

Wilson (NM) Wolf Wu
Wilson (SC) Woolsey Young (AK)

NOES—19

Blumenauer Dooley Stark
Capuano Hill Stenholm
Costello Hinchey Taylor (MS)
Coyne Kleczka Visclosky
DeFazio Langevin Waters
DeGette Lee
Delahunt Oliver

NOT VOTING—46

Baldacci Cooksey McKinney
Ballenger Diaz-Balart Miller, Gary
Barcia Doolittle Moran (VA)
Barr Ehrlich Oberstar
Becerra Frost Paul
Bereuter Graham Peterson (PA)
Blagojevich Greenwood Roukema
Bonior Grucci Sawyer
Borski Hilliard Saxton
Boyd Hooley Stump
Callahan Houghton Tancred
Clay Jenkins Toomey
Clyburn LaFalce Wynn
Combest LaTourette Young (FL)
Condit Lipinski
Conyers McInnis

□ 2033

Ms. WATERS changed her vote from "aye" to "no."

Ms. RIVERS changed her vote from "no" to "aye."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. BEREUTER. Mr. Speaker, on November 14, 2002, this Member unavoidably missed two roll call votes. On Roll Call Number 481 (motion to recommit on H.R. 5708, a bill to reduce pre-existing PAYBO Balances), this Member would have voted "no." On Roll Call Number 482 (final passage of H.R. 5708), this Member would have voted "aye."

ARMED FORCES TAX FAIRNESS
ACT OF 2002

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 609, I call up the bill (H.R. 5063) to amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services in determining the exclusion of gain from the sale of a principal residence and to restore the tax exempt status of death gratuity payments to members of the uniformed services and ask for its immediate consideration.

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. SIMPSON). The Clerk will designate the motion.

The text of the motion is as follows:

A motion offered by Mr. THOMAS that the House concur in each of the Senate amendments with the respective amendment printed in House Report 107-784, as follows:

Senate amendments:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; ETC.

(a) **SHORT TITLE.**—This Act may be cited as the "Armed Forces Tax Fairness Act of 2002".

(b) **AMENDMENT OF 1986 CODE.**—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.**—The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—IMPROVING TAX EQUITY FOR
MILITARY PERSONNEL

Sec. 101. Exclusion from gross income of certain death gratuity payments.

Sec. 102. Exclusion of gain from sale of a principal residence by a member of the uniformed services or the Foreign Service.

Sec. 103. Exclusion for amounts received under Department of Defense Homeowners Assistance Program.

Sec. 104. Expansion of combat zone filing rules to contingency operations.

Sec. 105. Above-the-line deduction for overnight travel expenses of National Guard and Reserve members.

Sec. 106. Modification of membership requirement for exemption from tax for certain veterans' organizations.

Sec. 107. Clarification of treatment of certain dependent care assistance programs.

TITLE II—OTHER PROVISIONS

Sec. 201. Revision of tax rules on expatriation.

Sec. 202. Extension of IRS user fees.

Sec. 203. Partial payment of tax liability in installment agreements.

TITLE I—IMPROVING TAX EQUITY FOR
MILITARY PERSONNELSEC. 101. EXCLUSION FROM GROSS INCOME OF
CERTAIN DEATH GRATUITY PAYMENTS.

(a) **IN GENERAL.**—Subsection (b)(3) of section 134 (relating to certain military benefits) is amended by adding at the end the following new subparagraph:

"(C) **EXCEPTION FOR DEATH GRATUITY ADJUSTMENTS MADE BY LAW.**—Subparagraph (A) shall not apply to any adjustment to the amount of death gratuity payable under chapter 75 of title 10, United States Code, which is pursuant to a provision of law enacted after September 9, 1986."

(b) **CONFORMING AMENDMENT.**—Subparagraph (A) of section 134(b)(3) is amended by striking "subparagraph (B)" and inserting "subparagraphs (B) and (C)".

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to deaths occurring after September 10, 2001.

SEC. 102. EXCLUSION OF GAIN FROM SALE OF A
PRINCIPAL RESIDENCE BY A MEMBER OF THE
UNIFORMED SERVICES OR THE FOREIGN SERVICE.

(a) **IN GENERAL.**—Subsection (d) of section 121 (relating to exclusion of gain from sale of principal residence) is amended by adding at the end the following new paragraph:

"(9) **MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE.**—

"(A) **IN GENERAL.**—At the election of an individual with respect to a property, the running of the 5-year period described in subsection (a) with respect to such property shall be suspended during any period that such individual or such individual's spouse is serving on qualified official extended duty as a member of the uniformed services or of the Foreign Service of the United States.

"(B) **MAXIMUM PERIOD OF SUSPENSION.**—The 5-year period described in subsection (a) shall not be extended more than 10 years by reason of subparagraph (A).

"(C) **QUALIFIED OFFICIAL EXTENDED DUTY.**—For purposes of this paragraph—

"(i) **IN GENERAL.**—The term 'qualified official extended duty' means any extended duty while serving at a duty station which is at least 50 miles from such property or while residing under Government orders in Government quarters.

"(ii) **UNIFORMED SERVICES.**—The term 'uniformed services' has the meaning given such term by section 101(a)(5) of title 10, United States Code, as in effect on the date of the enactment of this paragraph.

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

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

"(D) **SPECIAL RULES RELATING TO ELECTION.**—

"(i) **ELECTION LIMITED TO 1 PROPERTY AT A TIME.**—An election under subparagraph (A) with respect to any property may not be made if such an election is in effect with respect to any other property.

"(ii) **REVOCATION OF ELECTION.**—An election under subparagraph (A) may be revoked at any time."

(b) **EFFECTIVE DATE; SPECIAL RULE.**—

(1) **EFFECTIVE DATE.**—The amendment made by this section shall take effect as if included in the amendments made by section 312 of the Taxpayer Relief Act of 1997.

(2) **WAIVER OF LIMITATIONS.**—If refund or credit of any overpayment of tax resulting from the amendment made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 103. EXCLUSION FOR AMOUNTS RECEIVED
UNDER DEPARTMENT OF DEFENSE
HOMEOWNERS ASSISTANCE PROGRAM.

(a) **IN GENERAL.**—Section 132(a) (relating to the exclusion from gross income of certain fringe benefits) is amended by striking "or" at the end of paragraph (6), by striking the period at the end of paragraph (7) and inserting ", or" and by adding at the end the following new paragraph:

"(8) qualified military base realignment and closure fringe."

(b) **QUALIFIED MILITARY BASE REALIGNMENT AND CLOSURE FRINGE.**—Section 132 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) **QUALIFIED MILITARY BASE REALIGNMENT AND CLOSURE FRINGE.**—For purposes of this section, the term 'qualified military base realignment and closure fringe' means 1 or more payments under the authority of section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374) to offset the adverse effects on housing values as a result of a military base realignment or closure."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to payments made after the date of the enactment of this Act.

SEC. 104. EXPANSION OF COMBAT ZONE FILING
RULES TO CONTINGENCY OPERATIONS.

(a) **IN GENERAL.**—Section 7508(a) (relating to time for performing certain acts postponed by reason of service in combat zone) is amended—

(1) by inserting "or when deployed outside the United States away from the individual's permanent duty station while participating in an operation designated by the Secretary of Defense as a contingency operation (as defined in section 101(a)(13) of title 10, United States Code) or which became such a contingency operation by operation of law" after "section 112",

(2) by inserting in the first sentence "or at any time during the period of such contingency operation" after "for purposes of such section",

(3) by inserting "or operation" after "such an area", and

(4) by inserting "or operation" after "such area".

(b) CONFORMING AMENDMENTS.—

(1) Section 7508(d) is amended by inserting "or contingency operation" after "area".

(2) The heading for section 7508 is amended by inserting "**OR CONTINGENCY OPERATION**" after "**COMBAT ZONE**".

(3) The item relating to section 7508 in the table of sections for chapter 77 is amended by inserting "or contingency operation" after "combat zone".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any period for performing an act which has not expired before the date of the enactment of this Act.

SEC. 105. ABOVE-THE-LINE DEDUCTION FOR OVERNIGHT TRAVEL EXPENSES OF NATIONAL GUARD AND RESERVE MEMBERS.

(a) DEDUCTION ALLOWED.—Section 162 (relating to certain trade or business expenses) is amended by redesignating subsection (p) as subsection (q) and inserting after subsection (o) the following new subsection:

"(p) TREATMENT OF EXPENSES OF MEMBERS OF RESERVE COMPONENT OF ARMED FORCES OF THE UNITED STATES.—For purposes of subsection (a)(2), in the case of an individual who performs services as a member of a reserve component of the Armed Forces of the United States at any time during the taxable year, such individual shall be deemed to be away from home in the pursuit of a trade or business for any period during which such individual is away from home in connection with such service."

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ELECTS TO ITEMIZE.—Section 62(a)(2) (relating to certain trade and business deductions of employees) is amended by adding at the end the following new subparagraph:

"(E) CERTAIN EXPENSES OF MEMBERS OF RESERVE COMPONENTS OF THE ARMED FORCES OF THE UNITED STATES.—The deductions allowed by section 162 which consist of expenses, in amounts not in excess of the rates for travel expenses (including per diem in lieu of subsistence) authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, paid or incurred by the taxpayer in connection with the performance of services by such taxpayer as a member of a reserve component of the Armed Forces of the United States."

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

SEC. 106. MODIFICATION OF MEMBERSHIP REQUIREMENT FOR EXEMPTION FROM TAX FOR CERTAIN VETERANS' ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (B) of section 501(c)(19) (relating to list of exempt organizations) is amended by striking "or widowers" and inserting "widowers, or ancestors or lineal descendants".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 107. CLARIFICATION OF THE TREATMENT OF CERTAIN DEPENDENT CARE ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Section 134(b) (defining qualified military benefit) is amended by adding at the end the following new paragraph:

"(4) CLARIFICATION OF CERTAIN BENEFITS.—For purposes of paragraph (1), such term includes any dependent care assistance program for any individual described in paragraph (1)(A)."

(b) CONFORMING AMENDMENTS.—

(1) Section 134(b)(3)(A) is amended by inserting "and paragraph (4)" after "subparagraph (B)".

(2) Section 3121(a)(18) is amended by striking "or 129" and inserting "129, or 134(b)(4)".

(3) Section 3306(b)(13) is amended by striking "or 129" and inserting "129, or 134(b)(4)".

(4) Section 3401(a)(18) is amended by striking "or 129" and inserting "129, or 134(b)(4)".

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

(d) NO INFERENCE.—No inference may be drawn from the amendments made by this section with respect to the tax treatment of any amounts under the program described in section 134(b)(4) of the Internal Revenue Code of 1986 (as added by this section) for any taxable year beginning before January 1, 2002.

TITLE II—OTHER PROVISIONS

SEC. 201. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

"SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

"(a) GENERAL RULES.—For purposes of this subtitle—

"(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

"(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

"(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

"(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

"(3) EXCLUSION FOR CERTAIN GAIN.—

"(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by \$600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

"(B) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2002, the \$600,000 amount under subparagraph (A) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of \$1,000, such amount shall be rounded to the next lower multiple of \$1,000.

"(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

"(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

"(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

"(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

"(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

"(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

"(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

"(iii) complies with such other requirements as the Secretary may prescribe.

"(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

"(b) ELECTION TO DEFER TAX.—

"(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

"(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

"(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

"(4) SECURITY.—

"(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

"(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

"(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

"(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

"(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

"(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

"(7) INTEREST.—For purposes of section 6601—

"(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

"(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

"(c) COVERED EXPATRIATE.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

“(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

“(A) the individual—

“(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

“(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

“(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

“(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

“(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

“(1) EXEMPT PROPERTY.—This section shall not apply to the following:

“(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

“(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

“(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

“(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

“(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

“(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

“(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

“(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

“(D) APPLICABLE PLANS.—This paragraph shall apply to—

“(i) any qualified retirement plan (as defined in section 4974(c)),

“(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

“(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

“(e) DEFINITIONS.—For purposes of this section—

“(1) EXPATRIATE.—The term ‘expatriate’ means—

“(A) any United States citizen who relinquishes citizenship, and

“(B) any long-term resident of the United States who—

“(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

“(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

“(2) EXPATRIATION DATE.—The term ‘expatriation date’ means—

“(A) the date an individual relinquishes United States citizenship, or

“(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

“(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

“(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

“(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

“(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

“(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

“(4) LONG-TERM RESIDENT.—The term ‘long-term resident’ has the meaning given to such term by section 877(e)(2).

“(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

“(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

“(A) the individual shall not be treated as having sold such interest,

“(B) such interest shall be treated as a separate share in the trust, and

“(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

“(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

“(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

“(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

“(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

“(i) paragraph (1) and subsection (a) shall not apply, and

“(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

“(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

“(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

“(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

“(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

“(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

“(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting ‘5 percentage points’ for ‘3 percentage points’ in subparagraph (B) thereof.

“(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

“(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

“(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

“(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

“(E) TAX DEDUCTED AND WITHHELD.—

“(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

“(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

“(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

“(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

“(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

“(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

“(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

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

“(i) **QUALIFIED TRUST.**—The term ‘qualified trust’ means a trust which is described in section 7701(a)(30)(E).

“(ii) **VESTED INTEREST.**—The term ‘vested interest’ means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

“(iii) **NONVESTED INTEREST.**—The term ‘nonvested interest’ means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

“(iv) **ADJUSTMENTS.**—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

“(v) **COORDINATION WITH RETIREMENT PLAN RULES.**—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

“(3) **DETERMINATION OF BENEFICIARIES’ INTEREST IN TRUST.**—

“(A) **DETERMINATIONS UNDER PARAGRAPH (1).**—For purposes of paragraph (1), a beneficiary’s interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

“(B) **OTHER DETERMINATIONS.**—For purposes of this section—

“(i) **CONSTRUCTIVE OWNERSHIP.**—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

“(ii) **TAXPAYER RETURN POSITION.**—A taxpayer shall clearly indicate on its income tax return—

“(I) the methodology used to determine that taxpayer’s trust interest under this section, and

“(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary’s trust interest under this section.

“(g) **TERMINATION OF DEFERRALS, ETC.**—In the case of any covered expatriate, notwithstanding any other provision of this title—

“(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

“(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

“(h) **IMPOSITION OF TENTATIVE TAX.**—

“(1) **IN GENERAL.**—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

“(2) **DUE DATE.**—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

“(3) **TREATMENT OF TAX.**—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

“(4) **DEFERRAL OF TAX.**—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

“(i) **SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.**—

“(1) **IMPOSITION OF LIEN.**—

“(A) **IN GENERAL.**—If a covered expatriate makes an election under subsection (a)(4) or (b)

which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

“(B) **DEFERRED AMOUNT.**—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate’s income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

“(2) **PERIOD OF LIEN.**—The lien imposed by this subsection shall arise on the expatriation date and continue until—

“(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

“(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

“(3) **CERTAIN RULES APPLY.**—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

“(j) **REGULATIONS.**—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.”

(b) **INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.**—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

“(d) **GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.**—

“(1) **IN GENERAL.**—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

“(2) **EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.**—Paragraph (1) shall not apply to any property if either—

“(A) the gift, bequest, devise, or inheritance is—

“(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

“(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

“(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.”

(c) **DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.**—Section 7701(a) is amended by adding at the end the following new paragraph:

“(48) **TERMINATION OF UNITED STATES CITIZENSHIP.**—

“(A) **IN GENERAL.**—An individual shall not cease to be treated as a United States citizen before the date on which the individual’s citizenship is treated as relinquished under section 877A(e)(3).

“(B) **DUAL CITIZENS.**—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.”

(d) **INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.**—

(1) **IN GENERAL.**—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

“(E) **FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.**—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).”

(2) **AVAILABILITY OF INFORMATION.**—

(A) **IN GENERAL.**—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

“(18) **DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.**—Upon written request of the Attorney General or the Attorney General’s delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).”

(B) **SAFEGUARDS.**—Section 6103(p)(4) (relating to safeguards) is amended by striking “or (17)” each place it appears and inserting “(17), or (18)”.

(3) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) **CONFORMING AMENDMENTS.**—

(1) Section 877 is amended by adding at the end the following new subsection:

“(g) **APPLICATION.**—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after September 12, 2002.”

(2) Section 2107 is amended by adding at the end the following new subsection:

“(f) **APPLICATION.**—This section shall not apply to any expatriate subject to section 877A.”

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

“(F) **APPLICATION.**—This paragraph shall not apply to any expatriate subject to section 877A.”

(4)(A) Paragraph (1) of section 6039G(d) is amended by inserting “or 877A” after “section 877”.

(B) The second sentence of section 6039G(e) is amended by inserting “or who relinquishes United States citizenship (within the meaning of section 877A(e)(3))” after “877(a)”.

(C) Section 6039G(f) is amended by inserting “or 877A(e)(2)(B)” after “877(e)(1)”.

(f) **CLERICAL AMENDMENT.**—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

“Sec. 877A. Tax responsibilities of expatriation.”

(g) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after September 12, 2002.

(2) **GIFTS AND BEQUESTS.**—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after September 12, 2002, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) **DUE DATE FOR TENTATIVE TAX.**—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

SEC. 202. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

“SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.

“(a) GENERAL RULE.—The Secretary shall establish a program requiring the payment of user fees for—

“(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

“(2) other similar requests.

“(b) PROGRAM CRITERIA.—

“(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

“(A) shall vary according to categories (or subcategories) established by the Secretary,

“(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

“(C) shall be payable in advance.

“(2) EXEMPTIONS, ETC.—

“(A) IN GENERAL.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

“(B) EXEMPTION FOR CERTAIN REQUESTS REGARDING PENSION PLANS.—The Secretary shall not require payment of user fees under such program for requests for determination letters with respect to the qualified status of a pension benefit plan maintained solely by 1 or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

“(i) made after the later of—

“(I) the fifth plan year the pension benefit plan is in existence, or

“(II) the end of any remedial amendment period with respect to the plan beginning within the first 5 plan years, or

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

“(C) DEFINITIONS AND SPECIAL RULES.—For purposes of subparagraph (B)—

“(i) PENSION BENEFIT PLAN.—The term ‘pension benefit plan’ means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

“(ii) ELIGIBLE EMPLOYER.—The term ‘eligible employer’ means an eligible employer (as defined in section 408(p)(2)(C)(i)(I)) which has at least 1 employee who is not a highly compensated employee (as defined in section 414(q)) and is participating in the plan. The determination of whether an employer is an eligible employer under subparagraph (B) shall be made as of the date of the request described in such subparagraph.

“(iii) DETERMINATION OF AVERAGE FEES CHARGED.—For purposes of any determination of average fees charged, any request to which subparagraph (B) applies shall not be taken into account.

“(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

Category	Average Fee
Employee plan ruling and opinion	\$250
Exempt organization ruling	\$350
Employee plan determination	\$300
Exempt organization determination ...	\$275
Chief counsel ruling	\$200.

“(c) TERMINATION.—No fee shall be imposed under this section with respect to requests made after September 30, 2012.”.

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 77 is amended by adding at the end the following new item:

“Sec. 7527. Internal Revenue Service user fees.”.

(2) Section 10511 of the Revenue Act of 1987 is repealed.

(3) Section 620 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is repealed.

(c) LIMITATIONS.—Notwithstanding any other provision of law, any fees collected pursuant to section 7527 of the Internal Revenue Code of 1986, as added by subsection (a), shall not be expended by the Internal Revenue Service unless provided by an appropriations Act.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 203. PARTIAL PAYMENT OF TAX LIABILITY IN INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—

(1) Section 6159(a) (relating to authorization of agreements) is amended—

(A) by striking “satisfy liability for payment of” and inserting “make payment on”, and

(B) by inserting “full or partial” after “facilitate”.

(2) Section 6159(c) (relating to Secretary required to enter into installment agreements in certain cases) is amended in the matter preceding paragraph (1) by inserting “full” before “payment”.

(b) REQUIREMENT TO REVIEW PARTIAL PAYMENT AGREEMENTS EVERY TWO YEARS.—Section 6159 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and inserting after subsection (c) the following new subsection:

“(d) SECRETARY REQUIRED TO REVIEW INSTALLMENT AGREEMENTS FOR PARTIAL COLLECTION EVERY TWO YEARS.—In the case of an agreement entered into by the Secretary under subsection (a) for partial collection of a tax liability, the Secretary shall review the agreement at least once every 2 years.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date of the enactment of this Act.

Amend the title so as to read: “An Act to amend the Internal Revenue Code of 1986 to improve tax equity for military personnel, and for other purposes.”.

Amendment printed in House Report 107-784:

Strike all after the enacting clause and insert the following:

SECTION 1. Section 114 of Public Law 107-229 is amended by striking “the date specified in section 107(c) of this joint resolution” and inserting “March 31, 2003”.

SEC. 2. (a) IN GENERAL.—The Temporary Extended Unemployment Compensation Act of 2002 (26 U.S.C. 3304 note) is amended by adding at the end the following:

“SEC. 210. EXTENSION OF PROGRAM IN HIGH UNEMPLOYMENT STATES.

“(a) IN GENERAL.—Notwithstanding section 208(2), an agreement entered into under this title shall apply to weeks of unemployment beginning after December 28, 2002, and ending before February 2, 2003, but only as provided in this section and section 211.

“(b) NEW ACCOUNT.—If, at any time during the period described in subsection (a), an individual’s State is in an extended benefit period (as determined under section 203(c)(2)), and such individual meets the requirements of section 202(b)-(c), such State shall establish an account under this section for such individual (to be available beginning with the individual’s first week of unemployment within such period as to which both of those conditions are met) in an amount equal to the amount determined in accordance with section 203(b).

“(c) ELIGIBILITY FOR PAYMENTS.—In the case of an individual for whom an account is established under subsection (b)—

“(1) temporary extended unemployment compensation shall be payable for any week of unemployment described in subsection (a)

for which such individual would qualify if the criteria in effect for the week ending on December 28, 2002, were applied (and section 202(d)(3) were disregarded); and

“(2) any temporary extended unemployment compensation payable to an individual under this section shall be payable only out of the account established for such individual under subsection (b).

“(d) INELIGIBLE INDIVIDUALS.—Notwithstanding any other provision of this section, no account under subsection (b) shall be established for the benefit of an individual for whom an account was established under section 203, if—

“(1) such account was at any time augmented in the manner described in section 203(c); and

“(2) such account (as so augmented)—

“(A) was exhausted before December 29, 2002; or

“(B) remains available, for weeks beginning on or after December 29, 2002, by virtue of section 211.

“SEC. 211. PHASE-OUT PROVISIONS.

“(a) IN GENERAL.—In the case of an individual who is receiving temporary extended unemployment compensation for a week of unemployment ending on December 28, 2002, the provisions of this title and of any agreement then in effect shall be applied in a manner such that any amounts remaining in an account established for such individual under section 203 as of that date shall continue to remain available to the same extent and in the same manner as if section 208(2) had been amended by striking ‘January 1’ and inserting ‘February 2’.

“(b) COORDINATION PROVISION.—After any amounts (in an account established under section 203) remaining available for the benefit of an individual by virtue of subsection (a) are exhausted, section 210 shall apply to such individual in accordance with its terms.

“(c) RULE OF CONSTRUCTION.—Nothing in this title shall be considered to permit or require the payment of any amount, out of an account established under section 203 or 210, for any week of unemployment ending after February 1, 2003.”.

(b) CLERICAL AMENDMENT.—The table of contents of Public Law 107-147 is amended by inserting after the item relating to section 209 the following:

“210. Extension of program in high unemployment States.

“211. Phase-out provisions.”.

SEC. 3. Section 1848(i)(1)(C) of the Social Security Act (42 U.S.C. 1395w-4(i)(1)(C)) is amended to read as follows:

“(C) the determination of conversion factors under subsection (d), including without limitation a prospective redetermination of the sustainable growth rates for any or all previous fiscal years.”.

Amend the title so as to read as follows: “An Act to make technical amendments to the Social Security Act and related Acts.”.

The SPEAKER pro tempore. Pursuant to House Resolution 609, the gentleman from California (Mr. THOMAS) and the gentleman from California (Mr. STARK) each will control 30 minutes.

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that the time allotted be 30 minutes in its entirety, divided equally between myself and the gentleman from California (Mr. STARK).

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

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS)

and the gentleman from California (Mr. STARK) each will control 15 minutes.

The Chair recognizes the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume. I want to thank the gentleman from California for the courtesy so that we can expeditiously examine this very modest bill. As we discussed under the rule earlier, there are three provisions in the bill: one, to correct a flaw dealing with the continuation of TANF, or welfare; secondly, to make sure that the unemployment program, in a modest way, continues until the House reconvenes in the 108th Congress; and the third is to provide the administration with some legal protection if they decide to make some decisions which would allow some adjustments in the Medicare program.

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

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

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

Mr. STARK. Mr. Speaker, I suspect that many people will vote for this bill, but it cannot go unnoticed that the bill does not do nearly enough. It is a day late and a dollar short. It does not really improve Medicare and deal with many of the providers. It merely gives the administration, hopefully, the right to correct a glitch in the way physicians are reimbursed. There is some great discussion going on that they may already have that. The fight seems to be that correcting the physician glitch will cost 43 billion bucks and the question is, Do we get billed again for that or does the administration? And does it fit, or increase the deficit or does it not? So there is no guarantee that your physician friends will get their problem corrected. There is some guarantee that the hospitals, nursing homes, rural hospitals, teaching hospitals and the uninsured will absolutely get nothing.

As to the welfare reform bill, there may be a lot of blame as to why we have not reauthorized it; but in any event, since 1996, the day it was passed, the funding for welfare reform, or welfare payments in this country has dropped by 11 percent. We are not doing anything to increase it and that is tragic. Welfare reform is more than a benefit check. It is child care and job training; it is education, the very foundations of self-sufficiency.

It is too bad now, particularly that we do not worry about PAYGO anymore, that we cannot at least deal with the millions of poor families even a tenth as well as we deal with the very rich in the tax cuts that we have given them. Fourteen million families eligible for child care assistance do not receive it and millions of Americans out of work are struggling. We are not doing an adequate job in unemployment, where this bill really falls down. I will turn soon to my colleague from

Maryland, the ranking member of the Subcommittee on Human Resources, to explain that to you. We have spent trillions of dollars in tax cuts for the rich and we are tonight going to talk about a mere billion dollars to extend unemployment benefits for only a small portion of the Americans who are struggling. Again, it is not fair and it is not adequate.

There was a time when we in Congress could hold up our heads high and say that we took care of all Americans who were unable to fend for themselves. We are not even doing that. I think that it is tragic that here we are in the last hours of this Congress and we are attending to something that I do not think any bill at this time could correct all the problems. It is kind of a sad commentary that we have come this far and left so many people impoverished and unaided by a government that has given so much to the wealthy.

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

Mr. THOMAS. Mr. Speaker it is my pleasure to yield 1 minute to the gentleman from California (Mr. HERGER), the chairman of the Subcommittee on Human Resources of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, I rise in support of H.R. 5063, as amended. This bill would temporarily extend unemployment benefits for an additional 5 weeks. It also will extend the funding and rules for the Nation's welfare reform program through March 31, 2003, allowing us additional time to reauthorize the historic 1996 law.

Mr. Speaker, we must keep the pressure on to reauthorize welfare reform for 5 years as quickly as possible. This will be our goal in the next Congress, and we look forward to working with both Republicans and Democrats to get this job done.

I urge my colleagues to support this bill.

Mr. STARK. Mr. Speaker, I am pleased to yield 3 minutes to the distinguished gentleman from Maryland (Mr. CARDIN), the ranking member of the Subcommittee on Human Resources.

Mr. CARDIN. Mr. Speaker, let me thank the gentleman from California for yielding me this time. As the chairman of the Committee on Ways and Means has said, this is a modest bill that moves forward in three areas in a very modest way. It is the last train out of the station, and I would urge my colleagues to support the bill.

Mr. Speaker, it does deal, as the chairman of the Subcommittee on Human Resources said, with a 3-month extension of TANF. That is better than what was in the continuing resolution. It guarantees that our States will receive at least their first quarter payments. That is important. But I know we are all disappointed that we were unable in this Congress to reauthorize the program for 5 years. Certainly we wanted to reauthorize it for more than 3 months.

Secondly, the gentleman from California (Mr. STARK) has already commented on the Medicare provisions. We hope that the provisions here will help the physician reimbursement system. But we are all disappointed that we were unable to complete the structure changes for skilled nursing facilities, rehabilitation therapists, hospitals, home health. There were provisions in here that were noncontroversial for our military. None of that was able to get accomplished in this Congress, and I think we are all very disappointed that we were unable to do that.

But, Mr. Speaker, I want to talk about the third area, unemployment insurance. Yes, there is a modest improvement in the underlying legislation, but I think we should be very disappointed that we have done nothing at all to help the 1.8 million Americans who will have exhausted their unemployment insurance benefits before we will have an opportunity to revisit this program again next year. That is particularly disappointing when you recognize the fact that in every prior recession, in a bipartisan way, we have extended Federal unemployment insurance benefits as a safety net to those who are hurt through the recession through no fault of their own.

We have \$25 billion in the Federal unemployment trust account. The money is there. The number of people suffering from long-term unemployment has doubled over the last year. We know that if we provide assistance that money will get back into the economy quickly and help us in the recovery. That is why in every prior recession, we have been very clear in providing additional help through the Federal unemployment insurance system. Yet in this recession we have failed. I think that is extremely disappointing, and I would hope that we could have done better.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Pennsylvania (Mr. ENGLISH), a member of the Committee on Ways and Means.

Mr. ENGLISH. Mr. Speaker, more than 800,000 unemployed workers throughout the U.S. and over 35,000 in Pennsylvania alone are faced with the grim reality that their unemployment benefits will end just 3 days after Christmas. With the economy in such bad straits and so many working families suffering, we cannot stand by and let the Grinch steal Christmas from the unemployed whose holidays are already constrained by an extended period of unemployment. This cutoff is hanging like a sword of Damocles, like a Grinch, over these families; and we need to act today.

This bill removes the December 28 cutoff on benefits. It allows more than 800,000 unemployed workers nationwide who will already be receiving extended benefits to temporarily continue receiving benefits when the current program expires. This bill extends federally funded benefits by up to 5 weeks

per individual. This bill continues through January 2003 the current availability of additional weeks of federally funded extended benefits in certain high-unemployment States. As a long-time supporter of this issue, I feel it critical that we move now to provide extended unemployment benefits to these families.

I urge my colleagues to join me in standing up to the Grinch and making sure that America's unemployed continue to receive benefits after Christmas.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. LEVIN), who understands that while the opposition is willing to spend over a trillion dollars in tax cuts to the wealthy, they are unwilling to make good on their earlier promise to spend a thousandth of that amount to insure nursing home patients.

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

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Mr. LEVIN. Mr. Speaker, first on unemployment comp, the gentleman from Pennsylvania (Mr. ENGLISH), about 35,000 will be benefitted, at the most, 5 weeks. More than twice that will face Christmas having exhausted their benefits and get no help through extended benefits because of the failure of this Congress to act more than twice. So this is not really a modest program. It is really a flawed program and an inferior one because 800,000 will get several weeks. Over 1,800,000 who will exhaust their benefits will get zero, and it will be simply because of the accident of when they exhausted their benefits. If they exhausted them earlier or later, they come up with zero, and that is not the way this country should respond to the needs of people who are unemployed through no fault of their own.

Let me just finish by saying something about this approach in terms of physicians. We needed to do something, but what you are doing is essentially more appearance than it is reality in terms of the cost. You do not come forth here with a proposal that addresses this directly, which will cost \$20 to \$60 billion over 10 years. You do not want CBO to score it. So you come forth and give carte blanche to the administration to do what they say they cannot do anyway, and because it would be done administratively it would not be scored, but it will come out of the budget and will add \$20 to \$80 billion in the deficit over 10 years, and it will not address the other needs of other providers. That really is one modest approach. It is a flawed and inferior approach. It forces us perhaps to vote yes, but realizing the terrible, terrible shortcomings of this approach.

Mr. THOMAS. Mr. Speaker, I yield 1 minute to the gentlewoman from Washington (Ms. DUNN), a member of the Committee on Ways and Means.

(Ms. DUNN asked and was given permission to revise and extend her remarks.)

Ms. DUNN. Mr. Speaker, as we all know, the extended unemployment benefits we passed last year are due to expire on December 28. Without an extension thousands of dislocated workers will lose the unemployment benefits they need to make ends meet as they search for a job. The problem is extenuated in areas like Washington State, where unemployment rates continue to be high and jobs are very tough to find.

Extending the Federal unemployment benefits for an additional 5 weeks will help about 45,400 dislocated workers living in Washington State alone. It is the least that we in Congress can do before adjourning for the year to ensure that every family has a happy holiday season. This bill is a targeted approach to help individuals who need it the most. It is a step toward providing temporary assistance at a time when our country is getting back on the track to recovery.

I urge my colleagues to vote for this important bill, and I hope that the other body will adopt this bill before leaving for the year.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Washington (Mr. McDERMOTT).

Mr. McDERMOTT. Mr. Speaker, this is a really interesting bill because it really kind of lays it out cold-bloodedly. The President, or the White House, has had 2 million jobs lost since they came into office, and they do not care. When the White House announced their special interests for this session, they said we want homeland security, we want Federal judges and we want terrorism insurance. Not one single word about the economy.

I come from a State where there is 7 percent unemployment. The Northwest is the highest in the country. And anybody who exhausts their benefits before January 1 gets nothing. Oh, excuse me. They get 5 weeks after the first of the year. That is all they get is 5 weeks. As the gentleman from Maryland (Mr. CARDIN) has already said, we have \$25 billion sitting in a fund to deal with this, and you come out here with a 5-week plan. I mean Merry Christmas, folks. Are you going to send turkeys around at Thanksgiving also as part of this program? Why can you not ever admit that you fouled up the economy and the people you have put out of work you are unwilling to take care of when you have the money sitting there? It is sitting there. I cannot understand how you are going to go home to people and say, well, we are sorry, we will be back in on January 7 and we will pass something real quick; so do not worry, do not worry, do not worry. I mean you are saying at Christmas time to people you are not going to take care of them.

Our unemployment in this country, we have gone up 25 percent in long-term unemployment in the last 6 months, and there is no question between now and February an estimated 1.8 million people are going to lose

their unemployment insurance, and you are not doing anything for them, just a little tiny Band-Aid. And it is pretty clear where your priorities are. You are willing in the last bill to take off all the financial controls to spend on defense, to go \$100 billion, \$200 billion into debt in Iraq, but you will not give anything but 5 weeks of unemployment to the people who have lost their jobs in this mess you have created.

I think that we will be back in January, we will all vote for this. We know it is inadequate, but that is what you are offering them, and we are not going to say no. We are not fools. But the fact is you are going to come back in here in January and you are going to hear the same speech from me because I am going to say to you why are you only taking it 3 months or you will go 6 months? You will not recognize what you have created here, and you have long-term unemployment that is going up in this country and you just cannot seem to face it. So we will vote on this inadequate piece.

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

I appreciate the gentleman's argument that we are giving someone 5 weeks. That is like saying we picked up a hitchhiker on the West Coast and drove him within three blocks of the Statue of Liberty and he is complaining because we did not drop him right at the door. As a matter of fact, we did not wait until he finished his business and then took him back to California. Because the facts are, and the gentleman is from Washington State so let us use Washington State, there are people in Washington State who have received more than 1 year of unemployment benefits. They have received 26 weeks, an additional 26 weeks, and the 5 weeks the gentleman from Washington (Mr. McDERMOTT) was talking about was part of, on top of all of those months, an additional 13 weeks which was a 50/50 match between the State and the Federal Government. And of course States have their own programs in which they can continue to extend it.

So for the gentleman to take the time to create the impression that all we are doing is 5 weeks is to say that at the very least that is 5 weeks on top of 26 weeks, on top of 26 weeks, on top of an additional 7. So when you really look at it in terms of the way in which the benefits have been provided, a short way of saying it is there are people who have received unemployment benefits for better than a year.

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

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

I guess that the distinguished chairman of the Committee on Ways and Means and the gentlewoman from Washington State (Ms. DUNN), the previous speaker, said it all. It is the least we can do, and it is a modest bill. We could do better. We should do better.

We have never had a modest tax cut coming from the other side of the aisle. It is only modest when we try to help the least fortunate among us. So while one never looks a gift horse in the mouth, I am sure that the few people it does help will be happy. I intend to support the bill. I only wish that we could have had the leadership to do better for more people in this country.

Mr. KUCINICH. Mr. Speaker, last month's New York Times predicted that if there is to be an economic recovery in our future, it will be a "jobless recovery." I would submit that for the 8.2 million Americans who are unemployed, an economic recovery that does not provide more jobs is no recovery at all. And of course, as consumer confidence plunged to a nine year low in October, any economic recovery—with or without more job openings—seems strongly in doubt.

For this reason, H.R. 5063's plan to extend the Temporary Emergency Unemployment Compensation (TEUC) program, which is presently scheduled to expire on December 28, 2002, is woefully inadequate and provides an extremely limited amount of additional unemployment relief.

According to the Center on Budget and Policy Priorities, between now and February 2, 2003, 1.8 million jobless workers in need of assistance would fail to receive it under this plan. Only three states, Arkansas, Oregon, and Washington, are eligible for the five-week extension of the TEUC program authorized by this bill.

And when one considers that the number of long-term unemployed who are looking for work after 27 weeks almost doubled over the last year, that the Economic Policy Institute has reported there are 2.7 unemployed workers for every job opening, and that the Congressional Budget Office expects the unemployment rate to remain near 6 percent until the second half of 2003, it is clear to me that American workers deserve a better and more comprehensive unemployment plan.

In fact, the bill's proposal represents an enormous missed opportunity. The failure to provide additional weeks of benefits to those who have already exhausted their federal benefits is a missed opportunity to provide a dose of immediate, well-targeted economic stimulus.

In addition, the federal unemployment trust funds will have an estimated surplus of \$24 billion at the end of this year. And yet, the Republican proposal is estimated to cost less than \$1 billion, leaving \$23 billion unused, helping no one. This approach seems inconsistent with the basic purpose of the trust funds: to build large resources when work is plentiful in order to provide relief to unemployed workers when they need it most. I think that time is now.

It is unfortunate that no alternative to the proposal contained in H.R. 5063 was allowed by the majority's rule. An effective alternative proposal would have recognized that American workers from the heart of this nation, and that Federal unemployment insurance was intended for those workers during tough times like toady. An effective alternative proposal would have also recognized that the number of unemployed Americans is as high today as it was when the original and comprehensive Federal extended benefits program was enacted in March. This time, workers may receive much less.

In a so-called "jobless recovery", millions of Americans will remain jobless. Under today's so-called unemployment plan, 1.8 million Americans will also be without unemployment compensation. We can do better for American workers.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I will be voting for this bill, reluctantly. I feel it is a feeble attempt to run away from the challenges that face us, and to shirk our responsibilities to the American people. But because it is the only legislation the Majority is giving us the opportunity to vote on, and because it will get a modicum of temporary help to some struggling people, I'll support it.

Everyday, I receive a deluge of letters and calls from my constituents—doctors, hospitals, patient-advocacy groups, and nursing homes—letting me know that they are in trouble. Jobless rates are up. The October 1 Medicare Cliff passed us by, and we did almost nothing to mitigate the damages. Doctor reimbursements have been slashed, we are short of nurses and have lost funds to bring in new ones. Our long-term care facilities are on the brink of financial ruin. If we do not provide appropriate funds for vital services, these services could be lost. Reimbursement rates are so low in some sectors that medical facilities lose money by treating patients, so Medicare patients may soon be denied care in some areas. People will suffer.

I understand that emergencies do happen. Sometimes, we need to bend and maneuver the rules of the House to get issues handled expeditiously. But, we have seen these problems on the horizon for months. We all knew it. I, with many like-minded colleagues have been pushing hard for real change—bold steps to take care of the challenges that face our constituents and our health care system. But good bills have been languishing here in the House. There was always an excuse for inaction. We have run out of excuses though.

I and my Democratic colleagues have consistently supported a package with provisions that would improve reimbursements to doctors and hospitals serving Medicare patients, would eliminate the 15 percent reduction in home health payments, would strengthen Medicare+Choice programs, and would help rural providers. But, unfortunately, these provisions were defeated.

Instead, the Majority has gutted an excellent bill from the other body that would have helped our men and women serving in the military receive fair tax relief, and would have stopped the horrible practice of some wealthy individuals who renounce their U.S. citizenship in order to avoid their responsibilities to pay taxes. In a time of war, what kind of a signal are we sending to our people in uniform, by sacrificing their needs, in order to play politics, and benefit the worst tax-evaders?

What we have before us today is a mockery of what good legislation can be. It is a band-aid approach to bypass surgery. It is a token for few, but an insult to the many health care providers who are struggling to meet the needs of our nation's sick. If it gets past the Senate, it will provide a brief extension for welfare recipients in programs such as Temporary Assistance for Needy Families (TANF), and child assistance. It extends, for a short time, unemployment benefits for people who are now receiving benefits and who live in a few selected states. Those in other states, and those 1 million workers whose benefits have

expired, but who are still struggling in our flailing economy to find work, receive no help.

I will vote for this bill, because it is better than nothing. But, I feel the Republican leadership has squandered an opportunity to do good. They should have brought us this bill as it passed the other body, so we could show our support to the people in our military. They should have worked with the Senate to get real relief to the unemployed, which would have provided a stimulus to our economy, rather than giving a free pass to tax dodgers overseas. They should have worked with Democrats to ensure adequate reimbursements to our health providers, so that services will be there for the people on Medicare.

Instead, we have a bill that will go nowhere once it leaves the House. I hope we will do more for the American people in the 108th Congress.

Mr. DINGELL. Mr. Speaker, I support the provision in this bill that extends the welfare program and the related Temporary Medical Assistance (TMA) program through the end of March. TMA allows families leaving welfare for work to keep their Medicaid insurance coverage. My only question is why my Republican colleagues would extend such an important program for one quarter when it would make much more sense to extend it for one year, two years, or more.

Similarly, I support the effort in this bill to prevent payment cuts to physicians in Medicare. However, I regret that the bill does not accomplish nearly enough.

We do need to help physicians under Medicare, but we also need to help other providers. Hospitals, home health agencies, and nursing homes are in a similar situation. I hear from my constituents on these issues nearly every day. We cannot turn a blind eye to their problems because, like physicians, their role in caring for Medicare beneficiaries is critical.

This bill also neglects to provide States with any Medicaid fiscal relief, which is urgently needed to prevent hundreds of thousands of working Americans from losing their health insurance coverage. States are already cutting back on coverage—and as a result, pregnant women and children, senior citizens in nursing homes, working disabled, and women with breast or cervical cancer all across the country may soon find themselves without health insurance.

Ultimately, I will support this bill, because doing something is better than doing nothing. Yet it seems callous for the House Republican Leadership to let Congress leave without addressing these critical issues. We should be preventing millions of Americans from losing their health insurance and protecting the Medicare program for America's seniors.

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

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

The SPEAKER pro tempore (Mr. SIMPSON). All time for debate has expired.

Pursuant to House Resolution 609, the previous question is ordered.

The question is on the motion offered by the gentleman from California (Mr. THOMAS).

The motion was agreed to.

A motion to reconsider was laid on the table.