of a local television station in an unserved area or underserved area;

(D) the loan is provided by an insured depository institution (as that term is defined in section 3 of the Federal Deposit Insurance Act) that is acceptable to the Board, and has terms, in the judgment of the Board, that are consistent in material respects with the terms of similar obligations in the private capital market;

(E) repayment of the loan is required to be made within a term of the lesser of—

(i) 25 years from the date of the execution of the loan; or

(ii) the economically useful life, as determined by the Board or in consultation with persons or entities deemed appropriate by the Board, of the primary assets to be used in the delivery of the signals concerned; and

(F) the loan meets any additional criteria developed under subsection (g).

(3) PROTECTION OF UNITED STATES FINANCIAL INTERESTS.—The Board may not approve the guarantee of a loan under this Act unless—

(A) the Board has been given documentation, assurances, and access to information, persons, and entities necessary, as determined by the Board, to address issues relevant to the review of the loan by the Board for purposes of this Act; and

(B) the Board makes a determination in writing that—

(i) to the best of its knowledge upon due inquiry, the assets, facilities, or equipment covered by the loan will be utilized economically and efficiently;

(ii) the terms, conditions, security, and schedule and amount of repayments of principal and the payment of interest with respect to the loan protect the financial interests of the United States and are reasonable;

(iii) to the extent possible, the value of collateral provided by an applicant is at least equal to the unpaid balance of the loan amount covered by the loan guarantee (the ''Amount'' for purposes of this clause); and if the value of collateral provided by an applicant is less than the Amount, the additional required collateral is provided by any affiliate of the applicant; and if the combined value of collateral provided by an applicant and any affiliate is not at least equal to the Amount, the collateral from such affiliate represents all of such affiliate's assets;

(iv) all necessary and required regulatory and other approvals, spectrum rights, and delivery permissions have been received for the loan, the project under the loan, and the Other Debt, if any, under subsection (f)(2)(B);

(v) the loan would not be available on reasonable terms and conditions without a loan guarantee under this Act; and

(vi) repayment of the loan can reasonably be expected.

(e) CONSIDERATIONS.—

(1) TYPE OF MARKET.—

(A) PRIORITY CONSIDERATIONS.—To the maximum extent practicable, the Board shall give priority in the approval of loan guarantees under this Act in the following order: First, to projects that will serve the greatest number of households in unserved areas; and second, to projects that will serve the greatest number of households in underserved areas. In each instance, the Board shall consider the project's estimated cost per household to be served.

(B) PROHIBITION.—The Board may not approve a loan guarantee under this Act for a project that is designed primarily to serve 1 or more of the 40 most populated designated market areas (as that term is defined in section 122(j) of title 17, United States Code).

(2) OTHER CONSIDERATIONS.—The Board shall consider other factors, which shall include projects that would—

(A) offer a separate tier of local broadcast signals, but for applicable Federal, State, or local laws or regulations;

(B) provide lower projected costs to consumers of such separate tier; and

(C) enable the delivery of local broadcast signals consistent with the purpose of this Act by a means reasonably compatible with existing systems or devices predominantly in use.

(f) GUARANTEE LIMITS.—

(1) LIMITATION ON AGGREGATE VALUE OF LOANS.—The aggregate value of all loans for which loan guarantees are issued under this Act (including the unguaranteed portion of loans issued under paragraph (2)(A)) and Other Debt under paragraph (2)(B) may not exceed $1,250,000,000.

(2) GUARANTEE LEVEL.—A loan guarantee issued under this Act—

(A) may not exceed an amount equal to 80 percent of a loan meeting in its entirety the requirements of subsection (d)(2)(A). If only a portion of a loan meets the requirements of that subsection, the Board shall determine that percentage of the loan meeting such requirements

(the ''applicable portion'') and may issue a loan guarantee in an amount not exceeding 80 percent of the applicable portion; or

(B) may, as to a loan meeting in its entirety the requirements of subsection (d)(2)(A), cover the amount of such loan only if that loan is for an amount not exceeding 80 percent of the total debt financing for the project, and other debt financing (also meeting in its entirety the requirements of subsection (d)(2)(A)) from the same source for a total amount not less than 20 percent of the total debt financing for the project (''Other Debt'') has been approved.

(g) UNDERWRITING CRITERIA.—Within the period provided for under subsection (b)(1), the Board shall, in consultation with the Director of the Office of Management and Budget and an independent public accounting firm, develop underwriting criteria relating to the guarantee of loans that are consistent with the purpose of this Act, including appropriate collateral and cash flow levels for loans guaranteed under this Act, and such other matters as the Board considers appropriate.

(h) CREDIT RISK PREMIUMS.—

(1) ESTABLISHMENT AND ACCEPTANCE.—The Board may establish and approve the acceptance of credit risk premiums with respect to a loan guarantee under this Act in order to cover the cost, as determined under section 504(b)(1) of the Federal Credit Reform Act of 1990, of the loan guarantee. To the extent that appropriations of budget authority are insufficient to cover the cost, as so determined, of a loan guarantee under this Act, credit risk premiums shall be accepted from a non-Federal source under this subsection on behalf of the applicant for the loan guarantee.

(2) CREDIT RISK PREMIUM AMOUNT.—

(A) IN GENERAL.—The Board shall determine the amount of any credit risk premium to be accepted with respect to a loan guarantee under this Act on the basis of—

(i) the financial and economic circumstances of the applicant for the loan guarantee, including the amount of collateral offered;

(ii) the proposed schedule of loan disbursements;

(iii) the business plans of the applicant for providing service;

(iv) any financial commitment from a broadcast signal provider; and

(v) the concurrence of the Director of the Office of Management and Budget as to the amount of the credit risk premium.

(B) PROPORTIONALITY.—To the extent that appropriations of budget authority are sufficient to cover the cost, as determined under section 504(b)(1) of the Federal Credit Reform Act of 1990, of loan guarantees under this Act, the credit risk premium with respect to each loan guarantee shall be reduced proportionately.

(C) PAYMENT OF PREMIUMS.—Credit risk premiums under this subsection shall be paid to an account (the ''Escrow Account'') established in the Treasury which shall accrue interest and such interest shall be retained by the account, subject to subparagraph (D).

(D) DEDUCTIONS FROM ESCROW ACCOUNT.—If a default occurs with respect to any loan guaranteed under this Act and the default is not cured in accordance with the terms of the underlying loan or loan guarantee agreement, the Administrator, in accordance with subsections (h) and (i) of section 5 of this Act, shall liquidate, or shall cause to be liquidated, all assets collateralizing such loan as to which it has a lien or security interest. Any shortfall between the proceeds of the liquidation net of costs and expenses relating to the liquidation, and the guarantee amount paid pursuant to this Act shall be deducted from funds in the Escrow Account and credited to the Administrator for payment of such shortfall. At such time as determined under subsection (d)(2)(E) when all loans guaranteed under this Act have been repaid or otherwise satisfied in accordance with this Act and the regulations promulgated hereunder, remaining funds in the Escrow Account, if any, shall be refunded, on a pro rata basis, to applicants whose loans guaranteed under this Act were not in default, or where any default was cured in accordance with the terms of the underlying loan or loan guarantee agreement.

(i) JUDICIAL REVIEW.—The decision of the Board to approve or disapprove the making of a loan guarantee under this Act shall not be subject to judicial review.

SEC. 5. ADMINISTRATION OF LOAN GUARANTEES.

(a) IN GENERAL.—The Administrator of the Rural Utilities Service (in this Act referred to as the ''Administrator'') shall issue and otherwise administer loan guarantees that have been approved by the Board in accordance with sections 3 and 4 of this Act.

(b) SECURITY FOR PROTECTION OF UNITED STATES FINANCIAL INTERESTS.—

(1) TERMS AND CONDITIONS.—An applicant shall agree to such terms and conditions as are satisfactory, in the judgment of the Board, to ensure that, as long as any principal or interest is due and payable on a loan guaranteed under this Act, the applicant—

(A) shall maintain assets, equipment, facilities, and operations on a continuing basis;

(B) shall not make any discretionary dividend payments that impair its ability to repay obligations guaranteed under this Act; and

(C) shall remain sufficiently capitalized.

(2) COLLATERAL.—

(A) EXISTENCE OF ADEQUATE COLLATERAL.—An applicant shall provide the Board such documentation as is necessary, in the judgment of the Board, to provide satisfactory evidence that appropriate and adequate collateral secures a loan guaranteed under this Act.

(B) FORM OF COLLATERAL.—Collateral required by subparagraph (A) shall consist solely of assets of the applicant, any affiliate of the applicant, or both (whichever the Board considers appropriate), including primary assets to be used in the delivery of signals for which the loan is guaranteed.

(C) REVIEW OF VALUATION.—The value of collateral securing a loan guaranteed under this Act may be reviewed by the Board, and may be adjusted downward by the Board if the Board reasonably believes such adjustment is appropriate.

(3) LIEN ON INTERESTS IN ASSETS.—Upon the Board's approval of a loan guarantee under this Act, the Administrator shall have liens on assets securing the loan, which shall be superior to all other liens on such assets, and the value of the assets (based on a determination satisfactory to the Board) subject to the liens shall be at least equal to the unpaid balance of the loan amount covered by the loan guarantee, or that value approved by the Board under section 4(d)(3)(B)(iii) of this Act.

(4) PERFECTED SECURITY INTEREST.—With respect to a loan guaranteed under this Act, the Administrator and the lender shall have a perfected security interest in assets securing the loan that are fully sufficient to protect the financial interests of the United States and the lender.

(5) INSURANCE.—In accordance with practices in the private capital market, as determined by the Board, the applicant for a loan guarantee under this Act shall obtain, at its expense, insurance sufficient to protect the financial interests of the United States, as determined by the Board.

(c) ASSIGNMENT OF LOAN GUARANTEES.—The holder of a loan guarantee under this Act may assign the loan guaranteed under this Act in whole or in part, subject to such requirements as the Board may prescribe.

(d) MODIFICATION.—The Board may approve the modification of any term or condition of a loan guarantee or a loan guaranteed under this Act, including the rate of interest, time of payment of principal or interest, or security requirements only if—

(1) the modification is consistent with the financial interests of the United States;

(2) consent has been obtained from the parties to the loan agreement;

(3) the modification is consistent with the underwriting criteria developed under section 4(g) of this Act;

(4) the modification does not adversely affect the interest of the Federal Government in the assets or collateral of the applicant;

(5) the modification does not adversely affect the ability of the applicant to repay the loan; and

(6) the National Telecommunications and Information Administration has been consulted by the Board regarding the modification.

(e) PERFORMANCE SCHEDULES.—

(1) PERFORMANCE SCHEDULES.—An applicant for a loan guarantee under this Act for a project covered by section 4(e)(1) of this Act shall enter into stipulated performance schedules with the Administrator with respect to the signals to be provided through the project.

(2) PENALTY.—The Administrator may assess against and collect from an applicant described in paragraph (1) a penalty not to exceed 3 times the interest due on the guaranteed loan of the applicant under this Act if the applicant fails to meet its stipulated performance schedule under that paragraph.

(f) COMPLIANCE.—The Administrator, in cooperation with the Board and as the regulations of the Board may provide, shall enforce compliance by an applicant, and any other party to a loan guarantee for whose benefit assistance under this Act is intended, with the provisions of this Act, any regulations under this Act, and the terms and conditions of the loan guarantee, including through the submittal of such reports and documents as the Board may require in regulations prescribed by the Board and through regular periodic inspections and audits.

(g) COMMERCIAL VALIDITY.—A loan guarantee under this Act shall be incontestable—

(1) in the hands of an applicant on whose behalf the loan guarantee is made, unless the applicant engaged in fraud or misrepresentation in securing the loan guarantee; and

(2) as to any person or entity (or their respective successor in interest) who makes or contracts to make a loan to the applicant for the loan guarantee in reliance thereon, unless such person or entity (or respective successor in interest) engaged in fraud or misrepresentation in making or contracting to make such loan.

(h) DEFAULTS.—The Board shall prescribe regulations governing defaults on loans guaranteed under this Act, including the administration of the payment of guaranteed amounts upon default.

(i) RECOVERY OF PAYMENTS.—

(1) IN GENERAL.—The Administrator shall be entitled to recover from an applicant for a loan guarantee under this Act the amount of any payment made to the holder of the guarantee with respect to the loan.

(2) SUBROGATION.—Upon making a payment described in paragraph (1), the Administrator shall be subrogated to all rights of the party to whom the payment is made with respect to the guarantee which was the basis for the payment.

(3) DISPOSITION OF PROPERTY.—

(A) SALE OR DISPOSAL.—The Administrator shall, in an orderly and efficient manner, sell or otherwise dispose of any property or other interests obtained under this Act in a manner that maximizes taxpayer return and is consistent with the financial interests of the United States.

(B) MAINTENANCE.—The Administrator shall maintain in a cost-effective and reasonable manner any property or other interests pending sale or disposal of such property or other interests under subparagraph (A).

(j) ACTION AGAINST OBLIGOR.—

(1) AUTHORITY TO BRING CIVIL ACTION.—The Administrator may bring a civil action in an appropriate district court of the United States in the name of the United States or of the holder

of the obligation in the event of a default on a loan guaranteed under this Act. The holder of a loan guarantee shall make available to the Administrator all records and evidence necessary to prosecute the civil action.

(2) FULLY SATISFYING OBLIGATIONS OWED THE UNITED STATES.—The Administrator may accept property in satisfaction of any sums owed the United States as a result of a default on a loan guaranteed under this Act, but only to the extent that any cash accepted by the Administrator is not sufficient to satisfy fully the sums owed as a result of the default.

(k) BREACH OF CONDITIONS.—The Administrator shall commence a civil action in a court of appropriate jurisdiction to enjoin any activity which the Board finds is in violation of this Act, the regulations under this Act, or any conditions which were duly agreed to, and to secure any other appropriate relief, including relief against any affiliate of the applicant.

(l) ATTACHMENT.—No attachment or execution may be issued against the Administrator or any property in the control of the Administrator pursuant to this Act before the entry of a final judgment (as to which all rights of appeal have expired) by a Federal, State, or other court of competent jurisdiction against the Administrator in a proceeding for such action.

(m) FEES.—

(1) APPLICATION FEE.—The Board may charge and collect from an applicant for a loan guarantee under this Act a fee to cover the cost of the Board in making necessary determinations and findings with respect to the loan guarantee application under this Act. The amount of the fee shall be reasonable.

(2) LOAN GUARANTEE ORIGINATION FEE.—The Board may charge, and the Administrator may collect, a loan guarantee origination fee with respect to the issuance of a loan guarantee under this Act.

(3) USE OF FEES COLLECTED.—Any fee collected under this subsection shall be used to offset administrative costs under this Act, including costs of the Board and of the Administrator.

(n) REQUIREMENTS RELATING TO AFFILIATES.—

(1) INDEMNIFICATION.—The United States shall be indemnified by any affiliate (acceptable to the Board) of an applicant for a loan guarantee under this Act for any losses that the United States incurs as a result of—

(A) a judgment against the applicant or any of its affiliates;

(B) any breach by the applicant or any of its affiliates of their obligations under the loan guarantee agreement;

(C) any violation of the provisions of this Act, and the regulations prescribed under this Act, by the applicant or any of its affiliates;

(D) any penalties incurred by the applicant or any of its affiliates for any reason, including violation of a stipulated performance schedule under subsection (e); and

(E) any other circumstances that the Board considers appropriate.

(2) LIMITATION ON TRANSFER OF LOAN PROCEEDS.—An applicant for a loan guarantee under this Act may not transfer any part of the proceeds of the loan to an affiliate.

(o) EFFECT OF BANKRUPTCY.—(1) Notwithstanding any other provision of law, whenever any person or entity is indebted to the United States as a result of any loan guarantee issued under this Act and such person or entity is insolvent or is a debtor in a case under title 11, United States Code, the debts due to the United States shall be satisfied first.

(2) A discharge in bankruptcy under title 11, United States Code, shall not release a person or entity from an obligation to the United States in connection with a loan guarantee under this Act.

SEC. 6. ANNUAL AUDIT.

(a) REQUIREMENT.—The Comptroller General of the United States shall conduct on an annual basis an audit of the administration of the provisions of this Act.

(b) REPORT.—The Comptroller General shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives a report on each audit conducted under subsection (a).

SEC. 7. SUNSET.

No loan guarantee may be approved under this Act after December 31, 2006.

SEC. 8. RETRANSMISSION OF LOCAL TELEVISION BROADCAST STATIONS.

An applicant shall be subject to applicable rights, obligations, and limitations of title 17, United States Code. If a local broadcast station requests carriage of its signal and is located in a market not served by a satellite carrier providing service under a statutory license under section 122 of title 17, United States Code, the applicant shall carry the signal of that station without charge, and shall be subject to the applicable rights, obligations, and limitations of sections 338, 614, and 615 of the Communications Act of 1934.

SEC. 9. DEFINITIONS.

In this Act:

(1) AFFILIATE.—The term ''affiliate''—

(A) means any person or entity that controls, or is controlled by, or is under common control with, another person or entity; and

(B) may include any individual who is a director or senior management officer of an affiliate, a shareholder controlling more than 25 percent of the voting securities of an affiliate, or more than 25 percent of the ownership interest in an affiliate not organized in stock form.

(2) UNSERVED AREA.—The term ''unserved area'' means any area that—

(A) is outside the grade B contour (as determined using standards employed by the Federal Communications Commission) of the local television broadcast signals serving a particular designated market area; and

(B) does not have access to such signals by other widely marketed means.

(3) UNDERSERVED AREA.—The term ''underserved area'' means any area that—

(A) is outside the grade A contour (as determined using standards employed by the Federal Communications Commission) of the local television broadcast signals serving a particular designated market area; and

(B) has access to local television broadcast signals from not more than one commercial, forprofit multichannel video provider.

(4) COMMON TERMS.—Except as provided in paragraphs (1) through (3), any term used in this Act that is defined in the Communications Act of 1934 (47 U.S.C. 151 et seq.) has the meaning given that term in the Communications Act of 1934.

SEC. 10. AUTHORIZATIONS OF APPROPRIATIONS.

(a) COST OF LOAN GUARANTEES.—For the cost of the loans guaranteed under this Act, including the cost of modifying the loans, as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661(a)), there are authorized to be appropriated for fiscal years 2001 through 2006, such amounts as may be necessary.

(b) COST OF ADMINISTRATION.—There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, other than to cover costs under subsection (a).

(c) AVAILABILITY.—Any amounts appropriated pursuant to the authorizations of appropriations in subsections (a) and (b) shall remain available until expended.

The PRESIDING OFFICER. There will now be 1 hour for general debate equally divided. The Senator from Texas.

Mr. GRAMM. Mr. President, at the end of the last session of Congress, we passed a very important piece of legislation establishing the legal framework whereby local television stations and satellites could negotiate contracts under which television broadcasts could be carried by satellite.

In the midst of that conference, a sizable majority of the conference committee members from the House and the Senate concluded there was a problem in rural America that the bill they were considering would not address: that there were substantial economic impediments to the development of systems that would deliver the local television broadcast into remote, isolated, and rural areas of the country.

In trying to deal with this situation, with all the time constraints in the midst of a conference, an effort was made to write a loan guarantee into that bill. That loan guarantee program has subsequently been offered in the House and is pending before the House committee. And when I talk about it again, I will be talking about the bill as introduced in the House.

There was great concern at that time about how the system would work and what it would cost. As a result of numerous negotiations and a lot of good will, a decision was made to drop that provision at the end of the last session with a commitment I made that, by the end of this month, we would report a loan guarantee bill from the Banking Committee to address this very real concern. I am happy to say that on a bipartisan basis we reported such a bill by unanimous vote and we, in doing so, fulfilled the commitment we made at the end of the last session.

Rather than go through a fairly complicated bill in detail, I will focus in my opening statement on the problems we face—why it is difficult—why there are economic perils involved—in guaranteeing loans to do something that has never been done before using technology that is unproven, why it is so expensive to do this, and then how we have tried to deal with each of these problems.

It is important to remember that when the Congressional Budget Office looked at the loan guarantee program pending in the House of Representatives, they concluded that of the loan guarantees that would be made—and let's be precise, a loan guarantee is where the taxpayers are committed to stand in the place of the borrower should the borrower default—roughly 45 percent of the $1.25 billion worth of loans made under that bill will be defaulted.

When I say defaulted, I am not saying just that the borrower would be unable to pay that face amount. I am saying that if one looks at the CBO estimate—which is an estimate of the present value of the losses they estimate will arrive, remembering that a loss 20 years from now is discounted using the Government's cost of borrowing—what they concluded was, as the bill is structured in the House, we were looking at the potential of the taxpayers paying 45 percent of the cost of these loan guarantees as a result of their being defaulted and ultimately not being repaid.

The Banking Committee, in looking at this number, concluded that it presented an unacceptable risk for the American taxpayer.

Sometimes people get confused by these estimated CBO costs because the cost often looks low because it is the present value of a default which would occur 10 years, 20 years, even 25 years from now.

But basically, the CBO analysis of the House bill is that we are looking at a potential default rate of about 45 percent.

How did we try to deal with that?

We held a set of hearings where we heard from experts in industry, and we worked with the Congressional Budget Office. We decided there were two ways we could reduce the probability the taxpayer was going to end up paying off these loans.

One way we could do would be to set up a board that could exercise independent judgment as to the quality of the project being proposed and the risks that were involved, and that we could put someone who was responsible, who had knowledge of financial markets, and who was responsible to the taxpayer, in a position to make that judgment.

We concluded we should have a board made up of the Secretary of the Treasury, the Chairman of the Federal Reserve Board, and the Secretary of Agriculture, or their designees—but their designees would have to be people who were appointed by the President and confirmed by the Senate.

Our first line of defense is the good judgment and prudence of the three people on this board. The House would give that basically to a Government agency, but we have rejected that.

Our second and, by far, our more important line of defense is that we do not guarantee the entire loan. The loan would have only an 80-percent guarantee.

What this means is, when a private lender makes this loan, they are going to be liable for 20 percent. The protection we get from that requirement is not just that they lose the first 20 percent, and then we lose the other 80 percent, if the loan goes bad—that is important; and we guarantee that the taxpayer is protected first, unlike the House bill—but what we get is far more important because with a private lender, if they are liable for 20 percent of the money, they are going to perform their due diligence, they are going to scrutinize this loan, and they are going to realize that if the loan goes bad, they are going to lose 20 percent of the money they have lent.

As we initially wrote this bill—in fact, the language of the bill as reported out of the Banking Committee I will amend in our first amendment today in an effort to reach a compromise—the logic was that we would have a private lender. The language of the bill requires that they be FDIC insured, that they would make the loan, and that they would be liable for 20 percent of the cost.

Why is this so important? We are not talking about making a loan to deliver electricity to rural America, where we have a captive customer base, where someone cannot buy electricity from anybody else. We are not talking about making a loan to deliver telephone service to rural America where you either buy from the telephone co-op or you do not have a telephone. We are talking about a very risky business where there will be no guaranteed ratepayer. Nothing in this bill—nothing in law—requires any American living in a rural area to buy these services. So there is no captive base. When we get to the discussion of the amendment I will offer, we are going to be discussing this in detail because this is very important.

The second important risk is, no one has ever done what we are proposing to do. We have one company proposing to use a satellite, which has a directed beam so that it would send a signal into a geographic area, and they are pretty confident it is going to work. In fact, they are going to invest over $1 billion to build such a system to basically service these top 40 markets in terms of viewership.

But the plain truth is, no one has ever used that satellite. So while we hope it will work, while we have reason to believe it will work, and while the fact that somebody is willing to invest $1 billion in it suggests to me it might very well work, we do not know it will work. It has never been proven on the scale we are talking about.

But there is a second and more fundamental risk. It is one that I think, in our rush to do something here, we want to look beyond. It is not the risk that the technology does not work.

Let's say we are talking about a satellite—and our bill is neutral in terms of technology—but let's say someone comes in and asks for a loan of $1.25 billion to build and launch and put into orbit a directed beam satellite. Obviously, you have the risk that somehow the system does not work, it is not launched into orbit. Maybe they would buy insurance. I assume a lender would require that. Maybe it would work; maybe it wouldn't work.

But let's say it does work. The biggest risk you face in dealing with new technology is we have no guarantee, that if someone borrowed $1.25 billion and we guaranteed 80 percent of it —and it worked perfectly—that 2 years from now some young computer genius, getting a degree in computer science at Texas A&M, might not develop a technology that would use the Internet to deliver the local TV signal and would do it at one one-thousandth of the cost of this satellite.

I say to my colleagues, if that happened, obviously, it would be a godsend for rural America because then everybody would have local television, and they would have it inexpensively, but it would not be a godsend for the taxpayer because we all know that if that happened, which would be the answer to someone's prayer, it would not be the answer to the taxpayer's prayer. The company that launched that satellite and invested $1.25 billion in it would lose every customer they had to someone who could sell for one one-thousandth of their cost.

Let me say, this isn't just theoretical, this is happening every day in America.

The taxpayer would be on the hook for over $800 million of losses.

This is risky business, which is why the Congressional Budget Office estimates that the House bill will have a default rate of roughly 45 cents out of every $1 that is loaned. That is risky business.

We have tried to deal with this by establishing a loan board to exercise due diligence, requiring a private lender, as it is now written, and an FDIC-insured lender, so basically we are talking about an institution that is in business to make money, and they are going to be making loans. They can make loans to anybody—to REA or to a private, for-profit company. They know as the bill is now written, they are going to be liable for 20 percent of that loan. If it goes bad, they will lose that money.

It is my understanding that we are going to have a series of amendments that assault, in my opinion, these two basic protections of this bill. One amendment, which has been discussed, is the amendment to let Government lend the money. I totally and absolutely reject that. If we let Government lend any of this money, we destroy the whole foundation of this bill. Our protection is, if Chase Manhattan is lending this money, they are liable for 20 percent of the money. If the loan goes bad, they lose that money, and somebody will probably lose their job. So they are going to be paying attention to their business.

On the other hand, if we allow an amendment which says the Government can make the loan guaranteed part directly, we are eliminating some of the due diligence that is at the very heart of this bill and which CBO has scored as lowering the cost of this loan by $100 million.

The second proposal that is going to be made, a proposal I am going to accept but with a very important amendment, relates to the CFC, which is the Cooperative Finance Corporation. This is basically a captive lender of the REA. It is an entity that is given tax exemption. Why is it given tax exemption? It is given tax exemption because it is serving a public purpose: it is a lending institution that historically has lent money to REAs to provide telephone service and electric power.

The important difference between a loan to provide telephone service or electric power and a loan to launch a satellite or to invest in an unproven technology is twofold. One, we have been doing phones a long time. We have been generating power for over 100 years. We know how to do it. There is no uncertainty about the technology of

telephones and power generation in a traditional sense.

Second, in these activities, they have captive customers. Where I am an REA customer, I can't buy power from anybody else. So if a mistake is made, there is an easy way to cover it up—raise my rates. There won't be an easy way to cover up a mistake here because there won't be any captive ratepayer whose rate can be raised.

Let me make it clear, I have the highest opinion of the CFC. I think it has done a great job. It was chartered and given a tax subsidy to do that job in the public interest, and I think it does that job well. But I believe we are taking an unnecessary risk in letting the CFC make these loans. I am willing to do that as part of an effort to have a bipartisan compromise but only under the following circumstances:

No. 1, what we are being asked to do is take out of the bill the requirement that the lender be FDIC insured. When we do that, we open up this whole process to institutions that we may never have considered. So we have two sort of boilerplate requirements. One is, if it is a traditional financial institution, they have to meet two requirements: First, no self-dealing; that is, they can't lend the money to themselves, so to speak; and, second, they have to meet the normal capital requirement, which is, you can't lend more than 10 or, in some cases, 15 percent of your capital to any one borrower.

Now, for the CFC, we don't impose—in the final compromise I offered last night—the 10-percent loan to one borrower restriction. I would prefer it, but I know that some of my colleagues are opposed to it because CFC is opposed to it.

What we require is the following: To be sure we are talking about CFC and not some other Government or some other nonprofit entity that none of us have thought about, we say that to qualify, a nonprofit institution must have one of the three highest credit ratings on a long-term bond. Some people have gotten confused between a credit rating on a long-term bond and a credit rating on any commercial paper. Almost any institution can issue a 30-day note that will be AAA rated. We are talking about lending for 25 years here, so the fact that somebody can get a good rating for short-term borrowing, what we want to know is their rating for long-term lending. That is what is significant.

The first requirement is that those nonprofits that can participate must have one of the top three ratings and the Cooperative Finance Corporation qualifies.

The second requirement, which I think is of equal importance, is that the board must find that by making this loan the Cooperative Finance Corporation will not see its credit rating decline, that in making the loan they are not jeopardizing the good credit they have.

Why is that important? We have, as best I can estimate—and we are trying to get the final number—25 million Americans who are captive ratepayers. They are customers of REA for telephone and for electric power—one or the other and, in some cases, both. If the rating of the CFC in borrowing money to lend principally to co-ops is diminished by making this loan, every ratepayer of every co-op in America will end up paying more because this happened. We want to prevent that from happening. I am going to argue all day long, if I have to, that we should not imperil 25 million Americans who are captive ratepayers by allowing CFC to get into a risky business that can push down their credit rating.

What I am proposing and will propose in the first amendment, when the general debate is over, is that we let CFC make the loans but that the board has to find that, in making the loans, CFC is not going to downgrade its creditworthiness, and in the process impose new costs on ratepayers.

Finally, if their creditworthiness does decline, then they would be required, in an arm's length transaction, to sell this note on the open market. I think these are important requirements.

Someone may argue that the CFC has engaged in providing television services. That is a real stretch because what really happened is the co-ops borrowed $100 million to enter into a contract with Direct Television where they were the marketing arm of Direct Television. As it turns out, over 80 percent of what they were doing, they have subsequently sold off to a private company named Pegasus that is a long way from launching a satellite and engaging in this business.

Let me sum up.

I think we have put together a well-crafted bill. To this point, this bill costs $100 million less than the House bill. It is still risky business. Let's remember that if this loan is defaulted, rural America is probably going to lose its television service.

I hope my colleagues will look at the amendment I have offered, and I hope it can be accepted.

I thank all members of the Banking Committee, Republicans and Democrats, for the bipartisanship we had in committee.

I thank Senator CONRAD BURNS. I thank him for his leadership. There is no question that we would not be here today were it not for his persistence. I also thank him for not only trying to get television signals to rural America but trying to do it in the right way. It is very easy when you are trying to deal with all the groups that hope to benefit from some program such as this to just throw caution to the wind and say don't worry about the cost. I thank Senator BURNS not only for the leadership in seeing that we are writing this bill, but for his leadership in seeing that we are doing it right.

With that, I yield the floor.

The PRESIDING OFFICER (Mr. BUNNING). The Senator from Maryland is recognized.

Mr. SARBANES. Mr. President, I will be very brief because Senator JOHNSON is going to handle the time on this side. He has been very intimately involved in shaping this legislation and has done an outstanding job and I think made a major contribution.

The bill that is now before us is a consequence of a unanimous consent agreement that was reached last year. Much discussion took place within the committee. As a consequence, we were able to move considerably closer on many of the issues that divided Members when we first addressed S. 2097. In fact, I think it is fair to say, with the exception of the issue Senator JOHNSON will raise on the floor, we have a consensus product before us that we can move through in short order.

We seek a loan guarantee program that will provide comprehensive television service for the American people at the best possible price. We are particularly concerned about rural Americans who have either no access or inadequate access to local television service. We seek to obtain that for them at an affordable price and yet, at the same time, protect the American taxpayer as we move forward with the loan guarantee program. Obviously, you have to strike the right balance among these objectives. I think the bill, with the Johnson amendment, with the proposal of the very able Senator from South Dakota, would accomplish that.

The chairman has gone over some of the specific provisions of the bill. I think it is important to note that the board we are providing, which will grant the loan guarantees, is made up from the Federal Reserve, the Treasury, and the Department of Agriculture. The day-to-day administration of the program would be done by the Rural Utilities Service, which would also write the regulations, subject to the approval of the board. The Rural Utilities Service is the most experienced agency in the Federal Government in dealing with this type of investment in rural areas. Therefore, we think they have a clear understanding of what is involved.

The guarantee level provided in the legislation is 80 percent. That differs, of course, from the House bill. It is designed to provide some additional safeguards. We also worked to ensure that the legislation would give priority to the projects seeking to provide services to areas in this country that are unserved and underserved, as we move toward trying to provide a universal service.

Senator JOHNSON led the effort on our side. We were markedly assisted by Senator BAUCUS, Senator HARKIN, and many others. I know there are a number of Senators on the Republican side of the aisle, too, who come from rural areas who are very deeply concerned about this issue.

Let me touch on the one important improvement that I hope will be made to this legislation, and that is the

Johnson initiative. The bill, as it is now before us, requires that the lenders involved in this program be FDIC insured. That is the requirement in the bill as it now stands. Many believe this is unnecessarily restrictive, that there are a number of other lenders and, in particular, the National Rural Utilities' Cooperative Finance Corporation, the CFC, which would be barred from participating in the program as the bill now stands.

Senator JOHNSON is intending to address that issue. Actually, the lender we are talking about—the Cooperative Finance Corporation—is extremely well capitalized. It has over 11 percent shareholders' equity capital, which is better than 9 of the 10 largest banks in the country. The credit rating agencies rate CFC's debt as high as any of the largest federally insured banks and higher than most. So by these market standards, they are an extremely strong and well-managed financial institution. I see no reason to exclude it from the program. I think we can adjust to accommodate this issue.

I think we can achieve a broad, if not total, consensus on this legislation. I think, in fact, including lenders of this nature in the program will help to encourage the participation of organizations, such as rural cooperatives that have the most experience in doing business in rural areas and therefore make it more likely that the program will reach its ultimate goal of universal service in rural areas.

So I am supportive of the legislation with this change that we will seek to make. I think it meets all the questions and concerns that have been raised in a balanced and straightforward manner. Again, I thank Senator JOHNSON for his leadership on this issue, and I commend all the members of the committee, the chairman and all the members on his side, and on our side, who worked closely together to try to work out agreeable solutions to most of the concerns that have been expressed.

I think if we can address this one remaining concern on the floor in a positive and constructive way, we will have done a good piece of legislative work and will be able to move this issue forward.

Mr. President, I will yield the floor. Senator JOHNSON will manage the remainder of the time of the debate on this side of the aisle.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. JOHNSON. Mr. President, may I inquire as to the time remaining on both sides?

The PRESIDING OFFICER. The Senator from Texas has 6 minutes. The Senator from South Dakota has 22 minutes.

Mr. JOHNSON. Mr. President, I yield myself 15 minutes.

Mr. President, I rise today in support of S. 2097, which will help provide local broadcast coverage for all Americans. Under legislation we passed last year, satellite companies are for the first time free to broadcast local network broadcasting into local markets. What we are doing today will make that benefit a reality for Americans who live outside the largest 40 television markets across America.

As do many colleagues, I represent a State with rural viewers who should not be left out of the information age. South Dakota is one of the 16 States that do not have a single city among the top 70 markets. Without this loan guarantee, markets such as Sioux Falls and Rapid City simply will not get local service, despite the fact there is a great need for the reception of that local broadcasting.

This proposal is about more than just providing sports or entertainment programming over local channels. It is a critical way to receive important local news, public affairs, storm information, road reports, public safety, school closings, and so on. Rural Americans need the same opportunity to access their local networks as do our urban friends, and this legislation would go a long way toward making that a reality.

I want to thank the chairman of the Banking Committee, Senator GRAMM, for his hard work on this important issue. He correctly raised several issues which have strengthened this bill, adding critical taxpayer protections to the program. I want to thank Senator SARBANES, the ranking member of the Banking Committee for his hard work on this legislation as well.

As a sign of the support we have for this package, I have agreed with Senators GRAMM and SARBANES to oppose all amendments to the bill with one exception. I will be offering shortly an amendment to correct a significant flaw in this bill. Other than that one change, I believe we have produced a substantive bill that will produce this service to all Americans without resorting to risks for the American taxpayers.

S. 2097 provides an 80 percent guarantee of projects to bring local to local to all markets. The remaining 20 percent will be private capital provided by qualified lenders. These private capital will bring market discipline to the program. No entity will fund a project it has not scrutinized, that it does not believe will succeed.

We have created an oversight board consisting of the Federal Reserve Chairman, the Secretary of the Treasury, and the Secretary of Agriculture. This board will review loan applicants with a eye toward fiscal discipline. The Fed and Treasury are especially tasked with ensuring that the taxpayer dollars are protected. They will look carefully at the proposals and support projects that will work. The USDA brings expertise in rural America to this venture. The experience of the Rural Utilities Service, with its $40 billion loan portfolio and phenomenally low default rate, will make this a sound venture.

The combination of these experts plus the market discipline of a lender with 20 percent of the project at risk, will screen applicants so only the soundest, most viable proposals are funded.

With this program, we can take a giant step for rural America. All of our citizens will be enabled to follow local events. In states like South Dakota, wide stretches of area are not served by any form of local programming; this bill for the first time makes that possible.

There is one area where the bill could be improved. The bill in its current form requires that lenders be FDIC insured to participate in the program. This would effectively eliminate rural electric cooperatives and telephone systems from participation in the program.

This limitation excludes private finance corporations that have years of experience lending to rural utilities (including institutions that have years of experience in lending guaranteed loans). It would also exclude institutions with billions of dollars of assets, that operate on a national basis, are highly rated by the rating agencies and file with the Securities Exchange Commission.

The amendment I will be offering is supported by Senators THOMAS and GRAMS and others. It is bipartisan in nature. It simply allows qualified lenders with experience and expertise in these types of programs to participate in the funding subject to board approval, keeping in mind always that everything we do must be approved by the Federal Reserve, Treasury, and USDA. As an example, Cooperative Financing Corporation is AA rated and considered to be ''the best investment in the high quality electric utility sector'' by Shearson Lehman. These are the types of lenders that should be potentially part of this program.

I encourage my colleagues to support rural America by making S. 2097 more likely to successfully provide local to local to smaller markets. My amendment provides, but does not mandate, alternate financing options. The purpose behind the change is to allow participants in the program to seek the lowest possible interest rate. Those dollars saved on interest make the program more likely to succeed, and improve the viability of the program, making it more likely the loans will be repaid without recourse to the guarantee.

This issue has aroused the greatest level of constituent concern in quite some time in my State. With this amendment to S. 2097, we will provide a fiscally responsible, prudent response to the concerns raised by thousands of our constituents. The issue which Senator GRAMM has ably outlined this morning is in response to a concern Senators THOMAS and GRAMS and I also share but to which we take a different approach.

The view of those of us who will be offering our amendment as a second-degree amendment, I believe, to Senator GRAMS' amendment would be to

recognize that institutions that have years of experience in lending to rural electric and telephone cooperatives should not be excluded from participation.

Our amendment simply allows qualified lenders that have experience and expertise in these kinds of programs to participate subject to board approval. It will also require eligible lenders that have at least one issue of outstanding debt that is rated in one of the three categories rated by a national statistical rating agency. This will ensure that an expanded list of lenders will have subjected themselves to rigorous market discipline. The CFC and other private lenders have substantial experience providing multiple million-dollar loans in cooperative environments and provide important protections in rural areas.

We encourage all of our colleagues to support rural America by supporting S. 2097. We are more likely to succeed in doing that by providing local-to-local programming to these smaller markets.

Mr. President, I do not have any additional Members on the floor at the moment with opening remarks. I withhold my time but yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I thank my good friend from Texas, chairman of the Banking Committee, and also the ranking member of the Banking Committee, my good friend from South Dakota, for his work on this bill.

We offered in the Satellite Home Viewers Act last year, an amendment in conference that would enable us to help people in smaller markets around the country. This would help people to receive their local television signal on satellite by facilitating the delivery of these local stations in the gray areas—the B contour and the C contour where reception is poor —in the station's area of dominant influence.

I chair the Communications Subcommittee of the Commerce Committee. In Montana, we have great distances to cover with few people in between. Other States share this difficulty and also the geographical challenge posed by the mountains. Since the television signal is line of sight, mountains can make the problem of providing local coverage for people in hard to reach places even harder to solve. So, how do we do that? How do we level the playing field and still provide the compulsory licensing for cable, and for satellite television users and, of course, for those local programmers?

I think we now have before us a better bill than the one we offered last year. This bill is more complete, because it takes into account both the agencies that are going to make the loans, and also those who will be borrowing the money. It puts some responsibility on each of the parties to make sure, No. 1, that it works and, second, that they assume some of the risk so taxpayers' money is not in jeopardy.

I thank the Senate Banking Committee for their commitment in bringing this issue to the Senate floor as fast as they possibly could. Their word has been good, and by working with the Agriculture Committee and also a lot of us individually, the Banking Committee has helped us build a better bill than we had last year.

Providing access to local television signals is crucial to rural States. With over-the-air broadcast signals and cable delivery limited by geography in my own State, satellite television has been a staple of the so-called video marketplace for many years. Montana has the highest penetration level of satellite television of any State, at over 35 percent.

When I initially proposed the legislation in this area, I was concerned that, without it, only the largest television markets in America would receive local-to-local service as authorized by the Satellite Home Viewer Improvement Act. These are the profitable cities such as New York and Los Angeles with millions of television households. But it is not so profitable a venture in areas where we have quite a lot of dirt between light bulbs.

The issue we will be debating, of course, will be the amendment offered by my good friend from South Dakota and the cosponsors.

Let's talk about the other 140 TV markets in this country. There are 16 States, including my own, that do not have a single city in the top 70 markets. It is time we help those 16 States gain equal footing with the ones with more urban populations. Just because they are small doesn't mean they should be left out of the mix when we talk about local to local, because people enjoy their local sports, they enjoy their local weather, they enjoy their local news. It doesn't do any good for anybody who lives in rural Kentucky to watch a station that is based out of Charlotte, NC.

We have to find ways of delivering their signal off the satellite. The ability to receive local television signals is much more than just having access to local sports or entertainment programming. It is a critical and an immediate way to receive local news, weather, and community information.

Access to local signals is particularly critical in rural areas, such as Montana, when we experience flooding and other weather situations, including blizzards.

This is very important. The LOCAL TV Act reflects the belief that the loan guarantee program should not favor one technology, it should be technology neutral. It is a win-win for consumers. It is also a win-win for the taxpayers, and I urge my colleagues to support this. I don't think we have received more mail on any other subject since I have been here. Whenever they start turning our networks off the satellite, we get immediate responses.

I look at this the way I looked at REA when I was a lad on a farm in northwest Missouri. I have made this speech many times. Had it not been for the Rural Electrification Administration, we would be watching television by candlelight. That is fact. We were in rural areas. We would never have seen the build-out of electricity or power to our farms and ranches.

We have to take the same look at smaller markets in television because the only support they get is through advertising. That advertising is based on viewership, and the profitability of that station is at stake and, with that, the services they provide. I think it is pretty important.

This bill is set up with a three-member board. It offers access. The administration is very tight, and it also protects the taxpayer. Remember, the taxpayers' dollars are at stake.

We will move through the debate on different amendments that will come up and should be debated. The concept of the bill, if passed right now as it is, is darn good. There are a couple of amendments that I think will improve this piece of legislation.

Mr. KERREY. Mr. President, I rise today in strong support of the LOCAL TV Act of 2000. Last year, Congress passed a law allowing satellite providers to retransmit local signals into local markets, but we knew then that the large satellite providers had no plans to provide ''local into local'' into rural areas, completely ignoring Nebraska and 14 other states. At the time I strongly supported the inclusion of a $1.25 billion loan guarantee program to encourage companies to retransmit local signals in rural areas. Unfortunately, political wrangling left this important provision behind as we passed the bill.

I am pleased that the Senate has fulfilled its promise to pass a loan guarantee program before April 1, 2000. The LOCAL TV Act of 2000 will provide $1.25 billion in loan guarantees to companies to bring local stations into currently unserved areas. Local stations are vital to a community, broadcasting local news, sports, weather, and emergency warnings. A small but significant portion of the U.S. population cannot receive local television signals from any means, while as much as half of the population must settle for New York or Los Angeles news (so-called distant network signals) via satellite. Nebraska has over 270,000 satellite viewers who cannot receive their local stations through their satellite dishes. This bill will provide the financial backing necessary to support companies to bring local television to all areas of America. ''Local into local'' has become another technology that urban areas are able to enjoy, while rural communities get left behind. The LOCAL TV Act will ensure that does not happen.

I have great confidence in the Rural Utilities Service (RUS) which is charged with administrating this loan guarantee program. Many previous programs launched through RUS to help

close the gap between urban and rural areas have proven successful. The public/private partnership between RUS and its borrowers has helped develop electric, telecommunications, and safe, clean drinking water in rural America. It has also fostered rural economic development across the nation. I believe the RUS will administer this program with the same expertise it has demonstrated in the past.

Bridging the so-called ''Digital Divide'' remains one of my top priorities. It is absurd that some areas of the country cannot receive high speed internet access, local television programming, or other technologies, simply because they live too far from a big city. I will continue to work hard to bring the newest technologies into all regions of Nebraska. The LOCAL TV Act of 2000 is an important step in this direction, so I enthusiastically support this legislation.

Ms. COLLINS. Mr. President, I rise to lend my support for S. 2097, the Launching Our Communities' Access to Local Television, legislation of which I am proud to be an original cosponsor.

Mr. President, this legislation is simply about equity. Should satellite customers in the rural Maine communities of Lovell and Greenville and Fort Fairfield have the right to receive the local broadcasts of stations in Portland, Bangor, and Presque Isle, Maine? Should they have the ability to receive their local news, emergency weather forecasts, information about school closures, and the wrap-up of the local school sports via satellite? My answer is yes, of course, they should.

While Congress authorized the ability of local network stations to broadcast their local signals via satellite by passing the Satellite Home Viewer Improvement Act last November, current satellite capacity only allows the top 40 to 50 television markets to receive this unique service. Unfortunately, this excludes the Portland, Bangor, and Presque Isle, Maine, markets and the satellite customers within those markets who want to view local programming.

This last year has been a particularly difficult and frustrating one for satellite customers. We took an important step in addressing many of the problems they and local broadcasters have experienced by passing the Satellite Home Viewer Improvement Act. We are, however, lacking a final component. Providing a rural loan guarantee program that is technologically-neutral, fiscally responsible, and focused on underserved markets will encourage companies to bring important information access to my State's rural communities and lead us to a conclusion of this important issue. I urge my colleagues to pass this important legislation.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. GRAMM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMM. Mr. President, I think it is now timely for me to offer an amendment.

The PRESIDING OFFICER. The Senator from South Dakota has 15 minutes remaining.

Mr. JOHNSON. Mr. President, I yield back the reminder of my time so we can proceed with the substance of this legislation.

AMENDMENT NO. 2897

(Purpose: To address certain lending practices)

Mr. GRAMM. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] proposes an amendment numbered 2897.

Mr. GRAMM. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 30, strike line 22 and all that follows through page 31, line 3, and insert the following:

''(D)(i) the loan (including Other Debt, as defined in subsection (f)(2)(B))—

''(I) is provided by any entity engaged in the business of commercial lending—

''(aa) if the loan is made in accordance with loan-to-one-borrower and affiliate transaction restrictions to which the entity is subject under applicable law; or

''(bb) if subclause (aa) does not apply, the loan is made only to a borrower that is not an affiliate of the entity and only if the amount of the loan and all outstanding loans by that entity to that borrower and any of its affiliates does not exceed 10 percent of the net equity of the entity; or

''(II) is provided by a nonprofit corporation engaged primarily in commercial lending, if the Board determines that the nonprofit corporation has one or more issues of outstanding long term debt that is rated within the highest 3 rating categories of a nationally recognized statistical rating organization, and that such rating will not decline upon the nonprofit corporation's approval and funding of the loan;

''(ii)(I) no loan (including Other Debt as defined in subsection (f)(2)(B)) may be made by a governmental entity or affiliate thereof, or a Government-sponsored enterprise as defined in section 1404(e)(1)(A) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note) or any affiliate thereof;

''(II) any loan (including Other Debt as defined in subsection (f)(2)(B)) must have terms, in the judgment of the Board, that are consistent in material respects with the terms of similar obligations in the private capital market;

''(III) if a nonprofit corporation fails to maintain the debt rating required by subclause (i)(II), the subject loan shall be sold to another entity described in clause (i) through an arm's length transaction, and the Board shall by regulation specify forms of acceptable documentation evidencing the maintenance of such debt rating;

''(IV) for purposes of subclause (i)(I)(bb), the term 'net equity' means the value of the issued and outstanding voting and nonvoting interests of the entity, less the total liabilities of the entity, as recorded under generally accepted accounting principles for the fiscal quarter ended immediately prior to the date on which the subject loan is approved;''.

Mr. GRAMM. Mr. President, let me try to explain the amendment and what the issue is. I know there are strong feelings on both sides of the issue. I believe we have worked out 95 percent of the bill to everybody's satisfaction. But we now have come down to an issue. I really believe that while there will be extraneous amendments offered, this and possibly one other amendment might be the only amendments we will be actively debating.

Let me first explain what the bill now does. Then I would like to explain the changes my amendment makes, why I am making them, and then I would like to address the overall issue we are about to debate, potentially through a second-degree amendment or through another freestanding amendment.

In the bill as it is now written—as it passed unanimously in committee, even though I knew an amendment was going to be offered—in order to make a loan that the Federal Government guarantees, you have to be an insured depository institution. There has been objection raised to this because of a desire on the part of the Cooperative Finance Corporation. This is a captive lender, for all purposes, for America's REAs, with a very proud record and with a great record of achievement.

The question then is, if we take out of the bill that a lender has to be FDIC insured—and remember we are having the taxpayer guarantee the loan they are making—What kind of protections do we need for that guarantee to be extended? I have offered this amendment, really, as an effort at a compromise where we take the FDIC lender out but where we set specifically three sets of rules to apply to different lenders.

The first two have to do with commercial for-profit lenders. They are the standard kind of constraints you would normally see in any financial transaction; that is, they have to meet the capital requirement which traditionally, for banks and S&Ls, has been that you cannot lend more than 10 percent or 15 percent of your capital to any one borrower.

Second, we eliminate the potential for any for-profit institution to lend to an affiliate. What we are trying to do here is ban self-dealing. I do not believe there is any objection to these two provisions, but it is very important that they be in the bill.

Now we get to the controversy. What do we do about nonprofit lenders? Let me remind my colleagues, institutions are not nonprofit for nothing. We grant a very special privilege to an institution when we make it a nonprofit institution because we dramatically lower its costs. And we do it because that institution is serving a public purpose.

In this case, the institution that is basically going to be discussed here is CFC, the Cooperative Finance Corporation. Its public purpose is that it provides funding at a very low cost to our REAs that are providing telephone and electric power to rural America. It is true that it makes some other loans, but the principal purpose for its lending is REA power and REA telephone.

What we are saying is for these nonprofits, since they are carrying out a Government function, even though they may be chartered as private institutions, they are chartered with tax exemption because they are promoting a public purpose. Therefore, we do have some concern about them.

Now, if Citigroup or Bank of America or Chase makes this loan and it is defaulted and they lose 20 percent of it, I am not happy about it—and I am very unhappy about the taxpayer losing 80 percent—but I figure they are in this for profit. They know what they are doing and what they do to their credit rating and what they do to their profitability; that is their business. That is what for-profit private enterprise is about.

I am more concerned about what a nonprofit corporation does because it is nonprofit and it is carrying out a public purpose. In the case of CFC, that public purpose is to make loans to bring electric power and telephone, and to continually modernize both to rural America. More important, they are lending money to 25 million captive customers. Why do I say captive? Because if you are buying power from the REA, you do not have the right to buy it from anybody else. If you are buying telephone services through an REA affiliate, you do not have the right to buy telephone services from anybody else, on a hard line anyway. So in making loans, these nonprofits, and principally CFC, are carrying out a public mandate in providing these services for rural America as cheaply as possible.

Why should there be a certain set of rules for nonprofit corporations? Because they are nonprofit; because they do have tax exemption; because they are supposed to be promoting a public purpose. If Citigroup or Bank of America makes a bad loan and it is defaulted, people do not have to do business with them. They can borrow money from somebody else. But if the CFC makes a bad loan and their credit rating goes down, then every REA customer for electric power and telephone, all of whom are captive customers, would have to pay higher prices; hence, the public interest in seeing that we protect the interests of those ratepayers.

How do we protect the interests of the ratepayers in this amendment? I have colleagues on both sides of the aisle who want the CFC to be able to make these loans. Frankly, if this were left to me, I would not do it that way. The whole logic of this is for-profit lending. But in an effort to try to reach a compromise, we would let CFC, this tax-exempt entity which is providing credit to rural America, make these loans. But the board would have to find, in making the loan, that they would not lower their credit rating.

Why is that important? Why should we care what the credit rating of CFC is? Because that credit rating affects their ability to borrow money, affects the interest they have to pay, and since they are in turn lending that money to REA providers who have captive American customers—25 million of them—if they do something speculative and drive down their bond rating, everybody in rural America is going to pay more money for electric power and telephones.

The restriction we are imposing is hardly overwhelming. All it says is, where we are dealing with a nonprofit lender, where the Congressional Budget Office has estimated the probability of default is such that 45 percent of the loan will be defaulted under the House bill, if they want to make this loan, doesn't it sound reasonable on behalf of the 25 million ratepayers in rural America that we would simply ask that the board—the Secretary of the Treasury, the Federal Reserve Board chairman, and the Secretary of Agriculture—that they determine that the CFC is not going to see its bond rating go down as a result of making this loan?

Why do we care if it goes down? Because if it goes down, every buyer of electricity, every buyer of telephone services in rural America, is going to pay more money. That is why we should care. So we say, if the board finds that this is not going to lower their credit rating, they can do it.

We have a provision that says, if the CFC's credit rating is lowered—and credit rating agencies, when they change somebody's credit, say why they have changed it, so that if they change it and the reason is this loan—we require the loan to be sold so it can move to restore their credit rating.

I believe this is an eminently reasonable amendment, and while it does not bear directly on the loan guarantee, it does bear directly on another issue, and that is the well-being of 25 million Americans who live in rural America. I represent more of them than any other Senator here. I am not indifferent to CFC taking action that will drive up interest rates and drive up power rates and telephone rates in my State to Texans who choose to live in rural areas. That is what this amendment is about.

This amendment, in responding to a request by Members of the Senate, takes out the requirement that you have to have an insured lender. That opens it up potentially to anybody.

We tighten it up in three ways. We say if you are a commercial lender—a bank, for example—you have to meet the capital requirements and the loan-asset ratio that is currently the law, and you cannot do self-dealing. You cannot lend it to your brother-in-law, and you cannot lend it to the bank. It has to be an arm's length transaction.

For those lenders, such as Morgan Stanley, that do not have a capital requirement, we say they have to have one. We are not going to guarantee a loan that Morgan Stanley makes if that loan is more than 10 percent of their capital. Why? Because it is risky, and if they lose money, it enhances the chances that the taxpayers will lose money.

Finally, for nonprofits, we do not have a capital requirement, but what we say is, since we gave this institution nonprofit status to perform a public purpose—in the case of CFC, to make loans to electrify and bring telephones to rural America—that if the board finds that by making this loan it is going to drive down their bond rating and drive up their cost of borrowing and, in turn, drive up power rates and phone rates for 25 million Americans, the board will be required to not guarantee their loan. I hope my colleagues will look at this provision.

Let me give an example. Under current market conditions, the 1-year cost of borrowing for dropping from a AA to a AA− is 5 basis points, or $500,000 on a $1 billion loan. Over 10 years, that would be $5 million. It is pretty relevant when one is talking about dropping a bond rating. If it just dropped by one notch, from AA to AA− on a 10-year loan, that 5 basis points will cost $5 million. If you drop from AA to BB, then the cost will drive by a great multiple of that.

This is a reasonable issue. It is not an issue directly involved in this loan, but it is an issue that, unfortunately, has gotten pulled into it. I hope my colleagues on both sides of the aisle will look at this very closely.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota.

AMENDMENT NO. 2898 TO AMENDMENT NO. 2897

(Purpose: To improve the loan guarantee program)

Mr. JOHNSON. Mr. President, I send to the desk a second-degree amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. JOHNSON], for himself, Mr. THOMAS, Mr. GRAMS, Mr. ROBB, Mr. WELLSTONE, Mr. HARKIN, and Mr. BAUCUS, proposes an amendment numbered 2898 to amendment No. 2897.

Mr. JOHNSON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted, insert the following:

''(D) The loan is provided by an insured depository institution (as defined in section 3 of the F.D.I. Act) that is acceptable to the Board, or any lender that (i) has not fewer than one issue of outstanding debt that is rated within the highest three rating categories of a nationally recognized statistical

rating agency; or (ii) has provided financing to entities with outstanding debt from the Rural Utilities Service and which possess, in the judgment of the Board, the expertise, capacity and capital strength to provide financing pursuant to this act and has terms, in the judgment of the Board, that are consistent in material respects with the terms of similar obligations in the private capital market;''.

Mr. JOHNSON. Mr. President, we have reached concurrence on the core of this legislation, and I commend Senator GRAMM for his work with us on that matter. We have had bipartisan cooperation.

We have one remaining issue in particular, however, that remains to be resolved. Senator GRAMM has an amendment which opens up the possibility of CFC financing but under very circumscribed conditions, which I contend are so severe as to make CFC financing very unlikely. The question is: What can we do to lower the cost of financing to make this programming available to rural Americans and yet do so in a responsible, fiscally prudent manner?

The amendment offered by Senator GRAMM does essentially three things:

First, it requires that any lender that is a nonprofit, such as a CFC, cannot provide financing under this act unless the board determines the credit rating of the lender will not decline upon the approval and funding of the loan.

Second, it requires that nonprofit lenders sell any loans guaranteed under this act if their credit rating declines.

Third, it excludes GSE lenders, such as CoBank, from participating in this program.

It is inappropriate, I believe, to require the board to make a judgment on the impact on the credit rating of a nonprofit lender, such as a CFC, because, one, it places the burden of proof on the lender to show why its rating would not decrease. Under the proposed amendment, the board would need to predict future actions of credit rating agencies, and I do not believe this is a reasonable requirement to impose on a governmental board.

In reaching the bipartisan compromise in this legislation, I went along with the creation of a board. This was a good idea on the part of Chairman GRAMM. It involved the Federal Reserve, the Treasury, as well as the Department of Agriculture, to oversee this lending to make sure we have that extra element of prudence. But I believe it is simply not fair to put a burden of proof on the board to certify in advance what, in fact, is going to happen to a rating on the part of a CFC or another nonprofit.

Wall Street credit rating agencies make determinations on credit ratings on a continuous basis. This is a real world market discipline that is imposed on lenders by the capital markets. A board of three people, qualified as they may be, is not an appropriate substitute for market discipline. It makes no sense, I believe, to charge this board with the requirement to predict that the credit rating of any lender will not decline.

CFC raises funds in the private capital markets through sale of bonds, sale of equity hybrid securities, and by equity investments by CFC owners. All of these entities have expressed their confidence in CFC, and that is a real test of the CFC's strength.

The CFC has demonstrated over its 30-year life that it understands rural energy and telecommunications markets. It has done a fine job of evaluating credit risks and has made sound credit decisions. CFC is not a new or untested entity in the marketplace.

It may be argued that all CFC loans are to ''utilities with captive customers.'' This is not true. Many rural electric and telephone cooperatives do have a monopoly position in their service areas, just as other utilities do. However, in the electric area, deregulation is being implemented in a number of States, and co-ops and other utilities in those States are, in fact, facing a competitive marketplace.

In the telecommunications area, CFC, through its controlled affiliate, the Rural Telephone Finance Cooperative, has made loans to a number of projects that include highly competitive services, including wireless telephone services, PCS, and CLEC service in rural areas that were previously poorly served by incumbent providers.

The question then is: Why add an additional layer of bureaucratic review to one class of lenders—CFC and other nonprofits—when that level of review is not imposed on other lenders? This delays implementation in this needed program, adds costs, and provides a competitive advantage to for-profit finance companies.

The amendment does not require banks to be within the highest three ratings categories, and most are not.

Why would this provision be applied to nonprofit lenders and not to for-profit banks?

I have a chart here which I think is interesting. The bottom line shows the Cooperative Finance Corporation's AA− rating under S&P and Aa3 rating under Moody, which compares with the largest banks in America. I think it is of interest that even if there were a decline, the CFC would still have a rating higher than most of the largest banks in the United States.

A second point has to do with the requirement that a lender sell its loan if its credit rating declines. The requirement that a nonprofit lender sell a loan guaranteed under this act if its credit rating declines is an onerous provision that would cause significant financial stress and costs to the lender. If such a decline in a lender's rating should occur, a forced sale at that time could result in still further financial losses.

This is basically, I believe, a poisonous provision designed to exclude nonprofit lenders, such as the CFC. Even if the credit rating of an AA rated company would decline to AA−, it would still have a significantly higher credit rating than the vast majority of banks in America. No similar requirement is being imposed on banks. I believe the idea of requiring a lender to sell loans is not the proper remedy.

The last point I would make is, I believe the exclusion of lenders under the program is an unwise public policy. The exclusion of lenders under this program will only increase the cost of funds to borrowers and ultimately to rural and other TV viewers.

The bill already establishes a sound process for the evaluation of projects applying for financing. This process includes approval by a board that includes the Secretary of Commerce, the Secretary of the Treasury, and the Secretary of Agriculture, advice from NTIA, evaluation, underwriting and analysis by the Rural Utilities Service, and the commitment of private lenders that are on the line to take a very substantial risk in the event of default by a project funded under this program.

I believe that much of what we have accomplished in this legislation—the creation of a board and an 80-percent guaranteed loan rather than the 100 percent which, frankly, was the idea being pushed in the House and which I originally thought might be the way to go—we have diminished to an 80-percent guarantee; we have set up a board. I think we have a responsible approach to this guaranteed loan process.

But I do believe that Senator GRAMM's amendment would go one step further to the point of, in effect, making it very difficult, if not impossible, for the board and institutions, such as a Cooperative Financing Corporation, to participate in the program.

Keep in mind, our amendment does not require that the CFC be involved at all. It simply makes it an alternative financing strategy that would be available for the board, with the Secretaries of Commerce, Treasury, and USDA to evaluate. I have great confidence in their leadership.

I think if we were to adopt this second-degree amendment, we would be back to what I believe would be a clean bill.

I look forward to additional debate.

Mr. SARBANES. Will the Senator yield for a question?

Mr. JOHNSON. Yes, I yield to the Senator from Maryland.

Mr. SARBANES. It is my understanding that the House-committee-reported bill provided a 100-percent guarantee. Is that correct?

Mr. JOHNSON. The Agriculture Committee in the House of Representatives reported a 100-percent guaranteed bill. The Commerce Committee, it is my understanding, is working on a bill that may involve an 80-percent guarantee.

Mr. SARBANES. I just want to make the point that in our committee, we agreed to an 80-percent guarantee, which I think was, in the end, accepted by everyone on the committee, although there were differing views about that question. I think it does provide an important measure of safety in considering this matter.

Secondly, is it correct that if these institutions, which amendment No. 2898 addresses in terms of qualifying—if this amendment carries, the board that is being established under this legislation would still have to approve any loan guarantee made by such an institution, is that correct?

Mr. JOHNSON. That is absolutely correct.

Mr. SARBANES. In other words, the institutions, they are only being included in the sense that they are eligible to submit their proposal to the board. It does not mean they can then go ahead and do these loan guarantees simply on their own. They have to obtain board approval in order to do that; that is, this board of the Federal Reserve, the Treasury, and the Department of Agriculture. Is that correct?

Mr. JOHNSON. That is absolutely right.

Mr. SARBANES. Thirdly, I just make this observation. We are allowing FDIC institutions to do this. But, of course, in a sense, that creates an extra exposure that one of these institutions would not have because the Government, the taxpayer, would be exposed on the loan guarantee. But, in addition, if the institution itself were to run into serious trouble, there would be taxpayer exposure on the Federal deposit insurance for the depositors of that institution. Is that correct?

Mr. JOHNSON. That is right.

Mr. SARBANES. Of course, we do not have the latter in the case of these institutions. I think we have to exercise caution and prudence, but as you have pointed out, certainly for the CFC, they rank very well indeed. It seems to me they ought to qualify. I think the limitations have a great deal of difficulty connected with them, which the Senator has outlined in his statement.

I thank the Senator.

Mr. JOHNSON. I thank the Senator from Maryland for his leadership on this issue. He has been of great assistance to us. When we ultimately pass this legislation, a great share of credit goes to the Senator.

I also note that the second-degree amendment, which is pending, is a bipartisan amendment. I express appreciation particularly to Senators THOMAS of Wyoming and GRAMS of Minnesota for their work and their staffs' work on this legislation. Those two Senators share a very great concern for access to local programming for rural residents. I am appreciative of that kind of bipartisan cooperation on this second-degree amendment.

Mr. President, I yield back.

The PRESIDING OFFICER (Mr. FITZGERALD). The Senator from Wyoming.

Mr. THOMAS. Mr. President, I rise to discuss the pending second-degree amendment, of which I am a cosponsor.

First, I thank the Senator from Texas for his good work in getting this bill moved forward. We remember that this came up last year when we talked about the local-to-local broadcasting, and so on. The Senator—properly, I think—suggested it be sent back for more consideration by the Banking Committee. Indeed, it was. He promised us at that time that this bill would come forward. He has adhered to that promise and is out here with it now.

The other thing on which I agree with the Senator from Texas is that he has divided this responsibility and there is an 80-percent guarantee. I agree with that. There needs to be someone who has some risk and promises that there will be more attention paid to it. I have agreed with all those things.

What we are talking about is being able to include a not-for-profit financing organization that has been involved with rural telecommunications, that has been involved with rural electric, and, indeed, serves the rural area. Very appropriately, that should be considered.

By the way, this is the Cooperative Finance Corporation, not the Commodity Finance Corporation that has been mentioned a time or two. It is not set up by the Feds. It is a private co-op without Federal support.

CFC is adequately capitalized, so it has actually better ratings than most of those banks.

Furthermore, as we talk about the requirement that might include increased costs to rural electrics—rural electrics, by the way, with which I am rather familiar, having worked in that area before I came to the Senate—they can get their financing other places; they are not captive borrowers from the CFC.

I think this second-degree amendment is one that simply provides more opportunity for this unit, this nonprofit unit, owned by rural people, to participate in the financing of an effort to provide rural television, local-to-local television, the kinds of coverage we now do not have in Wyoming. If you want to see ABC, you have to get your program from California or from Chicago. We are saying we can provide that locally so you can get local news, local information. We think that is very important. Of course, that is what this bill is all about.

The proposal that is before us and that we seek to second degree places the burden of proof to show that the lender's ratings will not decrease. Under the proposed amendment, this board would need to predict what the financial condition is going to be. That is a pretty unreasonable requirement for this governmental board composed of Cabinet officers or their designees.

Secondly, of course, Wall Street rating agencies make these kinds of ratings, and they will be making it here. This, after all, is a market function. CFC raises its capital in the private capital markets through the sale of bonds, through the sale of equity securities, equity investments. So these things are all a function of the market and are tested by the market. We don't need to set up an artificial organizational effort to do that.

CFC is over 31 years old. I think it has $600 million worth of capitalization. They have been in the energy and telecommunications markets. They are mature. What we are saying is that we appreciate very much the Senator's willingness to allow these kinds of nonprofits to participate, but our argument basically is there are restrictions and regulations here that are not needed. They are additional bureaucratic reviews that are not necessary in order to accomplish the purpose the Senator has set forth.

I won't take longer. I am very much in favor of this bill. I hope we will move to pass it quickly. I thank Senator JOHNSON and Senator GRAMS for joining in this effort to make some changes. I do not think they changed the policy direction that the Senator from Texas takes, and I urge the support of the second-degree amendment.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I rise in opposition to the amendment.

I think, as people try to follow this debate, it often looks complicated, but if they burrow into the real issue, it boils down to this: In trying to accommodate those who want the Cooperative Finance Corporation to participate in this program, I have taken from the bill in my amendment the requirement that the lender be FDIC insured. I have set out some conditions. For banks, I require that they meet a capital requirement and that they do not engage in self-dealing. That requirement is not in this amendment that would strike my amendment. Under this amendment, potentially we could have an 80-percent Government guaranteed loan to some institution that is lending the money to itself. I am opposed to that. I am adamantly opposed to that. I think that is an outrage.

Under this provision, we could have an institution lend all of its capital and the Federal Government is going to guarantee 80 percent of it. Under this amendment which strikes my amendment, some institution somewhere could lend 100 percent of its capital, and the Federal Government is going to guarantee 80 percent of it. I don't think so. Under the amendment I have offered, I have said that in such institutions, we are not going to guarantee their loan if they are lending more than 10 percent of their capital. This is taxpayers' money we are talking about. Both of those provisions are dropped.

This amendment does a curtsy toward fiscal responsibility in that it says for a lender to qualify, they have to have one of the top three ratings on at least one issue of outstanding debt. You can issue a 30-day note, and almost anybody can get a AAA rating for their credit for 30 days, but the taxpayer is going to be on the hook for 25 years. The fact that a borrower could get a good rating for a 30-day note does not excite me very much, when the taxpayer is going to be on the hook for

25 years. And that does not even apply to the CFC. They don't have to have any capital requirement at all. Every other nonprofit institution does in their amendment, but not CFC.

Let me explain the issue of the CFC. The Congressional Budget Office has estimated that the loan guarantee in the House is going to have 45 percent of the loan defaulted. The scoring by the Congressional Budget Office of the House bill assumes 45 percent of the loan guarantee the Federal Government makes will be defaulted and that the taxpayer will be left holding the bag. That is what the present value of $350 million is when you are discounting on a 25-year bond.

This is risky business. We are lending money on a technology that has never worked anywhere. We are talking about totally new technology. I know there are people running around saying: We are going to have a directed beam satellite. Where are they? Show me one. Where is one working in the world today? They may work.

The point is, this is new technology. We are talking about somebody borrowing the money, launching a satellite, for example, using brand new technology, cutting it on, it works. Maybe it works; maybe it doesn't work. The Congressional Budget Office believes this is risky business. They assume 45 percent of the loan is not going to be repaid.

I have tried to build in protections, and those protections are critical. The most important protection is that a private lender is on the hook for 20 percent.

Our Presiding Officer used to be in the banking business. He did not often get an 80-percent Government loan guarantee, but when he was on the hook for 20 percent, he paid attention to his business because it was his money. The guarantee that we are getting is that people are going to be judicious with the part we are not guaranteeing.

Why do we treat nonprofits differently? What is this issue about credit rating of nonprofits? Why should Joe Brown who lives in San Geronimo Creek, TX, care about the credit rating of the Cooperative Finance Corporation when he is going to guarantee 80 percent of the loan they make? What difference does it make to him?

First of all, why do they have a tax exemption at the Cooperative Finance Corporation? Because we gave it to them to promote a public purpose. What was the public purpose? The public purpose was to provide electricity to rural America and to provide telephone to rural America and to keep it moderate. That is why they have a tax exemption—because they are providing a public purpose.

In letting them be involved in an activity where, under the conditions set in the House, 45 percent of the loan will be, according to the estimate of CBO, defaulted, all I have asked is that this nonprofit organization, or any other, since they are performing a public purpose by lending money to provide electricity in rural Texas and rural America, I want the board to find that their credit rating is not going to go down as a result of making this loan.

Now, our colleague from South Dakota says, what business is it of ours whether the credit rating of the Cooperative Finance Corporation goes down or not? It is my business. It is my business because I have over a million Texans who buy electric power and/or telephone from rural co-ops that borrow money from the CFC. That is why it is my business. If they make a bad loan and their credit rating goes down, the cost of borrowing money to maintain electric power and telephone in my State is going to go up, and my ratepayers, who are captive—they can't buy electric power from anybody else and they can't buy hard-line telephone services from anybody else—are going to end up paying more money. That is why I care. That is why it is relevant.

Now, this is risky business we are engaged in here. All I am trying to do is say, if you want the financial institution that has historically serviced REA and serviced electric power and telephone—and let me remind my colleagues you don't lose money lending money to an electric co-op to provide telephone or electric power generation. Why? Because you have a captive market so that if the loan doesn't work out, you raise the rates—you restructure the loan, you raise the rates to pay it.

In this case, if that satellite doesn't go into orbit, whose rates are you going to raise? You are going to raise the rates of people in Texas who are buying electric power. That is whose rates you are going to raise. That satellite doesn't work. You don't have anybody buying its services. They have a right not to buy them. You are not going to be able to raise their rates. So all I am trying to do is say before we let this lending institution, with a proud history, which has done a great job—and I don't dispute any of that—this tax-exempt lender that we gave tax exemption to electrify America and to provide phone services to America, before we have them make a loan that the Congressional Budget Office says 45 percent of, under the House structure, will be defaulted, before we let them do it—why is it so offensive to have, among other people, Alan Greenspan look at their loan and their proposal and try to make an estimate as to whether or not making this loan is going to drive down their bond rating and drive up the cost of electric power and telephone services in rural America? Do we not trust Alan Greenspan to make an honest judgment?

I don't understand this issue. It seems to me what we have is a captive lender that somehow desperately wants to get into a business we didn't give it tax exemption to do. We have a mission creep here on a gigantic scale. Now, I am willing to let them do the mission creep as long as it doesn't cost Texas consumers of electric power and telephone services in rural Texas money. If it is not going to cost them money, I am willing to let them basically dramatically change the business they are in. If they make a $1.25 billion loan, that is larger by far—twice as big—than any loan they have ever made. Their average loan is less than $20 million. I would say that is a pretty dramatic change in business. If we are going to let them do that, all I am asking is that there be somebody responsible—and I would call Alan Greenspan responsible—who is going to look at their application and make a determination as to whether this is going to drive down their bond rating and cost every REA customer in America a bunch of money.

The second provision is if, in fact, it does drive down their bond rating, I want them to sell it and get out of that business. You might say how dare we tell them they can't engage in some of the most speculative lending in America. How dare we tell them that. Well, the reason we dare tell them that is they are tax exempt. We gave them a very special privilege to do a certain kind of work, and that special privilege was to bring electricity and telephone service to America. I know we have let them get into other kinds of business. We let them make a loan so that REAs could go into a partnership with Direct Television. But they didn't put up any satellite or develop any new technology, and they didn't take any real risk. This is big-time risk.

So the difference between the two amendments is, first of all, this amendment, in my opinion, is not very well crafted in that it strikes all of my provisions against self-dealing, all of the provisions in my amendment—and you don't have to worry about that when you are dealing with FDIC institutions because they have those requirements already. But those provisions in my amendment that were struck by this amendment are pretty important. If we are going to have the taxpayers on the hook for over $800 million, I want to be sure somebody is not lending this money to his brother in law, or to an affiliate of the company. I don't understand why those provisions were struck by this amendment.

Secondly, if we have a traditional REA lender in the Cooperative Finance Corporation making loans, I am willing to let them into this business if they want to get into it; though, to the best of my mental ability, I can't see why they want in this business. But they do. They are determined to get into it. I am saying, let them in the business, but don't let them in if it is going to drive up the cost of electric power and telephone service to rural America by driving down their bond rating.

I thought, when we made the concession to treat these nonprofits differently by not requiring them to meet a capital requirement for the size of their loans, that the compromise was

going to be accepted. But it seems to me that, basically, what we are trying to do is we are trying to go back and undo all the other stuff we have done in this bill because the logic of the bill is that we are going to have a private lender who is going to be on the hook. Now, some people say, won't the Cooperative Finance Corporation be on the hook? Who will be on the hook if they lose $800 million? Who really loses? Whose money is it? Well, ultimately, who is going to lose is the people who are buying electric power in America, in rural areas, and people who are buying telephone services, because they are going to lose a very cheap source of credit because the Cooperative Finance Corporation is going to end up losing its double-A rating.

So that is what this whole issue is about. Unfortunately, we have a series of votes in the Budget Committee, and we don't have proxy voting. It is going to require Senator JOHNSON, Senator SARBANES, and I to be there.

I ask unanimous consent that we set aside this amendment, that we let other amendments be offered in our absence, but that we don't reach a final disposition of any amendment until the hour of 1:30.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSON. Reserving the right to object, and I don't intend to object, if I might inquire of the Senator so I am clear about this, we have a number of Members who would like to speak to the Senator's amendment and the second-degree amendment. I assume they will have an opportunity in that context.

Mr. GRAMM. They will. Under the unanimous consent, any Member could speak on this amendment and on the bill, and any Member could offer another amendment. But there could be no final disposition of an amendment until 1:30 when we are back and have an opportunity to address it.

I would prefer, if no one objects, to let people offer amendments because we want to finish this bill today. It is not going to hurt my feelings if somebody offers an amendment when I am gone. I can read it when I get back and discuss it.

Mr. SARBANES. Reserving the right to object, I suggest to the Senator that 2 o'clock might be a better time.

Mr. GRAMM. Mr. President, I ask unanimous consent to change the request to 2 o'clock.

Mr. SARBANES. And then, for clarification, the time between now and 2 would be spent either debating what is before us at the moment or offering some other amendment and debating that amendment.

Mr. GRAMM. That is correct.

Mr. SARBANES. One of those amendments might be involved.

Mr. GRAMM. That is correct.

Mr. SARBANES. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON. Mr. President, if I might take 1 minute—I know there are a number of others who want to address this legislation, and I have to return to the Budget Committee as well for a series of votes—let me observe, having listened carefully to the chairman's remarks, that I think the differences we have are fairly straightforward, in a sense.

On the one hand, our amendment says we have already come up with some safety provisions with an 80-percent guarantee rather than 100 percent, and so on. But what we are suggesting is that guidelines be adopted by the board, by Mr. Greenspan, by Treasury, and by USDA. They certainly have it within their prerogative to develop whatever guidelines they feel appropriate to ensure that the lending practices are secure and sound from the perspective of the taxpayers.

The Senator from Texas, rather than relying on the Fed, the Treasury and USDA, is suggesting that he will impose guidelines statutorily. We now have, I believe, the consequence of, in effect, shutting out the CFC from participating in the program.

I think we have a solid piece of legislation with the Johnson-Thomas-Grams amendment. We would then turn to the board as the chief instrument for any further fine-tuning of what kind of provisions might be helpful to them in seeing to it that these loans are handled in due course and in the proper fashion.

I think that is the difference we have between the underlying Gramm amendment and our second-degree amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Mr. President, I rise in support of the amendment offered by Senator GRAMM, and am also in opposition, then, to the second-degree amendment offered by Senator JOHNSON.

The Gramm amendment puts all possible lenders on an equal footing. I believe we must protect the taxpayers. It is the primary charge for the Banking Committee to ensure that this program does not turn into a source of free money. The amendment would do that and make the requirements for lending institutions equal regardless of the lender.

I have concerns about allowing lenders that are active in the farm credit programs—Government-sponsored enterprises—to get into risky business ventures potentially lending to a new satellite TV venture. The CFC and farm credit banks focus their lending on electric and telephone loans, as well as farm operating and housing loans. They don't have experience with launching satellites.

Where taxpayer money is concerned, we can't just open up the program to any lender that has previously participated in the Rural Utilities Service program. Too much is at stake.

The amendment would not only allow FDIC-insured institutions to make the loan, but it allows investment banks and commercial lending institutions such as GE Capital and TransAmerica to make the loan. These institutions have unique knowledge of market risks of investing in satellite services.

The amendment also provides for not-for-profit cooperative lending corporations to participate in the program only if the loan can be made and not cause the credit rating to fall below an AA rating. A lower credit rating could cause rate increases for rural electric and telephone customers.

The Gramm amendment also restricts all lenders to lend only up to 10 percent of their net equity. This solution ensures that no lender is treated differentially.

The comment was made earlier that the board is going to be required to predict the future on the ratings for the CFC. That is what boards do. They don't predict the past. They predict the future. And they have to determine whether there will be a significant impact on a lending institution.

Earlier we saw a chart. It pointed out that CFC has an AA rating. And it showed the other 10 rating agencies.

One of the things that emphasis was not placed on was the asset size of those different institutions. The banks range in size from $716 billion in assets down to $63 billion in assets. CFC has $15 billion in assets—one-fourth of what the smallest of the 10 banks have.

Why is this important? We are talking about a $1.25 billion loan. That is a pretty significant portion of $15 billion. We should pay attention to the impact that it can have on that institution. That is why we have a board to make those decisions.

The basis for this legislation is to create incentives for private investors to use their own risk capital to bring local television service to rural areas. The Congress decided it was in the national interest to allow satellite companies to rebroadcast local television stations to their home markets. The loan guarantee program is designed to make that possible in smaller markets, such as Casper, WY, and Glendive, MT. It is not being created to give away the taxpayers' money.

The amendment that Senator GRAMM has offered levels the playing field for all lenders and addresses the concerns of the Banking Committee. One of those concerns is how to bring more lenders into the program and ensure that any potential qualified borrower can participate. Rural electric cooperatives borrow through the Cooperative Finance Corporation. It is a private corporation with an AA credit rating that caters to the special needs of rural electric cooperatives. Historically, they lend for electricity and telephone projects. A loan to launch a satellite and provide local television stations in rural areas is a much bigger and much different risk than an electric project. There is less guarantee that the service will attract customers or that the launch of the satellite will be successful.

The rural language that members of the Banking Committee have been working on with the distinguished Senator from Texas protects the REA members and CFC from taking a bigger risk than necessary but allows them to take the risk. It does not give any lender an advantage over any other lender to obtain the guarantee.

I believe Congress should make the playing field as level as possible for all participants. I don't think it should give more potential to those that have some Federal connection. Senator GRAMM's language does that. I urge its adoption. I urge a vote against the second-degree amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

AMENDMENT NO. 2896

(Purpose: To require that the entity, if any, that receives the entire amount of the available loan guarantee shall provide in each under-served area or unserved area in each State all the local television broadcast signals broadcast in such State)

Mr. BUNNING. Mr. President, I have an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kentucky (Mr. BUNNING) proposes an amendment numbered 2896.

Mr. BUNNING. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 33, between lines 11 and 12, insert the following:

(4) REQUIREMENT RELATING TO APPLICANT RECEIVING ENTIRE GUARANTEE AMOUNT.—The entire amount of the guarantee available under subsection (f) may not be provided for the guarantee of a single loan unless the applicant for the loan agrees to provide in each unserved area and underserved area of each State the signals of all local television stations broadcast in such State.

Mr. BUNNING. Mr. President, this amendment is pretty simple. It says that any entity that receives the entire $1.25 billion loan under this bill must provide to its subscribers all of the local television broadcast signals which are broadcast in that State.

Since coming to the Senate I have heard from my constituents about satellite TV more than any other issue. More than impeachment, Social Security, taxes, or anything else.

That might sound strange, but I constantly hear from Kentuckians who are unhappy that they can't get local news and local programming. Believe me, when the University of Kentucky is playing basketball, that's a big deal.

Kentucky is rural, and a lot of our communities are isolated and hard to reach. Cable isn't an option for them because the cable companies won't come—it's too expensive to wire them.

And they often can't get a clear signal with traditional TV antennae because of the geography and landscape of our commonwealth. This has led many Kentuckians to try satellite coverage, but then they often hear more about New York City, Los Angeles, or Chicago.

With my amendment, I am trying to make sure Kentuckians and other Americans living in rural areas get local news and local programming. In Kentucky, this problem is made even worse because much of our State is dominated by media markets from surrounding States, making it even harder to get local programming.

I live in northern Kentucky near Cincinnati, OH. It is frustrating to constantly hear Ohio news and not be able to find out what is happening in Louisville, Lexington, Paducah, or Bowling Green.

In talking with the industry, the satellite technology soon is going to allow for spot beaming to provide local-to-local coverage for everyone. I think that is great. I encourage them to keep pushing forward. I also want to make sure that if anyone gets the full value of this loan, then they have to provide local programming for local areas. These loans are going to be guaranteed 80 percent by the Federal Government and taxpayers in Kentucky and other rural States deserve to be considered.

I am simply trying to look out for my constituents. I have a feeling there are other rural States in the same boat. I bet they are as frustrated as we are when they can learn about New York City politics or the Chicago Cubs baseball or the latest news in neighboring States but they cannot find out what is going on in their own backyards.

I urge adoption of this amendment. I want to make sure Kentuckians, and all others in rural States who do not have local broadcasts in their own State, can receive local news from their State, not just news from an adjoining State. I urge passage of the amendment.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ROBERTS). Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I am proud the U.S. is the world leader in the advancement of technology, providing businesses and consumers faster and better ways to work and to communicate. But even though we have made great progress in technology, much of rural and small town America has been left behind. In the small town of Cumming, IA, where I was born and still have a house I live in when I am not here, we do not have access. We do not even have cable yet. So a lot of people are putting up satellite dishes as the only way of getting adequate information through television.

I joined a Senate rural telecommunications task force last year to address these issues and to work, as a group, to pass legislation to help rural communities catch up. Just as cable and telephone companies say it does not make good business sense to provide service to a few customers in Cumming, IA, for example, we know that without this access rural America will suffer and will be left behind in the new digital age. You talk about a digital divide. There is a digital divide and rural America is on the short end of that divide.

We are not just talking about high-speed Internet access or reliable telephone lines. We are talking about the lack of access to basic local TV programming—local weather, local news, local school information for rural residents and farm families. You would think it is easy; if you live on a farm or in a small town in rural Iowa, you just put an antenna on your house and get the local weather and news from a local TV station. Once again, it is not that easy for rural and small town residents. An antenna just doesn't reach that far. Weather conditions interrupt, for example. Cable will not extend lines outside of metropolitan areas because of the high cost. As I said, in my hometown, we do not have cable yet. We live fairly close to a metropolitan area.

The satellite dish came along and provided relief and access and they sprouted up like mushrooms all over rural Iowa and rural America. But the satellite also has its problems. It does not include what is called ''local-into-local'' programming, into small and rural TV markets. The satellite dish companies say they do not have the capacity in their existing satellites. That is what they say.

I happen to have a satellite dish on my house in Virginia, 12 miles from here. I can turn that thing on any time and get hundreds of channels—many of which are, I think, kind of ridiculous, but they are there. So they can provide hundreds of channels to customers in metropolitan areas, but they cannot transmit local TV to the 60 million customers who live outside the big TV markets, they say, without launching more multimillion-dollar satellites.

Last year, we fought hard to keep in the satellite bill a rural loan guarantee program, one that would make it easier for companies or nonprofit cooperatives to provide local TV to rural customers. Unfortunately, it was taken out at the last minute before the bill was passed and signed into law. Senator GRAMM, the Chairman of the Banking Committee, has drafted a rural loan guarantee bill, similar to the one I cosponsored last year, that will go a long way to ensuring that rural residents receive the benefit of local television.

However, I am concerned about the provision in the bill that requires all potential lenders in the Loan Guarantee Program to be Federal Deposit Insurance Corporation insured. That

language would exclude several qualified lenders who have previously provided financing under the Rural Electrification Act. These institutions include the Cooperative Finance Corporation, the CFC, and other lenders that have the financial strength, the expertise, and the ability to participate in this program for rural citizens. These institutions have had years of experience. They have had a strong record in lending to rural and electric cooperatives.

I urge my colleagues to approve the Johnson-Thomas bipartisan amendment, of which I am a cosponsor, to allow qualified lenders with experience, expertise, and a strong reputation in these types of programs, to participate in the funding subject to approval. The cooperatives use lenders such as CFC because it means lower interest rates, resulting in a more affordable and workable project.

Again, I don't want to say I am favoring cooperatives or any one over another providing local TV in rural areas. I favor any institution and any technology that would be willing to provide local service to most customers in unserved areas; however, without the Johnson-Thomas amendment, we are effectively, legislatively shutting out a potential participant interested in extending local TV to rural America. They might win, they might not, but why should we shut them out of this process.

I would also like to mention Senator DORGAN's Rural Broadband Enhancement Act, introduced yesterday—again of which I am a cosponsor. This important legislation would help ensure that rural and small town America are not left behind by the revolution taking place in the technology industry that I mentioned earlier. The Dorgan bill would authorize $3 billion for a revolving loan fund over 5 years to provide capital for low-interest loans to finance construction of the needed broadband infrastructure. I am an original cosponsor of this bill because we cannot sit around waiting for this important technology to come to rural and small town America on its own. We know from past experience that we need to help make it happen. I believe the Dorgan bill will provide the incentives for companies to expand beyond their urban markets.

The Rural Broadband Enhancement Act and the Rural Loan Guarantee—LOCAL TV bill that is being considered on the floor today, are sorely needed in rural America. They both are akin to what happened in the 1930s with the Rural Electrification Act when we started to electrify rural America. I at one time did some research on that. I read the Senate debates when the Senate was debating whether or not to pass the Rural Electrification Act to provide the long-term, low-interest loans through cooperatives to build rural electric lines to families such as mine in rural Iowa.

At that time there was more than one Senator who got up and said this is a free market. If private companies do not want to go out there and build these electric lines to rural America, that is the marketplace. If people living in rural America don't like it there because they don't have electricity, they can move to the cities.

Fortunately, those voices were in the minority. The majority recognized that because of the sparse population in rural America, it was going to cost a little more for the initial installing of those rural electrification lines. What happened after that, of course, was because of the electrification of rural America we saw new schools go up. We saw new factories and plants go up to buttress the farm economy in our rural areas. We saw colleges being built.

So all of rural America expanded and became financially more sound because of the investment we made up front in rural electrification. We face that same kind of frontier right now both in broadband access and also in access to local television broadcasting.

That is why I feel so strongly that these are synergistic. The Dorgan bill introduced yesterday for broadband access and the Johnson-Thomas amendment which is before the body will provide the same kind of long-term, low-interest loans that could be made available through cooperatives and through other institutions to provide for a better possibility that we will get direct, local-to-local satellite broadcasting in rural America.

I hope the Senate will review this history. I hope the majority of this body will support the Johnson-Thomas bipartisan amendment so that rural America can have the same kind of satellite dish reception that we get in rural Virginia 12 miles from here. We can get on our satellite dish in our home ABC, NBC, CBS, Fox, all local from Washington, DC. It costs about four or five bucks a month. I believe people all over rural Iowa and rural Kansas would be willing to pay four or five bucks a month to get that kind of local television service from their local stations' satellite so they can know when tornadoes are approaching, bad weather, when schools are closed, and other local information they need which they otherwise do not get.

I urge adoption of the Johnson-Thomas amendment. I yield the floor.

The PRESIDING OFFICER. The distinguished Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I ask unanimous consent to go into morning business for 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

MINIMUM WAGE AMENDMENT

Mr. KENNEDY. Mr. President, in morning business, I send an amendment to the desk to S. 2285.

The PRESIDING OFFICER. The amendment will be received and numbered.

Mr. KENNEDY. Mr. President, soon the Senate will have an opportunity to consider legislation to lower the Federal gasoline tax. The amendment I submit intends to at least consider on that particular measure an increase in the minimum wage in two phases—50 cents this year and 50 cents next year.

If the idea of repealing the gasoline tax is to provide some relief for hard-working Americans, it seems to me the best way we can provide some relief to the 11 million Americans who are earning the minimum wage is to provide a modest increase—50 cents this year and 50 cents next year—so they have less of an adverse impact, whether they are paying for gas to go to work at the present time or otherwise dealing with increased costs with which they are faced every single day.

I am mindful of some of the recent reports about whether this gasoline reduction will have much of an impact, in any event, for consumers and working families in this country. All one has to do is read what a Republican leader in the House of Representatives said about this particular issue when he pointed out in the New York Times—this is J.C. Watts:

> If that were not chilling enough to Republicans eager to maintain their tenuous control of the House this fall, other party leaders voiced skepticism over the repeal's impact on consumers.
>
> ''I don't know if the tax has any effect on fuel costs,'' says Rep. J.C. Watts. ''Supply and demand is driving prices right now.''

That is an interesting and, I think, a pretty accurate statement. As a matter of fact, included in the fundamental legislation is a study as to whether lowering the cost of gasoline will have any positive impact on consumers.

On Wednesday, March 15, in the New York Times, there was a very interesting article by Paul Krugman of MIT talking about ''Gasoline Tax Follies.'' I will reference part of the article.

I ask unanimous consent the article be printed in the RECORD.

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

[From the New York Times, March 15, 2000]

GASOLINE TAX FOLLIES

(By Paul Krugman)

Teachers of economics cherish bad policies. For example, if New York ever ends rent control, we will lose a prime example of what happens when you try to defy the law of supply and demand. And so we should always be thankful when an important politician makes a really bad policy proposal.

Last week George W. Bush graciously obliged, by advocating a reduction in gasoline taxes to offset the current spike in prices. This proposal is a perfect illustration of why we need economic analysis to figure out the true ''incidence'' of taxes: The people who really pay for a tax increase, or benefit from a tax cut, are often not those who ostensibly fork over the cash. In this case, cutting gasoline taxes would do little if anything to reduce the price motorists pay at the pump. It would, however, provide a windfall both to U.S. oil refiners and to the Organization of Petroleum Exporting Countries.

Let's start with why the oil cartel should love this proposal. Put yourself in the position of an OPEC minister: What sets the limits to how high you want to push oil prices?