VOINOVICH) was added as a cosponsor of S. 1498, a bill to provide that Federal employees, members of the foreign service, members of the uniformed services, family members and dependents of such employees and members, and other individuals may retain for personal use promotional items received as a result of official Government travel.

S. 1552

At the request of Mr. HARKIN, the names of the Senator from Alaska (Mr. STEVENS) and the Senator from Maryland (Mr. SARBANES) were added as cosponsors of S. 1552, a bill to provide for grants through the Small business Administration for losses suffered by general aviation small business concerns as a result of the terrorist attacks of September 11, 2001.

S. 1563

At the request of Mrs. HUTCHISON, the name of the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 1563, a bill to establish a coordinated program of science-based countermeasures to address the threats of agricultural bioterrorism.

S. 1578

At the request of Mr. DORGAN, the names of the Senator from Hawaii (Mr. AKAKA), the Senator from Washington (Mrs. MURRAY), and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 1578, a bill to preserve the continued viability of the United States travel industry.

S. 1594

At the request of Mrs. CLINTON, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 1594, a bill to amend the Public Health Service Act to provide programs to improve nurse retention, the nursing workplace, and the quality of care.

S. 1660

At the request of Mr. JEFFORDS, the names of the Senator from Arizona (Mr. KYL), the Senator from New Mexico (Mr. BINGAMAN), and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. 1660, a bill to amend title XVIII of the Social Security Act to specify the update for payments under the medicare physician fee schedule for 2002 and to direct the Medicare Payment Advisory Commission to conduct a study on replacing the use of the sustainable growth rate as a factor in determining such update in subsequent years.

S. CON. RES. 66

At the request of Mr. STEVENS, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. Con. Res. 66, a concurrent resolution to express the sense of the Congress that the Public Safety Officer Medal of Valor should be awarded to public safety officers killed in the line of duty in the aftermath of the terrorist attacks of September 11, 2001.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BROWNBACK:

S. 1675. A bill to authorize the President to reduce or suspend duties on textiles and textile products made in Pakistan until December 31, 2004; to the Committee on Finance.

Mr. BROWNBACK. Madam President, today I rise to introduce the Pakistan Emergency Economic Development and Trade Support Act. This legislation will provide the President with the authority to reduce or suspend any existing duty on imports of textiles and textile products that are produced or manufactured in Pakistan. This Act is vitally important to shore up the economic strength of our strategic ally, Pakistan, so central to our Nation's ability to continue to prosecute the war against terrorism.

Currently, Pakistan is providing invaluable basing rights and intelligence assistance to the United States as we continue to degrade and dismantle the Taliban regime in Afghanistan. Taking this action against the Taliban is crucial if we are to successfully locate and destroy Osama bin Laden's al Qaeda terrorist network, which the Taliban is currently harboring within Afghanistan's borders. Al Qaeda continues to represent public enemy number one in the war against terrorism.

Pakistan's bold stand against terror alongside the United States is not made in a vacuum. There are very real economic and social consequences in Pakistan for assisting the United States in our war effort, and it would be a failure of United States foreign policy not to pursue the means of assisting our ally in its time of need.

Textiles and textile products are Pakistan's main export. As a result of the war effort, invaluable orders for textile products made and exported by Pakistan have been canceled due to perceived instability in the region and a lack of confidence that such orders will ultimately be delivered. According to the Pakistan Textile and Apparel Group, Pakistan has witnessed a 64 percent reduction in orders for clothes that would be made from December through February by the 14 largest apparel factories in Lahore, Karachi, and Faisalabad. As a result, employment in these factories has dropped 32 percent from a year ago. The Pakistani government has estimated the overall decline in orders at 40 percent. This has very real consequences for the future of Pakistan, its stability, and its ability to forge a future of economic prosperity for its people.

As we are all aware, a small yet very vocal fundamentalist Islamic minority within Pakistan which has spoken out against the Pakistani government's assistance to the U.S., has called for and implemented damaging general labor strikes, and has encouraged countless numbers of young Pakistanis to cross the border into Afghanistan to fight alongside the Taliban. A further weakened economy and increased unemployment, the clear results of a weak market for Pakistani textile exports, only adds to the influence of fundamentalists in Pakistan, by strengthening social and economic unrest on which fundamentalists prey.

Currently, the Pakistani government is devoting much needed resources to innovative and existing human development programs inside the country. Pakistan is spending a full 2 percent of its gross domestic product, approximately $2 billion per year, on a program that combines improved primary education, basic health care, and skills training for income generating activities for the Pakistani people. Pakistan's efforts to utilize human development programs to lift up the Pakistani people are central to stemming the tide of fundamentalist elements in our ally. An already weakened economy, hampered by years of sanctions, combined with increased unemployment only serve to add to existing social dissatisfaction and civil unrest within Pakistan. This undercuts the valuable impact of human development on Pakistan, makes increasing these human development efforts far more difficult, and jeopardizes the long-term stability of our ally.

As a weakened market for Pakistani textile exports ultimately renders human development programs within Pakistan less effective, especially the primary education element, young Pakistani's are faced with the prospect of no education and therefore no quality employment. An all-to-frequent alternative to this prospect is for young Pakistani's to attend Madrasas, Islamic religious schools run by mullahs, where too often basic skills and primary education are supplanted by religious teachings used to indoctrinate young Pakistani's into following the perverted version of Islam followed by Osama bin Laden, al Qaeda, and the Taliban.

I urge all of my colleagues to work with me to provide the President with authority to assist Pakistan in the textile market immediately. Such action is vitally important to the stability of our important ally, and victory in our Nation's war against terrorism. Failing to take quick action only strengthens our enemy.

By Mr. KERRY:

S. 1676. A bill to amend the Internal Revenue Code of 1986 to provide tax relief for small business, and for other purposes; to the Committee on Finance.

Mr. KERRY. Madam President, today I am introducing a package of targeted, affordable tax relief provisions designed to help the Nation's small businesses during this time of economic distress. While the Finance Committee has recently reported a more general stimulus bill to the full Senate, that measure only contains a few items that will help small businesses, which are the lifeblood of our Nation's economy, creating the majority of new jobs. As the Chairman of the Senate Committee on Small Business and Entrepreneurship, I believe that I have an obligation

to do more for small businesses, and I hope that several of the provisions in my bill may be accepted by the Finance Committee's Chairman and Ranking Member as the stimulus bill nears Senate passage.

As many of my colleagues are aware, I have also introduced an emergency small business relief bill, S. 1499, which would provide assistance to small business concerns adversely impacted by the terrorist attacks of September 11. That bill currently has 51 cosponsors, including 15 Republicans. S. 1499 provides loan and investment assistance, as well as other programmatic relief, to small businesses impacted by the attacks, but it does not contain tax provisions. I am introducing this new bill today to complement what I have tried to accomplish with S. 1499. Given that my emergency bill has such widespread support, I plan on offering it as an amendment to the economic stimulus package when it reaches the Senate floor, and I hope that it will be added to the package before it reaches the President's desk. This important legislation has been held hostage to someone else's political agenda for too long one way or another, it's important that we pass it and achieve the agenda of small businesses hurting across this country.

I have titled the bill that I am introducing today ''The Affordable Small Business Stimulus Act of 2001.'' Before outlining the contents of the bill, I want my colleagues to know why I have selected this ''affordable'' approach.

During this session of Congress, some in Congress have supported what I might call the ''kitchen sink'' approach. It includes everything on small business's tax wish list, often also including a number of items that do not directly relate to small business, such as a complete repeal of the individual Alternative Minimum Tax. As a result, that approach is very expensive, and not something that could be enacted today given the changed budgetary situation and the fact that we are at war.

I call my bill an ''affordable'' stimulus package for small business because it is very targeted in the policies that it includes, and, as a result, it will spend our limited resources wisely. It does not include everything that I would like to do for small business on the tax side, but it includes enough to help stimulate this essential component of our economy. Moreover, the bill will help address the tax complexity that many small businesses face because it includes the Single Point Tax Filing Act that has passed the Senate on two previous occasions.

Let me briefly explain the contents of my bill.

First, as in other Senate proposals, my bill increases the expensing limitation for small businesses. My bill raises it to $35,000, and it increases the phase-out level, above which expensing is not allowed, to $350,000. The stimulus package that I recently voted for in the Finance Committee temporarily increased these amounts to $35,000 and $325,000, respectively. The increases in my bill, however, would be permanent, and both the $35,000 and $350,000 limits would be increased annually for inflation beginning in calendar year 2003.

Second, my bill modifies and expands a provision that was signed into law in 1993 regarding new equity investments in small businesses' stock. Under my bill, new investments in companies with capitalization of up to $100 million at the time of investment will have a 75 percent capital gains exclusion if the investments are held at least three years. The exclusion for such investments will be 100 percent if they are made in a business involved in ''critical technologies,'' as defined by the Commerce Department, or in technologies related to transportation security, personal identification, anti-terrorism, pollution minimization, remediation, or waste management. The 100 percent exclusion would also be allowed for investments in specialized small business investment companies, or SSBICs, which are private venture capital companies licensed by the SBA whose investments are made solely in disadvantaged small businesses. Both the 75 and 100 percent exclusion levels would be available for investments made by both individuals and corporations. In addition, the rollover period for such investments would be increased from 60 days to 180 days. The provision passed in 1993 was too narrow, and I hope that this new, expanded capital gains treatment will help prompt new investments in small and entrepreneurial businesses.

Third, my bill recognizes that the current depreciation schedules for high-tech equipment and software are out of date, given how quickly such items become obsolete in our fast-changing economy. My bill would reduce the recovery period for computers or peripheral equipment from five years to three, and for software from three years to two. This change would be permanent.

Fourth, my bill would make the health insurance expenses of the self-employed fully tax deductible. Under current law, 60 percent is deductible in 2001, 70 percent in 2002, and 100 percent in 2003. My bill would speed up the 100-percent deductibility to this year.

Fifth, to simplify tax filing, my bill would include the Single Point Tax Filing Act. This section would simplify the tax filing process for employers by allowing the Internal Revenue Service and State agencies to combine, on one form, both State and Federal employment tax returns. This provision has been passed by the Senate twice before, but it has not yet become law. There is currently a demonstration project along these lines in Montana, which is working very well. I believe such authority should extend to all States.

Sixth, my bill would extend the existing income averaging provisions to cover fishing as well as farming. In other words, the choice to average income from a farming trade or business under present law would be extended to cover income from the trade or business of fishing as well. Under my bill, a farmer or fisherman electing to average his or her income would owe the alternative minimum tax, AMT, only to the extent he or she would have owed AMT had averaging not been elected. This is an important change that will benefit not only people in my State, but also throughout New England and in other regions of the country where fishing is an important industry.

Finally, my bill would modify the tax treatment of investments in debenture small business investment companies, or SBICs, so they are less likely to create unrelated business taxable income, UBTI, liability. The current tax treatment of money borrowed from the government by a debenture SBIC creates taxable income for an otherwise tax-exempt investor, which makes it almost impossible to raise capital from these investors. Free to choose, tax-exempt investors opt to invest in venture capital funds that do not create any UBTI liability. Therefore, my bill would assure that money borrowed from the government by an SBIC does not subject tax-exempt investors to UBTI. In so doing, the bill would encourage greater investment in SBICs, which provide critically needed venture capital to emerging small businesses. These venture capital funds are sorely needed in today's stalled economy.

I believe that ''The Affordable Small Business Stimulus Act of 2001'' will provide a much-needed stimulus to small business in a way that we can afford. I look forward to working with the Chairman and Ranking Member of the Finance Committee to have some or all of its provisions enacted into law.

By Mr. BINGAMAN (for himself and Ms. COLLINS):

S. 1677. A bill to amend title I of the Employee Retirement Income Security Act of 1974 to create a safe harbor for retirement plan sponsors in the designation and monitoring of investment advisers for workers managing their retirement income assets; to the Committee on Health, Education, Labor, and Pensions.

Mr. BINGAMAN. Madam President, I rise today to introduce legislation with my colleague from Maine, Senator COLLINS, that will significantly help employees get better advice on how to invest their 401(k) plans. The Independent Investment Advice Act of 2001 removes an existing impediment that prevents employers from offering this needed information to their employees. This legislation was carefully prepared with input and consultation with affected groups and interested stakeholders and is supported by the American Association of Retired Persons, AARP, the American Society of Pension Actuaries, ASPA, Committee on

Investment of Employee Benefit Assets, CIEBA, the Financial Planning Association, FPA, and the Small Business Council of America, SBCA.

Over the past several years, the demand by 401(k) plan participants for individualized investment advice has been growing, yet less than a third of employers offer this service. Primarily, employers do not offer this invaluable resource due to concerns about being responsible and ultimately liable for the selection and monitoring of an investment adviser. In general, current law relieves employers of their liability for the actual investment decisions made by their employees in a 401(k) plan. It is therefore illogical to make employers liable for providing their employees with sound, independent investment advice when we have intentionally shifted the burden to employees to invest their retirement funds wisely. The creation of a safe harbor for offering qualified independent investment advisers will remove this inconsistency and facilitate the flow of reliable, informed advice to employees.

The Independent Investment Advice Act of 2001 creates a safe harbor for plan sponsors by giving them clear guidance as to what is necessary to ensure that they will not have liability for the selection and monitoring of qualified investment advisers. Employers will be deemed to have satisfied their fiduciary responsibilities under ERISA with respect to the selection and monitoring of qualified investment advisers, provided they meet the following strict criteria.

First, the employer must contract with qualified investment advisers. Entities such as Federal and most State registered investment advisers, banks and insurance companies will be deemed to be qualified providers of investment advice provided the individual actually offering the advice is a registered investment adviser, registered representative or a registered broker or dealer. The Secretary of Labor has the authority to expand this category for other comparably qualified entities and individuals.

Next, the investment adviser must verify in writing that it has met several standards. The investment adviser must state that it is currently qualified as defined above and acknowledge that it is a fiduciary and as such, solely responsible for the information provided to the participants. The investment adviser must also review the plan documents, including investment options, and guarantee that the relationship with the investment adviser will not be in violation of any existing prohibited transaction rules under ERISA. It must also provide documentation that it has the necessary insurance coverage, as determined by the Secretary of Labor, for potential claims by plan participants.

Finally, before hiring the investment adviser, the plan sponsor must review the verification as previously described from the investment advisor. It must also review the investment adviser's fee structure and contract. Finally, it must review the Uniform Application for Investment Registration as filed with SEC or comparable filing with the Department of Labor. After reviewing all of these documents, the adviser must determine that there is no material reason to not enter into a contract with the investment advisor. The plan sponsor has a continuous duty to investigate the investment adviser if information is brought to its attention questioning whether the adviser remains qualified or if a significant number of employees register complaints. Based on this review the plan sponsor must determine whether or not to continue using the investment adviser's services.

I look forward to working with my colleagues on both sides of the aisle in advancing this legislation.

By Mr. MCCAIN (for himself, Mr. ALLARD, Mr. LIEBERMAN, Ms. SNOWE, Mr. LEVIN, Mr. MURKOWSKI, Mr. CLELAND, Mr. INHOFE, Ms. LANDRIEU, Mr. BURNS, Mr. DURBIN, Mr. SESSIONS, and Mr. DEWINE):

S. 1678. A bill to amend the Internal Revenue Code of 1986 to provide that a member of the uniformed services or the Foreign Service shall be treated as using a principal residence while away from home on qualified official extended duty in determining the exclusion of gain from the sale of such residence; to the Committee on Finance.

Mr. MCCAIN. Madam President, I, along with Senators ALLARD, LIEBERMAN, SNOWE, LEVIN, MURKOWSKI, CLELAND, INHOFE, LANDRIEU, BURNS, DURBIN, SESSIONS and DEWINE are proud to sponsor this bill to allow members of the Uniformed and Foreign Services, who are deployed or are away on extended active duty, to qualify for the same tax relief on the profit generated when they sell their main residence as other Americans. I am pleased to announce that the Secretary of State greatly appreciates this legislation and the strong support of this measure by the senior uniformed military leadership, the 31-member associations of The Military Coalition, the American Foreign Service Association, and the American Bar Association. Despite such considerable support, I have heard that there are some lower ranking officials from the Office of Management and Budget that may have some minor concerns with this legislation but they have not conveyed their concerns to me or my staff directly.

This bill will not create a new tax benefit. Let me say that again: this bill will not create a new tax benefit, it merely modifies current law to include the time members of the Uniformed and Foreign Services are away from home on active duty when calculating the number of years the homeowner has lived in their primary residence. In short, this bill is narrowly tailored to remedy a specific dilemma, it treats service members and foreign service officers fairly, by treating them like all other Americans.

The Taxpayer Relief Act of 1997 delivered sweeping tax relief to millions of Americans through a wide variety of important tax changes that affect individuals, families, investors, and businesses. It was also one of the most complex tax laws enacted in recent history.

As with any complex legislation, there are winners and losers. But in this instance, there are unintended losers: service members and Foreign Service Officers.

The 1997 act gives taxpayers who sell their principal residence a much-needed tax break. Prior to the 1997 act, taxpayers received a one-time exclusion on the profit they made when they sold their principal residence, but the taxpayer had to be at least 55 years old and live in the residence for 2 of the 5 years preceding the sale. This provision primarily benefitted elderly taxpayers, while not providing any relief to younger taxpayers and their families.

Fortunately, the 1997 act addressed this issue. Under this law, taxpayers who sell their principal residence on or after May 7, 1997, are not taxed on the first $250,000 of profit from the sale; joint filers are not taxed on the first $500,000 of profit they make from selling their principal residence. The taxpayer must meet two requirements to qualify for this tax relief. The taxpayer must: one, own the home for at least 2 of the 5 years preceding the sale; and two, live in the home as their main home for at least 2 years of the last 5 years.

I applaud the bi-partisan cooperation that resulted in this much-needed form of tax relief. The home sales provision sounds great and it is. Unfortunately, the second part of this eligibility test unintentionally and unfairly prohibits many of our men and women in the Armed Forces and Foreign services from qualifying for this beneficial tax relief.

Constant travel across the U.S. and abroad is inherent in the military and Foreign Services. Nonetheless, some service members and Foreign Service Officers choose to purchase a home in a certain locale, even though they will not live there much of the time. Under the new law, if a service man does not have a spouse who resides in the house during his absence or the spouse is also in the military and also must travel, that service member will not qualify for the full benefit of the new home sales provision, because no one ''lives'' in the home for the required period of time. The law is prejudiced against dual-military couples who are often away on active duty, because they would not qualify for the home sales exclusion because neither spouse ''lives'' in the house for enough time to qualify for the exclusion.

This bill simply remedies an inequality in the 1997 law. The bill amends the Internal Revenue Code so that service members and Foreign Service Officers

will be considered to be using their house as their main residence for any period that they are away on extended active duty. In short, active and reserve service members will be deemed to be using their house as their main home, even if they are stationed in Bosnia, the Persian Gulf, in the ''no man's land,'' commonly called the DMZ between North and South Korea, or anywhere else on active duty orders.

In 1998 alone, the United States had approximately 37,000 men and women deployed to the Persian Gulf region, preparing to go into combat, if so ordered. There were also 8,000 American troops deployed in Bosnia, and another 70,000 U.S. military personnel deployed in support of other commitments worldwide. That is a total of 108,000 men and women deployed outside of the United States, away from their primary home, protecting and furthering the freedoms we Americans hold so dear. Today since the September 11 attacks on the United States we've asked over 100,000 service members to deploy abroad to seek out and destroy the terrorists and their supporting organizations responsible for this incomprehensible deed.

The average American participates in our Nation's growth through home ownership. Appreciation in the value of a home because of our country's overall economic growth allows everyday Americans to participate in our country's prosperity. Fortunately, the Taxpayer Relief Act of 1997 recognized this and provided this break to lessen the amount of tax most Americans will pay on the profit they make when they sell their homes.

The 1997 home sale provision unintentionally discourages home ownership among members of the Uniformed and Foreign Services, which is bad fiscal policy. Home ownership has numerous benefits for communities and individual homeowners. Owning a home provides Americans with a sense of community and adds stability to our Nation's neighborhoods. Home ownership also generates valuable property taxes for our nation's communities.

We also cannot afford to discourage military service by penalizing military personnel with higher taxes merely because they are doing their job. Military and Foreign service entails sacrifice, such as long periods of time away from friends and family and the constant threat of mobilization into hostile territory. We must not use the tax code to heap additional burdens upon our men and women in uniform.

In my view, the way to decrease the likelihood of further inequities in the tax code, intentional or otherwise, is to adopt a fairer, flatter tax system that is far less complicated than our current system. But, in the meantime, we must insure that the tax code is as fair and equitable as possible.

The Taxpayer Relief Act of 1997 was designed to provide sweeping tax relief to all Americans, including our men and women in uniform. It is true that there are winners and losers in any tax code, but this inequity was unintended. Enacting this narrowly-tailored remedy to grant equal tax relief to the members of our Uniformed Services restores fairness and consistency to our increasingly complex tax code.

I request unanimous consent that my statement and the letters of support be printed in the RECORD and that the full text of the legislation that I have introduced be printed in the RECORD.

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

S. 1678

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Military Homeowners Equity Act''.

SEC. 2. MEMBER OF UNIFORMED SERVICE AND FOREIGN SERVICE TREATED AS USING PRINCIPAL RESIDENCE WHILE AWAY FROM HOME ON QUALIFIED OFFICIAL EXTENDED DUTY IN DETERMINING EXCLUSION OF GAIN ON SALE OF SUCH RESIDENCE.

(a) IN GENERAL.—Section 121(d) of the Internal Revenue Code of 1986 (relating to special rules) is amended by adding at the end the following:

''(9) DETERMINATION OF USE DURING PERIODS OF QUALIFIED OFFICIAL EXTENDED DUTY WITH UNIFORMED SERVICE OR FOREIGN SERVICE.—

''(A) IN GENERAL.—A taxpayer shall be treated as using property as a principal residence during any period—

''(i) the taxpayer owns such property, and

''(ii) the taxpayer (or the taxpayer's spouse) is serving on qualified official extended duty as a member of a uniformed service or of the Foreign Service,

but only if the taxpayer owned and used the property as a principal residence for any period before the period of qualified official extended duty.

''(B) QUALIFIED OFFICIAL EXTENDED DUTY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified official extended duty' means any period of extended duty during which the member of a uniformed service or the Foreign Service is under a call or order compelling such duty at a duty station which is a least 50 miles from the property described in subparagraph (A) or compelling residence in Government furnished quarters while on such duty.

''(ii) EXTENDED DUTY.—The term 'extended duty' means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.

''(C) DEFINITIONS.—For purposes of this paragraph—

''(i) UNIFORMED SERVICE.—The term 'uniformed service' has the meaning given such term by section 101(a)(5) of title 10, United States Code.

''(ii) FOREIGN SERVICE OF THE UNITED STATES.—The term 'member of the Foreign Service' has the meaning given the term 'member of the Service' by paragraph (1), (2), (3), (4), or (5) of section 103 of the Foreign Service Act of 1980.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales or exchanges on or after the date of the enactment of this Act.

THE MILITARY COALITION,
Alexandria, VA, November 6, 2001.

Hon. JOHN MCCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: The Military Coalition, a consortium of nationally prominent uniformed services and veterans organizations, representing more than 5.5 million members, plus their families and survivors, is grateful to you for introducing The Military Homeowners Equity Act—a bill that would restore capital gains tax equity for military homeowners.

Your legislation is essential to correct a serious oversight in the Taxpayer Relief Act of 1997, which inadvertently penalizes servicemembers who are assigned away from their principal residence for more than three years on government orders. Very often, servicemembers keep their homes while reassigned to overseas or elsewhere in the hopes of returning to their residence. On occasions when this proves impossible, and the home must be sold to permit purchase of a new principal residence, servicemembers find themselves subjected to substantial tax liabilities—all because military orders kept them from occupying their principal residence for at least two of the five years before the sale.

In 1999, both the House and Senate passed corrective legislation (H.R. 865) as part of the Taxpayer Refund and Relief Act of 1999, but the President vetoed this bill over an unrelated issue. Your new bill will be important to resurrect this fairness issue and allow servicemembers to comply with government orders and leave home to serve their country without risking a large capital gains tax liability.

The Military Coalition pledges to work with you to seek inclusion of your bill in the pending economic stimulus package so military members can once again enjoy the same capital gains tax relief already provided to all other Americans.

Sincerely,

THE MILITARY COALITION.

(Signed by representatives of the following organizations:)

Air Force Association; Air Force Sergeants Association; Army Aviation Assn. of America; Assn. of Military Surgeons of the United States; Assn. of the US Army; Commissioned Officers Assn. of the US Public Health Service, Inc.; CWO & WO Assn. US Coast Guard; Enlisted Association of the National Guard of the US; Fleet Reserve Assn.; Gold Star Wives of America, Inc.; Jewish War Veterans of the USA; Marine Corps League; Marine Corps Reserve Officers Assn.; Military Order of the Purple Heart; National Guard Assn. of the US; Nat'l Military Family Assn.

National Order of Battlefield Commissions; Naval Enlisted Reserve Assn.; Naval Reserve Assn.; Navy League of the US; Non Commissioned Officers Assn. of the United States of America; Reserve Officers Assn.; Society of Medical Consultants to the Armed Forces; The Military Chaplains Assn. of the USA; The Retired Enlisted Assn.; The Retired Officers Assn.; United Armed Forces Assn.; USCG Chief Petty Officers Assn.; US Army Warrant Officers Assn.; Veterans of Foreign Wars of the US; Veterans' Widows International Network, Inc.

AMERICAN FOREIGN
SERVICE ASSOCIATION,
Washington, DC, November 5, 2001.

Hon. JOHN MCCAIN,
Senate Russell Building,
Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the 23,000 active-duty and retired members of the Foreign Service which the American Foreign Service Association (AFSA) represents, thank you for your leadership and support with your soon-to-be-introduced bill extending to the Uniformed Services and the Foreign Service the tax treatment enjoyed by all other Americans when they sell their principal residence.

As you know this is an important active-duty issue for both the Uniformed Services and the Foreign Service. Your bill, amending section 121(d) of the Internal Revenue Code of 1986, addresses an inequity faced by our members because of the particular nature of our profession. As you are well aware, our careers require us to live for years at a time away from our homes in duty posts around the world in service to our nation. In the case of the Foreign Service, our duty assignments range from 2–4 years. Back-to-back assignments abroad are common. It is not unusual for a member of the Foreign Service to spend six or more years abroad before returning to Washington for an assignment here. With the current two-in-five year occupancy test, many of our members in both the Uniformed Services and the Foreign Service find that we do not have the same flexibility in selling our homes as enjoyed by our fellow Americans. After several years abroad, there are many reasons why we may wish to sell our homes upon returning home. As with other Americans, we would like our homes to reflect and be suited to the changes in our lives—the increase or decrease in the size of our families, divorce, retirement, promotions and the ability to pay more for a house, the schools our children would attend, etc. Yet because of current law, we cannot sell our principal residences without living in them again for two years or else pay a serious tax penalty. Your bill, gratefully, addresses these problems.

The members of the Uniformed Services and the Foreign Service have been faced with this problem since the change in the tax code in 1997. We hope that your provision can become law soon. If we can be of any assistance, please do not hesitate to contact me or Ken Nakamura, AFSA's Director of Congressional Relations at (202) 944–5517 or by e-mail at nakamura@afsa.org.

Sincerely,

JOHN K. NALAND,
President.

OCTOBER 31, 2001.

Hon. JOHN MCCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: Your efforts to improve the quality of service enjoyed by our Navy-Marine Corps team are greatly appreciated. I would like to extend my support for the legislation that you intend to introduce to correct the tax disadvantage created by The Tax Reform Act of 1997.

The Marine Corps has been tracking several intended to correct this tax disadvantage. As you know, The Tax Reform Act repealed certain portions of the existing law that allowed military members to maintain the status quo with other taxpayers for exclusion of capital gains. The Act provided for an exclusion, obviously not intended to disadvantage military service members or members of the Foreign Service. In order to qualify, a taxpayer must ''own and use'' the property for two of the five years preceding the sale. Since our personnel seldom remain in one location for over three years, it is difficult to qualify for the exclusion.

Please let me know if there is any way in which I can be of assistance or service.

Semper Fidelis,

J.L. JONES,
General, U.S. Marine Corps,
Commandant of the Marine Corps.

AMERICAN BAR ASSOCIATION,
GOVERNMENTAL AFFAIRS OFFICE,
Washington, DC, November 7, 2001.

Hon. JOHN M. MCCAIN,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR MCCAIN: On behalf of the American Bar Association, I would like to commend you for your leadership in developing a proposal on the issue of the military homeowners capital gains exemption. Such legislation is needed to correct an inequity that occurred as a result of the Taxpayer Relief Act of 1997 (Public Law No: 105–34).

As you know, Section 121 of the Internal Revenue Code permits a single taxpayer to exclude up to $250,000 of the capital gains on the sale of a principal residence and permits a married couple filing jointly to exclude up to $500,000 on such a sale. Yet in order to qualify for such an exclusion, a taxpayer must have owned and used the home as a principal residence for two out of the five years prior to its sale. Otherwise, a taxpayer must pay taxes on all or a pro rata share of the capital gains on the sale of the home.

Unfortunately, this provision penalizes service members who are unable to use a principal residence for two out of the five years prior to its sale, because they are deployed overseas or required to live in military housing. The ABA urges Congress to amend Section 121 of the IRC to either: (1) treat time spent away from a principal residence while away from home on official active duty as counting towards the ownership and use requirement, or (2) suspend the ownership and use requirement for time spent away from a principal residence due to official active duty. Earlier this year, the ABA submitted comments to the Internal Revenue Service on proposed regulations regarding Section 121. A copy of our comments is enclosed for your review.

We want to thank you for your plans to rectify the inequity created for service members by Section 121. We look forward to working with you to establish a military homeowners capital gains exemption.

Sincerely,

ROBERT D. EVANS,
Director.

Mr. ALLARD. Madam President, I want to thank Senator MCCAIN for offering the ''Military Homeowner Equity Act'' and voice my full support as original sponsor. The bill provides tax equity to members of the uniformed services and the Foreign Service by permitting them to benefit from the capital gains tax exemption when they sell a principal residence, as other Americans enjoy. The bill does so by providing that absences from the principal residence due to serving on a qualified official extended duty as a member of a uniformed or Foreign Service of the United States be treated as using the residence in determining the exclusion of gain from the sale of such residence.

This bill does not create a new benefit, it simply adjusts an oversight and brings fairness and equality to the Code by recognizing the unique circumstances of the members of the uniformed and Foreign Services. This proposed correction is not new to this Congress. The Taxpayer Refund and Relief Act, which passed both the House and Senate during the 106th Congress included provisions to correct this problem. Unfortunately, that bill was vetoed.

The citizens of this country earned the many improvements made to the tax code in the Taxpayer Relief Act of 1997. Under this law, taxpayers who sell their residence are not taxed on the first $250,000 of profit from the sale, $500,000 for joint filers. This is a well deserved tax break that encourages and rewards home ownership. The taxpayer must meet two requirements to qualify for this relief. First, they must own the home for at least 2 of the last 5 years, and second they must live in the home for at least 2 of the last 5 years. It is the latter requirement that is not fair or equitable to our service members.

The requirement for a taxpayer to have lived in a principal residence for 2 of the previous 5 years from the date of sale in order to take advantage of the full capital gains exclusion on the sale of a principal residence is difficult if not impossible for our career service members to meet. Unlike most Americans, career members of our military must, as a matter of law, serve throughout the world based on the needs of the nation. Our Foreign Service personnel, on average, spend more than 55 percent of their career abroad, for periods of 2 to 4 years. Consecutive tours keep our uniformed and Foreign Service members away from a ''principal residence'' far beyond the 5-year test period required in the current tax law. The unique circumstances of our uniformed and Foreign Service members effectively exclude them from taking full advantage of the 1997 changes in the tax law if they wish to sell their home.

Service members move at the direction of the U.S. Government. They pick up and move their families on a regular basis whenever the need of their service requires them to move. It may be possible for service members to purchase a home at some locations, but selling that home and purchasing another at the next location is often not possible. This happens when their new location is overseas, they are assigned to live in government housing, off-post housing is not available for sale, or home prices in the new area are simply not within their budget. Thus, frequently they are unable to meet the requirement to live in a house 2 of the last 5 years preceding a sale.

Additionally, our career service members need and want to sell their homes for all of the multitude of reasons that most Americans sell. They may have an increase or a decrease in the size of the family or want to change neighborhoods or schools. They may have the ability to afford more because of promotions or salary increases or it may simply be time to retire and leave the service. They should not be

penalized for their time away when buying and selling their home was impossible or impractical.

The intent of the capital gains exclusion in the IRS code is to encourage home ownership by exempting capital gains taxes on the sale their home and allow more Americans to enjoy our country's prosperity. Again, the situation that career service members are in makes it difficult, or impossible, to follow this course of action. This bill remedies the situation. I urge my colleagues to join us in co-sponsoring this legislation.

By Mr. CONRAD:

S. 1679. A bill to amend title XVIII of the Social Security Act to accelerate the reduction on the amount of beneficiary copayment liability for Medicare outpatient services; to the Committee on Finance.

Mr. CONRAD. Madam President, today I am introducing the Medicare Beneficiary Liability Reduction Act. This legislation will help America's seniors better afford the costs of receiving needed medical services.

As you may know, most seniors are required to pay a portion of the costs associated with medical care they receive under the Medicare program. In particular, Medicare Part B, which covers physician, laboratory, outpatient and other services, requires most beneficiaries to cover 20 percent of the cost of care they receive. However, there is an anomaly in the Medicare system that has required many beneficiaries to pay much more out-of-pocket for hospital outpatient department, HOPD, services. in particular, prior to 1997, many beneficiaries were required to pay more than 50 percent of the approved Medicare costs for hospital outpatient care. I am concerned that this situation made it difficult for lower income seniors to receive needed outpatient medical services.

To address this problem, I am happy to say that the Congress included measures in the Balanced Budget Act of 1997 that sought to bring beneficiary cost sharing for HOPD care in line with the out-of-pocket requirements for other Medicare Part B services. Unfortunately, while this legislation was a step in the right direction, it will still take nearly 40 years of the cost sharing level to be reduced to the targeted level for some outpatient procedures. Clearly, this prolonged time lag is unacceptable.

In subsequent years, I have supported additional measures to expedite the reduction in seniors' cost sharing liability by placing a limit on how much a senior can be charged in any given year and requiring that the coinsurance level be brought down to 40 percent by 2006. These were important achievements. The legislation I am introducing today takes the final step to bring seniors' copayment rates for HOPD services down to the desired 20 percent level.

In particular, the Medicare Beneficiary Liability Reduction Act would continue to reduce HOPD cost-sharing requirements so that by 2010 and thereafter seniors would be required to pay no more than 20 percent of the allowable Medicare costs for HOPD care. I strongly believe that this legislation will help ensure our nation's seniors are not over-burdened with unfair Medicare cost sharing requirements. I hope my colleagues will join me in supporting this important effort.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1679

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Medicare Beneficiary Liability Reduction Act of 2001''.

SEC. 2. ACCELERATING THE RATE OF REDUCTION OF BENEFICIARY COPAYMENT LIABILITY UNDER THE MEDICARE HOSPITAL OUTPATIENT DEPARTMENT PROSPECTIVE PAYMENT SYSTEM.

Section 1833(t)(8)(C)(ii) of the Social Security Act (42 U.S.C. 1395l(t)(8)(C)(ii)) is amended—

(1) in clause (v), by striking ''and thereafter''; and

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

''(VI) For procedures performed in 2007, 35 percent.

''(VII) For procedures performed in 2008, 30 percent.

''(VIII) For procedures performed in 2009, 25 percent.

''(IX) For procedures performed in 2010 and thereafter, 20 percent.''.

By Mr. WELLSTONE:

S. 1680. A bill to amend the Soldiers' and Sailors' Civil Relief Act of 1940 to provide that duty of the National Guard mobilized by a State in support of Operation Enduring Freedom or otherwise at the request of the President shall qualify as military service under that Act; to the Committee on Veterans' Affairs.

Mr. WELLSTONE. Madam President, I rise today to urge your support for amending the Soldiers' and Sailors' Civil Relief Act, SSCRA, to expand the protections of that Act to National Guard personnel protecting our Nation's airports and nuclear facilities. Specifically, this bill will provide civil relief to National Guard personnel mobilized by State governors in support of Operation Enduring Freedom, or who are otherwise called up at the request of the President.

The SSCRA is an important Act that provides help to people who have taken on financial burdens without knowing they would be called up to serve in the military. Today those people are the men and women of our National Guard called-up to protect our nation's airports. Men and women of the National Guard serve the Nation and our States as a unique organization among all branches of the United States armed forces, the Guard is America's community based defense force, located in more than 2,700 cities and towns throughout the Nation. Some 60 of these units are in my home state of Minnesota. National Guard members are integral members of their communities, they and their families live, shop, work, worship and go to schools in our cities and towns. It is this link between the community and its citizen-soldiers that makes the National Guard unique and so vital to our homeland security. It is imperative we give them the protections of the SSCRA they rightly deserve.

I would like to take a moment to explain the protections offered by the SSCRA. Most people have debts or financial obligations of one kind or another, mortgages on family homes, debts related to buying cars, charge account debts from buying things with credit cards, or child-support payments. The SSCRA does not wipe out any debts or other financial obligations of people who have been called up for active duty. But it does give them certain protections. A few of these are especially important because they affect a large number of people: Section 526 states that interest of no more than 6 percent a year can be charged by a lender on a debt which a person on active duty in military service incurred before he or she went on active duty. This is very important. The men and women of our National Guard are people like you and me, they've bought things on credit and have jobs that allow them to pay off that debt. But now, many have taken pay cuts to protect our airports. Capping interest on their debt is important to ensuring their financial security.

Other sections of the SSCRA protect people from being evicted from rental property or from mortgaged property, against cancellation of life insurance, from having their property sold to pay taxes that are due; and from getting stuck in a lease, some Guardsmen may have recently rented a new apartment only to find their duty is going to send them far from their new property.

Unfortunately, the SSCRA only applies to National Guard personnel mobilized directly by the President of the United States, and does not protect those mobilized by state governors at the request of the President, as is the case with those National Guard now protecting our airports. This distinction is inequitable and actually, makes no sense. Service performed by those mobilized by a governor at the request of the President face the same problems as those mobilized by the President directly. It is only right that they receive the same protections.

Although the President is clearly authorized to mobilize the National Guard himself, on September 27 he instead requested State governors to mobilize their own National Guard personnel. He did so again last Friday. Under this type of mobilization the National Guard remains under the full operational control of the State, providing the necessary flexibility to deal

with security issues that are better handled at the State and local level. While National Guard mobilized in this manner receive the general benefits of active duty military personnel, such as VA Veterans status and Tricare family health insurance, they do not receive the additional benefit of civil relief under the SSCRA.

In Minnesota, soldiers have received orders to provide protection at airports until as late as March 28, 2002. These soldiers are serving in a full-time status, six to seven days per week. While the Minnesota National Guard initially began providing security at the Minneapolis/St. Paul, Duluth and Rochester airports, they were recently informed that they will provide security at five additional Minnesota airports. This means they will spend less time with their families and employers. Some of them face the real possibility of financial ruin due to their time away from work. They have mortgages and car payments, things they may have easily expected to be able to pay. Some have college debt and others child support payments. Many have taken pay cuts to leave their professions to come out and protect our airports, to protect us. We must act now to provide them the civil relief they rightly deserve. And we must be aware that National Guard units may soon be asked to secure other facilities such as power plants and water treatment facilities in the near future. Addressing these issues now will ease the burden placed upon these soldiers now and in the future.

It is my belief that the SSCRA was never meant to purposely exclude National Guard mobilized in the manner they have been today, we simply could never have imagined the need for round-the-clock security at our airports when this Act was written. September 11 changed so many things for us. And it is time we change the SSCRA to ensure we provide benefits to protect those who are protecting us.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE RESOLUTION 178—CONGRATULATING BARRY BONDS ON HIS SPECTACULAR RECORD-BREAKING SEASON IN 2001 AND OUTSTANDING CAREER IN MAJOR LEAGUE BASEBALL

Mrs. FEINSTEIN (for herself and Mrs. BOXER) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 178

Whereas Barry Bonds has brought distinction to Major League Baseball and excellence to the San Francisco Giants, following in the baseball footsteps of his father, Bobby Bonds, and his godfather, Willie Mays;

Whereas Barry Bonds has had an outstanding career that so far includes 3 Most Valuable Player awards, 10 All-Star Game appearances, 8 Rawlings Gold Glove awards, and the distinction of being named Player of the Decade for the 1990s by the Sporting News;

Whereas in 2001, Barry Bonds had 1 of the greatest seasons in Major League Baseball history, achieving 73 home runs, a slugging average of .863, and an on-base percentage of .515;

Whereas Barry Bonds has established himself as the most prolific single-season home run hitter in Major League Baseball history, hitting his 73d home run on October 7, 2001, eclipsing the previous record of 70 home runs set by Mark McGwire in 1998;

Whereas Barry Bonds has attained the rank of 7th place on the all-time Major League Baseball home run list with 567;

Whereas Barry Bonds drove in 136 runs to set a Giants franchise record for runs batted in by a left fielder, and has recorded at least 100 RBI's in each of 10 different seasons;

Whereas of Barry Bonds's 73 home runs, 24 gave San Francisco the lead and 7 tied the game;

Whereas Barry Bonds also hit the 500th home run of his career during the 2001 season, a 2-run game-winning home run which landed in the waters of McCovey Cove, San Francisco;

Whereas Barry Bonds, at age 37, is the oldest player in Major League Baseball history to hit more than 50, 60, and 70 home runs in a single season;

Whereas Barry Bonds has recorded 484 stolen bases in his career, becoming the only Major League Baseball player to both hit more than 400 home runs and steal more than 400 bases;

Whereas Barry Bonds's 233 stolen bases achieved while playing for San Francisco place him 6th on the Giants franchise list behind his father, Bobby, who is 5th with 263 stolen bases;

Whereas Barry Bonds has proven himself to be an active leader not only in the Giants clubhouse but also in the community, donating approximately $100,000 to the September 11th Fund to aid the victims of the terrorist attacks in New York, Washington, D.C., and Pennsylvania; and

Whereas Barry Bonds has also devoted his time and money to support the Link & Learn Program of the United Way, and has been an active participant in numerous other San Francisco Bay area community efforts: Now, therefore, be it

Resolved, That the Senate—

(1) congratulates Barry Bonds on his spectacular record-breaking season in 2001 and outstanding career in Major League Baseball;

(2) wishes Barry Bonds continued success in the seasons to come; and

(3) thanks Barry Bonds for his contributions to baseball and to his community.

Mrs. FEINSTEIN. Madam President, I rise today to submit a resolution congratulating Barry Bonds of the San Francisco Giants for his historic achievements during the 2001 baseball season and to thank him for his contributions to baseball and his community.

On October 7, 2001 at Pacific Bell Park in San Francisco, Barry Bonds hit his 73rd home run, setting a new record for most home runs in a season, eclipsing the previous mark of 70 set by Mark McGwire of the St. Louis Cardinals in 1998. In addition, during the 2001 campaign Barry Bonds set records for slugging percentage, 16 points above the previous mark, and most walks in a season, surpassing the feats of the immortal Babe Ruth.

Barry Bonds' outstanding play on the field added to what was already a Hall of Fame career: 3 Most Valuable Player awards, 567 career home runs, 7th on the all-time list, the only player with more than 400 home runs and 400 stolen bases, 10 All-Star Game appearances, 8 Gold Glove awards, and the Sporting News' Player of the Decade for the 1990s.

As a native San Franciscan and lifelong San Francisco Giants fan, I could not be prouder of Barry Bonds. His roots in California and the Bay Area run deep. Born in Riverside, he grew up in San Mateo and attended Sierra High School. After attending Arizona State University and beginning his career with the Pittsburgh Pirates, Barry Bonds returned to his hometown team, the Giants, in 1993.

No one should be surprised that Barry Bonds has reached the elite level of baseball players. After all, he is the son of former major league star and San Francisco Giant, Bobby Bonds, and the godson of perhaps the greatest living ball player, the great Willie Mays.

His exploits in baseball are matched by his dedication to the community off the field. Seven years ago he founded the Barry Bonds Family Foundation, headed by his mother, Pat Bonds. The Foundation supports activities and programs opportunities of African American youth in the Bay Area. Barry Bonds and his Foundation are particularly involved in the United Way's ''Link and Learn'', a program dedicated to raising student achievement through greater parental involvement, access to tutoring and interactive technology.

All baseball fans, even those of the Los Angeles Dodgers, can appreciate Barry Bonds' breathtaking skill, record setting performance, and commitment to his community. During a difficult time for our country, he gave us a reason to return to the ballpark and cheer him on the way to a new home run record. All over the country, fans rose from their seats for every at-bat, celebrated each home run, and even booed their own teams when they intentionally walked him.

At 37 years old, he is in the prime of his baseball career and I am sure he will amaze and dazzle us many more times in the future.

Again, I congratulate Barry Bonds for his season and thank him for all that he has done for baseball and his community. I urge my colleagues to support this resolution.

SENATE RESOLUTION 179—TO EXPRESS THE SENSE OF THE SENATE REGARDING ENSURING QUALITY HEALTHCARE FOR OUR NATION'S VETERANS

Mr. BOND submitted the following resolution; which was referred to the Committee on Veterans' Affairs:

S. RES. 179

Whereas, President George W. Bush and the United States Senate designated this