

all of that crowd. So we take all the contributions from soft money and the parties have the duty and the responsibility of running elections. Now we are giving it to corporate America, and corporate America and the hard money will be there. This will end, I say, the Democratic Party down in my backyard. It will not even have a chance on that score.

So I believe we ought to have public financing, where we can get away from this corruption that the Enron case has brought to the fore.

Back to the point, remember, we do not have a surplus. It is a deficit and debt. Is there any way better to emphasize how we got this way than a Wall Street Journal of August 16 2001, almost a month before 9-11?

I ask unanimous consent to have the Wall Street Journal article printed in the RECORD.

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

NASDAQ COMPANIES' LOSSES ERASE 5 YEARS OF PROFIT

(By Steve Liesman)

Mounting losses have wiped out all the corporate profits from the technology stock boom of the late 1990s, which could make the road back to the previous level of profitability longer and harder than previously estimated.

The massive losses reported over the most recent four quarters by companies listed on the Nasdaq Stock Market have erased five years' worth of profits, according to figures from investment-research company Multex.com that were analyzed by The Wall Street Journal.

Put another way, the companies currently listed on the market that symbolized the New Economy haven't made a collective dime since the fall of 1995, when Intel introduced the 200-megahertz computer chip, Bill Clinton was in his first term in office and the O.J. Simpson trial obsessed the nation. "What it means is that with the benefit of hindsight, the late '90s never happened," says Robert Barbera, chief economist at Hoening & Co.

The Wall Street Journal analysis looked at earnings excluding extraordinary items going back to September 1995 for about 4,200 companies listed on Nasdaq, which is heavily weighted toward technology stocks but also includes hundreds of financial and other growth companies. For the most recently reported four quarters, those companies tallied \$148.3 billion in losses. That roughly equaled the \$145.3 billion in profit before extraordinary items these companies have reported since September 1995. Because companies have different quarter ending dates, the analysis doesn't entirely correspond to calendar quarters.

Large charges that aren't considered extraordinary items were responsible for much of the red ink, including restructuring expenses and huge write-downs of inventories and assets acquired at high prices during the technology bubble.

Analysts, economists and accountants say these losses raise significant doubts about both the quality of past reported earnings and the potential future profit growth for these companies. Ed Yardeni, chief investment strategist at Deutsche Banc Alex. Brown, said the losses raise the question of "whether the Nasdaq is still too expensive. These companies aren't going to give us the kind of awesome performance they did in the

'90s, because a lot of it wasn't really sustainable."

The Nasdaq Composite Index stood at around 1043 in September 1995, soared to 5048.62 in March 2000 and now stands at 1918.89. Because companies in the Nasdaq Composite Index now have a cumulative loss, for the first time in memory the Nasdaq's value can't be gauged using the popular price-earnings ratio, which divides the price of stocks by their earnings. That means it is impossible to say whether the market is cheap or expensive in historical terms.

The extent of the losses surprised a senior Nasdaq official, who asked not to be named. "I wouldn't have thought they were that high," he said.

Nasdaq spokesman Andrew MacMillan, while not disputing the losses, pointed to the \$1.5 trillion in revenue Nasdaq companies generated over the past year, saying that represented "a huge contribution to the economy, to productivity, and to people's lives . . . regardless of what's happening to the bottom line during a rough business cycle."

Staya Pradhuman, director of small-capitalization research at Merrill Lynch, says the recent massive losses tell a story of a market where investors became focused on revenue instead of earnings. With billions of dollars in financing chasing every glimmer of an Internet idea, Mr. Pradhuman says, a lot of companies came to market long before they were ready.

"The underwriting was very aggressive, so earlier-stage companies came to market than the kind of companies that came to market five or 10 years ago," he adds. He believes there is plenty of potential profitability out there in this crop of young companies. But, he notes, "only among those that survive."

The data show that the very companies whose technology produces were supposed to boost productivity and help smooth out the business cycle by providing better information have been among the hardest-hit in this economic slowdown. "Management got caught up with how smart they were and completely forgot about the business cycle and competition," says Mr. Yardeni. "They were managed for only ongoing success."

to be sure, some of Nasdaq's largest star-powered companies earned substantial sums over the period. Intel led the pack with \$37.6 billion in profit before extraordinary items since September 1995, followed closely by Microsoft's \$34.6 billion in earnings. Together, the 20 most profitable companies earned \$153.3 billion, compared with losses of \$140.9 billion for the 20 least profitable. Included in the losses was a \$44.8 billion write-down of acquisitions by JDS Uniphase and an \$11.2 billion charge by VeriSign, also to reduce the value on its book of companies it had bought with its high-price stock.

These charges lead some analysts and economists to believe that including these losses overstates the magnitude of the decline. According to generally accepted accounting principles, these write-offs are treated as regular expenses. But corporate executives say they should be treated as one-time items. "It's an accounting entry rather than a true loss," maintains Bill Dudley, chief U.S. economist at Goldman Sachs Group.

Removing these unusual charges, the losses over the most recently reported four quarters shrink to \$6.5 billion on a before-tax basis. By writing down the value of assets, companies have used the slowdown to clean up their balance sheets, a move that should allow them to move forward with a smaller expense base and could pump up future earnings.

"It sets the table for future dramatic growth," says independent accounting ana-

lyst Jack Ciesielski. Because of the write-downs, "when the natural cycle begins again, the returns on assets and returns on equity will look fantastic." But Mr. Ciesielski adds that this benefit will be short-lived.

Cisco Systems in the first quarter took a \$2.25 billion pretax inventory charge. This quarter, it partly reversed that write-down, taking a gain of \$187 million from the revaluation of the previously written-down inventory. The reversal pushed Cisco into the black.

But Mr. Barbera warns that investors shouldn't be so quick to ignore the unusual charges. For example, during good times it wasn't unusual for companies to book large gains from investments in other companies. Now that the value of those investments are under water, companies are calling the losses unusual. "If they are going to exclude the unusual losses, then they should exclude the unusual gains," says Mr. Barbera.

Mr. HOLLINGS. I quote a couple of lines:

The Wall Street Journal analysis looked at earnings excluding extraordinary items going back to September 1995 for about 4,200 companies listed on NASDAQ, which is heavily weighted toward technology stocks but also includes hundreds of financial and other growth companies. For the most recently reported four quarters—that is since January 1 of 2000—those companies tallied \$148.3 billion in losses. This figure roughly equaled the \$145.3 billion in profits before extraordinary items these companies reported since September 1995. It was as if the last 5 years never happened, and now they want to tell me it was because of 9-11. Come on.

It is the same thing with the government. Do you mean to tell me that the \$143.4 billion deficit for 2001 was incurred from September 11 until September 30? The Government did not spend \$143.4 billion in 20-some days. No. No. It was going down on account of tax cuts. We did not have a surplus. It was a deficit. We were operating in the red, and more than anything else we were operating just like Enron. Who is hiding debt? We are.

I yield the floor.

**HOPE FOR CHILDREN ACT—
Continued**

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENT NO. 2724

Mr. HATCH. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for himself and Mr. BENNETT, proposes an amendment numbered 2724 to the language proposed to be stricken by amendment No. 2698.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to allow the carryback of certain net operating losses for 7 years)

At the end, add the following:

SEC. ____ CARRYBACK OF CERTAIN NET OPERATING LOSSES ALLOWED FOR 7 YEARS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) of the Internal Revenue Code of 1986 (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

“(H) SPECIAL RULE FOR CERTAIN LOSSES.—

“(i) IN GENERAL.—In the case of a taxpayer which has a net operating loss for any taxable year ending during 2000, 2001, or 2002, subparagraph (A)(i) shall be applied by substituting ‘7’ for ‘2’ and subparagraph (F) shall not apply.

“(ii) PER YEAR LIMITATION.—For purposes of the 6th and 7th taxable years preceding the taxable year of such loss, the amount of net operating losses to which clause (i) may apply for any taxable year shall not exceed \$50,000,000.”

(b) ELECTION TO DISREGARD 7-YEAR CARRYBACK.—Section 172 of the Internal Revenue Code of 1986 (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 7-YEAR CARRYBACK FOR CERTAIN NET OPERATING LOSSES.—Any taxpayer entitled to a 7-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) of the Internal Revenue Code of 1986 (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 2000, 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, 2003.

(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, 1999.

Mr. HATCH. Mr. President, on behalf of myself and Senator BENNETT, I have sent this amendment to the desk. This is an amendment to the underlying bill.

The amendment we offer today would add a provision that is much needed for

any economic stimulus bill—a temporary enhanced net operating loss carryback provision. Simply stated, this amendment would help distressed American companies, including a number of them in my home State of Utah, deal with losses they have been experiencing as a result of the terrorist attacks and as a result of the economic slowdown. And it will help those employees who are going to lose their jobs unless we help these distressed companies.

Over the past months, as both Houses of Congress have worked toward developing various legislative packages to stimulate the economy, there is one provision that has been common to practically every plan—a provision to enhance the net operating loss carryback to make it more beneficial to distressed companies and their employees.

This provision was in both of the House-passed stimulus plans, it was in the Democratic plan passed out by the Finance Committee last November, and it was in the compromise plan developed by the Senate Centrists. In short, the concept of temporarily increasing the carryback period for net operating losses to get quick relief to corporations that have paid taxes in recent years but are now losing money is one that is widely supported on both sides of the aisle. It is supported because it helps these distressed companies and their employees, who are likely to lose their jobs if we do not do something.

There are two major differences—which we consider improvements—between the net operating loss amendment we are offering today and the provision that is included in all the other economic stimulus plans. The first difference is in the length of time that the net operating loss can be carried back to previous years. This period is 5 years in the other stimulus bills, compared with a 2-year carryback period allowed by current law.

Our amendment would go further and allow a 7-year net operating loss carryback. This is important for distressed companies with large losses or that have been losing money for several years because of the economic slowdown and various other matters that are beyond their control. Companies such as these often have no taxable income within the past 5 years to which they can reach back and offset losses. For these companies, a 5-year carryback simply provides no relief. Allowing them to go back 7 years offers them a better chance to immediately offset these losses and get the quick relief they need.

The second difference between this amendment and the other net operating loss provisions is that, for the 6th and 7th years of the carryback period, our provision includes a \$50 million cap per company per year on how much net operating loss can be carried back.

In other words, the amendment limits the amount of immediate tax refund

that a distressed company is able to get from going back beyond 5 years to \$50 million. This limitation both keeps the estimated revenue loss of this provision down to a reasonable level and also eliminates the suggestion that these companies might be getting a windfall in refunds from these earlier years.

A few commentators have argued that a net operating loss relief provision does not belong in an economic stimulus bill. I strongly disagree. Companies that are losing money face some very hard choices. One option that is a very difficult one, but one that is being turned to more and more as the economic slowdown continues, is that of laying off workers.

Such layoffs, of course, are devastating to the families involved and to our entire economy. One reason for this is these displaced workers begin to slow down their consumer spending in order to conserve their money. Moreover, layoffs have the effect of lowering the confidence of other consumers who become worried that their jobs could also be lost.

One of the best ways to prevent layoffs, in my view, would be to help distressed companies that are experiencing losses through an enhanced net operating loss carryback provision. By allowing these companies to get immediate refunds of their previously paid taxes can keep some of these businesses viable, so they do not need to turn to layoffs for relief. Extra cash in the form of tax refunds can help these companies ride out the recession storm.

The Internal Revenue Code has long included provisions allowing taxpayers to offset losses with gains in other tax years. This is only fair because the designation of the tax year, whether a calendar year or a fiscal year, as the proper measurement period for computing tax liability is purely arbitrary.

Many companies have business cycles that exceed a year in length, and some have shorter cycles. Any kind of limit we place on the ability of businesses to carry back or carry forward the loss they might incur in 1 year to another year where taxes were paid artificially reduces the fairness of the tax system.

Because of the realities of administering the tax system, it is obvious that we must have some kind of limits on the number of years to which we can carry the losses, but there is nothing magical about the current law limitation of 2 years for carrybacks and 20 years for carryforwards. Indeed, the carryback period was 3 years until the 1997 tax act shortened it to 2 years. Thus, if we can increase fairness and help distressed companies by allowing them to carry tax losses back 7 years, rather than 2, we certainly ought to do so.

This amendment does not add a permanent extended net operating loss provision carryback period to the Internal Revenue Code. Rather, it is designed to help alleviate losses incurred

by taxpayers only in tax years that end in 2000, 2001, and 2002. After this period, the carryback period would revert to the 2 years now in the law.

I might add, that the revenue effects of timing changes such as these are relatively short-term. For example, the estimated loss to the Treasury for the 5-year net operating loss provision passed by the House in December was about \$1.6 billion. However, the 10 year loss was estimated to be only \$271 million. This is because most of the loss reverses itself within the 10-year budget window. While the Joint Committee on Taxation has not yet estimated the cost of the 7-year carryback provision in this amendment, it is also likely to be largely reversed within 10 years.

In conclusion, this is a common-sense amendment that adds a provision that is in every other economic stimulus plan, and that has support from both sides of the aisle. If we want to help distressed companies avoid the layoff option, this is an excellent place to start. In addition, this amendment would increase tax equity. I urge all of our colleagues to support it.

It is in the best interests of the distressed companies, those companies that have had a difficult time over the last number of years. It is in the best interests of the employees of those companies because those employees will stand a much better chance of not being laid off. Third, it is in the best interests of everyone because it will stimulate the economy.

This is a good amendment. I hope our colleagues will support it. I hope it will win by an overwhelming margin.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. I ask unanimous consent the pending amendment be set aside and I be permitted to speak in favor of amendment No. 2717.

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

AMENDMENT NO. 2717

Ms. COLLINS. Mr. President, I have always been a very strong supporter of small business, the engine of our economy. According to the Small Business Administration, it is our smaller firms that account for three-quarters of our Nation's economic growth and almost all of the net new jobs that are created. These are good jobs, jobs that make our communities strong. Indeed, small businesses are often the last to lay off employees because the employees tend to be their neighbors, their family members, and their friends. They will go to great lengths to try to retain employees while a larger corporation might cut without much thought.

More than 95 percent of all the businesses in the United States are considered small businesses. Yet the economic recovery plan put forth by the distinguished majority leader does not assist this critical sector of our economy.

I support much of what is in Senator DASCHLE's package. For example, I

have long proposed extending unemployment compensation to help those workers who have exhausted their State unemployment benefits yet have been unable to find new work because of the poor economy. I also support the provisions in Senator DASCHLE's plan to have stimulus checks go to those taxpayers and other citizens who did not receive rebate checks last summer and fall.

While I support much of what is in the majority leader's package, it does virtually nothing for small businesses. I think that is a serious mistake because if we can get the small business sector booming again, we will increase employment and stimulate our economy. That is why I have offered, with my good friend from Missouri, Senator BOND, the ranking member of the Senate Small Business Committee, an amendment that gives small businesses the boost they need to grow, to create new jobs, and to energize our sluggish economy. I included a very similar provision as part of an economic recovery bill I introduced on October 4.

I ask unanimous consent two more cosponsors be added to the Bond-Collins amendment, Senator BENNETT and Senator HUTCHINSON of Arkansas.

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

Ms. COLLINS. Mr. President, our amendment is as straightforward as it is effective. Under section 179 of the Internal Revenue Code, a small business can deduct up to \$24,000 of the cost of qualifying property placed in service in any given year. The deduction is phased out for taxpayers that invest more than \$200,000 per year in qualifying property. For the rest of this year and for all of next year, the Bond-Collins amendment permitted small businesses to expense up to \$40,000 in new equipment purchases per year. So the limit would go from \$24,000 to \$40,000. It would also increase the total investment limit from \$200,000 to \$325,000.

The purpose of our amendment is to encourage small businesses to make important investments that create jobs. It would allow them to write off more of their new equipment purchases immediately. Many small businesses have put on hold investments in equipment that they were planning to make in the wake of the September 11 attacks and because of the poor economy. This tax incentive would help encourage them to go ahead with these critical investments.

Direct expensing allows small businesses to also avoid the complicated rules of depreciation as well as the unrealistic recovery periods for many assets. For example, under current law a computer must be depreciated over 5 years, even though we all know from the experience in our offices that the useful life of most computers is 2 to 3 years.

Our amendment would also help to address a critical need of small businesses to access more capital. As the

Small Business Administration has noted:

Adequate financing for rapidly growing firms will be America's greatest economic policy challenge for small business in [this] century.

As our economy has slid into recession, capital has become increasingly scarce for smaller companies. Indeed, venture capital investment in the third quarter of 2001—which is the latest data available—represents a 31-percent decline from the previous quarter and a 73-percent decline from just 1 year ago. So our small businesses are having great difficulty in accessing the capital they need. Moreover, the capital gap disproportionately affects minority-owned and women-owned businesses.

By raising the section 179 expensing limit by two-thirds, our amendment will, in effect, free up more capital for small businesses to purchase more equipment. These purchases in turn will stimulate other industries that produce that new equipment.

As Federal Reserve Chairman Alan Greenspan has pointed out, enacting temporary expensing provisions would have the "most immediate impact" on our economy of all the provisions and proposals that have been advanced. It is the right medicine and it is the right tonic for our economy today.

I have spoken with entrepreneurs in my home State of Maine about what the impact would be on their particular business if we were to increase the expensing allowance. They have told me, without exception, that our amendment is needed and that it will help to stimulate our sluggish economy. Let me give an example by quoting Terry Skillins of Skillins' Greenhouses, a fourth-generation Maine family business founded in 1885. Skillins' employs between 70 and 120 employees, depending upon the season, in its landscaping, greenhouse, and floral businesses. Terry told me that Skillins' is looking to expand but that to do so is expensive. It takes money. From tractors to conveyor belts to machines that fill flowerpots automatically, the equipment that Skillins' needs to expand is expensive. Terry says raising the small business expensing limit to \$40,000 would help his company a lot.

He told me something else that I think is very important and telling. Terry said that it is very important for the increased expensing to last through next year. He told me it often takes more than 1 year for a small business to carry out an expansion plan and if the increased expensing were available for 2 years, his ability to grow his business, Skillins' Greenhouses, would be far greater.

I think we should heed Terry's advice and help our small businesses, just as they will help drive our economy back to prosperity.

We also must not lose sight of the human side to this amendment. As Mark Carpentier, the owner of a small media business in Portland, ME, recently told me, increasing the expensing limit will provide his business with

more cash, cash he could use to hire another employee, to pay his employees more, or to purchase them better health insurance—a major problem for many small businesses as premiums continue to soar.

It seems to me that a true consensus package, a package that is going to make a real difference to our economic recovery, should and must include a provision like the Bond-Collins amendment to help small businesses pull through these difficult times and to give them the boost they need so they can be, once again, the engine of our economy.

Indeed, an increase in the small business expensing limit is a provision that is common to pretty much every economic recovery package other than the one advanced by the majority leader. Increased small business expensing was included in both the economic recovery packages that passed the House, the Centrist Coalition proposal—which I, along with my colleague from Maine, with Senator VOINOVICH, and three of our colleagues on the other side of the aisle joined together to draft—and the Senate Finance Committee bill which was reported with unanimous Democratic support in committee.

The help that our amendment would provide comes at a relatively modest cost to the Treasury. It is needed by small businesses across the Nation. I believe it would make a real difference.

A survey by the National Federation of Independent Business, our Nation's largest small business advocacy group, showed that the September 11 attacks and the economic downturn have significantly damaged small business economic activity. According to the NFIB's members, 34 percent of those responding reported that their sales are lower since September 11; 13 percent reported that business investment plans had been postponed or canceled altogether.

The Senate, tomorrow, will have the opportunity to put the investment plans of our Nation's small businesses back on track. This is a modest step we can take, but it is a step that will make a real difference to our small businesses and to the millions of employees for whom they provide good jobs. I urge my colleagues to support this amendment which the NFIB considers to be a key one in favor of small business.

In that regard, I ask unanimous consent a letter from the NFIB, endorsing the Bond-Collins amendment, be printed in the RECORD.

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

NFIB KEY SMALL-BUSINESS VOTE

SMALL BUSINESS NEEDS HELP NOW!! VOTE YES
ON BOND-COLLINS EXPENSING AMENDMENT

DEAR SENATOR: On behalf of the 600,000 members of the National Federation of Independent Business (NFIB), I urge you to support Senator Kit Bond's and Senator Susan Collin's amendment increasing for two years the amount of equipment purchases that

small businesses may expense each year from the current \$24,000 to \$40,000.

Many small businesses are currently struggling to cope with the recession and the events of September 11. Increasing the expensing limit would provide small and growing firms with the funds to make critical investments and keep their firms running and growing, creating new jobs.

The Bond amendment will also help small business by eliminating burdensome record keeping involved in depreciating equipment. And it adjusts the investment limit on expensing from 200,000 to \$325,000.

Small business is the major job generator for the economy. Let's give them the tools to grow, hire more employees, and lead this country out of recession. Support the Bond-Collins expensing amendment. Votes on or related to this amendment will be an NFIB Key Small-Business Vote for the 107th Congress.

Sincerely,

DAN DANNER,
Senior Vice President,
Public Policy.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. REID. Mr. President, I ask unanimous consent I be allowed to speak in morning business for up to 10 minutes.

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

TRIBUTE TO FORMER SENATOR HOWARD CANNON

Mr. REID. Mr. President, I spoke last Friday to Howard Cannon. Howard Cannon served the State of Nevada for 24 years in the Senate. The reason I spoke to him on Friday was because the next day—this past Saturday—was his 90th birthday.

Howard Cannon has a great history. Howard Cannon has served his country well. For me, personally, I can remember when I was back here working as a Capitol Hill police officer and he was a Senator. I was going to law school. I attended law school full time during the daytime and then I worked a shift at night as a Capitol Police officer. Howard Cannon had previously been a bar examiner. To be a bar examiner in Nevada means you are one of the best lawyers in the State. It is a very exclusive group of people. They actually grade the bar exams for the people who take the bar to become lawyers.

Howard Cannon, as I reflect back, becomes even more significant to me. I was a young man here going to law school and working, and he was a Senator tremendously burdened with responsibilities, but yet he took the time to have me in his office on more than one occasion to help me prepare for the bar examination. He did that when all the other activities were going on in

the Senate. He wanted to make sure I understood how to prepare for a bar exam. This was done by a man who graded the exams.

I pay tribute to Howard Cannon, my friend and fellow Nevadan, for all he has done for me personally over the years and all he has done for the State of Nevada and this country.

Howard Cannon is a true American hero. On January 26, as I have indicated—last Saturday—he turned 90 years old. His service to Nevada and our Nation includes a lot of things, not the least of which is 24 years as a U.S. Senator.

During his youth, he enjoyed being a cowboy, lassoed wild horses, and broke them to ride. In fact, as a boy he used one of these horses to deliver newspapers to ranches in the area where he was raised.

Today, even though he is 90 years old, he still gets up every morning and goes out into his yard to take care of his favorite horse, a palomino named Bandit.

It isn't surprising that in growing up in the West, Howard Cannon, the son of a rancher, was comfortable with horses. But more surprisingly, he was comfortable playing the saxophone. He started a band called "Howard Cannon and His Orchestra." He performed in small towns throughout the West, and he even went on a cruise ship and played in Japan.

During law school, Howard pursued his fascination with airplanes and took flying lessons. He paid for those flying lessons with earnings from his musical gigs. He became an accomplished pilot and developed a lifelong passion for flying.

I can remember on a number of occasions that he piloted airplanes in which I accompanied him around the State of Nevada while he was a Senator. I can remember specifically one airplane ride that I took from Lovelock, NV, to Las Vegas with Howard Cannon flying that airplane. I have many fond memories of Howard Cannon, but that certainly is one of them.

He went into the U.S. military in 1941. He was about 10 years older than most people who went into the military, as indicated by his age now being 90 and the average World War II veteran is about 79. While in the Army, he served in a unit of combat engineers. But later he transferred to the Army Air Corps because they learned he was an experienced pilot.

In September of 1944, Howard Cannon was the commander of a C-47 in which he was flying American paratroopers. This was before the Allied invasion into Europe. His plane was brought down by enemy fire. In fact, it came down in Nazi-occupied Holland. He had dropped these paratroopers near the Arnheim Bridge. He bailed out and parachuted behind enemy lines.

For 42 days, 6 weeks—I have heard Senator Cannon tell this story; it is a wonderful story—with courage and creativity and the aid of Dutch farmers and underground police, he made his way out of Holland into Allied hands.