

NAYS—207

Abercrombie Hall (OH)
Ackerman Hall (TX)
Allen Harman
Andrews Hastings (FL)
Baca Hill
Baird Hilliard
Baldacci Hinchey
Baldwin Hinojosa
Barcia Hoeft
Barrett Holden
Becerra Holt
Bentsen Honda
Berkley Hooley
Berry Hoyer
Bishop Inslee
Blagojevich Israel
Blumenauer Jackson (IL)
Bonior Jackson-Lee
Borski (TX)
Boswell Jefferson
Boucher John
Boyd Johnson, E. B.
Brady (PA) Jones (OH)
Brown (FL) Kanjorski
Brown (OH) Kaptur
Capps Kennedy (RI)
Capuano Kildee
Cardin Kilpatrick
Carson (IN) Kind (WI)
Carson (OK) Kleczka
Clay Kucinich
Clayton LaFalce
Clement Lampson
Clyburn Langevin
Condit Lantos
Conyers Larsen (WA)
Costello Larson (CT)
Coyne Lee
Cramer Levin
Crowley Lewis (GA)
Cummings Lipinski
Davis (CA) Lofgren
Davis (FL) Lowey
Davis (IL) Lucas (KY)
DeFazio Luther
DeGette Lynch
Delahunt Maloney (CT)
DeLauro Markey
Deutsch Mascara
Dicks Matheson
Dingell Matsui
Doggett McCarthy (MO)
Dooley McCarthy (NY)
Doyle McCollum
Edwards McDermott
Engel McGovern
Eshoo McIntyre
Etheridge McKinney
Evans McNulty
Farr Meehan
Fattah Meek (FL)
Filner Meeks (NY)
Ford Menendez
Frank Millender-
Frost McDonald
Gephardt Miller, George
Gonzalez Mink
Gordon Mollohan
Green (TX) Moore
Gutierrez Murtha

NOT VOTING—11

Berman Moran (VA)
Brady (TX) Payne
Cubin Riley
Maloney (NY) Roukema

□ 1218

Ms. McCOLLUM changed her vote from “yea” to “nay.”

Mr. LATHAM changed his vote from “nay” to “yea.”

So the previous question was ordered. The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. FROST. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5 minute vote.

The vote was taken by electronic device, and there were—ayes 213, noes 206, not voting 15, as follows:

[Roll No. 37]

AYES—213

Aderholt Goode
Akin Goodlatte
Armey Goss
Bachus Graham
Baker Granger
Ballenger Graves
Barr Green (WI)
Bartlett Greenwood
Barton Grucci
Bass Gutknecht
Bereuter Hansen
Biggert Hart
Bilirakis Hastings (WA)
Blunt Hayes
Boehlert Hayworth
Boehner Hefley
Bonilla Herger
Bono Hilleary
Boozman Hobson
Brown (SC) Hoekstra
Bryant Horn
Burr Hostettler
Burton Houghton
Hulshof Royce
Hunter Ryan (WI)
Hyde Ryun (KS)
Isakson Saxton
Issa Schaffer
Istook Schrock
Jenkins Sensenbrenner
Johnson (CT) Sessions
Johnson (IL) Shadegg
Johnson, Sam Shaw
Jones (NC) Shays
Keller Sherwood
Kelly Shimkus
Kennedy (MN) Shuster
Kerns Simmons
King (NY) Simpson
Kingston Skeen
Kirk Smith (MI)
Knollenberg Smith (NJ)
Kolbe Smith (TX)
LaHood Souder
Largent Stearns
Latham Sununu
LaTourette Sweeney
Leach Tancredo
Lewis (KY) Tauzin
Linder Terry
LoBiondo Thomas
Lucas (OK) Thornberry
Manzullo Thune
McCrery Tiahrt
McHugh Tiberi
McInnis Toomey
McKeon Upton
Mica Vitter
Miller, Dan Walden
Miller, Gary Walsh
Miller, Jeff Wamp
Moran (KS) Watkins (OK)
Morella Watts (OK)
Myrick Weldon (FL)
Nethercutt Weller
Ney Wicker
Northup Wilson (NM)
Norwood Wilson (SC)
Nussle Wolf
Osborne Young (AK)
Ose Young (FL)

NOES—206

Abercrombie Blagojevich
Ackerman Blumenauer
Allen Bonior
Andrews Borski
Baca Boswell
Baird Boucher
Baldacci Boyd
Baldwin Brady (PA)
Barcia Brown (FL)
Barrett Brown (OH)
Becerra Capps
Bentsen Capuano
Berkley Cardin
Berry Carson (IN)
Bishop Carson (OK)

Delahunt LaFalce
DeLauro Lampson
Deutsch Langevin
Dicks Lantos
Dingell Larsen (WA)
Doggett Larson (CT)
Dooley Lee
Doyle Levin
Edwards Lewis (GA)
Engel Lipinski
Eshoo Lofgren
Etheridge Lowey
Evans Lucas (KY)
Farr Luther
Fattah Lynch
Filner Maloney (CT)
Ford Maloney (NY)
Frank Markey
Frost Mascara
Gephardt Matheson
Gonzalez Matsui
Gordon McCarthy (MO)
Green (TX) McCarthy (NY)
Gutierrez McDermott
Hall (OH) McGovern
Hall (TX) McIntyre
Harman McKinney
Hastings (FL) McNulty
Hill Meehan
Hilliard Meek (FL)
Hobson Meeks (NY)
Hinchey Menendez
Hinojosa Menendez
Hoeft Millender-
Holden McDonald
Holt Miller, George
Honda Mink
Hooley Mollohan
Hoyer Moore
Inslee Moran (VA)
Israel Murtha
Jackson (IL) Nadler
Jackson-Lee Napolitano
(TX) Neal
Jefferson Oberstar
John Obey
Johnson, E. B. Oliver
Jones (OH) Ortiz
Kanjorski Owens
Kaptur Pallone
Kennedy (RI) Pascarelli
Kildee Pastor
Kilpatrick Pelosi
Kind (WI) Peterson (MN)
Kleczka Phelps
Kucinich Pomeroy

NOT VOTING—15

Berman McCollum
Brady (TX) Payne
Buyer Riley
Conyers Roukema
Lewis (CA) Stump

□ 1229

So the resolution was agreed to. The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1230

HOPE FOR CHILDREN ACT

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 347, I call up the bill (H.R. 622), to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes, with Senate amendments thereto, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

MOTION OFFERED BY Mr. THOMAS

Mr. THOMAS. Mr. Speaker, I offer a motion.

The SPEAKER pro tempore (Mr. QUINN). The Clerk will designate the motion.

The text of the motion is as follows:

Mr. THOMAS moves that the House concur in the Senate amendments with respective amendments as follows:

Senate Amendments:
Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Temporary Extended Unemployment Compensation Act of 2002”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Federal-State agreements.
- Sec. 3. Temporary extended unemployment compensation account.
- Sec. 4. Payments to States having agreements under this Act.
- Sec. 5. Financing provisions.
- Sec. 6. Fraud and overpayments.
- Sec. 7. Definitions.
- Sec. 8. Applicability.

SEC. 2. FEDERAL-STATE AGREEMENTS.

(a) **IN GENERAL.**—Any State which desires to do so may enter into and participate in an agreement under this Act with the Secretary of Labor (in this Act referred to as the “Secretary”). Any State which is a party to an agreement under this Act may, upon providing 30 days written notice to the Secretary, terminate such agreement.

(b) **PROVISIONS OF AGREEMENT.**—Any agreement under subsection (a) shall provide that the State agency of the State will make payments of temporary extended unemployment compensation to individuals—

(1) who—

(A) first exhausted all rights to regular compensation under the State law on or after the first day of the week that includes September 11, 2001; or

(B) have their 26th week of regular compensation under the State law end on or after the first day of the week that includes September 11, 2001;

(2) who do not have any rights to regular compensation under the State law of any other State; and

(3) who are not receiving compensation under the unemployment compensation law of any other country.

(c) **COORDINATION RULES.**—

(1) **TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION TO SERVE AS SECOND-TIER BENEFITS.**—Notwithstanding any other provision of law, neither regular compensation, extended compensation, nor additional compensation under any Federal or State law shall be payable to any individual for any week for which temporary extended unemployment compensation is payable to such individual.

(2) **TREATMENT OF OTHER UNEMPLOYMENT COMPENSATION.**—After the date on which a State enters into an agreement under this Act, any regular compensation in excess of 26 weeks, any extended compensation, and any additional compensation under any Federal or State law shall be payable to an individual in accordance with the State law after such individual has exhausted any rights to temporary extended unemployment compensation under the agreement.

(d) **EXHAUSTION OF BENEFITS.**—For purposes of subsection (b)(1)(A), an individual shall be deemed to have exhausted such individual's rights to regular compensation under a State law when—

(1) no payments of regular compensation can be made under such law because the individual has received all regular compensation available to the individual based on employment or wages during the individual's base period; or

(2) the individual's rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(e) **WEEKLY BENEFIT AMOUNT, TERMS AND CONDITIONS, ETC. RELATING TO TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION.**—For purposes of any agreement under this Act—

(1) the amount of temporary extended unemployment compensation which shall be payable

to an individual for any week of total unemployment shall be equal to the amount of regular compensation (including dependents' allowances) payable to such individual under the State law for a week for total unemployment during such individual's benefit year;

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall apply to claims for temporary extended unemployment compensation and the payment thereof, except where inconsistent with the provisions of this Act or with the regulations or operating instructions of the Secretary promulgated to carry out this Act; and

(3) the maximum amount of temporary extended unemployment compensation payable to any individual for whom a temporary extended unemployment compensation account is established under section 3 shall not exceed the amount established in such account for such individual.

SEC. 3. TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACCOUNT.

(a) **IN GENERAL.**—Any agreement under this Act shall provide that the State will establish, for each eligible individual who files an application for temporary extended unemployment compensation, a temporary extended unemployment compensation account.

(b) **AMOUNT IN ACCOUNT.**—

(1) **IN GENERAL.**—The amount established in an account under subsection (a) shall be equal to 13 times the individual's weekly benefit amount.

(2) **WEEKLY BENEFIT AMOUNT.**—For purposes of paragraph (1), an individual's weekly benefit amount for any week is an amount equal to the amount of regular compensation (including dependents' allowances) under the State law payable to the individual for such week for total unemployment.

SEC. 4. PAYMENTS TO STATES HAVING AGREEMENTS UNDER THIS ACT.

(a) **GENERAL RULE.**—There shall be paid to each State that has entered into an agreement under this Act an amount equal to 100 percent of the temporary extended unemployment compensation paid to individuals by the State pursuant to such agreement.

(b) **DETERMINATION OF AMOUNT.**—Sums under subsection (a) payable to any State by reason of such State having an agreement under this Act shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this Act for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that the Secretary's estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

(c) **ADMINISTRATIVE EXPENSES.**—There are appropriated out of the employment security administration account (as established by section 901(a) of the Social Security Act (42 U.S.C. 1101(a))) of the Unemployment Trust Fund, without fiscal year limitation, such funds as may be necessary for purposes of assisting States (as provided in title III of the Social Security Act (42 U.S.C. 501 et seq.)) in meeting the costs of administration of agreements under this Act.

SEC. 5. FINANCING PROVISIONS.

(a) **IN GENERAL.**—Funds in the extended unemployment compensation account (as established by section 905(a) of the Social Security Act (42 U.S.C. 1105(a))), and the Federal unemployment account (as established by section 904(g) of such Act (42 U.S.C. 1104(g))), of the Unemployment Trust Fund (as established by section 904(a) of such Act (42 U.S.C. 1104(a)))

shall be used, in accordance with subsection (b), for the making of payments (described in section 4(a)) to States having agreements entered into under this Act.

(b) **CERTIFICATION.**—The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums described in section 4(a) which are payable to such State under this Act. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification by transfers from the extended unemployment compensation account, as so established (or, to the extent that there are insufficient funds in that account, from the Federal unemployment account, as so established) to the account of such State in the Unemployment Trust Fund (as so established).

SEC. 6. FRAUD AND OVERPAYMENTS.

(a) **IN GENERAL.**—If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received any temporary extended unemployment compensation under this Act to which such individual was not entitled, such individual—

(1) shall be ineligible for any further benefits under this Act in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(2) shall be subject to prosecution under section 1001 of title 18, United States Code.

(b) **REPAYMENT.**—In the case of individuals who have received any temporary extended unemployment compensation under this Act to which such individuals were not entitled, the State shall require such individuals to repay those benefits to the State agency, except that the State agency may waive such repayment if it determines that—

(1) the payment of such benefits was without fault on the part of any such individual; and

(2) such repayment would be contrary to equity and good conscience.

(c) **RECOVERY BY STATE AGENCY.**—

(1) **IN GENERAL.**—The State agency may recover the amount to be repaid, or any part thereof, by deductions from any regular compensation or temporary extended unemployment compensation payable to such individual under this Act or from any unemployment compensation payable to such individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the 3-year period after the date such individuals received the payment of the temporary extended unemployment compensation to which such individuals were not entitled, except that no single deduction may exceed 50 percent of the weekly benefit amount from which such deduction is made.

(2) **OPPORTUNITY FOR HEARING.**—No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(d) **REVIEW.**—Any determination by a State agency under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

SEC. 7. DEFINITIONS.

In this Act, the terms “compensation”, “regular compensation”, “extended compensation”, “additional compensation”, “benefit year”, “base period”, “State”, “State agency”, “State

law", and "week" have the respective meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

SEC. 8. APPLICABILITY.

An agreement entered into under this Act shall apply to weeks of unemployment—

- (1) beginning after the date on which such agreement is entered into; and
- (2) ending before January 6, 2003.

Amend the title so as to read: "An Act to provide for temporary unemployment compensation."

House Amendments to Senate Amendments:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Economic Security and Worker Assistance Act of 2002".

(b) REFERENCES TO INTERNAL REVENUE CODE OF 1986.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

TITLE I—INDIVIDUAL PROVISIONS

Sec. 101. Supplemental stimulus payments.
Sec. 102. Acceleration of 25 percent individual income tax rate.

TITLE II—BUSINESS PROVISIONS

Sec. 201. Special depreciation allowance for certain property acquired after September 10, 2001, and before September 11, 2004.
Sec. 202. Temporary increase in expensing under section 179.
Sec. 203. Alternative minimum tax reform.
Sec. 204. Carryback of certain net operating losses allowed for 5 years.
Sec. 205. Recovery period for depreciation of certain leasehold improvements.

TITLE III—EXTENSIONS OF CERTAIN EXPIRING PROVISIONS

Subtitle A—Extensions

Sec. 301. Allowance of nonrefundable personal credits against regular and minimum tax liability.
Sec. 302. Credit for qualified electric vehicles.
Sec. 303. Credit for electricity produced from certain renewable resources.
Sec. 304. Work opportunity credit.
Sec. 305. Welfare-to-work credit.
Sec. 306. Deduction for clean-fuel vehicles and certain refueling property.
Sec. 307. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
Sec. 308. Qualified zone academy bonds.
Sec. 309. Cover over of tax on distilled spirits.
Sec. 310. Parity in the application of certain limits to mental health benefits.
Sec. 311. Temporary special rules for taxation of life insurance companies.
Sec. 312. Availability of medical savings accounts.
Sec. 313. Incentives for Indian employment and property on Indian reservations.
Sec. 314. Subpart F exemption for active financing.
Sec. 315. Repeal of requirement for approved diesel or kerosene terminals.

Subtitle B—Temporary Assistance for Needy Families

Sec. 321. Reauthorization of TANF supplemental grants for population increases for fiscal year 2002.
Sec. 322. 1-year extension of contingency fund under the TANF program.

TITLE IV—TAX INCENTIVES FOR NEW YORK CITY AND DISTRESSED AREAS

Sec. 401. Tax benefits for area of New York City damaged in terrorist attacks on September 11, 2001.

TITLE V—MISCELLANEOUS AND TECHNICAL PROVISIONS

Subtitle A—General Miscellaneous Provisions

Sec. 501. Allowance of electronic 1099's.
Sec. 502. Excluded cancellation of indebtedness income of S corporation not to result in adjustment to basis of stock of shareholders.
Sec. 503. Limitation on use of nonaccrual experience method of accounting.
Sec. 504. Exclusion for foster care payments to apply to payments by qualified placement agencies.
Sec. 505. Interest rate range for additional funding requirements.
Sec. 506. Adjusted gross income determined by taking into account certain expenses of elementary and secondary school teachers.

Subtitle B—Technical Corrections

Sec. 511. Amendments related to Economic Growth and Tax Relief Reconciliation Act of 2001.
Sec. 512. Amendments related to Community Renewal Tax Relief Act of 2000.
Sec. 513. Amendments related to the Tax Relief Extension Act of 1999.
Sec. 514. Amendments related to the Taxpayer Relief Act of 1997.
Sec. 515. Amendment related to the Balanced Budget Act of 1997.
Sec. 516. Other technical corrections.
Sec. 517. Clerical amendments.
Sec. 518. Additional corrections.

TITLE VI—UNEMPLOYMENT ASSISTANCE

Sec. 601. Short title.
Sec. 602. Federal-State agreements.
Sec. 603. Temporary extended unemployment compensation account.
Sec. 604. Payments to States having agreements for the payment of temporary extended unemployment compensation.
Sec. 605. Financing provisions.
Sec. 606. Fraud and overpayments.
Sec. 607. Definitions.
Sec. 608. Applicability.
Sec. 609. Special Reed Act transfer in fiscal year 2002.

TITLE VII—DISPLACED WORKER HEALTH INSURANCE CREDIT

Sec. 701. Displaced worker health insurance credit.
Sec. 702. Advance payment of displaced worker health insurance credit.

TITLE VIII—EMPLOYMENT AND TRAINING ASSISTANCE AND TEMPORARY HEALTH CARE COVERAGE ASSISTANCE

Sec. 801. Employment and training assistance and temporary health care coverage assistance.

TITLE IX—TEMPORARY STATE HEALTH CARE ASSISTANCE

Sec. 901. Temporary State health care assistance.

TITLE X—SOCIAL SECURITY HELD HARMLESS; BUDGETARY TREATMENT OF ACT

Sec. 1001. No impact on social security trust funds.
Sec. 1002. Emergency designation.

TITLE I—INDIVIDUAL PROVISIONS

SEC. 101. SUPPLEMENTAL STIMULUS PAYMENTS.

(a) IN GENERAL.—Section 6428 (relating to acceleration of 10 percent income tax rate bracket benefit for 2001) is amended by adding at the end the following new subsection:

"(f) SUPPLEMENTAL STIMULUS PAYMENTS.—

"(1) IN GENERAL.—Each individual who was an eligible individual for such individual's first taxable year beginning in 2000 and who, before October 16, 2001, filed a return of tax imposed by subtitle A for such taxable year shall be treated as having made a payment against the tax imposed by chapter 1 for such first taxable year in an amount equal to the supplemental refund amount for such taxable year.

"(2) SUPPLEMENTAL REFUND AMOUNT.—For purposes of this subsection, the supplemental refund amount is an amount equal to the excess (if any) of—

"(A)(i) \$600 in the case of taxpayers to whom section 1(a) applies,

"(ii) \$500 in the case of taxpayers to whom section 1(b) applies, and

"(iii) \$300 in the case of taxpayers to whom subsections (c) or (d) of section 1 applies, over

"(B) the taxpayer's advance refund amount under subsection (e).

"(3) TIMING OF PAYMENTS.—In the case of any overpayment attributable to this subsection, the Secretary shall, subject to the provisions of this title, refund or credit such overpayment as rapidly as possible.

"(4) NO INTEREST.—No interest shall be allowed on any overpayment attributable to this subsection."

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 6428(d)(1) is amended by striking "subsection (e)" and inserting "subsections (e) and (f)".

(2) Subparagraph (B) of section 6428(d)(1) is amended by striking "subsection (e)" and inserting "subsection (e) or (f)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 102. ACCELERATION OF 25 PERCENT INDIVIDUAL INCOME TAX RATE.

(a) IN GENERAL.—The table contained in paragraph (2) of section 1(i) (relating to reductions in rates after June 30, 2001) is amended—

(1) by striking "27.0%" and inserting "25.0%", and

(2) by striking "26.0%" and inserting "25.0%".

(b) REDUCTION NOT TO INCREASE MINIMUM TAX.—

(1) Subparagraph (A) of section 55(d)(1) is amended by striking "\$49,000 in the case of taxable years beginning in 2001, 2002, 2003, and 2004" and inserting "\$49,000 in the case of taxable years beginning in 2001, \$52,200 in the case of taxable years beginning in 2002 or 2003, and \$50,700 in the case of taxable years beginning in 2004".

(2) Subparagraph (B) of section 55(d)(1) is amended by striking "\$35,750 in the case of taxable years beginning in 2001, 2002, 2003, and 2004" and inserting "\$35,750 in the case of taxable years beginning in 2001, \$37,350 in the case of taxable years beginning in 2002 or 2003, and \$36,600 in the case of taxable years beginning in 2004".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(d) SECTION 15 NOT TO APPLY.—No amendment made by this section shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

TITLE II—BUSINESS PROVISIONS**SEC. 201. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.**

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

“(k) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.—

“(1) ADDITIONAL ALLOWANCE.—In the case of any qualified property—

“(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 30 percent of the adjusted basis of the qualified property, and

“(B) the adjusted basis of the qualified property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

“(2) QUALIFIED PROPERTY.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified property’ means property—

“(i) to which this section applies which has a recovery period of 20 years or less or which is water utility property, or

“(ii) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection,

“(ii) the original use of which commences with the taxpayer after September 10, 2001,

“(iii) which is—

“(I) acquired by the taxpayer after September 10, 2001, and before September 11, 2004, but only if no written binding contract for the acquisition was in effect before September 11, 2001, or

“(II) acquired by the taxpayer pursuant to a written binding contract which was entered into after September 10, 2001, and before September 11, 2004, and

“(iv) which is placed in service by the taxpayer before January 1, 2005, or, in the case of property described in subparagraph (B), before January 1, 2006.

“(B) CERTAIN PROPERTY HAVING LONGER PRODUCTION PERIODS TREATED AS QUALIFIED PROPERTY.—

“(i) IN GENERAL.—The term ‘qualified property’ includes property—

“(I) which meets the requirements of clauses (i), (ii), and (iii) of subparagraph (A),

“(II) which has a recovery period of at least 10 years or is transportation property, and

“(III) which is subject to section 263A by reason of clause (ii) or (iii) of subsection (f)(1)(B) thereof.

“(ii) ONLY PRE-SEPTEMBER 11, 2004, BASIS ELIGIBLE FOR ADDITIONAL ALLOWANCE.—In the case of property which is qualified property solely by reason of clause (i), paragraph (1) shall apply only to the extent of the adjusted basis thereof attributable to manufacture, construction, or production before September 11, 2004.

“(iii) TRANSPORTATION PROPERTY.—For purposes of this subparagraph, the term ‘transportation property’ means tangible personal property used in the trade or business of transporting persons or property.

“(C) EXCEPTIONS.—

“(i) ALTERNATIVE DEPRECIATION PROPERTY.—The term ‘qualified property’ shall not include any property to which the alternative depreciation system under subsection (g) applies, determined—

“(I) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

“(II) after application of section 280F(b) (relating to listed property with limited business use).

“(ii) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

“(iii) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—The term ‘qualified property’ shall not include any qualified leasehold improvement property (as defined in section 168(e)(6)).

“(D) SPECIAL RULES.—

“(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of clause (iii) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after September 10, 2001, and before September 11, 2004.

“(ii) SALE-LEASEBACKS.—For purposes of subparagraph (A)(ii), if property—

“(I) is originally placed in service after September 10, 2001, by a person, and

“(II) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the lease-back referred to in subclause (II).

“(E) COORDINATION WITH SECTION 280F.—For purposes of section 280F—

“(i) AUTOMOBILES.—In the case of a passenger automobile (as defined in section 280F(d)(5)) which is qualified property, the Secretary shall increase the limitation under section 280F(a)(1)(A)(i) by \$4,600.

“(ii) LISTED PROPERTY.—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).”

(b) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 56(a)(1)(A) (relating to depreciation adjustment for alternative minimum tax) is amended by adding at the end the following new clause:

“(iii) ADDITIONAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.—The deduction under section 168(k) shall be allowed.”

(2) CONFORMING AMENDMENT.—Clause (i) of section 56(a)(1)(A) is amended by striking “clause (ii)” both places it appears and inserting “clauses (ii) and (iii)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 10, 2001, in taxable years ending after such date.

SEC. 202. TEMPORARY INCREASE IN EXPENSING UNDER SECTION 179.

(a) IN GENERAL.—The table contained in section 179(b)(1) (relating to dollar limitation) is amended to read as follows:

“If the taxable year begins in:	The applicable amount is:
2001	\$24,000
2002 or 2003	\$40,000
2004 or thereafter	\$25,000.”

(b) TEMPORARY INCREASE IN AMOUNT OF PROPERTY TRIGGERING PHASEOUT OF MAXIMUM BENEFIT.—Paragraph (2) of section 179(b) is amended by inserting before the period “(\$325,000 in the case of taxable years beginning during 2002 or 2003)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 203. ALTERNATIVE MINIMUM TAX REFORM.

(a) REPEAL OF PREFERENCE FOR DEPRECIATION.—

(1) Paragraph (1) of section 56(a) is amended by adding at the end the following new subparagraph:

“(E) TERMINATION.—This paragraph shall not apply to property placed in service in taxable years beginning after December 31, 2001.”

(2) Paragraph (5) of section 56(a) is amended by adding at the end: “This paragraph shall not apply to property placed in service in taxable years beginning after December 31, 2001.”

(b) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDITS.—

(1) Subsection (a) of section 59 is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) Subclause (II) of section 53(d)(1)(B)(i) is amended by striking “and if section 59(a)(2) did not apply”.

(c) REPEAL OF 90 PERCENT LIMITATION ON NET OPERATING LOSS DEDUCTION.—Subparagraph (A) of section 56(d)(1), as amended by section 204, is amended to read as follows:

“(A) the amount of such deduction shall not exceed alternative minimum taxable income determined without regard to such deduction, and”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 204. CARRYBACK OF CERTAIN NET OPERATING LOSSES ALLOWED FOR 5 YEARS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

“(H) In the case of a taxpayer which has a net operating loss for any taxable year ending during 2001 or 2002, subparagraph (A)(i) shall be applied by substituting ‘5’ for ‘2’ and subparagraph (F) shall not apply.”

(b) ELECTION TO DISREGARD 5-YEAR CARRYBACK.—Section 172 (relating to net operating loss deduction) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

“(j) ELECTION TO DISREGARD 5-YEAR CARRYBACK FOR CERTAIN NET OPERATING LOSSES.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.”

(c) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT ON CERTAIN NOL CARRYBACKS.—

(1) IN GENERAL.—Subparagraph (A) of section 56(d)(1) (relating to general rule defining alternative tax net operating loss deduction) is amended to read as follows:

“(A) the amount of such deduction shall not exceed the sum of—

“(i) the lesser of—

“(I) the amount of such deduction attributable to net operating losses (other than the deduction attributable to carrybacks described in clause (ii)(I)), or

“(II) 90 percent of alternative minimum taxable income determined without regard to such deduction, plus

“(ii) the lesser of—

“(I) the amount of such deduction attributable to carrybacks of net operating losses for taxable years ending during 2001 or 2002, or

“(II) alternative minimum taxable income determined without regard to such deduction

reduced by the amount determined under clause (i), and”.

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall apply to taxable years beginning before January 1, 2002.

(d) **EFFECTIVE DATE.**—Except as provided in subsection (c), the amendments made by this section shall apply to net operating losses for taxable years ending after December 31, 2000.

SEC. 205. RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.

(a) **15-YEAR RECOVERY PERIOD.**—Subparagraph (E) of section 168(e)(3) (relating to 15-year property) is amended by striking “and” at the end of clause (ii), by striking the period at the end of clause (iii) and inserting “, and”, and by adding at the end the following new clause:

“(iv) any qualified leasehold improvement property.”

(b) **QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.**—Subsection (e) of section 168 is amended by adding at the end the following new paragraph:

“(6) **QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.**—

“(A) **IN GENERAL.**—The term ‘qualified leasehold improvement property’ means any improvement to an interior portion of a building which is nonresidential real property if—

“(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

“(I) by the lessee (or any sublessee) of such portion, or

“(II) by the lessor of such portion,

“(ii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

“(iii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

“(B) **CERTAIN IMPROVEMENTS NOT INCLUDED.**—Such term shall not include any improvement for which the expenditure is attributable to—

“(i) the enlargement of the building,

“(ii) any elevator or escalator,

“(iii) any structural component benefiting a common area, and

“(iv) the internal structural framework of the building.

“(C) **DEFINITIONS AND SPECIAL RULES.**—For purposes of this paragraph—

“(i) **COMMITMENT TO LEASE TREATED AS LEASE.**—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively.

“(ii) **RELATED PERSONS.**—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term ‘related persons’ means—

“(I) members of an affiliated group (as defined in section 1504), and

“(II) persons having a relationship described in subsection (b) of section 267; except that, for purposes of this clause, the phrase ‘80 percent or more’ shall be substituted for the phrase ‘more than 50 percent’ each place it appears in such subsection.

“(D) **IMPROVEMENTS MADE BY LESSOR.**—

“(i) **IN GENERAL.**—In the case of an improvement made by the person who was the lessor of such improvement when such improvement was placed in service, such improvement shall be qualified leasehold improvement property (if at all) only so long as such improvement is held by such person.

“(ii) **EXCEPTION FOR CHANGES IN FORM OF BUSINESS.**—Property shall not cease to be qualified leasehold improvement property under clause (i) by reason of—

“(I) death,

“(II) a transaction to which section 381(a) applies, or

“(III) a mere change in the form of conducting the trade or business so long as the property is retained in such trade or business as qualified leasehold improvement property and the taxpayer retains a substantial interest in such trade or business.

“(iii) **TREATMENT OF FAILURES TO MAINTAIN SUBSTANTIAL INTEREST IN TRADE OR BUSINESS.**—In the case of property to which clause (ii)(III) would apply but for the failure of the taxpayer to retain a substantial interest in a trade or business, the remaining adjusted basis of such property shall be depreciated under this section over 39 years.”

(c) **REQUIREMENT TO USE STRAIGHT LINE METHOD.**—Paragraph (3) of section 168(b) is amended by adding at the end the following new subparagraph:

“(G) **Qualified leasehold improvement property** described in subsection (e)(6).”

(d) **ALTERNATIVE SYSTEM.**—The table contained in section 168(g)(3)(B) is amended by adding at the end the following new item:

“(E)(iv) 15”.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to qualified leasehold improvement property placed in service after September 10, 2001.

TITLE III—EXTENSIONS OF CERTAIN EXPIRING PROVISIONS

Subtitle A—Extensions

SEC. 301. ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS AGAINST REGULAR AND MINIMUM TAX LIABILITY.

(a) **IN GENERAL.**—Paragraph (2) of section 26(a) is amended—

(1) by striking “RULE FOR 2000 AND 2001.” and inserting “RULE FOR 2000, 2001, 2002, AND 2003.”, and

(2) by striking “during 2000 or 2001,” and inserting “during 2000, 2001, 2002, or 2003.”.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 904(h) is amended by striking “during 2000 or 2001” and inserting “during 2000, 2001, 2002, or 2003”.

(2) The amendments made by sections 201(b), 202(f), and 618(b) of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to taxable years beginning during 2002 and 2003.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 302. CREDIT FOR QUALIFIED ELECTRIC VEHICLES.

(a) **IN GENERAL.**—Section 30 is amended—

(1) in subsection (b)(2)—

(A) by striking “December 31, 2001,” and inserting “December 31, 2003.”, and

(B) in subparagraphs (A), (B), and (C), by striking “2002”, “2003”, and “2004”, respectively, and inserting “2004”, “2005”, and “2006”, respectively, and

(2) in subsection (e), by striking “December 31, 2004” and inserting “December 31, 2006”.

(b) **CONFORMING AMENDMENTS.**—

(1) Subparagraph (C) of section 280F(a)(1) is amended by adding at the end the following new clause:

“(iii) **APPLICATION OF SUBPARAGRAPH.**—This subparagraph shall apply to property placed in service after August 5, 1997, and before January 1, 2007.”

(2) Subsection (b) of section 971 of the Taxpayer Relief Act of 1997 is amended by striking “and before January 1, 2005”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after December 31, 2001.

SEC. 303. CREDIT FOR ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES.

(a) **IN GENERAL.**—Subparagraphs (A), (B), and (C) of section 45(c)(3) are both amended by striking “2002” and inserting “2004”.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to facilities placed in service after December 31, 2001.

SEC. 304. WORK OPPORTUNITY CREDIT.

(a) **IN GENERAL.**—Subparagraph (B) of section 51(c)(4) is amended by striking “2001” and inserting “2003”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2001.

SEC. 305. WELFARE-TO-WORK CREDIT.

(a) **IN GENERAL.**—Subsection (f) of section 51A is amended by striking “2001” and inserting “2003”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2001.

SEC. 306. DEDUCTION FOR CLEAN-FUEL VEHICLES AND CERTAIN REFUELING PROPERTY.

(a) **IN GENERAL.**—Section 179A is amended—

(1) in subsection (b)(1)(B)—

(A) by striking “December 31, 2001,” and inserting “December 31, 2003.”, and

(B) in clauses (i), (ii), and (iii), by striking “2002”, “2003”, and “2004”, respectively, and inserting “2004”, “2005”, and “2006”, respectively, and

(2) in subsection (f), by striking “December 31, 2004” and inserting “December 31, 2006”.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to property placed in service after December 31, 2001.

SEC. 307. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

(a) **IN GENERAL.**—Subparagraph (H) of section 613A(c)(6) is amended by striking “2002” and inserting “2004”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 308. QUALIFIED ZONE ACADEMY BONDS.

(a) **IN GENERAL.**—Paragraph (1) of section 1397E(e) is amended by striking “2000, and 2001” and inserting “2000, 2001, 2002, and 2003”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to obligations issued after the date of the enactment of this Act.

SEC. 309. COVER OVER OF TAX ON DISTILLED SPIRITS.

(a) **IN GENERAL.**—Paragraph (1) of section 7652(f) is amended by striking “January 1, 2002” and inserting “January 1, 2004”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to articles brought into the United States after December 31, 2001.

SEC. 310. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) **IN GENERAL.**—Subsection (f) of section 9812, as amended by the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002, is amended to read as follows:

“(f) **APPLICATION OF SECTION.**—This section shall not apply to benefits for services furnished—

“(1) on or after September 30, 2001, and before January 10, 2002, and

“(2) after December 31, 2003.”

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

SEC. 311. TEMPORARY SPECIAL RULES FOR TAXATION OF LIFE INSURANCE COMPANIES.

(a) REDUCTION IN MUTUAL LIFE INSURANCE COMPANY DEDUCTIONS NOT TO APPLY IN CERTAIN YEARS.—Section 809 (relating to reduction in certain deductions of material life insurance companies) is amended by adding at the end the following:

“(j) DIFFERENTIAL EARNINGS RATE TREATED AS ZERO FOR CERTAIN YEARS.—Notwithstanding subsection (c) or (f), the differential earnings rate shall be treated as zero for purposes of computing both the differential earnings amount and the recomputed differential earnings amount for a mutual life insurance company’s taxable years beginning in 2001, 2002, or 2003.”

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

SEC. 312. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) (defining cut-off year) are each amended by striking “2002” each place it appears and inserting “2003”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended by striking “1998, 1999, or 2001” each place it appears and inserting “1998, 1999, 2001, or 2002”.

(2) Subparagraph (A) of section 220(j)(4) is amended by striking “and 2001” and inserting “2001, and 2002”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2002.

SEC. 313. INCENTIVES FOR INDIAN EMPLOYMENT AND PROPERTY ON INDIAN RESERVATIONS.

(a) EMPLOYMENT.—Subsection (f) of section 45A is amended by striking “December 31, 2003” and inserting “December 31, 2004”.

(b) PROPERTY.—Paragraph (8) of section 168(j) is amended by striking “December 31, 2003” and inserting “December 31, 2004”.

SEC. 314. SUBPART F EXEMPTION FOR ACTIVE FINANCING.

(a) IN GENERAL.—

(1) Section 953(e)(10) is amended—

(A) by striking “January 1, 2002” and inserting “January 1, 2007”, and

(B) by striking “December 31, 2001” and inserting “December 31, 2006”.

(2) Section 954(h)(9) is amended by striking “January 1, 2002” and inserting “January 1, 2007”.

(b) LIFE INSURANCE AND ANNUITY CONTRACTS.—

(1) IN GENERAL.—Subparagraph (B) of section 954(i)(4) is amended to read as follows:

“(B) LIFE INSURANCE AND ANNUITY CONTRACTS.—

“(i) IN GENERAL.—Except as provided in clause (ii), the amount of the reserve of a qualifying insurance company or qualifying insurance company branch for any life insurance or annuity contract shall be equal to the greater of—

“(I) the net surrender value of such contract (as defined in section 807(e)(1)(A)), or

“(II) the reserve determined under paragraph (5).

“(ii) RULING REQUEST, ETC.—The amount of the reserve under clause (i) shall be the foreign statement reserve for the contract (less any catastrophe, deficiency, equalization, or similar reserves), if, pursuant to a ruling request submitted by the taxpayer or as provided in published guidance, the Secretary determines that the factors taken into account in determining the foreign statement reserve provide an appropriate means of measuring income.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 315. REPEAL OF REQUIREMENT FOR APPROVED DIESEL OR KEROSENE TERMINALS.

(a) IN GENERAL.—Subsection (e) of section 4101 is hereby repealed.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2002.

Subtitle B—Temporary Assistance for Needy Families

SEC. 321. REAUTHORIZATION OF TANF SUPPLEMENTAL GRANTS FOR POPULATION INCREASES FOR FISCAL YEAR 2002.

Section 403(a)(3) of the Social Security Act (42 U.S.C. 603(a)(3)) is amended by adding at the end the following:

“(H) REAUTHORIZATION OF GRANTS FOR FISCAL YEAR 2002.—Notwithstanding any other provision of this paragraph—

“(i) any State that was a qualifying State under this paragraph for fiscal year 2001 or any prior fiscal year shall be entitled to receive from the Secretary for fiscal year 2002 a grant in an amount equal to the amount required to be paid to the State under this paragraph for the most recent fiscal year in which the State was a qualifying State;

“(ii) subparagraph (G) shall be applied as if ‘2002’ were substituted for ‘2001’; and

“(iii) out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal year 2002 such sums as are necessary for grants under this subparagraph.”

SEC. 322. 1-YEAR EXTENSION OF CONTINGENCY FUND UNDER THE TANF PROGRAM.

Section 403(b) of the Social Security Act (42 U.S.C. 603(b)) is amended—

(1) in paragraph (2), by striking “and 2001” and inserting “2001, and 2002”; and

(2) in paragraph (3)(C)(ii), by striking “2001” and inserting “2002”.

TITLE IV—TAX INCENTIVES FOR NEW YORK CITY AND DISTRESSED AREAS

SEC. 401. TAX BENEFITS FOR AREA OF NEW YORK CITY DAMAGED IN TERRORIST ATTACKS ON SEPTEMBER 11, 2001.

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

“Subchapter Y—New York Liberty Zone Benefits

“Sec. 1400L. Tax benefits for New York Liberty Zone.

“SEC. 1400L. TAX BENEFITS FOR NEW YORK LIBERTY ZONE.

“(a) EXPANSION OF WORK OPPORTUNITY TAX CREDIT.—

“(1) IN GENERAL.—For purposes of section 51, a New York Liberty Zone business employee shall be treated as a member of a targeted group.

“(2) NEW YORK LIBERTY ZONE BUSINESS EMPLOYEE.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘New York Liberty Zone business employee’ means, with respect to any period, any employee of a New York Liberty Zone business if substantially all the services performed during such period by such employee for such business are performed in the New York Liberty Zone.

“(B) INCLUSION OF CERTAIN EMPLOYEES OUTSIDE THE NEW YORK LIBERTY ZONE.—

“(i) IN GENERAL.—In the case of a New York Liberty Zone business described in subclause (II) of subparagraph (C)(i), the term ‘New York Liberty Zone business employee’ includes any employee of such business (not described in subparagraph (A)) if substantially all the services performed during such period by such employee for such business are performed in the City of New York, New York.

“(ii) LIMITATION.—The number of employees of such a business that are treated as

New York Liberty zone business employees on any day by reason of clause (i) shall not exceed the excess of—

“(I) the number of employees of such business on September 11, 2001, in the New York Liberty Zone, over

“(II) the number of New York Liberty Zone business employees (determined without regard to this subparagraph) of such business on the day to which the limitation is being applied.

The Secretary may require any trade or business to have the number determined under subclause (I) verified by the New York State Department of Labor.

“(C) NEW YORK LIBERTY ZONE BUSINESS.—

“(i) IN GENERAL.—The term ‘New York Liberty Zone business’ means any trade or business which is—

“(I) located in the New York Liberty Zone, or

“(II) located in the City of New York, New York, outside the New York Liberty Zone, as a result of the physical destruction or damage of such place of business by the September 11, 2001, terrorist attack.

“(ii) CREDIT NOT ALLOWED FOR LARGE BUSINESSES.—The term ‘New York Liberty Zone business’ shall not include any trade or business for any taxable year if such trade or business employed an average of more than 200 employees on business days during the taxable year.

“(D) SPECIAL RULES FOR DETERMINING AMOUNT OF CREDIT.—For purposes of applying subpart F of part IV of subchapter B of this chapter to wages paid or incurred to any New York Liberty Zone business employee—

“(i) section 51(a) shall be applied by substituting ‘qualified wages’ for ‘qualified first-year wages’;

“(ii) the rules of section 52 shall apply for purposes of determining the number of employees under subparagraph (B),

“(iii) subsections (c)(4) and (i)(2) of section 51 shall not apply, and

“(iv) in determining qualified wages, the following shall apply in lieu of section 51(b):

“(I) QUALIFIED WAGES.—The term ‘qualified wages’ means wages paid or incurred by the employer to individuals who are New York Liberty Zone business employees of such employer for work performed during calendar year 2002 or 2003.

“(II) ONLY FIRST \$6,000 OF WAGES PER CALENDAR YEAR TAKEN INTO ACCOUNT.—The amount of the qualified wages which may be taken into account with respect to any individual shall not exceed \$6,000 per calendar year.

“(b) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001.—

“(1) ADDITIONAL ALLOWANCE.—In the case of any qualified New York Liberty Zone property—

“(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 30 percent of the adjusted basis of such property, and

“(B) the adjusted basis of the qualified New York Liberty Zone property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

“(2) QUALIFIED NEW YORK LIBERTY ZONE PROPERTY.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified New York Liberty Zone property’ means property—

“(i) (I) to which section 168 applies which has a recovery period of 20 years or less or which is water utility property,

“(II) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection, or

“(III) which is nonresidential real property, or residential rental property, which is described in subparagraph (B),

“(ii) substantially all of the use of which is in the New York Liberty Zone and is in the active conduct of a trade or business by the taxpayer in such Zone,

“(iii) the original use of which in the New York Liberty Zone commences with the taxpayer after September 10, 2001,

“(iv) which is acquired by the taxpayer by purchase (as defined in section 179(d)) after September 10, 2001, but only if no written binding contract for the acquisition was in effect before September 11, 2001, and

“(v) which is placed in service by the taxpayer on or before the termination date.

The term ‘termination date’ means December 31, 2006 (December 31, 2009, in the case of nonresidential real property and residential rental property).

“(B) ELIGIBLE REAL PROPERTY.—Nonresidential real property or residential rental property is described in this subparagraph only to the extent it rehabilitates real property damaged, or replaces real property destroyed or condemned, as a result of the September 11, 2001, terrorist attack. For purposes of the preceding sentence, property shall be treated as replacing real property destroyed or condemned if, as part of an integrated plan, such property replaces real property which is included in a continuous area which includes real property destroyed or condemned.

“(C) EXCEPTIONS.—

“(i) ALTERNATIVE DEPRECIATION PROPERTY.—The term ‘qualified New York Liberty Zone property’ shall not include any property to which the alternative depreciation system under section 168(g) applies, determined—

“(I) without regard to paragraph (7) of section 168(g) (relating to election to have system apply), and

“(II) after application of section 280F(b) (relating to listed property with limited business use).

“(ii) 30 PERCENT ADDITIONAL ALLOWANCE PROPERTY.—Such term shall not include property to which section 168(k) applies.

“(iii) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—Such term shall not include any qualified leasehold improvement property (as defined in section 168(e)(6)).

“(iv) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

“(D) SPECIAL RULES.—

“(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer’s own use, the requirements of clause (iv) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after September 10, 2001.

“(ii) SALE-LEASEBACKS.—For purposes of subparagraph (A)(iii), if property—

“(I) is originally placed in service after September 10, 2001, by a person, and

“(II) is sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the lease-back referred to in subclause (II).

“(E) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—The deduction allowed by this

subsection shall be allowed in determining alternative minimum taxable income under section 55.

“(C) 5-YEAR RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.—

“(1) IN GENERAL.—For purposes of section 168, the term ‘5-year property’ includes any qualified New York Liberty Zone leasehold improvement property.

“(2) QUALIFIED NEW YORK LIBERTY ZONE LEASEHOLD IMPROVEMENT PROPERTY.—For purposes of this section, the term ‘qualified New York Liberty Zone leasehold improvement property’ means qualified leasehold improvement property (as defined in section 168(e)(6)) if—

“(A) such building is located in the New York Liberty Zone,

“(B) such improvement is placed in service after September 10, 2001, and before January 1, 2007, and

“(C) no written binding contract for such improvement was in effect before September 11, 2001.

“(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—The applicable depreciation method under section 168 shall be the straight line method in the case of qualified New York Liberty Zone leasehold improvement property.

“(4) 9-YEAR RECOVERY PERIOD UNDER ALTERNATIVE SYSTEM.—For purposes of section 168(g), the class life of qualified New York Liberty Zone leasehold improvement property shall be 9 years.

“(d) TAX-EXEMPT BOND FINANCING.—

“(1) IN GENERAL.—For purposes of this title, any qualified New York Liberty Bond shall be treated as an exempt facility bond.

“(2) QUALIFIED NEW YORK LIBERTY BOND.—For purposes of this subsection, the term ‘qualified New York Liberty Bond’ means any bond issued as part of an issue if—

“(A) 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of such issue are to be used for qualified project costs,

“(B) such bond is issued by the State of New York or any political subdivision thereof,

“(C) the Governor or the Mayor designates such bond for purposes of this section, and

“(D) such bond is issued after the date of the enactment of this section and before January 1, 2005.

“(3) LIMITATIONS ON AMOUNT OF BONDS.—

“(A) AGGREGATE AMOUNT DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under this subsection shall not exceed \$8,000,000,000, of which not to exceed \$4,000,000,000 may be designated by the Governor and not to exceed \$4,000,000,000 may be designated by the Mayor.

“(B) SPECIFIC LIMITATIONS.—The aggregate face amount of bonds issued which are to be used for—

“(i) costs for property located outside the New York Liberty Zone shall not exceed \$2,000,000,000,

“(ii) residential rental property shall not exceed \$1,600,000,000, and

“(iii) costs with respect to property used for retail sales of tangible property and functionally related and subordinate property shall not exceed \$800,000,000.

The limitations under clauses (i), (ii), and (iii) shall be allocated proportionately between the bonds designated by the Governor and the bonds designated by the Mayor in proportion to the respective amounts of bonds designated by each.

“(C) MOVABLE PROPERTY.—No bonds shall be issued which are to be used for movable fixtures and equipment.

“(4) QUALIFIED PROJECT COSTS.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified project costs’ means the cost of acquisition, construction, reconstruction, and renovation of—

“(i) nonresidential real property and residential rental property (including fixed tenant improvements associated with such property) located in the New York Liberty Zone, and

“(ii) public utility property (as defined in section 168(i)(10)) located in the New York Liberty Zone.

“(B) COSTS FOR CERTAIN PROPERTY OUTSIDE ZONE INCLUDED.—Such term includes the cost of acquisition, construction, reconstruction, and renovation of nonresidential real property (including fixed tenant improvements associated with such property) located outside the New York Liberty Zone but within the City of New York, New York, if such property is part of a project which consists of at least 100,000 square feet of usable office or other commercial space located in a single building or multiple adjacent buildings.

“(5) SPECIAL RULES.—In applying this title to any qualified New York Liberty Bond, the following modifications shall apply:

“(A) Section 146 (relating to volume cap) shall not apply.

“(B) Section 147(d) (relating to acquisition of existing property not permitted) shall be applied by substituting ‘50 percent’ for ‘15 percent’ each place it appears.

“(C) Section 148(f)(4)(C) (relating to exception from rebate for certain proceeds to be used to finance construction expenditures) shall apply to the available construction proceeds of bonds issued under this section.

“(D) Repayments of principal on financing provided by the issue—

“(i) may not be used to provide financing, and

“(ii) must be used not later than the close of the 1st semiannual period beginning after the date of the repayment to redeem bonds which are part of such issue.

The requirement of clause (ii) shall be treated as met with respect to amounts received within 10 years after the date of issuance of the issue (or, in the case of a refunding bond, the date of issuance of the original bond) if such amounts are used by the close of such 10 years to redeem bonds which are part of such issue.

“(E) Section 57(a)(5) shall not apply.

“(6) SEPARATE ISSUE TREATMENT OF PORTIONS OF AN ISSUE.—This subsection shall not apply to the portion of an issue which (if issued as a separate issue) would be treated as a qualified bond or as a bond that is not a private activity bond (determined without regard to paragraph (1)), if the issuer elects to so treat such portion.

“(e) ADVANCE REFUNDINGS OF CERTAIN TAX-EXEMPT BONDS.—

“(1) IN GENERAL.—With respect to a bond described in paragraph (2) issued as part of an issue 90 percent (95 percent in the case of a bond described in paragraph (2)(C)) or more of the net proceeds (as defined in section 150(a)(3)) of which were used to finance facilities located within the City of New York, New York (or property which is functionally related and subordinate to facilities located within the City of New York for the furnishing of water), one additional advanced refunding after the date of the enactment of this section and before January 1, 2005, shall be allowed under the applicable rules of section 149(d) if—

“(A) the Governor or the Mayor designates the advance refunding bond for purposes of this subsection, and

“(B) the requirements of paragraph (4) are met.

“(2) BONDS DESCRIBED.—A bond is described in this paragraph if such bond was outstanding on September 11, 2001, and is—

“(A) a State or local bond (as defined in section 103(c)(1)) which is a general obligation of the City of New York, New York,

“(B) a State or local bond (as so defined) other than a private activity bond (as defined in section 141(a)) issued by the New York Municipal Water Finance Authority or the Metropolitan Transportation Authority of the State of New York, or

“(C) a qualified 501(c)(3) bond (as defined in section 145(a)) which is a qualified hospital bond (as defined in section 145(c)) issued by or on behalf of the State of New York or the City of New York, New York.

“(3) AGGREGATE LIMIT.—For purposes of paragraph (1), the maximum aggregate face amount of bonds which may be designated under this subsection by the Governor shall not exceed \$4,500,000,000 and the maximum aggregate face amount of bonds which may be designated under this subsection by the Mayor shall not exceed \$4,500,000,000.

“(4) ADDITIONAL REQUIREMENTS.—The requirements of this paragraph are met with respect to any advance refunding of a bond described in paragraph (2) if—

“(A) no advance refundings of such bond would be allowed under any provision of law after September 11, 2001,

“(B) the advance refunding bond is the only other outstanding bond with respect to the refunded bond, and

“(C) the requirements of section 148 are met with respect to all bonds issued under this subsection.

“(f) INCREASE IN EXPENSING UNDER SECTION 179.—

“(1) IN GENERAL.—For purposes of section 179—

“(A) the limitation under section 179(b)(1) shall be increased by the lesser of—

“(i) \$35,000, or

“(ii) the cost of section 179 property which is qualified New York Liberty Zone property placed in service during the taxable year, and

“(B) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified New York Liberty Zone property shall be 50 percent of the cost thereof.

“(2) QUALIFIED NEW YORK LIBERTY ZONE PROPERTY.—For purposes of this subsection, the term ‘qualified New York Liberty Zone property’ has the meaning given such term by subsection (b)(2).

“(3) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified New York Liberty Zone property which ceases to be used in the New York Liberty Zone.

“(g) EXTENSION OF REPLACEMENT PERIOD FOR NONRECOGNITION OF GAIN.—Notwithstanding subsections (g) and (h) of section 1033, clause (i) of section 1033(a)(2)(B) shall be applied by substituting ‘5 years’ for ‘2 years’ with respect to property which is compulsorily or involuntarily converted as a result of the terrorist attacks on September 11, 2001, in the New York Liberty Zone but only if substantially all of the use of the replacement property is in the City of New York, New York.

“(h) NEW YORK LIBERTY ZONE.—For purposes of this section, the term ‘New York Liberty Zone’ means the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan in the City of New York, New York.

“(i) REFERENCES TO GOVERNOR AND MAYOR.—For purposes of this section, the terms ‘Governor’ and ‘Mayor’ mean the Governor of the State of New York and the Mayor of the City of New York, New York, respectively.”

(b) CREDIT ALLOWED AGAINST REGULAR AND MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 38 (relating to limitation based on amount of tax) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) SPECIAL RULES FOR NEW YORK LIBERTY ZONE BUSINESS EMPLOYEE CREDIT.—

“(A) IN GENERAL.—In the case of the New York Liberty Zone business employee credit—

“(i) this section and section 39 shall be applied separately with respect to such credit, and

“(ii) in applying paragraph (1) to such credit—

“(I) the tentative minimum tax shall be treated as being zero, and

“(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the New York Liberty Zone business employee credit).

“(B) NEW YORK LIBERTY ZONE BUSINESS EMPLOYEE CREDIT.—For purposes of this subsection, the term ‘New York Liberty Zone business employee credit’ means the portion of work opportunity credit under section 51 determined under section 1400L(a).”

(2) CONFORMING AMENDMENT.—Subclause (II) of section 38(c)(2)(A)(ii) is amended by inserting “or the New York Liberty Zone business employee credit” after “employment credit”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after December 31, 2001.

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

“Subchapter Y—New York Liberty Zone Benefits.”

TITLE V—MISCELLANEOUS AND TECHNICAL PROVISIONS

Subtitle A—General Miscellaneous Provisions

SEC. 501. ALLOWANCE OF ELECTRONIC 1099'S.

Any person required to furnish a statement under any section of subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 for any taxable year ending after the date of the enactment of this Act, may electronically furnish such statement (without regard to any first class mailing requirement) to any recipient who has consented to the electronic provision of the statement in a manner similar to the one permitted under regulations issued under section 6051 of such Code or in such other manner as provided by the Secretary.

SEC. 502. EXCLUDED CANCELLATION OF INDEBTEDNESS INCOME OF S CORPORATION NOT TO RESULT IN ADJUSTMENT TO BASIS OF STOCK OF SHAREHOLDERS.

(a) IN GENERAL.—Subparagraph (A) of section 108(d)(7) (relating to certain provisions to be applied at corporate level) is amended by inserting before the period “, including by not taking into account under section 1366(a) any amount excluded under subsection (a) of this section”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to discharges of indebtedness after October 11, 2001, in taxable years ending after such date.

(2) EXCEPTION.—The amendment made by this section shall not apply to any discharge of indebtedness before March 1, 2002, pursuant to a plan of reorganization filed with a bankruptcy court on or before October 11, 2001.

SEC. 503. LIMITATION ON USE OF NONACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) IN GENERAL.—Paragraph (5) of section 448(d) is amended to read as follows:

“(5) SPECIAL RULE FOR CERTAIN SERVICES.—

“(A) IN GENERAL.—In the case of any person using an accrual method of accounting with respect to amounts to be received for the performance of services by such person, such person shall not be required to accrue any portion of such amounts which (on the basis of such person's experience) will not be collected if—

“(i) such services are in fields referred to in paragraph (2)(A), or

“(ii) such person meets the gross receipts test of subsection (c) for all prior taxable years.

“(B) EXCEPTION.—This paragraph shall not apply to any amount if interest is required to be paid on such amount or there is any penalty for failure to timely pay such amount.

“(C) REGULATIONS.—The Secretary shall prescribe regulations to permit taxpayers to determine amounts referred to in subparagraph (A) using computations or formulas which, based on experience, accurately reflect the amount of income that will not be collected by such person. A taxpayer may adopt, or request consent of the Secretary to change to, a computation or formula that clearly reflects the taxpayer's experience. A request under the preceding sentence shall be approved if such computation or formula clearly reflects the taxpayer's experience.”

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period of 4 years (or if less, the number of taxable years that the taxpayer used the method permitted under section 448(d)(5) of such Code as in effect before the date of the enactment of this Act) beginning with such first taxable year.

SEC. 504. EXCLUSION FOR FOSTER CARE PAYMENTS TO APPLY TO PAYMENTS BY QUALIFIED PLACEMENT AGENCIES.

(a) IN GENERAL.—The matter preceding subparagraph (B) of section 131(b)(1) (defining qualified foster care payment) is amended to read as follows:

“(1) IN GENERAL.—The term ‘qualified foster care payment’ means any payment made pursuant to a foster care program of a State or political subdivision thereof—

“(A) which is paid by—

“(i) a State or political subdivision thereof, or

“(ii) a qualified foster care placement agency, and”.

(b) QUALIFIED FOSTER INDIVIDUALS TO INCLUDE INDIVIDUALS PLACED BY QUALIFIED PLACEMENT AGENCIES.—Subparagraph (B) of section 131(b)(2) (defining qualified foster individual) is amended to read as follows:

“(B) a qualified foster care placement agency.”

(c) QUALIFIED FOSTER CARE PLACEMENT AGENCY DEFINED.—Subsection (b) of section 131 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) QUALIFIED FOSTER CARE PLACEMENT AGENCY.—The term ‘qualified foster care

placement agency' means any placement agency which is licensed or certified by—

“(A) a State or political subdivision thereof, or

“(B) an entity designated by a State or political subdivision thereof,

for the foster care program of such State or political subdivision to make foster care payments to providers of foster care.”

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 505. INTEREST RATE RANGE FOR ADDITIONAL FUNDING REQUIREMENTS.

(a) **AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.**—

(1) **SPECIAL RULE.**—Clause (i) of section 412(l)(7)(C) (relating to interest rate) is amended by adding at the end the following new subclause:

“(III) **SPECIAL RULE FOR 2002 AND 2003.**—For a plan year beginning in 2002 or 2003, notwithstanding subclause (I), in the case that the rate of interest used under subsection (b)(5) exceeds the highest rate permitted under subclause (I), the rate of interest used to determine current liability under this subsection may exceed the rate of interest otherwise permitted under subclause (I); except that such rate of interest shall not exceed 120 percent of the weighted average referred to in subsection (b)(5)(B)(ii).”

(2) **QUARTERLY CONTRIBUTIONS.**—Subsection (m) of section 412 is amended by adding at the end the following new paragraph:

“(7) **SPECIAL RULES FOR 2002 AND 2004.**—In any case in which the interest rate used to determine current liability is determined under subsection (l)(7)(C)(i)(III)—

“(A) 2002.—For purposes of applying paragraphs (1) and (4)(B)(ii) for plan years beginning in 2002, the current liability for the preceding plan year shall be redetermined using 120 percent as the specified percentage determined under subsection (l)(7)(C)(i)(II).

“(B) 2004.—For purposes of applying paragraphs (1) and (4)(B)(ii) for plan years beginning in 2004, the current liability for the preceding plan year shall be redetermined using 105 percent as the specified percentage determined under subsection (l)(7)(C)(i)(II).”

(b) **AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.**—

(1) **SPECIAL RULE.**—Clause (i) of section 302(d)(7)(C) of such Act (29 U.S.C. 1082(d)(7)(C)) is amended by adding at the end the following new subclause:

“(III) **SPECIAL RULE FOR 2002 AND 2003.**—For a plan year beginning in 2002 or 2003, notwithstanding subclause (I), in the case that the rate of interest used under subsection (b)(5) exceeds the highest rate permitted under subclause (I), the rate of interest used to determine current liability under this subsection may exceed the rate of interest otherwise permitted under subclause (I); except that such rate of interest shall not exceed 120 percent of the weighted average referred to in subsection (b)(5)(B)(ii).”

(2) **QUARTERLY CONTRIBUTIONS.**—Subsection (e) of section 302 of such Act (29 U.S.C. 1082) is amended by adding at the end the following new paragraph:

“(7) **SPECIAL RULES FOR 2002 AND 2004.**—In any case in which the interest rate used to determine current liability is determined under subsection (d)(7)(C)(i)(III)—

“(A) 2002.—For purposes of applying paragraphs (1) and (4)(B)(ii) for plan years beginning in 2002, the current liability for the preceding plan year shall be redetermined using 120 percent as the specified percentage determined under subsection (d)(7)(C)(i)(II).

“(B) 2004.—For purposes of applying paragraphs (1) and (4)(B)(ii) for plan years beginning in 2004, the current liability for the preceding plan year shall be redetermined using

105 percent as the specified percentage determined under subsection (d)(7)(C)(i)(II).”

(c) **PBGC.**—Clause (iii) of section 4006(a)(3)(E) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new subclause:

“(IV) In the case of plan years beginning after December 31, 2001, and before January 1, 2004, subclause (II) shall be applied by substituting ‘100 percent’ for ‘85 percent’. Subclause (III) shall be applied for such years without regard to the preceding sentence. Any reference to this clause by any other sections or subsections shall be treated as a reference to this clause without regard to this subclause.”

SEC. 506. ADJUSTED GROSS INCOME DETERMINED BY TAKING INTO ACCOUNT CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) **IN GENERAL.**—Section 62(a)(2) (relating to certain trade and business deductions of employees) is amended by adding at the end the following:

“(D) **CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.**—In the case of taxable years beginning during 2002 or 2003, the deductions allowed by section 162 which consist of expenses, not in excess of \$250, paid or incurred by an eligible educator in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom.”

(b) **ELIGIBLE EDUCATOR.**—Section 62 is amended by adding at the end the following:

“(d) **DEFINITION; SPECIAL RULES.**—

“(1) **ELIGIBLE EDUCATOR.**—

“(A) **IN GENERAL.**—For purposes of subsection (a)(2)(D), the term ‘eligible educator’ means, with respect to any taxable year, an individual who is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

“(B) **SCHOOL.**—The term ‘school’ means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.

“(2) **COORDINATION WITH EXCLUSIONS.**—A deduction shall be allowed under subsection (a)(2)(D) for expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135, 529(c)(1), or 530(d)(2) for the taxable year.”

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

Subtitle B—Technical Corrections

SEC. 511. AMENDMENTS RELATED TO ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.

(a) **AMENDMENTS RELATED TO SECTION 101 OF THE ACT.**—

(1) **IN GENERAL.**—Subsection (b) of section 6428 is amended to read as follows:

“(b) **CREDIT TREATED AS NONREFUNDABLE PERSONAL CREDIT.**—For purposes of this title, the credit allowed under this section shall be treated as a credit allowable under subpart A of part IV of subchapter A of chapter 1.”

(2) **CONFORMING AMENDMENTS.**—

(A) Subsection (d) of section 6428 is amended to read as follows:

“(d) **COORDINATION WITH ADVANCE REFUNDS OF CREDIT.**—

“(1) **IN GENERAL.**—The amount of credit which would (but for this paragraph) be allowable under this section shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer

under subsection (e). Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

“(2) **JOINT RETURNS.**—In the case of a refund or credit made or allowed under subsection (e) with respect to a joint return, half of such refund or credit shall be treated as having been made or allowed to each individual filing such return.”

(B) Paragraph (2) of section 6428(e) is amended to read as follows:

“(2) **ADVANCE REFUND AMOUNT.**—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such first taxable year if—

“(A) this section (other than subsections (b) and (d) and this subsection) had applied to such taxable year, and

“(B) the credit for such taxable year were not allowed to exceed the excess (if any) of—

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

“(ii) the sum of the credits allowable under part IV of subchapter A of chapter 1 (other than the credits allowable under subpart C thereof, relating to refundable credits).”

(b) **AMENDMENT RELATED TO SECTION 201 OF THE ACT.**—Subparagraph (B) of section 24(d)(1) is amended by striking “amount of credit allowed by this section” and inserting “aggregate amount of credits allowed by this subpart”.

(c) **AMENDMENTS RELATED TO SECTION 202 OF THE ACT.**—

(1) **CORRECTIONS TO CREDIT FOR ADOPTION EXPENSES.**—

(A) Paragraph (1) of section 23(a) is amended to read as follows:

“(1) **IN GENERAL.**—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter the amount of the qualified adoption expenses paid or incurred by the taxpayer.”

(B) Subsection (a) of section 23 is amended by adding at the end the following new paragraph:

“(3) **\$10,000 CREDIT FOR ADOPTION OF CHILD WITH SPECIAL NEEDS REGARDLESS OF EXPENSES.**—In the case of an adoption of a child with special needs which becomes final during a taxable year, the taxpayer shall be treated as having paid during such year qualified adoption expenses with respect to such adoption in an amount equal to the excess (if any) of \$10,000 over the aggregate qualified adoption expenses actually paid or incurred by the taxpayer with respect to such adoption during such taxable year and all prior taxable years.”

(C) Paragraph (2) of section 23(a) is amended by striking the last sentence.

(D) Paragraph (1) of section 23(b) is amended by striking “subsection (a)(1)(A)” and inserting “subsection (a)”.

(E) Subsection (i) of section 23 is amended by striking “the dollar limitation in subsection (b)(1)” and inserting “the dollar amounts in subsections (a)(3) and (b)(1)”.

(F) Expenses paid or incurred during any taxable year beginning before January 1, 2002, may be taken into account in determining the credit under section 23 of the Internal Revenue Code of 1986 only to the extent the aggregate of such expenses does not exceed the applicable limitation under section 23(b)(1) of such Code as in effect on the day before the date of the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001.

(2) **CORRECTIONS TO EXCLUSION FOR EMPLOYER-PROVIDED ADOPTION ASSISTANCE.**—

(A) Subsection (a) of section 137 is amended to read as follows:

“(a) **EXCLUSION.**—

“(1) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for qualified adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program.

“(2) \$10,000 EXCLUSION FOR ADOPTION OF CHILD WITH SPECIAL NEEDS REGARDLESS OF EXPENSES.—In the case of an adoption of a child with special needs which becomes final during a taxable year, the qualified adoption expenses with respect to such adoption for such year shall be increased by an amount equal to the excess (if any) of \$10,000 over the actual aggregate qualified adoption expenses with respect to such adoption during such taxable year and all prior taxable years.”

(B) Paragraph (2) of section 137(b) is amended by striking “subsection (a)(1)” and inserting “subsection (a)”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2002; except that the amendments made by paragraphs (1)(C), (1)(D), and (2)(B) shall apply to taxable years beginning after December 31, 2001.

(d) AMENDMENTS RELATED TO SECTION 205 OF THE ACT.—

(1) Section 45F(d)(4)(B) is amended by striking “subpart A, B, or D of this part” and inserting “this chapter or for purposes of section 55”.

(2) Section 38(b)(15) is amended by striking “45F” and inserting “45F(a)”.

(e) AMENDMENTS RELATED TO SECTION 301 OF THE ACT.—

(1) Section 63(c)(2) is amended—

(A) in subparagraph (A), by striking “subparagraph (C)” and inserting “subparagraph (D)”;

(B) by striking “or” at the end of subparagraph (B);

(C) by redesignating subparagraph (C) as subparagraph (D);

(D) by inserting after subparagraph (B) the following new subparagraph:

“(C) one-half of the amount allowable under subparagraph (A) in the case of a married individual filing a separate return, or”, and

(E) by inserting the following flush sentence at the end:

“If any amount determined under subparagraph (A) is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.”

(2)(A) Section 63(c)(4) is amended by striking “paragraph (2) or (5)” and inserting “paragraph (2)(B), (2)(D), or (5)”.

(B) Section 63(c)(4)(B)(i) is amended by striking “paragraph (2)” and inserting “paragraph (2)(B), (2)(D),”.

(C) Section 63(c)(4) is amended by striking the flush sentence at the end (as added by section 301(c)(2) of Public Law 107-17).

(f) AMENDMENT RELATED TO SECTION 401 OF THE ACT.—Section 530(d)(4)(B)(iv) is amended by striking “because the taxpayer elected under paragraph (2)(C) to waive the application of paragraph (2)” and inserting “by application of paragraph (2)(C)(i)(II)”.

(g) AMENDMENTS RELATED TO SECTION 511 OF THE ACT.—

(1) Section 2511(c) is amended by striking “taxable gift under section 2503,” and inserting “transfer of property by gift.”.

(2) Section 2101(b) is amended by striking the last sentence.

(h) AMENDMENT RELATED TO SECTION 532 OF THE ACT.—Section 2016 is amended by striking “any State, any possession of the United States, or the District of Columbia.”.

(i) AMENDMENTS RELATED TO SECTION 602 OF THE ACT.—

(1) Subparagraph (A) of section 408(q)(3) is amended to read as follows:

“(A) QUALIFIED EMPLOYER PLAN.—The term ‘qualified employer plan’ has the meaning given such term by section 72(p)(4)(A)(i); except that such term shall also include an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A).”.

(2) Section 4(c) of Employee Retirement Income Security Act of 1974 is amended—

(A) by inserting “and part 5 (relating to administration and enforcement)” before the period at the end, and

(B) by adding at the end the following new sentence: “Such provisions shall apply to such accounts and annuities in a manner similar to their application to a simplified employee pension under section 408(k) of the Internal Revenue Code of 1986.”.

(j) AMENDMENTS RELATING TO SECTION 611 OF THE ACT.—

(1) Section 408(k) is amended—

(A) in paragraph (2)(C) by striking “\$300” and inserting “\$450”; and

(B) in paragraph (8) by striking “\$300” both places it appears and inserting “\$450”.

(2) Section 409(o)(1)(C)(ii) is amended—

(A) by striking “\$500,000” both places it appears and inserting “\$800,000”; and

(B) by striking “\$100,000” and inserting “\$160,000”.

(3) Section 611(i) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by adding at the end the following new paragraph:

“(3) SPECIAL RULE.—In the case of plan that, on June 7, 2001, incorporated by reference the limitation of section 415(b)(1)(A) of the Internal Revenue Code of 1986, section 411(d)(6) of such Code and section 204(g)(1) of the Employee Retirement Income Security Act of 1974 do not apply to a plan amendment that—

“(A) is adopted on or before June 30, 2002,

“(B) reduces benefits to the level that would have applied without regard to the amendments made by subsection (a) of this section, and

“(C) is effective no earlier than the years described in paragraph (2).”.

(k) AMENDMENTS RELATING TO SECTION 613 OF THE ACT.—

(1) Section 416(c)(1)(C)(iii) is amended by striking “EXCEPTION FOR FROZEN PLAN” and inserting “EXCEPTION FOR PLAN UNDER WHICH NO KEY EMPLOYEE (OR FORMER KEY EMPLOYEE) BENEFITS FOR PLAN YEAR”.

(2) Section 416(g)(3)(B) is amended by striking “separation from service” and inserting “severance from employment”.

(l) AMENDMENTS RELATING TO SECTIONS 614 AND 616 OF THE ACT.—

(1) Section 404(a)(12) is amended by striking “(9).” and inserting “(9) and subsection (h)(1)(C).”.

(2) Section 404(n) is amended by striking “subsection (a).” and inserting “subsection (a) or paragraph (1)(C) of subsection (h).”.

(3) Section 402(h)(2)(A) is amended by striking “15 percent” and inserting “25 percent”.

(4) Section 404(a)(7)(C) is amended to read as follows:

“(C) PARAGRAPH NOT TO APPLY IN CERTAIN CASES.—

“(i) BENEFICIARY TEST.—This paragraph shall not have the effect of reducing the amount otherwise deductible under paragraphs (1), (2), and (3), if no employee is a beneficiary under more than 1 trust or under a trust and an annuity plan.

“(ii) ELECTIVE DEFERRALS.—If, in connection with 1 or more defined contribution plans and 1 or more defined benefit plans, no amounts (other than elective deferrals (as defined in section 402(g)(3))) are contributed to any of the defined contribution plans for the taxable year, then subparagraph (A) shall not apply with respect to any of such

defined contribution plans and defined benefit plans.”.

(m) AMENDMENT RELATING TO SECTION 618 OF THE ACT.—Section 25B(d)(2)(A) is amended to read as follows:

“(A) IN GENERAL.—The qualified retirement savings contributions determined under paragraph (1) shall be reduced (but not below zero) by the aggregate distributions received by the individual during the testing period from any entity of a type to which contributions under paragraph (1) may be made. The preceding sentence shall not apply to the portion of any distribution which is not includible in gross income by reason of a trustee-to-trustee transfer or a rollover distribution.”.

(n) AMENDMENTS RELATING TO SECTION 619 OF THE ACT.—

(1) Section 45E(e)(1) is amended by striking “(n)” and inserting “(m)”.

(2) Section 619(d) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking “established” and inserting “first effective”.

(o) AMENDMENTS RELATING TO SECTION 631 OF THE ACT.—

(1) Section 402(g)(1) is amended by adding at the end the following:

“(C) CATCH-UP CONTRIBUTIONS.—In addition to subparagraph (A), in the case of an eligible participant (as defined in section 414(v)), gross income shall not include elective deferrals in excess of the applicable dollar amount under subparagraph (B) to the extent that the amount of such elective deferrals does not exceed the applicable dollar amount under section 414(v)(2)(B)(i) for the taxable year (without regard to the treatment of the elective deferrals by an applicable employer plan under section 414(v)).”.

(2) Section 401(a)(30) is amended by striking “402(g)(1)” and inserting “402(g)(1)(A)”.

(3) Section 414(v)(2) is amended by adding at the end the following:

“(D) AGGREGATION OF PLANS.—For purposes of this paragraph, plans described in clauses (i), (ii), and (iv) of paragraph (6)(A) that are maintained by the same employer (as determined under subsection (b), (c), (m) or (o)) shall be treated as a single plan, and plans described in clause (iii) of paragraph (6)(A) that are maintained by the same employer shall be treated as a single plan.”.

(4) Section 414(v)(3)(A)(i) is amended by striking “section 402(g), 402(h), 403(b), 404(a), 404(h), 408(k), 408(p), 415, or 457” and inserting “section 401(a)(30), 402(h), 403(b), 408, 415(c), and 457(b)(2) (determined without regard to section 457(b)(3))”.

(5) Section 414(v)(3)(B) is amended by striking “section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416” and inserting “section 401(a)(4), 401(k)(3), 401(k)(11), 403(b)(12), 408(k), 410(b), or 416”.

(6) Section 414(v)(4)(B) is amended by inserting before the period at the end the following: “, except that a plan described in clause (i) of section 410(b)(6)(C) shall not be treated as a plan of the employer until the expiration of the transition period with respect to such plan (as determined under clause (ii) of such section).”.

(7) Section 414(v)(5) is amended—

(A) by striking “, with respect to any plan year,” in the matter preceding subparagraph (A),

(B) by amending subparagraph (A) to read as follows:

“(A) who would attain age 50 by the end of the taxable year,” and

(C) in subparagraph (B) by striking “plan year” and inserting “plan (or other applicable) year”.

(8) Section 414(v)(6)(C) is amended to read as follows:

“(C) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to a participant for any year for which a higher limitation applies to the participant under section 457(b)(3).”.

(9) Section 457(e) is amended by adding at the end the following new paragraph:

“(18) COORDINATION WITH CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OLDER.—In the case of an individual who is an eligible participant (as defined by section 414(v)) and who is a participant in an eligible deferred compensation plan of an employer described in paragraph (1)(A), subsections (b)(3) and (c) shall be applied by substituting for the amount otherwise determined under the applicable subsection the greater of—

“(A) the sum of—

“(i) the plan ceiling established for purposes of subsection (b)(2) (without regard to subsection (b)(3)), plus

“(ii) the applicable dollar amount for the taxable year determined under section 414(v)(2)(B)(i), or

“(B) the amount determined under the applicable subsection (without regard to this paragraph).”.

(p) AMENDMENTS RELATING TO SECTION 632 OF THE ACT.—

(1) Section 403(b)(1) is amended in the matter following subparagraph (E) by striking “then amounts contributed” and all that follows and inserting the following:

“then contributions and other additions by such employer for such annuity contract shall be excluded from the gross income of the employee for the taxable year to the extent that the aggregate of such contributions and additions (when expressed as an annual addition (within the meaning of section 415(c)(2))) does not exceed the applicable limit under section 415. The amount actually distributed to any distributee under such contract shall be taxable to the distributee (in the year in which so distributed) under section 72 (relating to annuities). For purposes of applying the rules of this subsection to contributions and other additions by an employer for a taxable year, amounts transferred to a contract described in this paragraph by reason of a rollover contribution described in paragraph (8) of this subsection or section 408(d)(3)(A)(ii) shall not be considered contributed by such employer.”.

(2) Section 403(b) is amended by striking paragraph (6).

(3) Section 403(b)(3) is amended—

(A) in the first sentence by inserting the following before the period at the end: “, and which precedes the taxable year by no more than five years”, and

(B) in the second sentence by striking “or any amount received by a former employee after the fifth taxable year following the taxable year in which such employee was terminated”.

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

“(7) SPECIAL RULES RELATING TO CHURCH PLANS.—

“(A) ALTERNATIVE CONTRIBUTION LIMITATION.—

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

“(ii) \$40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to

any participant which may be taken into account for purposes of this subparagraph for all years may not exceed \$40,000.

“(B) NUMBER OF YEARS OF SERVICE FOR DULY ORDAINED, COMMISSIONED, OR LICENSED MINISTERS OR LAY EMPLOYEES.—For purposes of this paragraph—

“(i) all years of service by—

“(I) a duly ordained, commissioned, or licensed minister of a church, or

“(II) a lay person,

as an employee of a church, a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), shall be considered as years of service for 1 employer, and

“(ii) all amounts contributed for annuity contracts by each such church (or convention or association of churches) or such organization during such years for such minister or lay person shall be considered to have been contributed by 1 employer.

“(C) FOREIGN MISSIONARIES.—In the case of any individual described in subparagraph (D) performing services outside the United States, contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such employee, when expressed as an annual addition to such employee's account, shall not be treated as exceeding the limitation of paragraph (1) if such annual addition is not in excess of the greater of \$3,000 or the employee's includible compensation determined under section 403(b)(3).

“(D) ANNUAL ADDITION.—For purposes of this paragraph, the term ‘annual addition’ has the meaning given such term by paragraph (2).

“(E) CHURCH, CONVENTION OR ASSOCIATION OF CHURCHES.—For purposes of this paragraph, the terms ‘church’ and ‘convention or association of churches’ have the same meaning as when used in section 414(e).”.

(5) Section 457(e)(5) is amended to read as follows:

“(5) INCLUDIBLE COMPENSATION.—The term ‘includible compensation’ has the meaning given to the term ‘participant's compensation’ by section 415(c)(3).”.

(6) Section 402(g)(7)(B) is amended by striking “2001.” and inserting “2001.”.

(q) AMENDMENTS RELATING TO SECTION 643 OF THE ACT.—

(1) Section 401(a)(31)(C)(i) is amended by inserting “is a qualified trust which is part of a plan which is a defined contribution plan and” before “agrees”.

(2) Section 402(c)(2) is amended by adding at the end the following flush sentence:

“In the case of a transfer described in subparagraph (A) or (B), the amount transferred shall be treated as consisting first of the portion of such distribution that is includible in gross income (determined without regard to paragraph (1)).”.

(r) AMENDMENTS RELATING TO SECTION 648 OF THE ACT.—

(1) Section 417(e) is amended—

(A) in paragraph (1) by striking “exceed the dollar limit under section 411(a)(11)(A)” and inserting “exceed the amount that can be distributed without the participant's consent under section 411(a)(11)”, and

(B) in paragraph (2)(A) by striking “exceeds the dollar limit under section 411(a)(11)(A)” and inserting “exceeds the amount that can be distributed without the participant's consent under section 411(a)(11)”.

(2) Section 205(g) of the Employee Retirement Income Security Act of 1974 is amended—

(A) in paragraph (1) by striking “exceed the dollar limit under section 203(e)(1)” and inserting “exceed the amount that can be distributed without the participant's consent under section 203(e)”, and

(B) in paragraph (2)(A) by striking “exceeds the dollar limit under section 203(e)(1)” and inserting “exceeds the amount that can be distributed without the participant's consent under section 203(e)”.

(s) AMENDMENT RELATING TO SECTION 652 OF THE ACT.—Section 404(a)(1)(D)(iv) is amended by striking “PLANS MAINTAINED BY PROFESSIONAL SERVICE EMPLOYERS” and inserting “SPECIAL RULE FOR TERMINATING PLANS”.

(t) AMENDMENTS RELATING TO SECTION 657 OF THE ACT.—Section 404(c)(3) of the Employee Retirement Income Security Act of 1974 is amended—

(1) by striking “the earlier of” in subparagraph (A) the second place it appears, and

(2) by striking “if the transfer” and inserting “a transfer that”.

(u) AMENDMENTS RELATING TO SECTION 659 OF THE ACT.—

(1) Section 4980F is amended—

(A) in subsection (e)(1) by striking “written notice” and inserting “the notice described in paragraph (2)”,

(B) by amending subsection (f)(2)(A) to read as follows:

“(A) any defined benefit plan described in section 401(a) which includes a trust exempt from tax under section 501(a), or”, and

(C) in subsection (f)(3) by striking “significantly” both places it appears.

(2) Section 204(h)(9) of the Employee Retirement Income Security Act of 1974 is amended by striking “significantly” both places it appears.

(3) Section 659(c)(3)(B) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking “(or)” and inserting “(and)”.

(v) AMENDMENTS RELATING TO SECTION 661 OF THE ACT.—

(1) Section 412(c)(9)(B) is amended—

(A) in clause (ii) by striking “125 percent” and inserting “100 percent”, and

(B) by adding at the end the following new clause:

“(iv) LIMITATION.—A change in funding method to use a prior year valuation, as provided in clause (ii), may not be made unless as of the valuation date within the prior plan year, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).”.

(2) Section 302(c)(9)(B) of the Employee Retirement Income Security Act of 1974 is amended—

(A) in clause (ii) by striking “125 percent” and inserting “100 percent”, and

(B) by adding at the end the following new clause:

“(iv) A change in funding method to use a prior year valuation, as provided in clause (ii), may not be made unless as of the valuation date within the prior plan year, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).”.

(w) AMENDMENTS RELATING TO SECTION 662 OF THE ACT.—

(1) Section 404(k) is amended—

(A) in paragraph (1) by striking “during the taxable year”,

(B) in paragraph (2)(B) by striking “(A)(iii)” and inserting “(A)(iv)”,

(C) in paragraph (4)(B) by striking “(iii)” and inserting “(iv)”, and

(D) by redesignating subparagraph (B) of paragraph (4) (as amended by subparagraph (C)) as subparagraph (C) of paragraph (4) and by inserting after subparagraph (A) the following new subparagraph:

“(B) REINVESTMENT DIVIDENDS.—For purposes of subparagraph (A), an applicable dividend reinvested pursuant to clause (iii)(II) of paragraph (2)(A) shall be treated as paid in the taxable year of the corporation in which such dividend is reinvested in qualifying employer securities or in which the election

under clause (iii) of paragraph (2)(A) is made, whichever is later.”.

(2) Section 404(k) is amended by adding at the end the following new paragraph:

“(7) FULL VESTING.—In accordance with section 411, an applicable dividend described in clause (iii)(II) of paragraph (2)(A) shall be subject to the requirements of section 411(a)(1).”.

(x) EFFECTIVE DATE.—Except as provided in subsection (c), the amendments made by this section shall take effect as if included in the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 to which they relate.

SEC. 512. AMENDMENTS RELATED TO COMMUNITY RENEWAL TAX RELIEF ACT OF 2000.

(a) AMENDMENT RELATED TO SECTION 101 OF THE ACT.—Section 469(i)(3)(E) is amended by striking clauses (ii), (iii), and (iv) and inserting the following:

“(ii) second to the portion of such loss to which subparagraph (C) applies,

“(iii) third to the portion of the passive activity credit to which subparagraph (B) or (D) does not apply,

“(iv) fourth to the portion of such credit to which subparagraph (B) applies, and”.

(b) AMENDMENT RELATED TO SECTION 306 OF THE ACT.—Section 151(c)(6)(C) is amended—

(1) by striking “FOR EARNED INCOME CREDIT.—For purposes of section 32, an” and inserting “FOR PRINCIPAL PLACE OF ABODE REQUIREMENTS.—An”, and

(2) by striking “requirement of section 32(c)(3)(A)(ii)” and inserting “principal place of abode requirements of section 2(a)(1)(B), section 2(b)(1)(A), and section 32(c)(3)(A)(ii)”.

(c) AMENDMENT RELATED TO SECTION 309 OF THE ACT.—Subparagraph (A) of section 358(h)(1) is amended to read as follows:

“(A) which is assumed by another person as part of the exchange, and”.

(d) AMENDMENTS RELATED TO SECTION 401 OF THE ACT.—

(1)(A) Section 1234A is amended by inserting “or” after the comma at the end of paragraph (1), by striking “or” at the end of paragraph (2), and by striking paragraph (3).

(B)(i) Section 1234B is amended in subsection (a)(1) and in subsection (b) by striking “sale or exchange” the first place it appears in each subsection and inserting “sale, exchange, or termination”.

(ii) Section 1234B is amended by adding at the end the following new subsection:

“(f) CROSS REFERENCE.—

“For special rules relating to dealer securities futures contracts, see section 1256.”

(2) Section 1091(e) is amended—

(A) in the heading, by striking “SECURITIES.—” and inserting “SECURITIES AND SECURITIES FUTURES CONTRACTS TO SELL.—”,

(B) by inserting after “closing of a short sale of” the following: “(or a securities futures contract to sell)”,

(C) in paragraph (2), by inserting after “short sale of” the following: “(or securities futures contracts to sell)”, and

(D) by adding at the end the following:

“For purposes of this subsection, the term ‘securities futures contract’ has the meaning provided by section 1234B(c).”.

(3) Section 1233(e)(2) is amended by striking “and” at the end of subparagraph (C), by striking the period and inserting “; and” at the end of subparagraph (D), and by adding at the end the following:

“(E) entering into a securities futures contract (as so defined) to sell shall be treated as entering into a short sale, and the sale, exchange, or termination of a securities futures contract to sell shall be treated as the closing of a short sale.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect as if

included in the provisions of the Community Renewal Tax Relief Act of 2000 to which they relate.

SEC. 513. AMENDMENTS RELATED TO THE TAX RELIEF EXTENSION ACT OF 1999.

(a) AMENDMENTS RELATED TO SECTION 545 OF THE ACT.—Section 857(b)(7) is amended—

(1) in clause (i) of subparagraph (B), by striking “the amount of which” and inserting “to the extent the amount of the rents”, and

(2) in subparagraph (C), by striking “if the amount” and inserting “to the extent the amount”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 545 of the Tax Relief Extension Act of 1999.

SEC. 514. AMENDMENTS RELATED TO THE TAXPAYER RELIEF ACT OF 1997.

(a) AMENDMENTS RELATED TO SECTION 311 OF THE ACT.—Section 311(e) of the Taxpayer Relief Act of 1997 (Public Law 105-34; 111 Stat. 836) is amended—

(1) in paragraph (2)(A), by striking “recognized” and inserting “included in gross income”, and

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

“(5) DISPOSITION OF INTEREST IN PASSIVE ACTIVITY.—Section 469(g)(1)(A) of the Internal Revenue Code of 1986 shall not apply by reason of an election made under paragraph (1).”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 311 of the Taxpayer Relief Act of 1997.

SEC. 515. AMENDMENT RELATED TO THE BALANCED BUDGET ACT OF 1997.

(a) AMENDMENT RELATED TO SECTION 4006 OF THE ACT.—Section 26(b)(2) is amended by striking “and” at the end of subparagraph (P), by striking the period and inserting “, and” at the end of subparagraph (Q), and by adding at the end the following new subparagraph:

“(R) section 138(c)(2) (relating to penalty for distributions from Medicare+Choice MSA not used for qualified medical expenses if minimum balance not maintained).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 4006 of the Balanced Budget Act of 1997.

SEC. 516. OTHER TECHNICAL CORRECTIONS.

(a) COORDINATION OF ADVANCED PAYMENTS OF EARNED INCOME CREDIT.—

(1) Section 32(g)(2) is amended by striking “subpart” and inserting “part”.

(2) The amendment made by this subsection shall take effect as if included in section 474 of the Tax Reform Act of 1984.

(b) DISCLOSURE BY SOCIAL SECURITY ADMINISTRATION TO FEDERAL CHILD SUPPORT AGENCIES.—

(1) Section 6103(l)(8) is amended—

(A) in the heading, by striking “STATE AND LOCAL” and inserting “FEDERAL, STATE, AND LOCAL”, and

(B) in subparagraph (A), by inserting “Federal or” before “State or local”.

(2) The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(c) TREATMENT OF SETTLEMENTS UNDER PARTNERSHIP AUDIT RULES.—

(1) The following provisions are each amended by inserting “or the Attorney General (or his delegate)” after “Secretary” each place it appears:

(A) Paragraphs (1) and (2) of section 6224(c).

(B) Section 6229(f)(2).

(C) Section 6231(b)(1)(C).

(D) Section 6234(g)(4)(A).

(2) The amendments made by this subsection shall apply with respect to settle-

ment agreements entered into after the date of the enactment of this Act.

(d) AMENDMENT RELATED TO PROCEDURE AND ADMINISTRATION.—

(1) Section 6331(k)(3) (relating to no levy while certain offers pending or installment agreement pending or in effect) is amended to read as follows:

“(3) CERTAIN RULES TO APPLY.—Rules similar to the rules of—

“(A) paragraphs (3) and (4) of subsection (i), and

“(B) except in the case of paragraph (2)(C), paragraph (5) of subsection (i),

shall apply for purposes of this subsection.”.

(2) The amendment made by this subsection shall take effect on the date of the enactment of this Act.

(e) MODIFIED ENDOWMENT CONTRACTS.—Paragraph (2) of section 318(a) of the Community Renewal Tax Relief Act of 2000 (114 Stat. 2763A-645) is repealed, and clause (ii) of section 7702A(c)(3)(A) shall read and be applied as if the amendment made by such paragraph had not been enacted.

SEC. 517. CLERICAL AMENDMENTS.

(1) The subsection (g) of section 25B that relates to termination is redesignated as subsection (h).

(2) Section 51A(c)(1) is amended by striking “51(d)(10)” and inserting “51(d)(11)”.

(3) Section 172(b)(1)(F)(i) is amended—

(A) by striking “3 years” and inserting “3 taxable years”, and

(B) by striking “2 years” and inserting “2 taxable years”.

(4) Section 351(h)(1) is amended by inserting a comma after “liability”.

(5) Section 741 is amended by striking “which have appreciated substantially in value”.

(6) Section 857(b)(7)(B)(i) is amended by striking “subsection 856(d)” and inserting “section 856(d)”.

(7) Section 1394(c)(2) is amended by striking “subparagraph (A)” and inserting “paragraph (1)”.

(8)(A) Section 6227(d) is amended by striking “subsection (b)” and inserting “subsection (c)”.

(B) Section 6228 is amended—

(i) in subsection (a)(1), by striking “subsection (b) of section 6227” and inserting “subsection (c) of section 6227”,

(ii) in subsection (a)(3)(A), by striking “subsection (b) of”, and

(iii) in subsections (b)(1) and (b)(2)(A), by striking “subsection (c) of section 6227” and inserting “subsection (d) of section 6227”.

(C) Section 6231(b)(2)(B)(i) is amended by striking “section 6227(c)” and inserting “section 6227(d)”.

(9) Section 1221(b)(1)(B)(i) is amended by striking “1256(b))” and inserting “1256(b)))”.

(10) Section 618(b)(2) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16; 115 Stat. 108) is amended—

(A) in subparagraph (A) by striking “203(d)” and inserting “202(f)”, and

(B) in subparagraphs (C), (D), and (E) by striking “203” and inserting “202(f)”.

(11)(A) Section 525 of the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170; 113 Stat. 1928) is amended by striking “7200” and inserting “7201”.

(B) Section 532(c)(2) of such Act (113 Stat. 1930) is amended—

(i) in subparagraph (D), by striking “341(d)(3)” and inserting “341(d)”, and

(ii) in subparagraph (Q), by striking “954(c)(1)(B)(iii) and inserting “954(c)(1)(B)”.

SEC. 518. ADDITIONAL CORRECTIONS.

(a) AMENDMENTS RELATED TO SECTION 202 OF THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.—

(1) Subsection (h) of section 23 is amended—

(A) by striking “subsection (a)(1)(B)” and inserting “subsection (a)(3)”, and

(B) by adding at the end the following new flush sentence:

“If any amount as increased under the preceding sentence is not a multiple of \$10, such amount shall be rounded to the nearest multiple of \$10.”

(2) Subsection (f) of section 137 is amended by adding at the end the following new flush sentence:

“If any amount as increased under the preceding sentence is not a multiple of \$10, such amount shall be rounded to the nearest multiple of \$10.”

(b) AMENDMENTS RELATED TO SECTION 204 OF THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.—Section 21(d)(2) is amended—

(1) in subparagraph (A) by striking “\$200” and inserting “\$250”, and

(2) in subparagraph (B) by striking “\$400” and inserting “\$500”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 to which they relate.

TITLE VI—UNEMPLOYMENT ASSISTANCE

SEC. 601. SHORT TITLE.

This title may be cited as the “Temporary Extended Unemployment Compensation Act of 2002”.

SEC. 602. FEDERAL-STATE AGREEMENTS.

(a) IN GENERAL.—Any State which desires to do so may enter into and participate in an agreement under this title with the Secretary of Labor (in this title referred to as the “Secretary”). Any State which is a party to an agreement under this title may, upon providing 30 days’ written notice to the Secretary, terminate such agreement.

(b) PROVISIONS OF AGREEMENT.—Any agreement under subsection (a) shall provide that the State agency of the State will make payments of temporary extended unemployment compensation to individuals who—

(1) have exhausted all rights to regular compensation under the State law or under Federal law with respect to a benefit year (excluding any benefit year that ended before March 15, 2001);

(2) have no rights to regular compensation or extended compensation with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law;

(3) are not receiving compensation with respect to such week under the unemployment compensation law of Canada; and

(4) filed an initial claim for regular compensation on or after March 15, 2001.

(c) EXHAUSTION OF BENEFITS.—For purposes of subsection (b)(1), an individual shall be deemed to have exhausted such individual’s rights to regular compensation under a State law when—

(1) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to such individual based on employment or wages during such individual’s base period; or

(2) such individual’s rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(d) WEEKLY BENEFIT AMOUNT, ETC.—For purposes of any agreement under this title—

(1) the amount of temporary extended unemployment compensation which shall be payable to any individual for any week of total unemployment shall be equal to the amount of the regular compensation (including

dependents’ allowances) payable to such individual during such individual’s benefit year under the State law for a week of total unemployment;

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall apply to claims for temporary extended unemployment compensation and the payment thereof, except—

(A) that an individual shall not be eligible for temporary extended unemployment compensation under this title unless, in the base period with respect to which the individual exhausted all rights to regular compensation under the State law, the individual had 20 weeks of full-time insured employment or the equivalent in insured wages, as determined under the provisions of the State law implementing section 202(a)(5) of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note); and

(B) where otherwise inconsistent with the provisions of this title or with the regulations or operating instructions of the Secretary promulgated to carry out this title; and

(3) the maximum amount of temporary extended unemployment compensation payable to any individual for whom a temporary extended unemployment compensation account is established under section 603 shall not exceed the amount established in such account for such individual.

(e) ELECTION BY STATES.—Notwithstanding any other provision of Federal law (and if State law permits), the Governor of a State that is in an extended benefit period may provide for the payment of temporary extended unemployment compensation in lieu of extended compensation to individuals who otherwise meet the requirements of this section. Such an election shall not require a State to trigger off an extended benefit period.

SEC. 603. TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACCOUNT.

(a) IN GENERAL.—Any agreement under this title shall provide that the State will establish, for each eligible individual who files an application for temporary extended unemployment compensation, a temporary extended unemployment compensation account with respect to such individual’s benefit year.

(b) AMOUNT IN ACCOUNT.—

(1) IN GENERAL.—The amount established in an account under subsection (a) shall be equal to the lesser of—

(A) 50 percent of the total amount of regular compensation (including dependents’ allowances) payable to the individual during the individual’s benefit year under such law, or

(B) 13 times the individual’s average weekly benefit amount for the benefit year.

(2) WEEKLY BENEFIT AMOUNT.—For purposes of this subsection, an individual’s weekly benefit amount for any week is the amount of regular compensation (including dependents’ allowances) under the State law payable to such individual for such week for total unemployment.

(c) SPECIAL RULE.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, if, at the time that the individual’s account is exhausted, such individual’s State is in an extended benefit period (as determined under paragraph (2)), then, such account shall be augmented by an amount equal to the amount originally established in such account (as determined under subsection (b)(1)).

(2) EXTENDED BENEFIT PERIOD.—For purposes of paragraph (1), a State shall be considered to be in an extended benefit period if,

at the time of exhaustion (as described in paragraph (1))—

(A) such a period is then in effect for such State under the Federal-State Extended Unemployment Compensation Act of 1970; or

(B) such a period would then be in effect for such State under such Act if section 203(d) of such Act were applied as if it had been amended by striking “5” each place it appears and inserting “4”.

SEC. 604. PAYMENTS TO STATES HAVING AGREEMENTS FOR THE PAYMENT OF TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION.

(a) GENERAL RULE.—There shall be paid to each State that has entered into an agreement under this title an amount equal to 100 percent of the temporary extended unemployment compensation paid to individuals by the State pursuant to such agreement.

(b) TREATMENT OF REIMBURSABLE COMPENSATION.—No payment shall be made to any State under this section in respect of any compensation to the extent the State is entitled to reimbursement in respect of such compensation under the provisions of any Federal law other than this title or chapter 85 of title 5, United States Code. A State shall not be entitled to any reimbursement under such chapter 85 in respect of any compensation to the extent the State is entitled to reimbursement under this title in respect of such compensation.

(c) DETERMINATION OF AMOUNT.—Sums payable to any State by reason of such State having an agreement under this title shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that the Secretary’s estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

SEC. 605. FINANCING PROVISIONS.

(a) IN GENERAL.—Funds in the extended unemployment compensation account (as established by section 905(a) of the Social Security Act (42 U.S.C. 1105(a)) of the Unemployment Trust Fund (as established by section 904(a) of such Act (42 U.S.C. 1104(a))) shall be used for the making of payments to States having agreements entered into under this title.

(b) CERTIFICATION.—The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State the sums payable to such State under this title. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payments to the State in accordance with such certification, by transfers from the extended unemployment compensation account (as so established) to the account of such State in the Unemployment Trust Fund (as so established).

(c) ASSISTANCE TO STATES.—There are appropriated out of the employment security administration account (as established by section 901(a) of the Social Security Act (42 U.S.C. 1101(a)) of the Unemployment Trust Fund, without fiscal year limitation, such funds as may be necessary for purposes of assisting States (as provided in title III of the Social Security Act (42 U.S.C. 501 et seq.)) in meeting the costs of administration of agreements under this title.

(d) APPROPRIATIONS FOR CERTAIN PAYMENTS.—There are appropriated from the general fund of the Treasury, without fiscal

year limitation, to the extended unemployment compensation account (as so established) of the Unemployment Trust Fund (as so established) such sums as the Secretary estimates to be necessary to make the payments under this section in respect of—

(1) compensation payable under chapter 85 of title 5, United States Code; and

(2) compensation payable on the basis of services to which section 3309(a)(1) of the Internal Revenue Code of 1986 applies.

Amounts appropriated pursuant to the preceding sentence shall not be required to be repaid.

SEC. 606. FRAUD AND OVERPAYMENTS.

(a) IN GENERAL.—If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of temporary extended unemployment compensation under this title to which he was not entitled, such individual—

(1) shall be ineligible for further temporary extended unemployment compensation under this title in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(2) shall be subject to prosecution under section 1001 of title 18, United States Code.

(b) REPAYMENT.—In the case of individuals who have received amounts of temporary extended unemployment compensation under this title to which they were not entitled, the State shall require such individuals to repay the amounts of such temporary extended unemployment compensation to the State agency, except that the State agency may waive such repayment if it determines that—

(1) the payment of such temporary extended unemployment compensation was without fault on the part of any such individual; and

(2) such repayment would be contrary to equity and good conscience.

(c) RECOVERY BY STATE AGENCY.—

(1) IN GENERAL.—The State agency may recover the amount to be repaid, or any part thereof, by deductions from any temporary extended unemployment compensation payable to such individual under this title or from any unemployment compensation payable to such individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the 3-year period after the date such individuals received the payment of the temporary extended unemployment compensation to which they were not entitled, except that no single deduction may exceed 50 percent of the weekly benefit amount from which such deduction is made.

(2) OPPORTUNITY FOR HEARING.—No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(d) REVIEW.—Any determination by a State agency under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

SEC. 607. DEFINITIONS.

In this title, the terms “compensation”, “regular compensation”, “extended com-

pensation”, “additional compensation”, “benefit year”, “base period”, “State”, “State agency”, “State law”, and “week” have the respective meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

SEC. 608. APPLICABILITY.

An agreement entered into under this title shall apply to weeks of unemployment—

(1) beginning after the date on which such agreement is entered into; and

(2) ending before January 1, 2003.

SEC. 609. SPECIAL REED ACT TRANSFER IN FISCAL YEAR 2002.

(a) REPEAL OF CERTAIN PROVISIONS ADDED BY THE BALANCED BUDGET ACT OF 1997.—

(1) IN GENERAL.—The following provisions of section 903 of the Social Security Act (42 U.S.C. 1103) are repealed:

(A) Paragraph (3) of subsection (a).

(B) The last sentence of subsection (c)(2).

(2) SAVINGS PROVISION.—Any amounts transferred before the date of enactment of this Act under the provision repealed by paragraph (1)(A) shall remain subject to section 903 of the Social Security Act, as last in effect before such date of enactment.

(b) SPECIAL TRANSFER IN FISCAL YEAR 2002.—Section 903 of the Social Security Act is amended by adding at the end the following:

“Special Transfer in Fiscal Year 2002

“(d)(1) The Secretary of the Treasury shall transfer (as of the date determined under paragraph (5)) from the Federal unemployment account to the account of each State in the Unemployment Trust Fund the amount determined with respect to such State under paragraph (2).

“(2)(A) The amount to be transferred under this subsection to a State account shall (as determined by the Secretary of Labor and certified by such Secretary to the Secretary of the Treasury) be equal to—

“(1) the amount which would have been required to have been transferred under this section to such account at the beginning of fiscal year 2002 if—

“(I) section 609(a)(1) of the Temporary Extended Unemployment Compensation Act of 2002 had been enacted before the close of fiscal year 2001, and

“(II) section 5402 of Public Law 105-33 (relating to increase in Federal unemployment account ceiling) had not been enacted,

minus

“(ii) the amount which was in fact transferred under this section to such account at the beginning of fiscal year 2002.

“(B) Notwithstanding the provisions of subparagraph (A)—

“(i) the aggregate amount transferred to the States under this subsection may not exceed a total of \$8,000,000,000; and

“(ii) all amounts determined under subparagraph (A) shall be reduced ratably, if and to the extent necessary in order to comply with the limitation under clause (i).

“(3)(A) Except as provided in paragraph (4), amounts transferred to a State account pursuant to this subsection may be used only in the payment of cash benefits—

“(i) to individuals with respect to their unemployment, and

“(ii) which are allowable under subparagraph (B) or (C).

“(B)(i) At the option of the State, cash benefits under this paragraph may include amounts which shall be payable as—

“(I) regular compensation, or

“(II) additional compensation, upon the exhaustion of any temporary extended unemployment compensation (if such State has entered into an agreement under the Temporary Extended Unemployment Compensation Act of 2002), for individuals eligible for

regular compensation under the unemployment compensation law of such State.

“(ii) Any additional compensation under clause (i) may not be taken into account for purposes of any determination relating to the amount of any extended compensation for which an individual might be eligible.

“(C)(i) At the option of the State, cash benefits under this paragraph may include amounts which shall be payable to 1 or more categories of individuals not otherwise eligible for regular compensation under the unemployment compensation law of such State, including those described in clause (iii).

“(ii) The benefits paid under this subparagraph to any individual may not, for any period of unemployment, exceed the maximum amount of regular compensation authorized under the unemployment compensation law of such State for that same period, plus any additional compensation (described in subparagraph (B)(i)) which could have been paid with respect to that amount.

“(iii) The categories of individuals described in this clause include the following:

“(I) Individuals who are seeking, or available for, only part-time (and not full-time) work.

“(II) Individuals who would be eligible for regular compensation under the unemployment compensation law of such State under an alternative base period.

“(D) Amounts transferred to a State account under this subsection may be used in the payment of cash benefits to individuals only for weeks of unemployment beginning after the date of enactment of this subsection.

“(4) Amounts transferred to a State account under this subsection may be used for the administration of its unemployment compensation law and public employment offices (including in connection with benefits described in paragraph (3) and any recipients thereof), subject to the same conditions as set forth in subsection (c)(2) (excluding subparagraph (B) thereof, and deeming the reference to ‘subsections (a) and (b)’ in subparagraph (D) thereof to include this subsection).

“(5) Transfers under this subsection shall be made within 10 days after the date of enactment of this paragraph.”

(c) LIMITATIONS ON TRANSFERS.—Section 903(b) of the Social Security Act shall apply to transfers under section 903(d) of such Act (as amended by this section). For purposes of the preceding sentence, such section 903(b) shall be deemed to be amended as follows:

(1) By substituting “the transfer date described in subsection (d)(5)” for “October 1 of any fiscal year”.

(2) By substituting “remain in the Federal unemployment account” for “be transferred to the Federal unemployment account as of the beginning of such October 1”.

(3) By substituting “fiscal year 2002 (after the transfer date described in subsection (d)(5))” for “the fiscal year beginning on such October 1”.

(4) By substituting “under subsection (d)” for “as of October 1 of such fiscal year”.

(5) By substituting “(as of the close of fiscal year 2002)” for “(as of the close of such fiscal year)”.

(d) TECHNICAL AMENDMENTS.—(1) Sections 3304(a)(4)(B) and 3306(f)(2) of the Internal Revenue Code of 1986 are amended by inserting “or 903(d)(4)” before “of the Social Security Act”.

(2) Section 303(a)(5) of the Social Security Act is amended in the second proviso by inserting “or 903(d)(4)” after “903(c)(2)”.

(e) REGULATIONS.—The Secretary of Labor may prescribe any operating instructions or regulations necessary to carry out this section and the amendments made by this section.

TITLE VII—DISPLACED WORKER HEALTH INSURANCE CREDIT

SEC. 701. DISPLACED WORKER HEALTH INSURANCE CREDIT.

(a) IN GENERAL.—Subchapter B of chapter 65 is amended by inserting after section 6428 the following new section:

“SEC. 6429. DISPLACED WORKER HEALTH INSURANCE CREDIT.

“(a) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by subtitle A an amount equal to 60 percent of the amount paid during the taxable year for coverage for the taxpayer, the taxpayer's spouse, and dependents of the taxpayer under qualified health insurance during eligible coverage months.

“(b) ONLY 12 ELIGIBLE COVERAGE MONTHS.—The number of eligible coverage months taken into account under subsection (a) for all taxable years shall not exceed 12.

“(c) ELIGIBLE COVERAGE MONTH.—For purposes of this section—

“(1) IN GENERAL.—The term ‘eligible coverage month’ means any month during 2002 or 2003 if, as of the first day of such month—

“(A) the taxpayer is unemployed,

“(B) the taxpayer is covered by qualified health insurance,

“(C) the premium for coverage under such insurance for such month is paid by the taxpayer, and

“(D) the taxpayer does not have other specified coverage.

“(2) SPECIAL RULES.—

“(A) TREATMENT OF FIRST MONTH OF EMPLOYMENT.—The taxpayer shall be treated as meeting the requirement of paragraph (1)(A) for the first month beginning on or after the date that the taxpayer ceases to be unemployed by reason of beginning work for an employer.

“(B) INITIAL CLAIM MUST BE AFTER MARCH 15, 2001.—The taxpayer shall not be treated as meeting the requirement of paragraph (1)(A) with respect to any unemployment if the initial claim for regular compensation for such unemployment is filed on or before March 15, 2001.

“(C) JOINT RETURNS.—In the case of a joint return, the requirements of paragraph (1) shall be treated as met if at least 1 spouse satisfies such requirements.

“(3) OTHER SPECIFIED COVERAGE.—For purposes of this subsection, an individual has other specified coverage for any month if, as of the first day of such month—

“(A) SUBSIDIZED COVERAGE.—

“(i) IN GENERAL.—Such individual is covered under any qualified health insurance under which at least 50 percent of the cost of coverage (determined under section 4980B) is paid or incurred by an employer (or former employer) of the taxpayer or the taxpayer's spouse.

“(ii) TREATMENT OF CAFETERIA PLANS AND FLEXIBLE SPENDING ACCOUNTS.—For purposes of clause (i), the cost of benefits—

“(I) which are chosen under a cafeteria plan (as defined in section 125(d)), or provided under a flexible spending or similar arrangement, of such an employer, and

“(II) which are not includible in gross income under section 106,

shall be treated as borne by such employer.

“(B) COVERAGE UNDER MEDICARE, MEDICAID, OR SCHIP.—Such individual—

“(i) is entitled to benefits under part A of title XVIII of the Social Security Act or is enrolled under part B of such title, or

“(ii) is enrolled in the program under title XIX or XXI of such Act.

“(C) CERTAIN OTHER COVERAGE.—Such individual—

“(i) is enrolled in a health benefits plan under chapter 89 of title 5, United States Code, or

“(ii) is entitled to receive benefits under chapter 55 of title 10, United States Code.

“(4) DETERMINATION OF UNEMPLOYMENT.—For purposes of paragraph (1), an individual shall be treated as unemployed during any period—

“(A) for which such individual is receiving unemployment compensation (as defined in section 85(b)), or

“(B) for which such individual is certified by a State agency (or by any other entity designated by the Secretary) as otherwise being entitled to receive unemployment compensation (as so defined) but for—

“(i) the termination of the period during which such compensation was payable, or

“(ii) an exhaustion of such individual's rights to such compensation.

“(d) QUALIFIED HEALTH INSURANCE.—For purposes of this section, the term ‘qualified health insurance’ means insurance which constitutes medical care; except that such term shall not include any insurance if substantially all of its coverage is of excepted benefits described in section 9832(c).

“(e) COORDINATION WITH ADVANCE PAYMENTS OF CREDIT.—

“(1) RECAPTURE OF EXCESS ADVANCE PAYMENTS.—If any payment is made by the Secretary under section 7527 during any calendar year to a provider of qualified health insurance for an individual, then the tax imposed by this chapter for the individual's last taxable year beginning in such calendar year shall be increased by the aggregate amount of such payments.

“(2) RECONCILIATION OF PAYMENTS ADVANCED AND CREDIT ALLOWED.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit (other than the credit allowed by subsection (a)) allowable under part IV of subchapter A of chapter 1.

“(f) SPECIAL RULES.—

“(1) COORDINATION WITH OTHER DEDUCTIONS.—Amounts taken into account under subsection (a) shall not be taken into account in determining any deduction allowed under section 162(l) or 213.

“(2) MSA DISTRIBUTIONS.—Amounts distributed from an Archer MSA (as defined in section 220(d)) shall not be taken into account under subsection (a).

“(3) DENIAL OF CREDIT TO DEPENDENTS.—No credit shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

“(4) CREDIT TREATED AS REFUNDABLE CREDIT.—For purposes of this title, the credit allowed under this section shall be treated as a credit allowable under subpart C of part IV of subchapter A of chapter 1.

“(5) REGULATIONS.—The Secretary may prescribe such regulations and other guidance as may be necessary or appropriate to carry out this section and section 7527.”

(b) INCREASED ACCESS TO HEALTH INSURANCE FOR INDIVIDUALS ELIGIBLE FOR TAX CREDIT THROUGH USE OF GUARANTEED ISSUE, QUALIFIED HIGH RISK POOLS, AND OTHER APPROPRIATE STATE MECHANISMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in applying section 2741 of the Public Health Service Act (42 U.S.C. 300gg-41) and any alternative State mechanism under section 2744 of such Act (42 U.S.C. 300gg-44), in determining who is an eligible individual (as defined in section 2741(b) of such Act) in the case of an individual who may be covered by insurance for which credit is allowable under section 6429 of the Internal Revenue Code of 1986 for an eligible coverage month, if the individual seeks to obtain health insurance coverage under such

section during an eligible coverage month under such section—

(A) paragraph (1) of such section 2741(b) shall be applied as if any reference to 18 months is deemed a reference to 12 months, and

(B) paragraphs (4) and (5) of such section 2741(b) shall not apply.

(2) PROMOTION OF STATE HIGH RISK POOLS.—Title XXVII of the Public Health Service Act is amended by inserting after section 2744 the following new section:

“SEC. 2745. PROMOTION OF QUALIFIED HIGH RISK POOLS.

“(a) SEED GRANTS TO STATES.—The Secretary shall provide from the funds appropriated under subsection (c)(1) a grant of up to \$1,000,000 to each State that has not created a qualified high risk pool as of the date of the enactment of this section for the State's costs of creation and initial operation of such a pool.

“(b) MATCHING FUNDS FOR OPERATION OF POOLS.—

“(1) IN GENERAL.—In the case of a State that has established a qualified high risk pool that restricts premiums charged under the pool to no more than 150 percent of the premium for applicable standard risk rates and that offers a choice of two or more coverage options through the pool, from the funds appropriated under subsection (c)(2) and allotted to the State under paragraph (2), the Secretary shall provide a grant of up to 50 percent of the losses incurred by the State in connection with the operation of the pool.

“(2) ALLOTMENT.—The amounts appropriated under subsection (c)(2) for a fiscal year shall be made available to the States in accordance with a formula that is based upon the number of uninsured individuals in the States.

“(3) CONSTRUCTION.—Nothing in this subsection shall be construed as preventing a State from supplementing the funds made available under this subsection for the support and operation of qualified high risk pools.

“(c) FUNDING.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated—

“(1) \$20,000,000 for fiscal year 2002 to carry out subsection (a); and

“(2) \$40,000,000 for each of fiscal years 2002 and 2003.

Funds appropriated under this subsection for a fiscal year shall remain available for obligation through the end of the following fiscal year. Nothing in this section shall be construed as providing a State with an entitlement to a grant under this section.

“(d) QUALIFIED HIGH RISK POOL AND STATE DEFINED.—For purposes of this section, the term ‘qualified high risk pool’ has the meaning given such term in section 2744(c)(2) and the term ‘State’ means any of the 50 States and the District of Columbia.”

(3) CONSTRUCTION.—Nothing in this subsection shall be construed as affecting the ability of a State to use mechanisms, described in sections 2741(c) and 2744 of the Public Health Service Act, as an alternative to applying the guaranteed availability provisions of section 2741(a) of such Act.

(c) INFORMATION REPORTING.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by inserting after section 6050S the following new section:

“SEC. 6050T. RETURNS RELATING TO DISPLACED WORKER HEALTH INSURANCE CREDIT.

“(a) REQUIREMENT OF REPORTING.—Every person—

“(1) who, in connection with a trade or business conducted by such person, receives

payments during any calendar year from any individual for coverage of such individual or any other individual under qualified health insurance (as defined in section 6429(d)), and

“(2) who claims a reimbursement for an advance credit amount,

shall, at such time as the Secretary may prescribe, make the return described in subsection (b) with respect to each individual from whom such payments were received or for whom such a reimbursement is claimed.

“(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

“(1) is in such form as the Secretary may prescribe, and

“(2) contains—

“(A) the name, address, and TIN of each individual referred to in subsection (a),

“(B) the aggregate of the advance credit amounts provided to such individual and for which reimbursement is claimed,

“(C) the number of months for which such advance credit amounts are so provided, and

“(D) such other information as the Secretary may prescribe.

“(c) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

“(1) the name and address of the person required to make such return and the phone number of the information contact for such person, and

“(2) the information required to be shown on the return with respect to such individual.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) is required to be made.

“(d) ADVANCE CREDIT AMOUNT.—For purposes of this section, the term ‘advance credit amount’ means an amount for which the person can claim a reimbursement pursuant to a program established by the Secretary under section 7527.”

(2) ASSESSABLE PENALTIES.—

(A) Subparagraph (B) of section 6724(d)(1) (relating to definitions) is amended by redesignating clauses (xi) through (xvii) as clauses (xii) through (xviii), respectively, and by inserting after clause (x) the following new clause:

“(xi) section 6050T (relating to returns relating to displaced worker health insurance credit).”

(B) Paragraph (2) of section 6724(d) is amended by striking “or” at the end of subparagraph (Z), by striking the period at the end of subparagraph (AA) and inserting “, or”, and by adding after subparagraph (AA) the following new subparagraph:

“(BB) section 6050T (relating to returns relating to displaced worker health insurance credit).”

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050S the following new item:

“Sec. 6050T. Returns relating to displaced worker health insurance credit.”

(d) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period “, or from section 6429 of such Code”.

(2) The table of sections for subchapter B of chapter 65 is amended by adding at the end the following new item:

“Sec. 6429. Displaced worker health insurance credit.”

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 702. ADVANCE PAYMENT OF DISPLACED WORKER HEALTH INSURANCE CREDIT.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

“SEC. 7527. ADVANCE PAYMENT OF DISPLACED WORKER HEALTH INSURANCE CREDIT.”

“(a) GENERAL RULE.—The Secretary shall establish a program for making payments on behalf of eligible individuals to providers of health insurance for such individuals.

“(b) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term ‘eligible individual’ means any individual for whom a qualified health insurance credit eligibility certificate is in effect.

“(c) QUALIFIED HEALTH INSURANCE CREDIT ELIGIBILITY CERTIFICATE.—For purposes of this section, a qualified health insurance credit eligibility certificate is a statement certified by a State agency (or by any other entity designated by the Secretary) which—

“(1) certifies that the individual was unemployed (within the meaning of section 6429) as of the first day of any month, and

“(2) provides such other information as the Secretary may require for purposes of this section.”

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by adding at the end the following new item:

“Sec. 7527. Advance payment of displaced worker health insurance credit.”

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

TITLE VIII—EMPLOYMENT AND TRAINING ASSISTANCE AND TEMPORARY HEALTH CARE COVERAGE ASSISTANCE

SEC. 801. EMPLOYMENT AND TRAINING ASSISTANCE AND TEMPORARY HEALTH CARE COVERAGE ASSISTANCE.

(a) IN GENERAL.—Section 173(a) of the Workforce Investment Act of 1998 (29 U.S.C. 2918(a)) is amended—

(1) in paragraph (2), by striking “and” at the end;

(2) in paragraph (3), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(4) to the Governor of any State or outlying area who applies for assistance under subsection (f) to provide employment and training assistance and temporary health care coverage assistance to workers affected by major economic dislocations, such as plant closures, mass layoffs, or multiple layoffs, including those dislocations caused by the terrorist attacks of September 11, 2001.”.

(b) REQUIREMENTS.—Section 173 of the Workforce Investment Act of 1998 (29 U.S.C. 2918) is amended by adding at the end the following:

“(f) ADDITIONAL RELIEF FOR MAJOR ECONOMIC DISLOCATIONS.—

“(1) GRANT RECIPIENT ELIGIBILITY.—

“(A) IN GENERAL.—To be eligible to receive a grant under subsection (a)(4), a Governor shall submit an application, for assistance described in subparagraph (B), to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(B) TYPES OF ASSISTANCE.—

“(i) IN GENERAL.—Assistance described in this subparagraph is—

“(I) employment and training assistance, including employment and training activities described in section 134; and

“(II) temporary health care coverage assistance described in paragraph (4).

“(ii) MINIMUM ALLOCATION TO TEMPORARY HEALTH CARE COVERAGE ASSISTANCE.—Not less than 30 percent of the cost of assistance requested in any application submitted under this subsection shall consist of the cost for temporary health care coverage assistance described in paragraph (4).

“(iii) ENCOURAGEMENT OF CERTAIN TYPES OF HEALTH CARE COVERAGE.—In publishing requirements for applications under this subsection, the Secretary shall encourage the use of private health coverage alternatives.

“(C) MINIMUM AWARD REQUIREMENT FOR ELIGIBLE STATES AND OUTLYING AREAS.—

“(i) REQUIREMENTS.—In any case in which the requirements of this section are met in connection with one or more applications of the Governor of any State or outlying area for assistance described in subparagraph (B), the Governor—

“(I) shall be awarded at least 1 grant under subsection (a)(4) pursuant to such applications, and

“(II) except as provided in clause (ii), shall be awarded not less than \$5,000,000 in total grants awarded under (a)(4).

“(ii) EXCEPTION TO MINIMUM GRANT REQUIREMENTS.—The Secretary may award to a Governor a total amount less than the minimum total amount specified in clause (i)(II), as appropriate, if the Governor—

“(I) requests less than such minimum total amount, or

“(II) fails to demonstrate to the Secretary that there are a sufficient number of eligible recipients to justify the awarding of grants in such minimum total amount.

“(2) STATE ADMINISTRATION.—The Governor may designate one or more local workforce investment boards or other entities with the capability to respond to the circumstances relating to the particular closure, layoff, or other dislocation to administer the grant under subsection (a)(4).

“(3) PARTICIPANT ELIGIBILITY.—An individual shall be eligible to receive assistance described in paragraph (1)(B) under a grant awarded under subsection (a)(4) if such individual is a dislocated worker and the Governor has certified that a major economic dislocation, such as a plant closure, mass layoff, or multiple layoff, including a dislocation caused by the terrorist attacks of September 11, 2001, contributed importantly to the dislocation.

“(4) TEMPORARY HEALTH CARE COVERAGE ASSISTANCE.—

“(A) IN GENERAL.—Temporary health care coverage assistance described in this paragraph consists of health care coverage premium assistance provided to qualified individuals under this paragraph with respect to premiums for coverage for themselves, for their spouses, for their dependents, or for any combination thereof, other than premiums for excluded health insurance coverage.

“(B) QUALIFIED INDIVIDUALS.—For purposes of this paragraph—

“(i) IN GENERAL.—Subject to clause (ii), a qualified individual is an individual who—

“(I) is a dislocated worker referred to in paragraph (3) with respect to whom the Governor has made the certification regarding the dislocation as required under such paragraph, and

“(II) is receiving or has received employment and training assistance as described in paragraph (1)(B)(i)(I).

“(ii) LIMITATION.—An individual shall not be treated as a qualified individual if—

“(I) such individual is eligible for coverage under the program under title XIX of the Social Security Act applicable in the State or outlying area, or

“(II) such individual is eligible for coverage under the program under title XXI of such Act applicable in the State or outlying area,

unless such eligibility is effective solely in connection with eligibility for health care coverage premium assistance under a program established by the Governor in connection with temporary health care coverage assistance received under this subsection.

“(iii) CONSTRUCTION.—

“(I) PERMITTING COVERAGE THROUGH ENROLLMENT IN MEDICAID OR SCHIP.—Nothing in this subsection shall be construed as preventing a State from using funds made available by reason of subsection (a)(4) to provide health care coverage through enrollment in the program under title XIX (relating to medicaid) or in the program under title XXI (relating to SCHIP) of the Social Security Act, but only in the case of individuals who are not otherwise eligible for coverage under either such program.

“(II) NOT AFFECTING ELIGIBILITY FOR ASSISTANCE.—An individual shall not be treated for purposes of this subsection as being eligible for coverage under either such program (and thereby not eligible for assistance under this subsection) merely on the basis that the State provides assistance under this subsection through coverage under either such program.

“(C) LIMITATION ON ENTITLEMENT.—Nothing in this subsection shall be construed as establishing any entitlement of qualified individuals to premium assistance under this subsection.

“(D) CONCURRENCE AND CONSULTATION.—In connection with any temporary health care coverage assistance provided pursuant to this paragraph—

“(i) if the Secretary determines that health care coverage premium assistance provided through title XIX or XXI of the Social Security Act is a substantial component of the assistance provided, the Secretary shall act in concurrence with the Secretary of Health and Human Services, and

“(ii) in any other case, the Secretary shall consult with the Secretary of Health and Human Services to the extent that such assistance affects programs administered by or under the Secretary of Health and Human Services.

“(E) USE OF FUNDS.—Temporary health care coverage assistance provided pursuant to this subsection shall supplement and may not supplant any other State or local funds used to provide health care coverage and may not be included in determining the amount of non-Federal contributions required under any program.

“(F) DEFINITIONS.—For purposes of this paragraph—

“(i) EXCLUDED HEALTH CARE COVERAGE.—The term ‘excluded health care coverage’ means coverage under—

“(I) title XVIII of the Social Security Act,

“(II) chapter 55 of title 10, United States Code,

“(III) chapter 17 of title 38, United States Code,

“(IV) chapter 89 of title 5, United States Code (other than coverage which is comparable to continuation coverage under section 4980B of the Internal Revenue Code of 1986), or

“(V) the Indian Health Care Improvement Act.

Such term also includes coverage under a qualified long-term care insurance contract and excepted benefits described in section 733(c) of the Employee Retirement Income Security Act of 1974.

“(ii) PREMIUM.—The term ‘premium’ means, in connection with health care cov-

erage, the premium which would (but for this section) be charged for the cost of coverage.

“(5) APPROPRIATIONS.—

“(A) IN GENERAL.—There is hereby appropriated, from any amounts in the Treasury not otherwise appropriated, \$3,900,000,000 for the period consisting of fiscal years 2002, 2003, and 2004 for the award of grants under subsection (a)(4) in accordance with this section.

“(B) AVAILABILITY.—Amounts appropriated pursuant to subparagraph (A) for each fiscal year—

“(i) are in addition to amounts made available under section 132(a)(2)(A) or any other provision of law to carry out this section; and

“(ii) notwithstanding section 189(g)(1), shall remain available for obligation by the Secretary from the date of the enactment of this subsection through each succeeding fiscal year, except that, notwithstanding section 189(g)(2), no funds are hereby available for expenditure after June 30, 2004.”

TITLE IX—TEMPORARY STATE HEALTH CARE ASSISTANCE

SEC. 901. TEMPORARY STATE HEALTH CARE ASSISTANCE.

(a) IN GENERAL.—Title XXI of the Social Security Act is amended by adding at the end the following new section:

“SEC. 2111. TEMPORARY STATE HEALTH CARE ASSISTANCE.

“(a) IN GENERAL.—For the purpose of providing allotments to States under this section, there are hereby appropriated, out of any funds in the Treasury not otherwise appropriated, \$4,599,667,448. Such funds shall be available for expenditure by the State through the end of 2002. This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment to States of amounts provided under this section.

“(b) ALLOTMENT.—Funds appropriated under subsection (a) shall be allotted by the Secretary among the States in accordance with the following table:

“State	Allotment (in dollars)
Alabama	50,746,770
Alaska	31,934,026
Arizona	68,594,677
Arkansas	38,203,601
California	482,591,746
Colorado	37,469,775
Connecticut	60,039,005
Delaware	10,355,807
District of Columbia	18,321,834
Florida	164,619,369
Georgia	118,754,564
Hawaii	12,827,163
Idaho	13,031,700
Illinois	175,505,956
Indiana	66,067,368
Iowa	31,521,201
Kansas	27,288,967
Kentucky	82,759,133
Louisiana	83,907,301
Maine	22,650,838
Maryland	60,347,066
Massachusetts	121,971,140
Michigan	156,479,213
Minnesota	113,966,453
Mississippi	55,335,225
Missouri	74,675,436
Montana	10,224,652
Nebraska	31,582,786
Nevada	14,695,973
New Hampshire	15,482,962
New Jersey	115,880,093
New Mexico	39,204,714
New York	573,999,663
North Carolina	189,333,723
North Dakota	8,915,675
Ohio	166,006,936
Oklahoma	48,914,626
Oregon	71,160,353

“State	Allotment (in dollars)
Pennsylvania	227,183,255
Rhode Island	45,001,680
South Carolina	94,789,740
South Dakota	19,951,788
Tennessee	102,845,128
Texas	289,526,532
Utah	30,860,915
Vermont	10,291,090
Virginia	67,232,217
Washington	110,377,264
West Virginia	31,120,804
Wisconsin	93,089,086
Wyoming	12,030,459

“(c) USE OF FUNDS.—

“(1) IN GENERAL.—Funds appropriated under this section may be used by a State only to provide health care items and services (other than types of items and services for which Federal financial participation is prohibited under this title or title XIX).

“(2) LIMITATION.—Funds so appropriated may not be used to match other Federal expenditures or in any other manner that results in the expenditure of Federal funds in excess of the amounts provided under this section.

“(d) PAYMENT TO STATES.—Funds made available under this section shall be paid to the States in a form and manner and time specified by the Secretary, based upon the submission of such information as the Secretary may require. There is no requirement for the expenditure of any State funds in order to qualify for receipt of funds under this section. The previous sections of this title shall not apply with respect to funds provided under this section.

“(e) DEFINITION.—For purposes of this section, the term ‘State’ means the 50 States and the District of Columbia.”

(b) REPEAL.—Effective as of January 1, 2003, section 2111 of the Social Security Act, as inserted by subsection (a), is repealed.

TITLE X—SOCIAL SECURITY HELD HARMLESS; BUDGETARY TREATMENT OF ACT

SEC. 1001. NO IMPACT ON SOCIAL SECURITY TRUST FUNDS.

(a) IN GENERAL.—Nothing in this Act (or an amendment made by this Act) shall be construed to alter or amend title II of the Social Security Act (or any regulation promulgated under that Act).

(b) TRANSFERS.—

(1) ESTIMATE OF SECRETARY.—The Secretary of the Treasury shall annually estimate the impact that the enactment of this Act has on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401).

(2) TRANSFER OF FUNDS.—If, under paragraph (1), the Secretary of the Treasury estimates that the enactment of this Act has a negative impact on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401), the Secretary shall transfer, not less frequently than quarterly, from the general revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of such trust funds are not reduced as a result of the enactment of this Act.

SEC. 1002. EMERGENCY DESIGNATION.

Congress designates as emergency requirements pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 the following amounts:

(1) An amount equal to the amount by which revenues are reduced by this Act below the recommended levels of Federal revenues for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011, provided in the conference report accompanying H. Con. Res. 83, the concurrent resolution on the budget for fiscal year 2002.

(2) Amounts equal to the amounts of new budget authority and outlays provided in this Act in excess of the allocations under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Finance of the Senate for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011.

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill, insert the following:

To provide tax incentives for economic recovery and assistance to displaced workers.

The SPEAKER pro tempore. Pursuant to House Resolution 347, the gentleman from California (Mr. THOMAS) and the gentleman from California (Mr. MATSUI) each will control 30 minutes.

The Chair recognizes the gentleman from California (Mr. THOMAS).

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

It was not too long ago that we all gathered on the floor of the House and listened to President Bush on his State of the Union message. It was a remarkable speech because it was interrupted by a number of standing applause for the statements that the President made.

One of those that I listened carefully to was one that elicited a significant amount of response. It was when he talked about his economic recovery program. He said, "I can explain it in one word: jobs." When we talk about economic recovery, we have got to talk about the job-creating machines in this country called business.

What we have in front of us today, Mr. Speaker, is an economic security and worker assistance act. Because frankly, during this recession, with the complications added by September 11, the fact is that we do not have enough jobs and we have people without jobs.

We are going to hear a discussion on the floor today about the fact that we should simply allow the Senate to do our thinking for us; that whatever is the common denominator that can get out of the Senate should be what it is that we accept over here in the House.

I think one of the things that we have to focus on is the fact that the President indicated, given his program, there will be a year or two in which the budget is not in balance; but in following his program, we will return to surpluses. There is a fairly easy explanation for those who do not get it. It goes something like this: if people do not have jobs, they do not pay much in taxes. The government gets its revenue from taxes, and then we get less in than we anticipated. We went from a surplus; we are moving to a deficit. If we have a program which creates jobs, people then are paying taxes, the government's revenue goes up, and we move from a deficit to a surplus. And what we have in front of us is a program to create more jobs.

It helps those who are in need. It assists in consumer demand; \$13.7 billion, as the President has outlined available for those individuals at the lower end of the economic spectrum. No one believes that they will not consume that

money provided to them. That alone provides a modest economic stimulus.

We talked about a very popular provision which is included in this package encouraging businesses to buy equipment now and not tomorrow. It is called the 30 percent expensing, and it encourages decisions that may be made later to be made today, so that the economic effect occurs now and not later. That is a pretty good definition of a stimulus.

But it does more than that. When workers are unemployed, oftentimes they lose their health insurance benefits. This package addresses those who are unemployed by saying, we want to end the political football of unemployment insurance between the House and the Senate. If this becomes law, the tug of war is over, because we have provided the innovative structure which says the President's new trigger for assistance, not the statutory 5 percent unemployment rate in States, but the President's suggested 4 percent trigger should be utilized as a determiner of whether or not a State gets 13 weeks additional unemployment assistance. Every State would get the first 13 weeks. But if this becomes law, the trigger would determine whether a State would get an additional 13 weeks of assistance, based upon its unemployment rate; and then, after that 13 weeks, if the State still had high unemployment, it would trigger an additional 13 weeks and so on. We could resolve the unemployment issue for the rest of calendar year 2002 by moving this legislation.

In addition to that, I hope people have not forgotten the commitment to assist the City of New York. They took it on the chin for all Americans. In this bill is the "liberty provision" to assist in the rebuilding of downtown Manhattan. That is a promise that we made. This bill will be a promise that we deliver.

It seems to me that when someone decides that someone else ought to do the thinking for us, we have given up on trying to be creative and responsive. This bill is different than the one that we sent to the Senate in October; it is different than the one that we sent the Senate in December. It is different in positive ways. It helps more people, more meaningfully, and it ought to be passed.

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

Mr. MATSUI. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I just have to say that I am not sure if the gentleman and I are reading from the same bill, because he talks about stimulating the economy; but as I read these tax provisions for corporations, that is not what this does. He has a provision in there that would eliminate the alternative minimum tax, not for individuals, but for corporations. As the Congressional Budget Office has said, this helps corporations from their past activities, it does not stimulate the economy.

There is a provision in there that encourages corporations to keep their earnings overseas and not invest in the United States. That costs about \$13 billion or \$14 billion over the next 10 years. That does nothing to stimulate the economy. In fact, it works in the opposite direction.

The tax provisions in this particular bill do very little to stimulate the economy of the United States. In fact, they are really corporate handouts as a result of a commitment made to the U.S. Chamber of Commerce last year when the chamber decided not to put corporate tax breaks on their individual tax cut bill. So what they are doing is using as a bootstrap the unemployment benefits, aid to New York in order to get these corporate tax breaks. In fact, the corporate tax breaks and the acceleration of the 28 percent rate, which helps basically the higher-income people, is about two-thirds of the \$175 billion in tax cuts over the next 10 years.

The real tragedy is the Senate, the other body, passed their bill to give an additional 13 weeks' unemployment benefits to the American unemployed unanimously. Democrats and Republicans alike worked together to do this.

Think about this for a minute. There are 8 million people unemployed today; there are a million that have lost their benefits since September 11, and in the next 6 months there will be another 2 million. They are losing them at a rate of 77,000 a year. The gentleman from California, the Chair of the Committee on Ways and Means, knows that the Senate will not act on this bill. So we are basically telling the unemployed that because of politics, because they want to help their corporate friends, we are not going to be able to help the unemployed in America.

I want to conclude by making one other observation about this, Mr. Speaker. This money, this money that is being used to pay \$175 billion worth of corporate tax breaks over the next 10 years comes from the payroll taxes of the average American, the waitress that serves us in the House dining room, the elevator operator that gets us up to the second floor so we can vote. These are the people that the money is coming from. The payroll taxes are paying for corporate tax cuts, mainly because we are now in a deficit. We had \$5.6 trillion worth of surpluses. We have eaten them all up. It is gone. At the end of this fiscal year, we are going to have deficit spending.

So this is not a fiscal stimulus bill; this is a bill to help the corporate tax breaks of America.

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

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Missouri (Mr. HULSHOF).

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

Mr. HULSHOF. Mr. Speaker, I continue to be puzzled by this cowering in

the shadow of the other body. Last night we heard that we could not try to make some genuine changes to campaign finance reform because we might somehow fall out of favor with the other body. Mr. Speaker, have we relinquished our constitutional authority over to unanimous consent requests?

I think what I would like to say, first of all, is to set the record straight on the AMT, on the alternative minimum tax. This bill, just like the one in December, does not repeal the alternative minimum tax that corporations must pay. We do, however, make some crucial reforms in the AMT to maximize the impact of, for instance, the bonus depreciation investment incentives.

Let me just talk about a real-life story to the gentleman from California who says that this stimulus bill would just help corporations. Recently the St. Louis business community was sent reeling with news that Ford announced a closure of a plant in Hazelwood, Missouri. About 3,000 workers' jobs are now in peril, not to mention the surrounding community, and not to mention the surrounding businesses that depend upon those workers to stay in business.

A handful of political leaders, including the Democratic leader, journeyed to Detroit to meet with corporate headquarters to try to convince the automaker not to shut down this worthwhile plant in St. Louis. What if? And I do not have the answer to this, Mr. Speaker. It is a rhetorical question. What if we had passed this economic stimulus bill last fall? What if we had provided some real relief, this penalty and this counter-cyclical punishment of corporations that have to face this alternative minimum tax? What if we had been able to provide that economic help back last fall or even as far back as December? Would those workers, those 3,000 auto workers' jobs still be in jeopardy?

Again, I do not have the answer to that; but to me, as we debate this, inaction continues to be not an option.

Mr. Speaker, I urge passage of this bill.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, this is a very easy issue for people to understand. If we concur in the Senate amendments, we send a bill to the President today extending unemployment insurance for 13 weeks for the people who have exhausted their benefits.

Mr. Speaker, there are currently 8 million people who are unemployed looking for work in this country. If we pass the motion that is suggested by the chairman of the committee, we will get nothing done. Nothing will occur. It is the same old bill that we tried to do once before, twice before. The only thing certain is that we are going to go home for the Presidents' Day recess and it will be 2 weeks before we are really back here doing work again; and

during that 2 weeks, there is going to be another 150,000 people in this country who will have exhausted their unemployment insurance benefits and cannot find employment. That is what is going to happen.

It is not about the pride of whether we accept what the Senate wants, the other body wants, or whether we have the right to add or subtract to it. That is not what is in question here. The question is whether we are going to hold the displaced workers, those who have lost their jobs, hostage to the Republican tax agenda to cut business taxes.

During the last five recessions, we have been able to work on a bipartisan basis to extend unemployment compensation benefits. We did that without holding it hostage to other agendas in this body. We should do that again.

There are more than 1 million jobless workers who have had their unemployment insurance expire since September 11. The number of workers who have exhausted their regular UI benefits is expected to be 750,000 higher in the first half of 2002 than it was in the first half of 2001. The FUTA taxes, money we have set aside, equal \$40 billion for this purpose, so the money is there. Make no mistake about it, we have an option to do something today; and if we do not, the responsibility rests solely with the Republican leadership in this body.

□ 1245

Mr. THOMAS. Mr. Speaker, I yield myself 15 seconds.

It is amazing how swiftly someone can place blame. If, in fact, we did what the gentleman said, there would be no health insurance for displaced workers, no New York assistance, no low-income help, no small business help. It is interesting we are to blame when in December we sent the Senate unemployment and only now it is coming back.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Speaker, I thank the gentleman for yielding me time.

First of all, I do not understand why my colleagues think going home having extended unemployment 13 weeks is help. Why is it not better to go home and have extended unemployment 13 weeks, put in an automatic trigger so unemployed people cannot be held hostage by the other body if the recession lasts? Why is it not better to go home and provide health benefits for those who are unemployed? The first time in our entire history that we have ever said to the unemployed that health security is just as important as income security when you are unemployed. Why is it that Members think, and I have had Members say to me, well, the New York aid, we will do that later. Do they not understand the other body is not capable of doing it later? They would have done it if they could have

done it. Why did they not add it into the extension? It is very important. What about the extenders? My colleagues have all voted for extenders many times. Do Members not care that the welfare-to-work tax credit is going to expire? Do Members not care that the work-opportunities tax credit that helps people coming off of welfare, to get employed, to stay employed, prisoners coming out of prison to get employed and stay employed, are Members not thinking that consistent predictable tax policy protects jobs, reduces the number of unemployed? The provisions in this bill, I could go on and on.

Why, after September 11, do we not want to change the carry-back of losses when we see losses all across the country in certain sector of the economy? Do Members not have any sense of fairness and responsibility? Does not the other body? Why did they send us this? Are they not thinking about people's lives? Do they not care? Do they not care about unemployment compensation, about health benefits for the unemployed, about jobs for the people coming off of welfare?

Get your minds focused. The other body is not capable of action. The only thing they will ever act on is on the extension of unemployment benefits, and it is our job to put in there the essential things, help for New York, certain extenders.

When we look at the tax provision, extension of mental health parity. After all we have talked about mental health benefits? Listen, needless to say, I am heated up. I can only say do not hide behind the alternative minimum tax. We do not even repeal it. What we do to fix it will help individuals as well as businesses.

I know the politics of Enron and the politics of alternative minimum tax. I also know every company that pays those taxes pays them when they are in a downturn and gets them back when they are in an upturn. We know that there is not one new dollar of Federal revenue either lost or gained. So do not distort that issue and hide behind it when the unemployed's well-being is at stake, when women coming off of welfare will lose their jobs because that tax credit is gone.

I urge Members to think, put on this unemployment comp provision, exactly what we need, so that we can do that in conference and Members can help us in conference. But we cannot let the Senate say compassion and caring is just 13 weeks long.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. QUINN). The Chair would remind all Members in the Chamber to avoid improper references to the Senate.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from the State of Michigan (Mr. LEVIN).

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

Mr. LEVIN. Mr. Speaker, I think the basic point is if people really care they would sit down on a bipartisan basis in this House and try to work out a package. There has been zero effort to do that in this House. Zero.

I favor a stimulus package, but it should not hold up action on unemployment compensation. Five months ago the Speaker stood in this House and promised the House would act on unemployment compensation. The time to keep that promise is long overdue. And as I said, we have had no bipartisan discussions meaningfully in this House on a stimulus package.

We need to work out specific tax provisions. For example, on the acceleration of tax rates, CBO has said that the proposal in this package would generate little stimulus relative to its total revenue loss; that the stimulus is probably small. And as to the AMT, CBO has said eliminating the AMT as done here does little by itself to change the near-term incentive for businesses to invest; its bang for its buck is small. So why not sit down and work out a package on a bipartisan basis? The time has come to do both. To pass unemployment compensation relief today, and then to sit down on a bipartisan basis in the Committee on Ways and Means and work out a stimulus package. That is the way to go.

The way we are going today is a dead end for the workers of this country and for the businesses of this Nation.

Mr. THOMAS. Mr. Speaker, I yield myself 30 seconds.

Once again we have heard those words "we eliminate alternative minimum tax." They just cannot get over it. It is not true and no matter how many times they say it, it will not be true. If the gentleman wants his promise kept, all he has to do is go back and read the trade adjustment assistance tax. What we did, this House passed over to the Senate a provision that said that if someone lost their job based upon September 11, they would be elevated for benefits as though it was related to trade. That promise was kept. It is a problem that Members have such short memories and it does not fit your political agenda. People who lost their jobs because of September 11 have been taken care of in a House-passed bill and the Senate has not done a dang thing about it.

Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. HOUGHTON), a very valued member of the committee, the author of the New York Liberty Bill.

Mr. HOUGHTON. Mr. Speaker, thank the gentleman for yielding me time.

We are going to be talking at cross purposes here as we come from different bases. We have different philosophies. We have set in concrete certain impressions that we got.

I will state how I come out on this thing. I think we have three issues. First of all, the economy is still in trouble. Secondly, people need unemployment insurance, an extension of

that; and, thirdly, we have a hole right in the City of New York and we have got to fill it. Now what is not clear is how we go about fixing these things. Members can say the alternative minimum tax is a boondoggle and it does not help economic recovery. But I could say it does. But the important thing is we get investment and people back to work. Now, that is a difficult situation. When times are good, we do not do anything. When times are bad, there is the point when the government has to step in. And frankly, something has to be done. And I do not know whether it will be resolved here or whether it will be resolved in conference. But something has to be done by the United States Government to try to put a little juice and a little impetus back into the economic recovery. If not, we are just going to be languishing and waiting.

Secondly, as far as up employment insurance, I do not think there is any question about it. I think we ought to do it. I do not think there is any argument on it.

As far as the Liberty Zone in New York, the only thing I can comment on there is time is of the importance there. There are a lot of people making decisions about where they will reestablish themselves, what buildings they will go into, and we have 20 million square feet that was destroyed down there. Maybe some of the head offices of the larger financial firms will stay there, but what about the support staff? Time is terribly, terribly important.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from the State of Washington (Mr. McDERMOTT).

Mr. McDERMOTT. Mr. Speaker, I would say to my friend from New York (Mr. HOUGHTON) if he were the chairman of this committee we would probably have a bill here we could pass. But when we have a situation where the chairman of the committee talks for about 5 minutes about this bill, tells us it will be on the floor tomorrow, we never have a hearing on it, we do not know what is in it, how could we possibly know what is in it? We must have hearings.

Now, this bill for those Members on my side who cannot figure it out, this does two things. This is a fund-raising stimulus bill. That is all it is. They do it just before they go home so they can stimulate fund-raising when they are back in the district. That is why they did it in December when they did it. But also this is a bill for PR. If we do not get this out of here in the next half hour, a lot of those press releases that have already gone out about what we have done for the unemployed will be a little bit premature.

The fact is that if Members wanted to do something about the 8 million people who are unemployed and the 11,000 per day that are going to be exhausting their unemployment insurance and the 2,000,000 that are expected

to exhaust their unemployment benefits by the end of the first 6 months, Members would have accepted the Senate bill and do something about it. We all know that 62 percent of the people who are unemployed are not even covered by the unemployment insurance. If they want to make reform in unemployment insurance, we are glad to sit down and talk. But do not wrap it in this stuff and tell us that we have to eat all these fund-raising deals to get it for the unemployed. That is simply DOA. This bill is dead on arrival. It is DOA when it arrives in the other body.

Now, do they want to do something for people who are unemployed or not? It apparently has not occurred to them that if they do something twice and it has not worked, doing it a third time is not going to work. That is a sign of mental illness, that they do the same thing over and over again and expect a different result.

Mr. THOMAS. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia (Mr. COLLINS), a member of the committee.

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

The more I hear, the better I understand that talk is cheap. I want to remind those who say that the Senate, the other body, is going to accept this as dead on arrival. I also want to remind Members of this: the majority Members of the other body support a stimulus package. It is the supermajority leader who does not and want to have an issue for the fall rather than a solution today. People who are unemployed are not so much interested in a UI check.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LATOURETTE). The gentleman will kindly suspend.

I know the Chair has made this reminder before; but again, all Members are reminded not to make characterizations of Members of the other body and their motives or motivation in enacting legislation.

The gentleman may proceed.

Mr. COLLINS. Mr. Speaker, I could not understand all you said.

The SPEAKER pro tempore. It is inappropriate under the rules of the House during the course of debate for Members to make reference to or characterize the inaction or action of a Member of the other body. The Chair took the gentleman's remarks to do such.

PARLIAMENTARY INQUIRIES

Mr. THOMAS. Mr. Speaker, parliamentary inquiry.

That ruling is one that is made regardless of whether or not the statements made are factual; is that correct?

The SPEAKER pro tempore. The truth is not a defense. The remark is out of order.

Mr. THOMAS. Mr. Speaker, so the truth is not the criteria for determining that you cannot make the statements that the gentleman from Georgia (Mr. COLLINS) made?

The SPEAKER pro tempore. The rule is a matter of bicameral comity. The rules of the House prohibit those references.

Mr. RANGEL. Mr. Speaker, parliamentary inquiry.

Should parliamentary inquire be used by the majority to make political statements rather than to actually make an inquiry?

The SPEAKER pro tempore. Parliamentary inquiry may be directed to the Chair to determine where in the course of the proceedings we are currently located and also to explain rulings the Chair might have made; and that is how the Chair took the gentleman from California's (Mr. THOMAS) observations.

Mr. RANGEL. Mr. Speaker, well, whether the truth or falsity of a statement, if it is a derogatory remark made by a Member in the other body—

Mr. THOMAS. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The Chair will hear from the gentleman from New York (Mr. RANGEL) first.

Mr. THOMAS. Mr. Speaker, is he making a parliamentary inquiry?

The SPEAKER pro tempore. The Chair would ask for order and comity.

If the gentleman has an inquiry, the Chair's happy to hear it.

Mr. RANGEL. Mr. Speaker, my inquiry would be, are you stating the inquiry made in a parliamentary fashion by the gentleman from California (Mr. THOMAS) was not a political statement?

□ 1300

The SPEAKER pro tempore (Mr. LATOURETTE). The Chair tries to take the inquiry propounded by any Member in the best possible light, first of all.

The Chair, second of all, understood the gentleman to ask a question, whether or not a reference to the motivation of a Member in the other body has any relevance to whether it is a true observation or not.

The Chair, taking that in the best possible light, concluded that it was an appropriate inquiry.

Mr. RANGEL. Mr. Speaker, taken in its best possible light, I agree with the Chair.

The SPEAKER pro tempore. The Chair thanks the gentleman.

Does the gentleman from California (Mr. THOMAS) still have an inquiry before we go back to the gentleman from Georgia?

The gentleman from Georgia may resume.

Mr. COLLINS. Mr. Speaker, parliamentary inquiry.

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

Mr. COLLINS. Mr. Speaker, is it proper procedure for me to state that, in my opinion, the statement I made was factual?

The SPEAKER pro tempore. The Chair will again indicate that it is not appropriate, and as we have learned from the inquiry by the gentleman

from California (Mr. THOMAS), it is not appropriate to characterize or give characterization to action or nonaction taken in the other body or to ascribe motives to an individual Member of the other body as to why they have acted or not acted in a manner, and the Chair felt that the gentleman's comments tread upon that ground.

Mr. COLLINS. Mr. Speaker, further parliamentary inquiry.

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

Mr. COLLINS. Mr. Speaker, in regards to the other body, my statement was then factual to me and to this body. I thank the Chair.

The SPEAKER pro tempore. The Chair does not consider that to be an inquiry. The gentleman may proceed on his time.

Mr. COLLINS. Mr. Speaker, as I was stating, people who are unemployed are more interested in a job even though they know when they do need some subsidy, such jobs are created again or opened back up.

Last year before the Committee on the Budget, the Chairman of the Federal Reserve was asked a question about interest rates: Do you think you've raised interest rates too quick and too high? His answer was: No. What we were trying to do was slow down the capital investments of corporations.

He succeeded because now he states what we need are capital investments of corporations, of business, and we are not talking about just large corporations. We are talking about all corporations.

We see that interest rates have been lowered to a record level in many years, but it is not working. Low interest rates are good for borrowers if someone wants to borrow or if someone wants that cheap money. I tell my colleagues who it is not good for. It is not good for those who have invested in the money market, and I guarantee my colleagues, those people will remember in November what their interest bearing is on their CD and their money market accounts.

So I would advise my colleagues to not drag this thing out again.

How does stimulus relate to the market and the economy? I have been in transportation for over 39 years. Everything at some point moves by truck. Inventories are lower, they are not being replenished because they have been moved out, and people are turning those inventories to cash.

I have seen the ups and downs of the economy. I have also heard a lot about tax credits for creating a job. In 39 years I never hired a person because of a tax credit, but I bought a lot of equipment because of tax deference. There is nothing in this bill that exempts a corporation from tax. It defers a tax so that it encourages them to invest, and it does away with the punishment clause that causes a company to prepay tax even in a year when they have a bad year. That is the alter-

native minimum tax, and that is how it works.

This will work. I will give my colleagues an example of a small business. Had this bill reached the President's desk in December or in October, there is a small business, I talked to the owner in Georgia, who was prepared to buy and invest a quarter of a million dollars before January 1, 2002, in equipment and plans to buy and purchase over the next 3 years \$1 million a year because he has seen the ups and downs of the economy and how tax relief, tax deference has worked for the marketplace and has encouraged people in the marketplace to spend money which creates jobs.

If my colleagues really want to do something for the unemployed, they will also support this stimulus package. If my colleagues want to send a message to the other body, they will support this and have a larger number of yes votes.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, talk may be cheap, but this bill is not. In fact, it is expensive, fiscally irresponsible and unfair. This bill is unfair to our children and grandchildren because it will add billions of dollars to the already huge \$6 trillion national debt that will burden them for the rest of their lives.

It is unfair to senior citizens because it takes tens of billions of dollars over the years ahead from the Social Security and Medicare Trust Funds.

It is unfair to the Army soldiers in my district who, as we speak here today, are overseas in harm's way, sacrificing for their country, while special interests walk around the halls of Congress with their hands out and special deals.

This bill is unfair to unemployed workers because it delays the extension of unemployed insurance, which we could pass today and send on to the President and help those families in the days ahead. This bill is unfair to workers, to small businesses and family farmers because while they work hard, pay their bills and pay their taxes, huge profitable corporations are saying they should not have to pay taxes.

So much for shared sacrifice. We should vote no on this bill.

Mr. THOMAS. Mr. Speaker, could I request a determination of the time remaining, please.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) has 14 minutes remaining. The gentleman from California (Mr. MATSUI) has 20 minutes remaining.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. ARMEY), the majority leader of the House of Representatives.

Mr. ARMEY. Mr. Speaker, I thank the gentleman from California (Mr. THOMAS) for yielding me the time.

Mr. Speaker, it seems every now and then we have to stop and just remind

ourselves what the debate is about here. It seems to me there is too much confusion with respect to whether or not this debate is about cutting taxes, leaving money in the coffers of the Federal Government as opposed to the hands of the American people who earned it in the first place, and whether or not it is fair and correct to deny this poor, beleaguered, suffering government more of our tax revenues.

Mr. Speaker, that is not what this debate is about. This debate is about whether or not this Government of the United States will exercise its responsibility to do everything it can to help unemployed American workers get back to work. It is about jobs. It is about opportunity. It is about a chance to stay on the job, get a promotion on the job, get a job in a thriving, growing economy; a thriving, growing economy that has been serving the American people well, and one that got locked into a bit of a cock hat first by the misguided, ill-advised case against the Microsoft company earlier last year that compressed the equity markets to the point of economic downturn, and then secondly by the attack on America on September 11.

What are we to do about that? Sit back, call upon the Federal Reserve to do all they can, and we do nothing? Or are we to join the effort to try to put America back to work?

Twice already we have tried to put an economic stimulus package through this body to the other body and to the President that is designed for the purpose of putting people back to work. Twice now, despite the fact that a majority of the Members of the other body were ready to vote to approve that package, it was stopped. That is a shame.

Finally, after having done nothing, the other body sends us a paltry, paltry, stingy, shortsighted, self-serving, insensitive 13 weeks unemployment compensation extension and then has the audacity to applaud themselves for their generosity.

Mr. Speaker, does this great government, with all its resources, all its resourcefulness, all its keen minds, we have nothing to offer an unemployed American worker except more weeks of unemployment? If that is the least we can do, let us at least be humble about it. Let us not brag about it. Let us not strut and pretend we have done something good here.

Let us understand, we failed my colleagues and Mr. and Mrs. American worker; if all we had to offer was more weeks to stay unemployed, we failed them. We do not deserve applause. We certainly do not deserve appreciation.

This House of Representatives cannot do only the least we can do for people out of a job in America. We are committing to doing the best we can do, and the best we can do is to cut taxes in a smart way to allow incentives for investment and growth in employment and jobs and opportunity. Again, for the third time, we tried to do that pol-

icy which was proven to us to be a policy that works time after time after time.

Very simple question, do my colleagues want to stand up with pride and say, Mr. and Mrs. America, we tried to put you back to work, or do my colleagues want to really go home and say, we just decided to take care of our politics in Washington, and we were content for workers to stay unemployed for another 13 weeks, and we had nothing else to offer?

Shame on us if that is all we can do. Shame on us if we have nothing in our hearts for people out of a job in America except stay out of a job for a little bit longer so that we can continue to have the money of those people who are fortunate to stay working. Shame on us if we fail them.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would again remind all Members to refrain from urging action by the Senate or characterizing Senate action or inaction.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. KLECZKA).

Mr. KLECZKA. Mr. Speaker, the chairman of the committee, the gentleman from California (Mr. THOMAS), in his opening remarks said the reason we need this bill comes with a very easy explanation. In fact, it is one word called jobs.

I will give my colleagues an easier explanation as to why we need this bill, but it is two words. It is called campaign contributions. Last year we already passed an economic stimulus bill. It totaled \$1.3 trillion in tax cuts, and many of us argued that that is too much, the surplus that we thought would be there might not materialize, and lo and behold it has not. So compliments of the party of fiscal discipline, this Federal Government is now in a deficit.

After we passed this massive tax break, the bulk of which folks are not going to get, we passed a \$15 billion bailout for the airlines, and we were told at that time by the Speaker and the minority leader the next bill or very shortly we are going to take care of the unemployed workers. That was months ago.

Then the House brought up a bill to bail out the insurance industry. Again, nothing done for the unemployed worker.

Today, we have an opportunity to finally take care of the unemployed worker. Pending before the House is a clean, simple Senate-passed bill that provides a 13-week extension for the unemployed worker, but the majority leader says we do more because that worker needs a job. That worker needs an extension because he wants his old job back, whether he or she has the seniority or he or she has a 401 or retirement program.

We can do today what we have not done for months. We can pass this bill and have it to the President this after-

noon by passing the Senate bill. Why must we do it today? Because today Congress goes on vacation. We are going on vacation for a week, and as Members are going to be scurrying off to Andrews Air Force Base to board those beautiful Air Force jets that workers paid for, taking them to exotic places, the workers of this country get nothing, the unemployed workers get nothing.

Mr. Speaker, today we can send this valentine to the unemployed workers of America, and we are going to sign it, regards, the people's House.

□ 1315

Not the "Special Interest House," not the "Business Only House," this is for the unemployed workers from the "People's House." That is what we can do today.

But my Republican colleagues are saying, okay, we will give this to the unemployed workers, but we have to give this valentine to our corporate business friends. Signed, Love, the Republicans.

Mr. Speaker let us not blackmail the unemployed workers of America.

Mr. THOMAS. Mr. Speaker, I yield myself 15 seconds.

I know the gentleman has his speaking points that have been passed out, and he is trying to stay on them; but I really wish he would realize that this House, back in December, passed trade adjustment authority, which had a provision for workers who lost their jobs because of September 11. It is the Senate that has failed to deliver on providing help for those who, through no fault of their own, lost their jobs.

It is a fact. I know the gentleman does not like it, but it is true.

Mr. MATSUI. Mr. Speaker, I yield 30 seconds to the gentleman from Wisconsin (Mr. KLECZKA), for a grand total of 4 minutes.

Mr. KLECZKA. Mr. Speaker, it is also true that last October we passed a "stimulus" bill, a bill which repealed the alternative minimum tax for businesses, but made it retroactive to 1986, giving IBM one check for \$1.4 billion, GM a check for \$850 million, and Enron \$250 million.

And my colleague wonders why the Senate did not pass his bill? The gentleman poisoned the well with that type of nonsense.

Mr. MATSUI. Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from Tennessee (Mr. TANNER).

Mr. TANNER. Mr. Speaker, I would like to make two points, I think.

In business, when I was in business at home, if we could agree on some future course of action, we set that aside and went ahead with it; and those matters that we could not agree on what was best for our employees and ourselves we would discuss further.

I think the facts are pretty simple here. We all say we agree on unemployment benefits, so why do we not go ahead and do that? That is what reasonable people would do, I think, in

this country. Unfortunately, we get in here and get carried away with the politics of the moment. But reasonable people, I think across the country, would say we can agree on this, so let us do that today, then let us come back and talk further about what we cannot agree on.

Now, speaking personally, there are a lot of things in the package, above and beyond the unemployment provisions, that I think are pretty good public policy. What I disagree on and what the Blue Dogs have talked about forever is the fact that we continue to pile on debt after debt after debt, with no attempt to look at the 10-year budget window and figure out a way to pay for this stimulus package, so-called stimulus package. We do not even make an attempt to do so.

This package is going to put another \$175 billion of debt on us. We already know we have another \$1 trillion of interest coming in the next 10 years, if the projections hold. We tried to warn last year that we should not put out a 10-year package, where fully 70 percent of the expected surplus is not even going to get here for 5 years. That is not how we should run the business of this country, and it is foolish to try to say that that is going to be the case.

But beyond all that, people in this country understand borrowing money, and they understand paying interest; and this is terribly unfair what we are doing when we make no attempt to pay for it. None whatsoever. There are some things in there, as I said, that I think are good public policy, and I would like to work on and try to figure out how to accomplish them.

We have paid up to now about \$140 billion this year in interest payments. That is as much as this bill costs almost for the next 5 years. That shows what kind of unbelievable, almost un-Godly thing we are doing to the next generation when we make no attempt to pay for these matters.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from the State of California (Mr. BECERRA).

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

My colleagues, there is a legitimate difference of opinion on what constitutes sound economic stimulus for this economy. We all support emergency help for the unemployed Americans, over a million that have exhausted their benefits. There is even widespread support for the tax extenders, such as the work opportunity tax credits. And there is even majority support in the body for the accelerated depreciation of company assets. But there is not bipartisan, bicameral support to pass massive tax cuts that benefit large corporations like Enron and the well-to-do in America, especially when those tax cuts are paid for by workers' contributions to Social Security.

These tax cuts raid the Social Security Trust Fund and deepen the deficit

by \$72 billion this year alone. So let us pass what we all say we agree on: help and relief for the unemployed American. And then let us come back and do the other good, reasonable work on economic stimulus. But do not hold Americans hostage while we bicker.

We toyed with Americans back in September when we passed this airline bailout bill of billions of dollars for corporations, and we were told it would help American workers. It did not. My colleagues toyed last night, the Republican leadership in this House, with campaign finance reform; but we were successful in getting it through. Even Enron toyed with its workers by making them lose all their money in their pension funds and displacing them and now having them unemployed.

It is time to stop toying with the American worker. It is time for us to do some work. There are adults who are unemployed; let us act like adults and get some work done. Unanimously the Senate said let us at least do unemployment relief for American workers. We can do the same thing. Let us be big enough to know there are differences of opinion. Let us come together and do what is right for the American worker and then come back and do what else is right for the American economy. But do not hold the American workers hostage.

I hope my colleagues will not vote for this because they think it is going to help. It is a sham and it will not work. Let us help American workers today.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1 minute to the gentleman from Arizona (Mr. FLAKE).

Mr. FLAKE. Mr. Speaker, I thank the gentleman for yielding me this time, and I want to commend my colleague from California for putting together a great package. This is similar to the package we passed back in December.

The most important thing we can do, obviously, for the economy is to stimulate, and that is why this package is a good one. It actually has stimulation. It ought to stimulate the economy. And the notion that simply extending someone's unemployment benefits will somehow stimulate the economy is absurd. We have to get away from that.

We see the other side trot out packages, gifts, Valentines that we are supposedly sending out. I would submit that that is the problem. We take the money and will only give it back by giving it as a gift, a gift that we can bestow, our almightiness here; we can bestow a gift on the American people by giving them back some of their money. It is their money. We ought to not take so much of it. If we want to stimulate the economy, we should not.

That is why this bill is a good one, and that is why I would urge support. It is not unfair to let people keep their own money.

I urge support of the bill.

Mr. MATSUI. Mr. Speaker, I yield 2½ minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, this bill is really the Republican "Tale of Two Cities." The best of times for some: first-class treatment for the Kenny-boys of the world. And the worst of times for others: third-class treatment for the now unemployed Enron mail room attendant.

And it is a "Tale of Two Cities" in another way. The year 2001, a historically bad year for Enron in Houston, was a wonderful year for Enron here in Washington on tax policy in this House.

Let's review the year: (1) Enron successfully gets favorable treatment in that collection of subsidies and preferences called an "energy bill." (2) Enron successfully supported efforts to block an international crackdown on offshore tax havens. (3) Enron's accounting firm, Arthur Andersen, successfully opposes my bill and all legislation to crack down on abusive corporate tax shelters. And (4) Enron successfully led the coalition that deals with the centerpiece of what we are debating now, the change in the alternative minimum corporate tax.

Instead of contributing a dime to the cost of the war on terrorism, Enron wanted \$254 million back in a government check. That was the Republican leadership's idea—the idea of Enron's Republican allies regarding the true meaning of sacrifice—they would take while others gave.

Indeed, the Secretary of the Treasury told the Ways and Means Committee only last week that he could not find a tax break that Enron asked for last year that the administration did not attempt to give them.

If the bill before us today is approved, just like Enron, others of the most profitable, largest corporations in this country, will not contribute a dime to our national security. The Republicans are not just taking the Kenny-boy approach, but they said it was a "New York" bill. Well, it is. It is the Leona Helmsley approach—"Taxes are for the little people." That is what Republicans have been telling us all last year: "Taxes are for the little people."

And so is shared sacrifice. The little people out there in America, the unemployed, the people that work hard to build this country, they can share the sacrifice while the Kenny-boys will take their checks and go their own way. To add insult to injury, they are paying for all their tax breaks by redirecting Social Security payroll taxes to finance more tax breaks for those at the very top so that these rich corporations do not have to share in the cost of our national security.

How many times do my colleagues have to pass this bill? Just once. Just once, done fairly, without arrogance, done in a bipartisan way, instead of passing it at three in the morning like last time in December, or squeaking through with arm twisting on a two-vote victory in October.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2½ minutes to the

gentleman from Louisiana (Mr. McCRERY), a valued member of the Committee on Ways and Means.

Mr. McCRERY. Mr. Speaker, I thank the chairman for yielding me this time.

I am going to try to get through my talk here without screaming, although it is difficult in the atmosphere that has been created here. It is an atmosphere all too often of hyperbole and even demagoguery, and I think it is time that those who might be listening to this debate are given some facts without hyperbole and certainly without demagoguery.

This package that we are going to pass today to try to stimulate the economy, to generate economic growth, to create jobs, to get people back to work consists of about \$150 billion over 10 years. The fact is that about two-thirds of this package, two-thirds of it, about \$100 billion, are either tax cuts or benefits for not big corporations, not business, but individuals: workers, the unemployed. Two-thirds, \$100 billion of the package, goes to individuals. One-third, about \$50 billion, goes to corporations and other businesses, partnerships, sole proprietorships, small businesses and the like.

Those are the facts. Despite all the yelling, the screaming, the demagoguery and the finger-pointing, those are the facts.

Unemployment insurance. We go further than the Senate did in their package. We not only provide an additional 13 weeks of unemployment benefits to the 26 weeks that are already in place under the law for the unemployed, but we use an idea that came from President Bush in his budget this year to say we are going to lower the required trigger for extended benefits to 4 percent of the uninsured rate for any State.

It does not have to be nationwide, like the current law; any State that exceeds the 4 percent unemployment insured rate automatically gets extended benefits. That is in our bill. It is not in the Senate bill. So we are trying to do more for the unemployed and their unemployment benefits.

□ 1330

Mr. Speaker, let me point out quickly, nobody in this bill or any other bill is raiding the Social Security trust fund, which has been said erroneously by more than one Member today. Yes, we are using surpluses generated by the payroll tax to pay for other things in government, but nobody is raiding the trust fund. Every penny that is supposed to be going into the Social Security trust fund is going, and will continue to go.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. ROEMER).

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

Mr. ROEMER. Mr. Speaker, this bill is dripping and glowing red, not the red

of compassion of Valentine's Day, but the red of deficits and the red ink that is not paid for and will cost taxpayers across the country.

This will cost taxpayers \$180 billion over 5 years, and the Bush budget has an \$80 billion shortfall.

I voted for a tax cut that puts money in workers' pockets last July. I would vote for a bipartisan package of depreciation allowance and unemployment benefits for our workers today. But this bill has things in it such as subpart F. Does that help our workers? No, that is for banks and insurance companies who operate overseas. If they put it here domestically, they lose the benefit. How is that a stimulus?

Mr. Speaker, we have passed bipartisan education reform. We have passed bipartisan campaign finance reform. Let us work together with a bipartisan stimulus that helps our workers and helps our economy.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the gentlewoman from Michigan (Ms. KILPATRICK).

(Ms. KILPATRICK asked and was given permission to revise and extend her remarks.)

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

Mr. Speaker, leadership, that is what this country wants. Leadership. Millions of Americans have lost their jobs from KMart to Ford Motor Company, and everything in between across the country. Here we sit as 435 and 535 of the most powerful people in the world and cannot come together on a package that would stimulate the economy, save families, give hope to our children, and protect the seniors who built this country.

Leadership, Mr. Speaker, that is what this country needs. If we can give \$100 billion to the terrorism debacle that we find ourselves in, over \$50 billion for the airline industry, over \$35 billion to the insurance industry, can we not find the dollars that families in America needs to take care of their children, the people who played by the rules, raised their children, did everything we said they should do?

I am appalled by this Congress, as we sit here today, the richest country in the world, which was in recession before September 11, and then the tragedy of September 11, and cannot come together as leaders. Come on, men, 56 women, let us do what is right. Let us come together. The Senate passed the unemployment benefit insurance extension. Rise up and build, America is at stake.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, I encourage my colleague from Louisiana, my neighboring State, to look at these numbers. This is from published Treasury reports. The gentleman said this money comes out of payroll taxes. That is right. Most of the folks I represent pay more in So-

cial Security taxes than they do in income taxes. We would raid the Social Security trust fund to pay for this.

Right now we owe the Social Security trust fund \$1.230 trillion unfunded liability. That is nothing but an IOU. Members profess to be for the military. We owe the military trust fund \$171 billion right now unfunded liability. That is money that was taken, set aside allegedly to pay their retirement. It is gone, just like that Social Security money.

We owe the civil servants, the Border Patrol folks, \$534 billion.

How can Members come to this floor and say there is a surplus when we have increased the debt, mostly through tax breaks and a downturn in the economy, by \$221,158,156,000 in the past 12 months? What is the benefit of this versus the cost, because I know the cost is that we never repay those people whose Social Security taxes we have robbed, whose Civil Service retirement we have robbed, whose military retirement we have robbed, and whose Medicare we have robbed.

Mr. Speaker, I do not think that it adds up. The gentleman from California (Mr. THOMAS) gave us some bad numbers last year when the gentleman said we had surpluses as far as the eye can see. I am giving Members the facts right now.

Mr. MATSUI. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Ohio (Mrs. JONES).

(Mrs. JONES of Ohio asked and was given permission to revise and extend her remarks.)

Mrs. JONES of Ohio. Mr. Speaker, I keep hearing that the third time is a charm. This was a bad bill the first time; it is a bad bill the second time; and it is a bad bill the third time. The American people are not going to be charmed about this bill, even on Valentine's Day. They do not want candy. They want jobs and benefits.

In Cleveland, Ohio, we just lost 3,000 jobs from LTV Steel because of overcapacity of steel in our Nation, and we lost it because this government did not come up with a steel stimulus package that would allow the steel industry to benefit.

We lost 1,000 jobs with TRW, and another 3,000 jobs with Ford. I came through the airport the other day. Something I had on buzzed, and I looked up and I was being wanded by a former LTV worker who said to me, Congresswoman, we are here working in the airport because we no longer have jobs at LTV.

I suggest this morning that the problem we have is that this is not a bill that will help unemployed workers, nor do we have a budget that is going to help unemployed workers. If we were going to help them, we would not have reduced Pell grants, reduced dollars to elementary and secondary education. If we were going to help them, we would not have reduced dollars for job training programs. If we were going to help the unemployed workers, we would not

have reduced dollars for affordable urban and rural housing.

Mr. Speaker, I suggest we need to come together and sit down and stop playing with the unemployed, but help them.

Mr. MATSUI. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, as it has been said before, this is the same song in the third verse. I respect my colleagues on the other side of the aisle, but they are wrong in this third effort. In fact, there is a country western song called, "What Part of No Don't You Understand?" "No" to the AMT tax cuts, "no" to the other tax cuts that will not help the economy.

I am surprised that my Republican colleagues insist on making the thousands of unemployed Americans continue to suffer. We could pass the bill that passed the Senate last week, an additional 13 weeks, by unanimous consent today; but no, Members want to add to this Christmas tree because they want to send it to the Senate one more time so it can die like the last two. Members are using this like a political weapon instead of being concerned about the American people.

Like most of our Nation, I have constituents who are unemployed, in my own town of Houston, just the Enron employees who have lost their jobs because of mismanagement and corruption. My constituents need this extension now. The idea of just playing with it like we are doing here is outrageous to the people who need this help.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Washington (Ms. DUNN), a member of the Committee on Ways and Means.

Ms. DUNN. Mr. Speaker, I have an overwhelming sense of *deja vu*. This is the third time the House has taken up a bill to help workers and boost the economic recovery. Some of my colleagues in the opposition prefer platitudes and promises instead of action. They would rather talk about helping the unemployed and promoting economic growth rather than putting together a workable plan. Their motto ought to be "Just say no."

Mr. Speaker, with all due respect, wishing for a stronger economy will not make it so. Congress needs to act. Our constituents might justifiably wonder why we are voting on this bill a third time. They ought to know that 2 months ago the House passed a generous, fair-minded bill that provided \$37 billion in unemployment coverage, health coverage for the unemployed, tax incentives for businesses, and tax relief for the middle-income families. But the other body objected. Why? We just recently heard it from the gentleman from California, because they said that tax relief would help the rich.

What does that mean? The rich like the schoolteacher who lives in my district who makes \$30,000 a year and cannot afford housing in her own district and drives an hour to get to work? She

is in the 27 percent bracket; they do not want to lower it. Is she one of the rich they are referring to?

The other body also objects to our health care provisions. Why? They did not agree with the way that we cover the unemployed. They would like to help the folks who work only for big business. They do not want to help the employees in small businesses who do not have access to health care coverage when they are laid off.

Mr. Speaker, these arguments are lost on the American public. In my part of the Nation, we have not yet felt the full impact of the 30,000 Boeing workers who expect to be laid off, and yet unemployment in Washington State is over 7 percent, number 2 in the Nation and climbing.

This bill would provide additional unemployment to the 13 weeks we already provide in this bill because my State of Washington qualifies under that 4 percent unemployment rate. We are at 7.1 percent. Further delay is unacceptable.

Mr. Speaker, I urge Members to act now. Let us get this bill passed and over to the Senate. Let us get the job done so we can get help to our folks at home.

Mr. THOMAS. Mr. Speaker, I yield the balance my time to the gentleman from Ohio (Mr. PORTMAN), and ask unanimous consent that he control the balance of the time.

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

There was no objection.

Mr. MATSUI. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in opposition to H.R. 622 for the 187,000 that are losing their jobs, and the Enron employees in my district that are desperately in trouble because of the Enron collapse.

I rise in strong opposition to this "economic stimulus package" because it is a deviation from the bipartisan precedents set in recent months by Congress, and represents misguided priorities.

Today's consideration of a motion to concur in the Senate amendments with an amendment to H.R. 622—Hope for Children Act allows for a raid on the bipartisan 13 week extension of worker unemployment compensation passed by the Senate.

The Senate package, which passed by a unanimous vote, provides a 13-week extension of unemployment benefits for people whose regular benefits have been exhausted. This represents real and responsible stimulus for those who need it most. This is crucial because it is estimated that 2 million working Americans will exhaust their regular benefits in the first 6 months of this year. In fact, very few of them are now currently eligible for an extension of those benefits to ensure they have income to replace their lost wages while they are seeking either reemployment or new employment.

Instead, this bill substitutes that compromise with a highly partisan Republican bill that excludes the Minority from this process, raids the Social Security and Medicare trust fund, and sacrifices American workers in need.

Substantively, this bill precludes the Minority from offering a substitute, any amendments, or a motion to recommit, which effectively eviscerates the fragile bipartisan compromise reached in the Senate. But the American people must be told the trust about this travesty of process.

I, along with my Democratic colleagues in Congress, have stood shoulder-to-shoulder and toe-to-toe with the President in the war against terrorism. We have been steadfast in our bipartisan support. As a result we've strengthened our security and protected America from future attacks. But for the state of our union to truly be sound, we must stand together today for a real economic stimulus package that helps all Americans. Sadly, the bill before us puts partisanship and the special interests above the millions of workers affected by the recession. As a member of Congress from Houston which has been so severely hit by recent events, I take particular exception to this.

Today, I urge Congress to take up a real economic stimulus and worker relief package that will help the 5,000 ex-Enron employees in and around Houston who have lost their jobs and their hard-earned pensions. Today, I urge Congress to take up real economic stimulus and worker relief package that helps the 89,000 American manufacturing workers who lost their jobs last month; the 54,000 American construction workers who lost their jobs last month; the 100,000 airlines workers who have lost their jobs since September 11, 12,000 of which were from Continental Airlines alone; the 192,000 American service industry employees who lost their jobs in the fourth quarter; the 211,000 American transportation and public utilities workers who lost their jobs over the past seven months; and the 1.4 million Americans who lost their jobs since last March.

Mr. Speaker, America needs a temporary plan that stimulates the economy by focusing on unemployment and the 2,496,784 initial claimants reported by the Bureau of Labor Statistics in December 2001. In Texas alone, the number of unemployed was 539,947, or 5.1 percent in December 2001. Clearly, these numbers are far higher today. The bill before us fails to give the relief that is needed. The bill before us is not temporary. It does not target relief to businesses hurt by the recession; it enacts tax reductions for the wealthy and corporations, and does very little to help middle income workers whose extra spending would serve to stimulate the economy. In fact, the bill before us repeals the corporate minimum tax which ensures that corporations can not use tax shelters and loopholes to avoid taxes. Furthermore, it accelerates a cut in the 28 percent tax bracket even though 75 percent of American households would receive no benefit from this cut because they do not have enough income to be in this tax bracket.

Perhaps most disturbingly, all of the costs of the bill are paid out of Social Security and Medicare surpluses. Clearly, permanent and expensive tax cuts like those included in this package will increase the deficit and risk increasing long-term interest rates.

Mr. Speaker, America needs a stand-alone worker relief bill that helps the 1 million U.S.

employees who have just lost their unemployment, and the 2 million who will lose their benefits by the end of 2002.

In my State of Texas I called and worked with the Department of Labor to set up a rapid response team to help displaced workers find the jobs that they need. But much more needs to be done. Last night I had an amendment that would have extended unemployment benefits for 1 year. That would have gone a long way toward helping Americans and stimulating the economy. Today, I urge an up or down vote on an economic stimulus package that is responsible and targets unemployed workers only.

Mr. MATSUI. Mr. Speaker, I yield such time as she may consume to the gentlewoman from North Carolina (Mrs. CLAYTON).

(Mrs. CLAYTON asked and was given permission to revise and extend her remarks.)

Mrs. CLAYTON. Mr. Speaker, we have many unemployed persons in my district. In North Carolina alone we have 28,000 people who have exhausted their insurance already. We have experienced an increase of 105 percent in unemployment. We need to stop the bickering, stop the shenanigans between the two Chambers of Congress and do something for the millions of Americans who need our help.

Mr. Speaker, after 8 years of economic prosperity, and budget surpluses, the nation's economy is spiraling downward. Consumer confidence is declining, unemployment is rising, and deficit spending is returning.

Today, we are considering a bill that would extend for 13 weeks unemployment benefits for displaced workers. During the past year, more than 1.5 million jobs were lost. Many unemployed persons have exhausted their unemployment benefits.

In my State, North Carolina, more than 28,000 people have exhausted their unemployment benefits, and we have experienced an increase of 105 percent in unemployment. Others were not eligible for unemployment compensation or health care benefits because they worked for short periods of time, or in temporary or part-time jobs.

A national economic stimulus package must provide additional relief for unemployed workers. Helping unemployed workers is the first thing to do and it is the smart policy to address the economic slowdown. This certainly is more effective than more huge tax cuts for large corporations and wealthy individuals. Unfortunately, this \$81 billion bill only provides about \$10 billion in benefits for workers and their families. Most of the relief provided would benefit wealthy individuals and large corporations. Most economists agree that in a recession, we should increase consumer confidence and their ability to purchase necessary goods and services. Unemployed workers lack such confidence and purchasing capacity.

Simply paying money to state governments for unemployment compensation programs without requiring some adjustments in program administration would not be wise. Many states, like the Federal Government, are financially distressed. They cannot afford to match federal contributions, to expand coverage periods beyond 26 weeks, or to increase categories of eligible workers such as part-time workers. The current crisis calls for these

changes plus adjusting the federal/state match from 50/50 to a larger federal share, perhaps 75/25. Expanding unemployment compensation benefits offers another advantage—it provides economic stimulus when it is needed without causing damage to the long-term economic condition of the country.

Congress has passed bills to help airlines, insurance companies, and big businesses. It should pass a meaningful economic stimulus bill to help families of displaced workers. The Republican leadership of the House should rise above partisan posturing and bickering with the Senate and simply pass provide unemployment insurance and health benefits now for those millions of Americans who desperately need them.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. NEAL).

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Mr. NEAL of Massachusetts. Mr. Speaker, today I am reminded of the disappointment that Charlie Brown feels on Valentine's Day when that cute little redhead did not give him a valentine. Many of us had great hopes that we could simply take up relief for unemployed workers, a bill which passed the Senate unanimously last week; but just like Charlie Brown, we keep checking the mailbox and unfortunately come away again filled with disappointment.

The Republican bill today is composed mainly of some old, worn-out tax items that have been around for a long time. It reflects the tired philosophy of trickle-down economics, take care of the large and powerful corporations and eventually the rest will trickle down to us. But it is wrong to hold this bill hostage to temporary tax relief for the unemployed who, but for the sake of this debate, will find themselves on the outside looking in again for a few more weeks.

The disappointment I feel today is not in the same league with the disappointment that many hard-working Americans are going to feel, however. By slapping on a \$150 billion tax cut in the dead of night, the leadership has ensured that this bill will not reach the President's desk this weekend. Two million Americans are approaching or already have exhausted their unemployment benefits and cannot be assured that any relief is in sight. That disappointment is one that I hoped the Congress would not be delivering on this Valentine's Day.

Reject the bill in front of us. Let us go back to work. Pass a simple, clean extension of benefits for the unemployed and their families who depend upon them and today who depend upon us.

Mr. PORTMAN. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma (Mr. WATKINS), a valued member of the Committee on Ways and Means.

(Mr. WATKINS of Oklahoma asked and was given permission to revise and extend his remarks.)

Mr. WATKINS of Oklahoma. Mr. Speaker, I rise in support of this bill.

Let me say, as my colleague from Louisiana said, two-thirds of it goes to individuals. Let no mistake be made about that. Another third goes to business and industry that produces jobs.

Let me say, I am flabbergasted at a lot of the folks who get up and say it does not help other people, only the big corporations. Let me tell you who it helps, also. The suspension of net income limitation helps support those hundreds of thousands of small stripper wells in Texas, the roughnecks out there, the oil patch workers who are losing their jobs. I am amazed that many of them did not know that over on this side.

But let me tell you also who it hurts. My heart goes out to those people who say they lost a job. I will do everything to build jobs, let me tell you; but I am here also trying to help those who have never had a job, many of them Native Americans. Native Americans would be helped by this bill. They will be able to have possible manufacturing jobs and many of the others developed with accelerated depreciation on their lands. We need to be helping those folks, also.

Let me assure you, this bill does more than help the big industries. I resent the fact that you state that you are doing it for political purposes, because I do not plan to come back.

Mr. PORTMAN. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Arizona (Mr. HAYWORTH), a member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, at the end of the day this afternoon, we are faced with a fundamental question. Implicit in the criticism from our friends in the minority is the notion that there is only one course of action here and that is 13 weeks' unemployment and that is it. What we do here is improve the legislation, not only 13 weeks' unemployment but an economic trigger for those States that are having challenges.

Moreover, provisions for health benefits. Recall our friend from Kansas brought a letter down a little while ago from the President asking not only for unemployment benefits but for health benefits. It is our role in the Congress of the United States to take legislation from the other body and improve it and we do so.

And there is something else that is important. This bill also provides tax relief that fires the engines of economic opportunity. We passed it once. We have passed it a second time. On this third occasion, we give the other body the opportunity to join us in an effective plan to put people back to work and to provide for those who have lost their jobs.

I ask my colleagues to support the measure.

Mr. PORTMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. RYAN), a valued member of the Committee on Ways and Means.

Mr. RYAN of Wisconsin. I thank the gentleman for yielding time.

Mr. Speaker, this debate today has been rather unfortunate. We have heard a lot of emotions, a lot of fear, a lot of envy. What we are trying to accomplish is simply this: let us take stock in what our Nation is facing right now. We are in the midst of a war, we have a homeland security crisis, and we are in recession. We have a lot of laid-off workers and more layoffs are occurring. And we know as a historical fact that even if our economy begins to slowly recover, that unemployment is going to linger on and on and on well after that recovery takes place.

What we have been trying to do, starting in October, then in December and now, is to try and get people back to work. The things we are trying to pass in this bill are the time-tested, proven, bipartisan solutions to get businesses to stop laying off people, to hire people back, and to help those people who have lost their jobs.

It is more than just giving someone an unemployment check. It is also helping those people with their health insurance while they have lost their jobs, and, more important than just that unemployment check is to do what we can to give people a paycheck. We have got to get the engine of economic growth growing again, because we now know because of recession, we do not have the revenues we wanted to, we do not have the revenues we need to fix Medicare, to fix Social Security, to fix these issues. We have got to get Americans back to work, then the surpluses come back, then the jobs come back. That is the constructive answer we are trying to accomplish here on, yes, a bipartisan basis.

I urge Members to drop the demagoguery and to pass this bill to help us work together to get the American people back to work and help those people who have lost their jobs.

Mr. MATSUI. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, we can handle this very logically and expeditiously. I think the gentleman from New York (Mr. HUGHTON) mentioned that there are three issues here: Obviously, how we deal with the New York problem; how we deal with the unemployment benefit; and how we stimulate the economy. We agree on the first two. We should just pass a bill right now that would take care of New York's problem. We could do it and send it over to the other body. They will pass it. We can actually take care of that issue. That is simple. No one is going to object to that.

Unemployment benefits. In terms of the discussion that went on today, no Member in that 1 hour of debate has said that they do not want to give unemployed benefits to the 8 million unemployed Americans. Why not just take the other body's bill and just agree to it? We could do that by unanimous consent, vote it on the suspension calendar.

We do have a difference, because the other side wants to give corporate tax

cuts; and we think that in order to deal with the economy and stimulate it, we have to create more consumer demand. There is a big difference there. Obviously, we do not agree. We should not hold New York and we should not hold the unemployed hostage. We should pass those and then let us debate. Let us see if we can come up with a bipartisan proposal on how we stimulate the economy through either tax cuts for major corporations or how we try to create more consumer demand.

I hope that we vote "no" on this motion.

Mr. PORTMAN. Mr. Speaker, I yield the balance of my time to the distinguished Speaker of the House, the gentleman from Illinois (Mr. HASTERT).

Mr. HASTERT. Mr. Speaker, to my colleagues on this side of the Chamber, and to my colleagues on this side of the Chamber, I first want to say that yesterday was an incredible day. It was an incredible debate. Reformers came to this Chamber. They changed some of the rules on how we do things, how we elect our officials. This House worked its will. That is the way it should be.

But now we need to look at other needs. We need to look at the needs of the American people. We are in recession. We are in a war. We are in a time of terrorist threat within this country, within our own Nation as well as around the world.

In October, we passed an unemployment compensation extension. In December, we passed a stimulus package. We knew that people were out of work. We knew that people were losing jobs.

What we tried to do during this time frame was to do three simple things. Number one, because every American family who had some substantive savings, wealth in 401(k)s and the stock market, to get the confidence back in the stock markets, to get the confidence back in people putting money in those securities. This bill helps do that.

We also said that we needed to be able to get some consumer confidence. When you talk about the Fortune 500 companies, they said we need people with money out there to start buying our products. This bill does it. It puts money in people's pockets right away.

Finally, there are people out there who lost their jobs. They need unemployment compensation. They need health care. It is in this bill. But they also, more than that unemployment compensation check, they would like to have a job. And so you need to concentrate that capital where companies are putting that money back into creating jobs, building buildings, buying machinery, putting money in new ideas. This bill does it.

I heard the previous speaker say, "Don't hold these people hostage. Don't hold New York hostage." We are not. We take care of New York in this bill. We are not holding the unemployed hostage. We take care of them in this bill just as we have done two times previous. But, ladies and gentle-

men, let us not hold America hostage. Let us get this legislation done. Let us give people confidence in the markets. Let us give people confidence that they are going to get a paycheck. Let us give them the confidence that they can have a job so that they can pay their house payment and their car payment.

It is time to get this job done. It is time to quit playing political games. It is time to get a stimulus package for the people of the United States. Vote for this motion.

Mr. PASTOR. Mr. Speaker, I rise in strong opposition to this misguided attempt to stimulate our economy.

Today, the House of Representatives leadership is lining unemployed Americans against a wall for another St. Valentine's Day Massacre.

While pretending to pass an economic stimulus package, they are holding the unemployed hostage in hopes of passing larger tax breaks for wealthy individuals and large corporations.

The Senate has passed legislation to extend Unemployment Compensation for the 1 million people who have exhausted their unemployment benefits since September 11. Yet, the House leadership has chosen to ignore the plight of these people, and the more than 2 million workers who will exhaust their benefits over the next 6 months, and attach a misguided "economic stimulus" package to the bill that will do nothing to stimulate the economy. I call on the House leadership to consider the clean bill passed by the Senate so we can help the 8 million people in America who are looking for jobs.

According to sources, 11,000 people are exhausting their Unemployment Compensation each and every day. With Congressional District Work Period starting today, more than 120,000 Americans will have lost their benefits by the time we return to Washington on February 26. We should stop playing partisan politics with these people's lives.

But, there are other serious problems with this "stimulus package." Any more tax cuts would continue to erode the Social Security and Medicare Trust Fund by almost \$80 billion. It is time to stop threatening our elderly just to make the 15 percent of wealthiest Americans even wealthier.

Valentine's Day is a time for us to open our hearts and to give of ourselves. But this legislation will only serve to break the hearts of those unemployed Americans who need our help.

Mr. MALONEY of Connecticut. Mr. Speaker, for the third time in 4 months, the House of Representatives will consider a deeply flawed economic stimulus package.

In January 2001, the nonpartisan Congressional Budget Office projected that the Federal Government would end fiscal year 2002 with a \$106 billion surplus. At that time, I advocated a fiscally responsible plan of equally dividing the surplus between tax cuts, paying down our Nation's debt, and investing in important priorities like education and health care. Unfortunately, in June legislation was passed—over my strong objections—that cut taxes more than we could afford. I have long supported tax relief, but it must be in balance with what we can afford in our budget. We are now facing large, multiyear budget deficits that threaten our long-term economic security.

Any stimulus bill must be fiscally responsible and provide assistance to families and small businesses experiencing the effects of the recession. The bill we are considering today, as did the previous versions, includes provisions that I strongly support, but these positive elements cannot make up for its fundamental flaws. Those positive elements, include providing a supplemental rebate to those who received only a partial or no rebate as a result of last spring's tax cut, providing small businesses a bonus depreciation of 30 percent over 3 years, and reducing the recovery period for making improvements to leased properties. Additionally, I support a permanent rate cut for low- and moderate-income earners.

In addition, I strongly support extending unemployment benefits to the approximately 2 million Americans who have lost their jobs as a result of the recession and the September 11 attacks. In the middle of March, those individuals and families who have lost their jobs because of the attacks of September 11 will begin losing their unemployment benefits. We also need to include provisions that assist families in continuing their health care coverage. We must pass a bill that provides substantial relief to those families, and will get to the President's desk. Unfortunately, this bill does not provide that help.

Moreover, this bill virtually eliminates the Alternative Minimum Tax (AMT) liability for the Nation's largest and wealthiest corporations. The AMT is designed to ensure that corporations cannot avoid paying their fair share using deductions to entirely eliminate all or almost all of their tax liability. The bill before us today would allow corporations to claim deductions against their AMT liability that they currently are not allowed to take. This will provide little, if any, stimulus to the economy, but will certainly exacerbate the budget difficulties we now face. Worse yet, the bill pays for this corporate AMT tax giveaway by taking the funds from the Social Security and Medicare Trust Funds.

In this time of budget deficits we cannot and must not continue to raid the Social Security and Medicare Trust Funds to pay for tax cuts for wealthy corporations. Over the past few weeks, many have spoken of protecting our Nation's economic security. I suggest that passing legislation that threatens the Social Security and Medicare Trust Funds threatens the very foundation of our economic security.

Mr. Speaker, I urge my colleagues to pass a bill that provides fiscally responsible stimulus to our economy and relief to displaced workers. Unfortunately, the bill before us today will both further extend the deficits we are facing and also deplete the Social Security and Medicare Trust Funds. Long-term economic security depends on long-term fiscal responsibility. We owe our citizens a bill that provides a short-term stimulus, substantial assistance to the unemployed, and ensures long-term growth. The bill before us today fails to meet all three of these standards.

Mrs. WILSON. Mr. Speaker, I rise today to talk about the state of the economy and jobs. In June, July, and August when we passed the first stimulus bill, we were all hoping that if we dipped into recession at all that we would have a soft landing. September 11 changed all that. When we saw those planes crash into the towers in New York and the planes crash in Pennsylvania and here in Washington, DC, we saw and felt a shudder through the American economy.

It was not only travel and tourism that was hurt, but also consumer confidence. For 5 consecutive months after September 11, consumer confidence fell. But we are coming back. Consumer confidence rose for the second consecutive month in 2002, and we need to encourage this growth by passing an economic security bill.

In October, the President called for a stimulus package and the House of Representatives responded. We passed a second one in December. We are now working on our third. The other body will not even let a vote be taken on the issue. The economic stimulus bills in the House are not perfect. There are things about them I did not like as an individual legislator. There is almost no bill here that everybody can say, "By gosh, that's something that I can support a hundred percent. There's not a work that I would change." It is not the nature of this body, but we moved the bills forward. We moved the process along for a good reason.

Since September 11, over 1 million Americans have lost their jobs. We have over 1 million families who are worried about where the next paycheck will come from. All of those families are worried about their health insurance. What if they do not get another job before that COBRA runs out? What happens if the unemployment benefits run out? What happens if we do not get back to growing jobs in this country? Those families are hurting and we need to help them. Last year we passed an economic stimulus bill in the House that provided 13 weeks of extended benefits to those who have lost their jobs, and today we will again pass another stimulus bill with that exact same measure.

What do we want to see in an economic stimulus bill? Certainly first and foremost, we need to create capital to create jobs. Most of the jobs created in this country are created by small business. That means we have to include provisions like accelerated depreciation in the stimulus bill. As a former small business owner I was always amazed when I did my books at the end of the year, figuring out what my profit or loss was and how much corporate tax I had to pay. One year I bought new computers for my entire office, costing me about \$20,000 to \$30,000 for the new computer system. Under section 179, I was only able to claim \$10,000, even though I paid that business expense. That did not seem right, or fair and it certainly discouraged me from getting \$35,000 worth of computers at one time. Certainly one of the things we need to do for small business is to raise those limits so that a small business looking at buying equipment, going and doing some construction, or expanding their computer setup, can do so. This will stimulate our economy and create jobs.

The second thing we are going to need to do is extend health care benefits and unemployment benefits so that people who have lost their jobs due to the slowdown in the economy can make it through. All of us know neighbors who are worried about losing their job sometime this year and all of us are willing to say, "Look, we're going to help you over the hump. We're going to make sure that this awful time for you is not made worse because you can't feed your family or that you lost your health insurance." So, we must have health care coverage and unemployment insurance extenders in any economic stimulus bill.

The third thing our economic stimulus bill has to do is restore consumer confidence.

About two-thirds of the American economy comes from consumer spending. We need to continue to restore confidence in the public so that we do not have a further collapse in retail sales. We have to restore faith in consumers and in the markets. If you talk to people about their retirement plans, most Americans now have 401(k)s or IRAs or pension plans. We are now investors in the stock market. One hundred million Americans own stocks, mostly in IRAs and 401(k)s, pension plans through work of Thrift Savings accounts. All of us have seen the value of our retirement savings go way down because of the economic slowdown. We need to reestablish confidence in the stock market, turn our economy around, and get back to creating jobs.

Ms. SCHAKOWSKY. Mr. Speaker, I rise to express my deep disappointment in the bill before us today.

Today, we had the opportunity to follow the lead of the Senate by passing a 13-week extension for Americans who have been unable to find work but whose unemployment benefits have run out. I have received many, many letters from constituents who are concerned about losing their homes, paying for their health bills, and buying food for their children. Today, we had the opportunity to help them by passing the Senate provision and sending it to the President's desk. Instead, the Republican leadership chose to play politics with the lives of unemployed persons and their families, once again putting forth a bill that they know cannot be enacted into law.

In the last quarter of 2001, nearly 860,000 unemployed men and women exhausted their unemployment benefits. In December alone unemployment benefits ran out for 300,000 workers. In my State of Illinois, 42,299 workers exhausted their benefits in the last 3 months of last year—an increase of 88 percent from the previous year. Faced with serious fiscal pressures, no state has stepped forward to extend assistance as they have in the past. Hundreds of thousands of Americans are now struggling to pay their bills as they look for work in the middle of a recession.

I believe that we need a real economic stimulus plan and that we can do a great deal more than we're doing to create jobs and prevent additional layoffs. We should be providing assistance to States, funding the construction and repair of housing and schools, expanding transportation options, and investing in clean water projects. We should be assisting laid-off workers and their families and obtaining affordable health coverage through COBRA and Medicaid.

My colleagues on the other side of the aisle don't agree with those job stimulus proposals. They would rather give money to the wealthy and mega-corporations than invest in targeted and proven job creation initiatives. They would rather provide unemployed men and women with an insufficient tax voucher than guarantee health coverage through Medicaid.

We disagree on those questions and it will take time to resolve them. In the meantime, we should take a simple action today. We should pass a 13-week benefits extension that will provide immediate relief to over 1 million workers.

We could take that step. Sadly for this institution and tragically for those workers, the House leadership has decided it would rather make a political point than make a difference in people's lives.

Mr. SMITH of New Jersey. Mr. Speaker, it is with great pride and pleasure that I rise to urge the enactment of H.R. 622, The Economic Security and Worker Assistance Act of 2002, also known as the Hope for Children Act.

I cannot overemphasize how proud I am to be an original cosponsor of the Hope for Children Act. Mr. DEMINT deserves our thanks and praise for his work on this bill.

Mr. Speaker, throughout my 21 years in Congress, I have worked tirelessly with a broad, bipartisan group of colleagues, to protect children. Encouraging adoption has been among our primary concerns. Along those ends, I have introduced my own legislation that designated National Adoption Week, and I worked to help establish the current \$5,000 tax credit for adopting parents. The \$5,000 tax credit, which was incorporated into the "Contract with America," passed by Congress, and later signed into law, is helping many families that have adopted a child.

But there is still so much to be done. There are so many children that need to be adopted. There are so many infertile couples who desperately want to raise children. This legislation today is needed. H.R. 622 seeks to double the adoption tax credit to \$10,000 for all adoptions and double the employer adoption assistance exclusion to \$10,000. The legislation also increases the income cap at which the credit begins to phase out from \$75,000 to \$150,000.

The fact of the matter is that adoptions are very costly, ranging from \$8,000 to \$30,000 per year. There are many families who would like to open their home to a child, but are prevented or delayed on doing so by the high cost of adoption. H.R. 622 helps to ease this financial burden to ensure that children quickly find a permanent, loving home—so that no child is left behind to end up in the foster care system permanently.

The empirical evidence shows conclusively that the tax credit must be increased. Just take a look at the tax return data. According to the Committee report accompanying this bill, half of the taxpayers who received income tax benefits for adoption expenses in 1998 reported expenses in excess of \$5,000, while 25 percent of taxpayers receiving tax benefits for adoption reported expenses totaling more than \$10,000.

It is important to note that the \$5,000 tax credit expires this year and the current \$5,000 employer adoption assistance exclusion also expires—it is vital that we enact this important legislation to help defray these costs.

The Hope for Children Act is a solid start to ensuring that more children find a loving home. While some adoptions will cost well over \$10,000—the data suggests that as many as 25 percent of all adoptions fall into this category—raising the limit will aid more families in their efforts to adopt a child in need. If the President signs the Hope for Children Act into law this year, families could claim the \$10,000 tax credit beginning with their 2003 tax returns.

One final note. Virtually every well-conducted social research study that has examined the impact of adoption on a child concludes that adoption is far more preferable than state custody. The adoption of a child into a traditional two-parent, man and woman family, has profoundly positive social consequences for both the child, as well as for

our society. A recent Heritage Foundation analysis of the adoption research literature shows that adopted children raised in a two-parent family, measure as well as, if not better than, a biological child on virtually every social, educational, and health indicator assessed.

The route by which the Hope for Children Act has arrived here in the House again deserves some discussion. On May 17, 2001, this bill was agreed to by a vote of 420–0. On February 6, 2002, the Senate passed the measure with an amendment to add tax relief and economic stimulus language. Today we are adding some additional tax relief provisions, so that unemployment insurance benefits will be extended to all displaced workers regardless of how their job losses occurred.

New Jersey's economy was hit very hard by terrorism. First we lost approximately 700 New Jerseyans on September 11, including nearly 50 from my own Fourth District. In addition to the unbearable loss of life, there were tens of thousands of jobs held by people from New Jersey that disappeared into the great cloud of fire, smoke, and ash of the collapsing Twin Towers. Entire businesses and departments were wiped out in an instant.

Before the shock waves of September 11, had even faded, New Jersey was plunged into another unprecedented crisis, as the first major biological weapons attack in U.S. history took place on New Jersey soil. Our mail system ground to a halt. Items frozen in the mail included everything from an engagement ring to credit card bills. Thousands of lives were turned upside down. Another wave of jobs were lost. To this day, the John K. Rafferty Post Office in Hamilton has not reopened, and hundreds of postal workers who work there are now scattered all over the state in makeshift accommodations.

Mr. Speaker, New Jersey's residents need a helping hand. We need this stimulus package. People are hurting. I think the Senate should move promptly and pass H.R. 622. It is time to put the interests of the American people ahead of partisan calculations.

Mr. Speaker, I urge the unanimous passage of the Hope for Children Act.

Ms. KILPATRICK. Mr. Speaker, once again, the Republicans are attempting to shove forward several tax provisions for the wealthy and big businesses without adequate consideration for the unemployed and low-income.

This is the third time in five months that an economic stimulus package has been to the House floor. Not once out of the three times, has there been sufficient assistance in the form of health insurance converge and unemployment benefits for the unemployed and low-income families. Not once have Republican considered the long-term effect of the unnecessary tax cuts. Not once have they considered anything else but their special interests, the wealthy.

We need a bill that will give better backing for COBRA insurance. The tax credit that this bill provides will do nothing for the families and individuals who cannot afford to pay up-front for the insurance packages. While Democrats have been fighting to help the jobless and low-wage workers, the number of those in need has grown and each individual has been without federal income support since March, when this recession officially started.

While we stand in the midst of a recession, we have Members of Congress who contritely

confess their sincere desire to help the American people, but simultaneously provide help for only approximately 25 percent of the American people, who happen to be very wealthy. The rest of the nation will suffer because they are not wealthy enough or because they are not highly compensated executives in the corporate world.

This bill follows the pattern this Congress established when it passed the airline bailout bill last October. We provided \$15 billion in financial assistance to financially strapped airlines following the September 11th attack, but the leadership of this Chamber did nothing for rank-and-file workers who were laid off by the airlines. Last November, this Chamber bailed out the insurance industry, which covered the airline industry we bailed out the month before, but the leadership did nothing for rank-and-file workers who were laid off by the airlines or as a result of the economic recession.

This bill today, like the others before, is another tax break bill for people who do very well in good times and bad, but it does very little for the people who need the most help—the jobless and low wage workers. Once again, this bill, like the others before, puts those most in need as a last priority. That's unacceptable. For that reason, I will vote "no". Mr. Speaker, we can do better than this. It's unfortunate that the other side of the aisle does not negotiate in good faith. No one saw this bill before it came to the House floor. It did not go through the committee process. This is a product of an autocratic procedure. It is put out for us to take or leave. That's it. I urge my colleagues to join me in rejecting this bill.

Mr. GILMAN. Mr. Speaker, I rise today in support of H.R. 622, the Hope For Children Act which will increase the adoption tax credit for families. I am an original cosponsor of this legislation and I commend the gentleman from South Carolina, Mr. DEMINT for his leadership on this important issue.

I am particularly pleased that with today's vote we will be adding a provision to temporarily extend unemployment compensation for an additional 13 weeks for individuals who have exhausted their 26 weekly benefits, and will provide needs assistance to New York under the Liberty Program.

As our nation begins to rebound economically it is important that we provide American's who have been adversely affected by the events of September 11th and the subsequent economic downturn with the means to provide for their families. Representing numerous individuals affected by the slow down of the airline, travel, and tourism industry in New York, I know how important this extension will be in assisting these hard working individuals. This economic package is a major step to regaining a healthy economy. Each of the components will help us stimulate different areas of the economy and promote growth and jobs. Our economy has weathered turbulence in the past during times of war and times of peace. But a sound, reasoned economic growth package, such as the one we are working to pass, will put us on the right track back to prosperity.

Accordingly, I urge my colleagues to support this important measure.

Mr. BLUMENAUER. Mr. Speaker, on this Valentine's Day the Republican leadership is presenting America's largest corporations and wealthiest individuals with another sweetheart

deal, while people and families in Oregon and across the nation continue to wait for a meaningful economic stimulus package.

The State of Oregon continues to lead the nation in unemployment, so it is frustrating to see Republican proposals that continue to focus on people who need the Federal Government's help the least. Even more exasperating is the fact that these corporate tax credits and tax cuts will be paid by Social Security and Medicare surpluses.

A true economic stimulus package would directly put people back to work and not last longer than necessary. The bill before us today is not an economic stimulus package, is not temporary, and does not target relief to businesses hurt by the recession.

The most significant and appropriate response to help the American people would be accomplished by increasing funding for ready-to-go public works projects that will reduce unemployment, while benefiting communities across the country. Every state in the nation has transportation, water, environmental clean-up, and other infrastructure projects that could immediately employ people to make our communities safer and healthier.

This bill is the third attempt by the Republican leadership to use a weakened economy as an excuse for permanent tax breaks for their favored few. Until a fair and sensible economic stimulus package is presented to the House, I must withhold my support.

Mr. STARK. Mr. Speaker, I rise today in opposition to H.R. 622, the Economic Support and Worker Assistance Act.

The Republican Majority's actions on the economic stimulus package are making me feel like Bill Murray in the movie, *Groundhog Day*. Just as Bill Murray had the same bad day over and over again, we keep getting the same bad bill over and over again. Unfortunately, for the millions of Americans who are unemployed, this is not a movie, but real life—and it is turning out to be a tragedy, rather than a comedy.

The Senate passed legislation to extend unemployment benefits by 13 weeks for the more than 1 million people who lost their jobs in recent months. We should be approving that same legislation so it can be sent to the President for his signature today. We are about to go into recess for nearly 2 weeks. If we do not send a bill to the President today, we will take no action for a minimum of 12 days—and during that time, more than 120,000 people will lose their benefits.

Passage of a clean bill to extend unemployment benefits would give unemployed Americans and their families some immediate financial relief. Such action is supported by wide, bipartisan majorities in Congress, so there is no excuse for delay. Unfortunately, the House Republican leadership refuses to do what is right to protect America's workers. Instead, they insist on continually giving bigger and more outrageous tax cuts to their corporate friends, while millions of unemployed Americans are desperately trying to feed their families and search for new jobs.

I urge my colleagues to vote for a 13-week extension of unemployment insurance benefits and to vote against tax breaks for big business and the wealthy. By doing otherwise on Valentine's Day, we will do more than break the hearts of the American people, we will break their banks.

Mrs. MALONEY. Mr. Speaker, on February 6 the Senate passed a 13-week extension of

unemployment insurance by unanimous consent. Fifty Democratic, 49 Republican and one Independent Senator recognized that while our country is at war and our economy is in a downturn it is time to lend a hand to individuals who are out of work. After weeks of attempting to pass a comprehensive stimulus the Senate came together and acknowledged that political differences should not prevent the government from helping America's most needy at this critical time.

Unfortunately, the bill before the House today fails to follow the bipartisan spirit of the Senate and instead subjects people who will soon be without jobs and without unemployment insurance to a Washington political game. People out of work around the country deserve better treatment by Congress. The victims of today's House action are hard-working Americans out of work through no fault of their own. In my own City of New York recovery from the terrorist attack has made the unemployment situation particularly grim. I continually encounter people who are victims of economic circumstance like the woman who approached me last Friday on Lexington Ave and urged me as a Member of the House to follow the Senate's lead. This House should know that our constituents are watching and they can clearly see that unemployment insurance is falling victim to a political agenda.

Finally, the Majority bill was crafted in the middle of the night last night and represents such an amalgamation of provisions that we do not even know how much it will cost. The President's budget proposal recognizes that we are not eating into the Social Security surplus. I do not disagree with every provision in the bill but it is irresponsible to vote on a substantial tax package like this without knowing all of its long-term ramifications.

Mr. DINGELL. Mr. Speaker, yet again, we are involved in a most curious proceeding. The Republican majority is bringing forth, for a third time, an economic stimulus bill that cannot be passed in the Senate and is being brought up only for partisan reasons. Many of my colleagues in the Republican leadership talk about the obstructionism in the Senate. I say this exercise is the height of obstructionism. The House Republican leadership seems intent on doing things "my way or the highway." And each time they pass the same old bill, they keep millions of unemployed Americans from getting the help they need. In fact, by their delay, more than 11,000 workers each day exhaust their unemployment benefits and therefore would immediately benefit from the Senate's unemployment extension.

But the Republican leadership will not allow a vote on any other bill than their own. We can't even vote for the stimulus amendment on unemployment assistance that passed the Senate by voice vote. That is neither bipartisan nor responsible. In fact, at no time have my Republican colleagues reached out to me or other Democrats to work on an economic stimulus bill. At the one and only meeting we had on the stimulus health pieces in which the Republican leadership allowed Members to show up, we were told that they had to "just say no" to anything we had to discuss. That too is neither bipartisan nor responsible.

So, here I am again, for the third time, telling you why this is a bad bill. The Republican leadership bill is supposed to provide immediate stimulus. So why do many of the tax provisions cost billions after 2002, in years when

the economy is expected to be in recovery and stimulus is no longer needed? And why does this bill provide no meaningful immediate help for the millions of Americans without work and without health insurance coverage?

For example, why can't we truly help laid-off workers continue COBRA coverage? The Republicans promise assistance for workers to continue coverage under COBRA. But, the 60 percent tax credit is inadequate to allow families to afford coverage; millions of workers would not even be eligible because of restrictive definitions; and the Republican leadership program sets the stage for complete gutting of the employer-sponsored insurance—something Republicans have long tried to do. This tax credit is even more meaningless for workers who don't qualify for COBRA, as they tend to be working in lower paying jobs and would find it even more difficult to afford coverage, particularly in the individual market where in most instances there are no protections on cost or availability of coverage.

Also, why can't we help laid-off workers who are not eligible for COBRA coverage? Presented with an option of building on a program, Medicaid, that already provides guaranteed, affordable health insurance coverage for nearly 44 million Americans and a program that currently does not provide health insurance to anyone, Republicans chose the program that has no experience providing coverage. Worse yet, they don't even guarantee any of the money would be used for health care. And, in attempt to counter some of our arguments, they provide funding to state high-risk pools, presumably to give people a place to spend their "meaningless" tax credits. Unfortunately, they are a day late and a dollar short: \$40 million won't even cover 50% of these pools' costs for the two years it is available.

Had we had a chance to offer a substitute, the Democrats would have offered something that truly helps laid-off workers. The Democratic proposal would reach 5.1 million Americans. The Democratic proposal would provide additional financial assistance to states to help them meet the increases in Medicaid enrollment as a result of the economic downturn. As millions join the ranks of the uninsured, we need to ensure states preserve, not limit, eligibility for coverage.

The Democratic proposal would shore up health care providers as well. Providers are being hard hit by the economic downturn. The Democratic proposal would prevent physicians from taking a 5.4 percent reduction in their Medicare payments this coming year. It also includes bipartisan legislation to reduce regulatory obstacles in the Medicare program for providers. Both of these proposals should make it easier for providers to weather the economic downturn and continue providing quality care to seniors.

But the Republican leadership has barred votes on any alternative proposals today. What are they afraid of? We want to put choices before the American public—they do not. We want to help displaced workers and shore up the health system to weather the economic downturn—they do not. We want to provide targeted, responsible stimulus—they do not.

This Republican process is an outrage, serving only to obstruct help for unemployed Americans.

Mr. UNDERWOOD. Mr. Speaker, while we debate today's latest House Republican economic stimulus proposal, I would like to once again speak up on behalf of my home district of Guam and the U.S. territories, all of which have been experiencing double digit unemployment rates and have seen a down-turn in our tourism-dependent economies.

I am grateful for the assistance of Representative JOHN BOEHNER, Chairman of the House Education and Workforce Committee, for ensuring that the territories are eligible under the National Emergency Grants provision of the Republican stimulus bill. However, I was hoping that the Government of Guam would be provided economic relief for individual tax rebates and to see increases for Medicaid funding that we have sought, and that were included in Democratic proposals.

The bill before us today does nothing for the territories, especially for Guam. In fact, it may hurt. It provides more tax cuts which are reflected in Guam through a "mirror tax code." This has the effect of reducing local revenues at a time when Government of Guam leaders are exploring the possibility of cutting worker salaries by 10 percent. It ignores our plight because we are not included in the additional 13 weeks of unemployment insurance. We should assist people who truly need help and local governments who are suffering through the most difficult times in the nation.

After all is said or done between the various competing proposals, however, it is clear to me that the territories will not be provided with the economic relief necessary, and that a targeted insular areas economic relief package is direly needed. Unlike the rest of the country, we in the territories have been struggling economically for the last few years. Prior to the September 11 attacks, Guam's economy, alone, was already struggling as a result of the Asian economic crisis. For the last 3 years, Guam's unemployment rate has averaged over 15 percent. This rate is three times the national average.

Over the last several months, I have been in discussion with other territorial delegates, Administration officials, Congressional leaders from the Ways and Means and Resources Committees, and local political and business leaders in the territories, on the need for an insular areas economic relief package.

Legislative items which should be considered include:

Increasing the waiver of local matching requirements for the territories;

Ensuring that the territories are included in the National Emergency Grants Program;

Lifting the cap on Medicaid funding for the territories or increasing the level of Medicaid funding;

Establishing empowerment zones in the territories;

Extending the supplement grant for population increases and contingency fund for welfare programs to the territories;

Providing unemployment assistance to the smaller territories from FEMA's Disaster Unemployment Assistance Program;

Extending supplemental security income benefits to Guam and the Virgin Islands;

Providing Federal guaranteed bonds for infrastructure projects in the territories; and

Generating increased GovGuam revenues with military personnel on temporary duty on Guam.

I look forward to working with my colleagues on ways to provide economic relief to the U.S. territories.

Mr. UDALL of Colorado. Mr. Speaker, I think today's action on the House floor is exactly the kind of thing that makes people cynical about Congress and the political process.

As our businesses are struggling to recover from recession, unemployment insurance is running out for thousands of people who have lost their jobs. Extending those benefits is something they need and something that will help the economy because it will enable them to continue paying their bills.

Those are the facts. There should be no partisan disagreement about them—which is why the Senate unanimously approved the bill before us, which would extend those benefits for 13 weeks.

And there should be no disagreement about what we should be doing today as we prepare to adjourn and leave town for more than a week. We should be passing that bill—the bill supported by every Senator, regardless of party—and sending it to the President so he can sign it into law.

But we aren't doing that. Instead, the Republicans leadership is insisting on holding that bill hostage—which means holding hostage everyone who need the extension of unemployment coverage—by sending it back to the Senate loaded down with a bulging grab bag of other legislation that the House has already passed before.

No wonder people are cynical about Congress.

Mr. Speaker, I am not saying that none of the things in this legislative package is any good. As a matter of fact, there are a number of items that I support. For example, I strongly support the extension of the clean-energy production credits and the work-opportunity credit. I also support a number of provisions to give tax relief to small businesses and to shorten the period for depreciating leasehold improvements. And I definitely think we need to change the way the alternative minimum tax is applied to individuals.

But all those provisions were already included in legislation that the House passed last year. There is no need to hijack this bill—a bill to provide urgently-needed help to thousands of Americans—to get them to the Senate, because they are already there.

I understand that the Republican leadership here in the House wants the Senate to act on a stimulus bill—and I agree that a sound stimulus bill would be good for the economy and good for the country. But I cannot agree to their strategy. I cannot agree to holding hard-pressed Americans hostage to try to coerce our colleagues in the other body. So, I cannot support this motion.

Mr. BOEHNER. Mr. Speaker, I rise in strong support of this economic stimulus package. In particular, I'd like to highlight the part of this bill that addresses the needs of working Americans and their families.

I'd also like to thank SAM JOHNSON of Texas and BUCK MCKEON of California, who helped craft the National Emergency Grant provisions, which we originally introduced as part of the "Back-to-Work Act" to respond to the needs of displaced workers.

As everyone knows, the September 11 terrorist attacks precipitated a downturn in our economy, and thousands of workers are now jobless. The proposal before us will help every worker return to work as quickly as possible—and in the meantime, that they and their families have access to quality health insurance as

well as employment and job training resources.

Last year, the Labor Department acted decisively to mobilize the existing safety net for displaced workers and their families. And Secretary Elaine Chao testified before my committee on how Congress can work with the Administration to further strengthen the safety net for these workers—which is what this worker relief package would do.

As Secretary Chao said, and I quote, "This Administration is committed to going even further than current programs allow to help families, industries and regions that have been hardest-hit by the terrorist attacks and their aftermath. Workers need help regardless of what industry they work in—not just a chosen few. The President's plan gets money to wherever people are hurting."

The proposal before us is one that can be implemented quickly, flexibly, and without creating new bureaucracy. It's designed to do three things: (1) help those who have lost their jobs because of the economic downturn; (2) put people back to work to help get the economy moving again; and (3) ensure that displaced workers have access to health care.

Specifically, this bill would expand the National Emergency Grant program and authorize and appropriate \$3.9 billion to help dislocated workers. Under the bill, grants may be used by states to help ensure that dislocated workers: (1) maintain health insurance coverage; (2) receive some form of income support during the recovery period; and (3) return to work as quickly as possible with the help of employment training and job search assistance.

Mr. Speaker, this proposal is a compassionate one—not just because it provides workers in need with flexibility and resources, but because it recognizes that a displaced worker's true goal, ultimately, is to return to work. A government program can help a worker survive. But until a worker returns to work, no economic recovery is complete.

On behalf of our nation's workers, I urge my colleagues to vote "yes" on this economic stimulus package.

Mrs. MCCARTHY of New York. Mr. Speaker, today, the House of Representatives will vote on another stimulus package that comes closer to the immediate needs of the country. We are all facing a sagging economy, escalating unemployment levels, and close to my home on Long Island, our concerns also include reconstruction efforts. Although this bill does not include everything I would have preferred, it is an improvement from the previous versions I opposed.

Although I support the provision extending unemployment benefits for an additional 13 weeks, this bill neglects the immediate unemployed health insurance needs of displaced workers. This bill provides a temporary tax credit equal to 60 percent of the cost of health insurance purchased by unemployed workers. This is a step in the right direction, but displaced workers need health insurance assistance now; not when they file their taxes next year.

New York is in dire straights because of the September 11 attacks. The sudden spike in unemployment levels has placed an enormous strain on unemployment rolls and other assistance programs. I was pleased the bill included \$3.9 billion in national emergency grants to states for health care and reemployment assistance for displaced workers, as well as an

additional \$4.6 billion for health care expenses.

In addition, this measure includes a number of temporary tax provisions for reconstruction incentives to businesses located in the New York Liberty Zone surrounding the World Trade Center. Among these provisions includes \$8 billion in tax-exempt bonds over the next three years for reconstruction in the areas of New York City damaged by the September 11 attacks. Also included are several measures intended to attract businesses back to New York City.

Nonetheless, I am disturbed over the procedural games this bill must endure. We had an opportunity to pass a Senate cleared unemployment extension measure on its merits which would have passed the House and been sent to the president. Unfortunately, several tax provisions were added to the bill, essentially making it impossible to pass the Senate.

Since September 11th, more than one million have seen their unemployment benefits expire. Another two million workers will exhaust their benefits over the next 6 months. Yet we continue to play partisan and procedural games holding the unemployed hostage. It's unfortunate that some of the positive measures of this bill will never see the president's desk.

America needs an economic stimulus package that prioritizes the needs of this country during this difficult time. Therefore we must address the needs of our workers as well as providing our businesses with stimulating tax cuts that provide the temporary relief they need. However, this will never be achieved if the same procedural games are played.

Ms. BALDWIN. Mr. Speaker, this past Tuesday the State of Wisconsin did something no other state has done, and something this chamber has failed to do. Wisconsin did what was right and decided to help unemployed workers by extending their unemployment insurance benefits for an additional 8 weeks. They did it without playing political games or attaching controversial measures intended to score political points but not help America's workers.

Only a few short days after September 11, Congress quickly rushed to rescue the airline industry and provided a \$15 billion package. This package provided airline executives with a guarantee that their million dollar salaries were safe, but included no provisions that helped the thousands of airline workers who were being laid off at an alarming pace.

The economic downturn, combined with the terrorist attacks, has caused many people to lose their jobs. Our unemployment is at its highest rate in about a decade. Yet, the House passed an economic stimulus bill that included millions of dollars in special tax breaks for big corporations, including Enron, but left behind those who needed financial help the most—Americans who have lost their jobs.

I applaud the State of Wisconsin for providing unemployed workers financial help for an additional 2 months while they look for a job. That means the people of Wisconsin will also have another 2 months to make their car payment, pay their house mortgage, and feed their families. I believe we must extend this assistance to all out-of-work Americans. It is our responsibility, our duty, to make sure that all unemployed or displaced workers have their benefits extended.

Today, this House had an opportunity to pass a bill that would have extended unemployment benefits to unemployed workers and gotten a prompt signature from the President. Sadly, tying unemployment benefits to another so-called economic stimulus bill will cause it to meet the fate of the previous 2 bills this House passed—it will go nowhere. We should follow Wisconsin's example and pass legislation that extends unemployment insurance benefits for at least another 13 weeks in a stand-alone bill. To do so otherwise is to turn our backs on the American people.

The SPEAKER pro tempore (Mr. LATOURETTE). All time for debate has expired.

Pursuant to House Resolution 347, the previous question is ordered.

PARLIAMENTARY INQUIRIES

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

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

Mr. RANGEL. Mr. Speaker, what would be the appropriate time for me to move that we concur with the Senate amendment to extend the unemployment compensation?

The SPEAKER pro tempore. The previous question is ordered on this motion to final adoption without intervening motion so there is no opportunity at this time.

Mr. RANGEL. Mr. Speaker, I have an additional parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. RANGEL. Will the minority have an opportunity to offer a substitute to the majority position?

The SPEAKER pro tempore. There is no such opportunity. The previous question is ordered to final adoption.

Mr. RANGEL. Mr. Speaker, my further and last parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. RANGEL. Does the minority have an opportunity to make a motion to recommit the majority's rule?

The SPEAKER pro tempore. The previous question is ordered to final adoption without intervening motion. The answer is no.

The question is on the motion offered by the gentleman from California (Mr. THOMAS).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. PORTMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 225, nays 199, not voting 11, as follows:

[Roll No. 38]

YEAS—225

Aderholt
Akin
Armey

Bachus
Baker
Ballenger

Barcia
Barr
Bartlett

Barton
Bass
Bereuter
Biggert
Bilirakis
Blunt
Boehler
Boehner
Bonilla
Bono
Boozman
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Coble
Collins
Combest
Cooksey
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goss
Graham
Granger
Graves
Green (WI)

Greenwood
Grucci
Gutknecht
Hall (TX)
Hansen
Harman
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hyde
Isakson
Israel
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
McCarthy (NY)
McCrery
McHugh
McInnis
McKeon
Mica
Miller, Gary
Miller, Jeff
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Osborne
Ose
Otter

Oxley
Paul
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sununu
Sweeney
Tancredo
Tauzin
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberti
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Watts (OK)
Weldon (FL)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NAYS—199

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barrett
Becerra
Bentsen
Berkley
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps

Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Crowley
Cummings
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett

Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank
Frost
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill
Hilliard
Hinchey
Hinojosa
Hoeffel

Holden	McGovern	Rush
Holt	McIntyre	Sabo
Honda	McKinney	Sanchez
Hooley	McNulty	Sanders
Hoyer	Meehan	Sandlin
Inslee	Meek (FL)	Sawyer
Jackson (IL)	Meeks (NY)	Schakowsky
Jackson-Lee	Menendez	Schiff
(TX)	Millender	Scott
Jefferson	McDonald	Serrano
Johnson, E. B.	Miller, George	Sherman
Jones (OH)	Mink	Skelton
Kanjorski	Mollohan	Slaughter
Kaptur	Moore	Smith (WA)
Kennedy (RI)	Moran (VA)	Snyder
Kildee	Morella	Solis
Kilpatrick	Murtha	Spratt
Kind (WI)	Nadler	Stark
Kleccka	Napolitano	Strickland
Kucinich	Neal	Stupak
LaFalce	Oberstar	Tanner
Lampson	Obey	Tauscher
Langevin	Olver	Taylor (MS)
Lantos	Ortiz	Thompson (CA)
Larsen (WA)	Owens	Thompson (MS)
Larson (CT)	Pallone	Thurman
Lee	Pascarell	Tierney
Levin	Pastor	Towns
Lewis (GA)	Pelosi	Turner
Lofgren	Peterson (MN)	Udall (CO)
Lowey	Phelps	Udall (NM)
Luther	Pomeroy	Velazquez
Lynch	Price (NC)	Visclosky
Maloney (CT)	Rahall	Waters
Maloney (NY)	Rangel	Watson (CA)
Markey	Reyes	Watt (NC)
Mascara	Rivers	Waxman
Matheson	Rodriguez	Weiner
Matsui	Roemer	Wexler
McCarthy (MO)	Ross	Woolsey
McCollum	Rothman	Wu
McDermott	Roybal-Allard	Wynn

NOT VOTING—11

Berman	Riley	Taylor (NC)
Brady (TX)	Roukema	Trafficant
Miller, Dan	Stenholm	Weldon (PA)
Payne	Stump	

□ 1417

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the motion just agreed to.

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

There was no objection.

RECESS OF SENATE FROM THURSDAY, FEBRUARY 14, 2002, OR FRIDAY, FEBRUARY 15, 2002, TO MONDAY, FEBRUARY 25, 2002, AND ADJOURNMENT OF HOUSE FROM THURSDAY, FEBRUARY 14, 2002, TO TUESDAY, FEBRUARY 26, 2002

The SPEAKER pro tempore laid before the House the following privileged Senate concurrent resolution (S. Con. Res. 97) providing for a conditional adjournment or recess of the Senate and a conditional adjournment of the House of Representatives.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 97

Resolved by the Senate (the House of Representatives concurring), That when the Sen-

ate recesses or adjourns at the close of business on Thursday, February 14, 2002, or Friday, February 15, 2002, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until 12:00 noon on Monday, February 25, 2002, or until such other time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the House adjourns on the legislative day of Thursday, February 14, 2002, it stand adjourned until 2:00 p.m. on Tuesday, February 26, 2002, or until Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate and the Speaker of the House, acting jointly after consultation with the Minority Leader of the Senate and the Minority Leader of the House, shall notify the Members of the Senate and House, respectively, to reassemble at such place and time as they may designate whenever, in their opinion, the public interest shall warrant it.

The SPEAKER pro tempore. Without objection, the Senate concurrent resolution is concurred in.

There was no objection.

A motion to reconsider was laid on the table.

AUTHORIZING THE SPEAKER, MAJORITY LEADER, AND MINORITY LEADER TO ACCEPT RESIGNATIONS AND TO MAKE APPOINTMENTS AUTHORIZED BY LAW OR BY THE HOUSE, NOTWITHSTANDING ADJOURNMENT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House until Tuesday, February 26, 2002, the Speaker, majority leader, and minority leader be authorized to accept resignations, to make appointments authorized by law or by the House.

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

There was no objection.

APPOINTMENT OF MEMBERS TO REPRESENT THE HOUSE OF REPRESENTATIVES AT APPROPRIATE CEREMONIES FOR THE OBSERVANCE OF GEORGE WASHINGTON'S BIRTHDAY

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that it shall be in order for the Speaker to appoint two Members of the House, one upon the recommendation of the minority leader, to represent the House of Representatives at appropriate ceremonies for the observance of George Washington's birthday to be held on Friday, February 22, 2002.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, FEBRUARY 27, 2002

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday, February 27, 2002.

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

There was no objection.

APPOINTMENT OF HON. FRANK R. WOLF TO ACT AS SPEAKER PRO TEMPORE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS THROUGH FEBRUARY 26, 2002

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

February 14, 2002.

I hereby appoint the Honorable FRANK R. WOLF to act as Speaker pro tempore to sign enrolled bills and joint resolutions through February 26, 2002.

J. DENNIS HASTERT,

Speaker of the House of Representatives.

The SPEAKER pro tempore. Without objection, the designation is approved.

There was no objection.

AMERICAN HEART MONTH

(Mr. SHIMKUS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHIMKUS. Mr. Speaker, I rise today in support of American Heart Month.

Sudden cardiac arrests lead to the death of over 230,000 Americans each year, including children. Take the case of Sean Morley, a 13-year-old boy from Buffalo Grove, Illinois. Playing baseball one day, a pitcher hurled a fast ball way inside and hit Sean in the chest. He immediately went into cardiac arrest. Thankfully, a nearby police officer was equipped with an automatic external defibrillator and was able to restore a normal heartbeat to the young ball player.

Like Sean Morley, more lives could be saved if communities had access to automatic external defibrillators and were trained to use them.

I have introduced legislation, along with my colleague, the gentlewoman from California (Mrs. CAPPS), which would provide grants to communities to establish public access to defibrillator programs. The Senate unanimously passed companion legislation last Friday, and I urge the House to quickly bring this legislation to the floor.

Mr. Speaker, 50,000 lives could be saved each year if more people implemented the chain of survival which includes the use of AEDs, or automatic external defibrillators.

PRAYERS FOR THE BURNHAMS

(Mr. TIAHRT asked and was given permission to address the House for 1