

would generally not even have to file the confusing Schedule D. Totally avoiding a complex tax form is the ultimate in simplification.

Second, for individual capital gains above the \$1,000 (or \$2,000) exclusion threshold, the bill provides a 50 percent deduction. The effect of this would be to lower an individual's top capital gains tax rate to exactly half the ordinary income rate. If for example, under current law an investor's marginal tax bracket is 31 percent, the top capital gains rate for that investor would be 15.5 percent.

This deduction approach offers both simplicity, and a greater reduction in rates for those in the lower tax brackets than for those in the highest brackets. For example, compared with current law, a taxpayer in the highest tax bracket of 39.6 percent would find his or her top capital gains tax rate cut from the current 20 percent to 19.8 percent under this bill. An investor in the 28 percent bracket, however, would see his or her top capital gains rate drop from the current 20 percent to 14 percent.

Moreover, under this bill investors would see further capital gains tax rate cuts as the ordinary income tax rates are reduced, as under President Bush's tax plan. For example, those in the proposed 25 percent rate bracket would enjoy a top capital gains rate of just 12.5 percent, while those in lower brackets would see even lower capital gains rates, to the extent their capital gains exceeded the 100 percent exclusion thresholds.

Furthermore, this 50 percent deduction approach also helps with the problem I mentioned before of high combined federal and state capital gains tax rates. Most states use the federal adjusted gross income, AGI, as a starting point for determining state income tax liability. Thus, under current law, all of an investor's capital gains are generally included in the state tax base. Under this bill's exclusion approach, only 50 percent of capital gains over the exclusion would be included in the federal AGI. This means most states would generally only tax a fraction of the investor's capital gains. Therefore, this bill would result in lower federal and state taxes on capital gains.

I would like to mention several other features of the bill. First, it would reduce the holding period of long-term capital gains from one year to six months. According to Bruce Bartlett, a well-known economist with the National Center for Policy Analysis, a holding period requirement for favorable capital gains treatment has several economic costs to investors, the consequences of which may reduce the level of investment. Among these economic costs are a reduction in liquidity and the creation of a lock-in effect that can cause the prices of stock to vary from its real value. Reducing the holding period will reduce these costs and may also increase revenue to the Treasury from capital gains.

Second, the bill increases the amount of capital loss an individual may deduct against ordinary income. Under current law, an individual's capital gains are taxed from the first dollar to the last dollar. However, if an individual suffers a capital loss, and has no capital gains to use to offset the loss, he or she is allowed to deduct only \$3,000 of the loss against ordinary income. This is unfair and the amount is too low. Our legislation helps alleviate this problem by increasing the \$3,000 figure to \$10,000 and indexing it for future inflation.

Finally, the Capital Gains Relief and Simplification Act includes two provisions to help taxpayers who sell their homes and want to take advantage of the principal residence exclusion enacted in 1997. The first one addresses a problem that members of the U.S. uniformed services and Foreign Service sometimes suffer when called away from their homes for work-related purposes. In many cases, they return from these assignments and want or need to sell their principal residence. Because they do not meet the five-year ownership and use test, however, they are denied the full use of the present law exclusion. This bill corrects this inequity by suspending this test during such absences. The provision would also apply to individuals relocated outside the United States by their employers.

The second provision merely indexes for inflation the \$250,000 and \$500,000 thresholds for purposes of the principal residence exclusion. While these levels might have seemed adequate in 1997, and perhaps even in 2001, inflation will soon cause these thresholds to be worth far less than Congress intended when crafting this provision. We should adjust them now.

This bill represents a win for everybody. All investors win because it would significantly lower the capital gains tax rate and simplify their lives at tax time. Small investors especially win because all or much of their capital gains would escape taxation altogether and they would avoid much of the complexity they currently face with Schedule D. All Americans win because reducing capital gains would increase economic growth and job creation.

I urge my colleagues on both sides of the aisle to take a close look at this legislation and join us in lowering taxes on millions of Americans and striking an important blow for tax simplicity at the same time.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE RESOLUTION 80—HONORING THE "WHIDBEY 24" FOR THEIR PROFESSIONALISM, BRAVERY, AND COURAGE

Mrs. MURRAY (for herself, Mr. BOND, Mr. MCCAIN, Ms. CANTWELL, Mr. WARNER, Mr. LEVIN, Mr. KENNEDY, Mrs.

HUTCHISON, Mr. THURMOND, Mr. AKAKA, Ms. COLLINS, Mr. NELSON of Nebraska, Mr. DURBIN, and Mr. DAYTON) submitted the following resolution; which was referred to the Committee on Armed Services:

S. RES. 80

Whereas the Electronic Countermeasures Squadron One (VQ-1) at Whidbey Island Naval Air Station performs an electronic reconnaissance mission for the defense of our Nation;

Whereas on April 1, 2001, a VQ-1 EP-3E Aries II electronic surveillance plane collided with a Chinese fighter jet and made an emergency landing at the Chinese military airfield on Hainan Island;

Whereas the 24 crew members on board the plane (referred to in this resolution as the "Whidbey 24") displayed exemplary bravery and courage and the highest standards of professionalism in responding to the collision and during the ensuing 11 days in detention in the People's Republic of China;

Whereas Navy Lieutenant, Shane J. Osborn, displayed courage and extraordinary skill by safely landing the badly damaged EP-3E; and

Whereas each member of the "Whidbey 24" embodies the selfless dedication it takes to defend our Nation: Now, therefore, be it

Resolved, That the Senate—

(1) expresses relief at the release and safe return of the "Whidbey 24" and shares in their families' joy;

(2) applauds the selfless devotion to duty of the "Whidbey 24" who risked their lives to defend our Nation;

(3) praises the "Whidbey 24" for their professionalism and bravery and expresses the admiration and gratitude of our Nation; and

(4) acknowledges the sacrifices made every day by the members of our Nation's Armed Forces as they defend and preserve our Nation.

Mrs. MURRAY. Mr. President, today I introduce a resolution honoring the Whidbey 24, the brave crewmembers of an EP-3 aircraft stationed at Whidbey Island Naval Air Station in my home State of Washington.

On April 1, 2001, a United States EP-3 surveillance aircraft on routine patrol in international airspace over the South China Sea collided with a Chinese fighter jet. The plane carried a crew of 22 Navy personnel, one Air Force officer, and one Marine. Following the accident, the U.S. aircraft and crew plunged as much as 8,000 feet before the crew regained control of the severely damaged aircraft. Navy Lieutenant Shane Osborne, the pilot, and his entire crew displayed extraordinary skill and courage as the aircraft made an emergency landing at the Chinese military airfield on Hainan Island. The 24 crew members were detained on Hainan Island in the People's Republic of China for 11 days as the United States and China negotiated a diplomatic resolution to the aircraft collision and the emergency landing.

When I first heard that an American plane was forced to make an emergency landing in China, like all Americans, I was very concerned. Then I learned that the crew was based on Whidbey Island, and I realized that these men and women were my neighbors—the people I see at the grocery store. The city of Oak Harbor, which is

home to the Whidbey Island Naval Air Station, was immensely supportive of the airmen and their families during this incident. The community commenced a "Bring Back VQ-1" campaign to show their support and deep appreciation for the crewmembers and their families. Residents of the city wrapped trees and light poles with yellow ribbons. My Washington D.C. office distributed yellow ribbons to visitors and other Senate offices in an effort to demonstrate our support in the halls of Congress.

On April 14, 2001, the crew returned safely to Washington State to an emotional "Welcome Home VQ-1" celebration at the Ault Field Hangar at Naval Air Station Whidbey Island. These brave men and women displayed uncommon courage, professionalism, and selfless dedication to duty in the service of our country, from the time of the collision and throughout their 11-day detention. While my resolution seeks to recognize the Whidbey 24, it is equally important to note that thousands of Americans serve just as honorably in service to our country each and every day.

I am so proud of the Whidbey Island community for it handled this incident with great compassion for the families and NAS Whidbey personnel. But we also know that all across America, military families and the American people were standing behind our military personnel. The Whidbey Island community stood tall, proud and patriotic on behalf of the families and the country.

I ask the Senate to join me in recognizing the bravery and determination of the Whidbey 24 throughout a delicate and dangerous ordeal. On behalf of all Americans, I proudly honor them and once again welcome them home.

SENATE CONCURRENT RESOLUTION 35—EXPRESSING THE SENSE OF CONGRESS THAT LEBANON, SYRIA, AND IRAN SHOULD ALLOW REPRESENTATIVES OF THE INTERNATIONAL COMMITTEE OF THE RED CROSS TO VISIT THE FOUR ISRAELIS, ADI AVITAN, BINYAMIN AVRAHAM, OMAR SOUAD, AND ELCHANAN TANNENBAUM, PRESENTLY HELD BY HEZBOLLAH FORCES IN LEBANON

Mr. SCHUMER (for himself, Mr. BROWNBACK, Mr. BAYH, Mr. LIEBERMAN, Mr. SANTORUM, Mr. SMITH of New Hampshire, Mr. SMITH of Oregon, Mr. DURBIN, Mr. LEAHY, Mr. FITZGERALD, Mr. SPECTER, and Mrs. CLINTON) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 35

Whereas on October 7, 2000, Hezbollah units, in clear violation of international law, crossed Lebanon's international border and kidnapped three Israeli soldiers, Adi Avitan, Binyamin Avraham, and Omar Souad;

Whereas on October 15, 2000, Hezbollah announced that it had abducted a fourth Israeli, Elchanan Tannenbaum;

Whereas these captives are being held by Hezbollah in Lebanon;

Whereas the 2000 Department of State report on foreign terrorist organizations stated that Hezbollah receives substantial amounts of financial assistance, training, weapons, explosives, and political, diplomatic, and organizational assistance from Iran and Syria;

Whereas Syria, Lebanon, and Iran voted in favor of the Universal Declaration of Human Rights in the United Nations General Assembly;

Whereas the International Committee of the Red Cross has made numerous attempts to gain access to assess the condition of these prisoners; and

Whereas the International Committee of the Red Cross has been denied access to these prisoners: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that Lebanon, Syria, and Iran should allow representatives of the International Committee of the Red Cross to visit the four Israelis, Adi Avitan, Binyamin Avraham, Omar Souad, and Elchanan Tannenbaum, presently held by Hezbollah forces in Lebanon.

AMENDMENTS SUBMITTED AND PROPOSED

SA 357. Mr. DAYTON submitted an amendment intended to be proposed by him to the bill S. 1, to extend programs and activities under the Elementary and Secondary Education Act of 1965; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 357. Mr. DAYTON submitted an amendment intended to be proposed by him to the bill S. 1, to extend programs and activities under the Elementary and Secondary Education Act of 1965; which was ordered to lie on the table; as follows:

On page 521, between lines 18 and 19, insert the following:

SEC. 405. AMENDMENT TO THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT.

Section 611(j) of the Individuals with Disabilities Education Act (20 U.S.C. 1411(j)) is amended to read as follows:

"(j) **MANDATORY FUNDING.**—For the purpose of carrying out this part, other than section 619, there are authorized to be appropriated, and there are appropriated in addition to amounts made available in the Consolidated Appropriations Act, 2001—

"(1) \$12,103,000,000 for fiscal year 2002; and
 "(2) not more than \$18,165,000,000 or the sum of the maximum amount that all States may receive under subsection (a)(2), whichever is lower, for fiscal year 2003."

NOTICE OF HEARING

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing has been scheduled before the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources. The purpose of this oversight hearing is to receive testimony on the U.S. Department of Interior Fiscal Year 2002 Budget Justification for the National Park Service.

The hearing will take place on Thursday, May 10, 2001, at 2:30 p.m., in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, U.S. Senate, SD-354, Dirksen Senate Office Building, Washington, DC 20510-6150.

For further information, please contact Jim O'Toole or Shane Perkins of the Committee staff at (202) 224-1219.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. GREGG. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet on Wednesday, May 2, at 9:30 a.m., in order to receive testimony regarding the science of global climate change and issues related to reducing net greenhouse gas emissions.

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

COMMITTEE ON THE JUDICIARY

Mr. GREGG. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet to conduct a hearing on Wednesday, May 2, 2001, at 10 a.m., in Dirksen 226.

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

SUBCOMMITTEE ON ANTITRUST, BUSINESS RIGHTS, AND COMPETITION

Mr. GREGG. Mr. President, I ask unanimous consent that the Committee on the Judiciary Subcommittee on Antitrust, Business Rights and Competition be authorized to meet to conduct a hearing on Wednesday, May 2, 2001, at 2 p.m., in SD-226.

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

SUBCOMMITTEE ON OCEANS AND FISHERIES

Mr. GREGG. Mr. President, I ask unanimous consent that the Subcommittee on Oceans and Fisheries of the Committee on Commerce, Science, and Transportation be authorized to meet to conduct a hearing on Wednesday, May 2, 2001, at 9:30 a.m., on individual fishing quotas.

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

SUBCOMMITTEE ON SCIENCE, TECHNOLOGY, AND SPACE

Mr. GREGG. Mr. President, I ask unanimous consent that the Subcommittee on Science, Technology, and Space of the Committee on Commerce, Science, and Transportation be authorized to meet on Wednesday, May 2, 2001, at 2:30 p.m., on cloning.

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