(Mrs. MURRAY) was added as a cosponsor of S. 2009, a bill to amend the Public Health Service Act to provide services for the prevention of family violence.

S. 2039

At the request of Mr. DURBIN, the names of the Senator from Oklahoma (Mr. INHOFE), the Senator from Louisiana (Mr. BREAUX), the Senator from North Dakota (Mr. CONRAD), the Senator from Hawaii (Mr. AKAKA), and the Senator from New Mexico (Mr. BINGAMAN) were added as cosponsors of S. 2039, a bill to expand aviation capacity in the Chicago area.

S. 2051

At the request of Mr. REID, the names of the Senator from West Virginia (Mr. ROCKEFELLER) and the Senator from Louisiana (Mr. BREAUX) were added as cosponsors of S. 2051, a bill to remove a condition preventing authority for concurrent receipt of military retired pay and veterans' disability compensation from taking affect, and for other purposes.

S. 2075

At the request of Mr. BAUCUS, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 2075, a bill to facilitate the availability of electromagnetic spectrum for the deployment of wireless based services in rural areas, and for other purposes.

AMENDMENT NO. 3030

At the request of Mrs. FEINSTEIN, her name was added as a cosponsor of amendment No. 3030 proposed to S. 517, a bill to authorize funding the Department of Energy to enhance its mission areas through technology transfer and partnerships for fiscal years 2002 through 2006, and for other purposes.

AMENDMENT NO. 3094

At the request of Mr. DURBIN, the names of the Senator from New York (Mr. SCHUMER), the Senator from Vermont (Mr. JEFFORDS), and the Senator from Michigan (Ms. STABENOW) were added as cosponsors of amendment No. 3094 proposed to S. 517, a bill to authorize funding the Department of Energy to enhance its mission areas through technology transfer and partnerships for fiscal years 2002 through 2006, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TORRICELLI:

S. 2090. A bill to eliminate any limitation on indictment for sexual offenses and make awards to States to reduce their DNA casework backlogs; to the Committee on the Judiciary.

Mr. TORRICELLI. Madam President, I rise today to introduce the Sexual Assault Prosecution Act. This legislation will ensure that no rapist will evade prosecution when there is reliable evidence of their guilt.

As Federal law is written today, a rapist can walk away scot-free if they are not charged within five years of committing their crime. This is true even if overwhelming evidence of the offender's guilt, such as a DNA match with evidence taken from the crime scene, is later discovered. Some States, including my home State of New Jersey, have recognized the injustice presented by this situation and have already abolished their statutes of limitations on sexual assault crimes, and many other States are considering similar measures. Given the power and precision of DNA evidence, it is now time that the Federal Government abolish the current statute of limitations on Federal sexual assault crimes.

The precision with which DNA evidence can identify a criminal assailant has increased dramatically over the past couple decades. Because of its exactness, DNA evidence is now routinely collected by law enforcement personnel in the course of investigating many crimes, including sexual assault crimes. The DNA profile of evidence collected at a sexual assault crime scene can be compared to the DNA profiles of convicted criminals, or the profile of a particular suspect, in order to determine who committed the crime. Moreover, because of the longevity of DNA evidence, it can be used to positively identify a rapist many years after the actual sexual assault.

The enormous advancements in DNA science have greatly expanded law enforcement's ability to investigate and prosecute sexual assault crimes. Unfortunately, the law has not kept pace with science. Given the precise accuracy and reliability of DNA testing, however, the legal and moral justifications for continuing to impose a statute of limitations on sexual assault crimes are extremely weak. To that end, I am introducing the ''Sexual Assault Prosecution Act'' which will eliminate the statue of limitations for sexual assault crimes. This legislation will not affect the burdens of proof and the government will still have to prove guilt beyond a reasonable doubt before any person could be convicted of a crime.

Currently, the statue of limitations for arson and financial institution crimes is 10 years and is 20 years for crimes involving the theft of major artwork. If it made sense to extend the traditional five-year limitations period for these offenses, surely it makes sense to do so for sexual assault crimes, particularly when DNA technology makes it possible to identify an offender many years after the commission of the crime. By eliminating this ticking clock, we can see to if that no victim of sexual assault is denied justice simply because the clock ran out. I look forward to working with each and every one of you in order to get this legislation enacted into law.

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

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

S. 2090

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Sexual Assault Prosecution Act of 2002''.

SEC. 2. SEXUAL OFFENSE LIMITATION.

(a) IN GENERAL.—Chapter 213 of title 18, United States Code, is amended—

(1) in section 3283, by striking ''sexual or''; and

(2) by adding at the end the following:

''§ 3296. Sexual offenses

''An indictment for any offense committed in violation of chapter 109A of this title may be found at any time without limitation.''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 213 of title 18, United States Code, is amended by adding at the end the following:

''3296. Sexual offenses.''.

SEC. 3. AWARDS TO STATES TO REDUCE DNA CASEWORK BACKLOG.

(a) DEVELOPMENT OF PLAN.—

(1) IN GENERAL.—Not later than 45 days after the date of enactment of this Act, the Director of the Federal Bureau of Investigation, in coordination with the Assistant Attorney General of the Office of Justice Programs of the Department of Justice, and after consultation with representatives of States and private forensic laboratories, shall develop a plan to grant voluntary awards to States to facilitate DNA analysis of all casework evidence of unsolved crimes.

(2) OBJECTIVE.—The objective of the plan developed under paragraph (1) shall be to—

(A) effectively expedite the analysis of all casework evidence of unsolved crimes in an efficient and effective manner; and

(B) provide for the entry of DNA profiles into the combined DNA Indexing System (''CODIS'').

(b) AWARD CRITERIA.—The Federal Bureau of Investigation, in coordination with the Assistant Attorney General of the Office of Justice Programs of the Department of Justice, shall develop criteria for the granting of awards under this section including—

(1) the number of unsolved crimes awaiting DNA analysis in the State that is applying for an award under this section; and

(2) the development of a comprehensive plan to collect and analyze DNA evidence by the State that is applying for an award under this section.

(c) GRANTING OF AWARDS.—The Federal Bureau of Investigation, in coordination with the Assistant Attorney General of the Office of Justice Programs of the Department of Justice, shall—

(1) develop applications for awards to be granted to States under this section;

(2) consider all applications submitted by States; and

(3) disburse all awards under this section.

(d) AWARD CONDITIONS.—States receiving awards under this section shall—

(1) require that each laboratory performing DNA analysis satisfies quality assurance standards and utilizes state-of-the-art DNA testing methods, as set forth by the Federal Bureau of Investigation in coordination with the Assistant Attorney General of the Office of Justice Programs of the Department of Justice;

(2) ensure that each DNA sample collected and analyzed be made available only—

(A) to criminal justice agencies for law enforcement purposes;

(B) in judicial proceedings if otherwise admissible;

(C) for criminal defense purposes, to a criminal defendant who shall have access to samples and analyses performed in connection with any case in which such defendant is charged; or

(D) if personally identifiable information is removed, for—

(i) a population statistics database;

(ii) identification research and protocol development purposes; or

(iii) quality control purposes; and

(3) match the award by spending 15 percent of the amount of the award in State funds to facilitate DNA analysis of all casework evidence of unsolved crimes.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Department of Justice $15,000,000 for each of fiscal years 2003 through 2006, for awards to be granted under this section.

By Mr. TORRICELLI:

S. 2091. A bill to amend title 18, United States Code to prohibit gunrunning, and provide mandatory minimum penalties for crimes related to gunrunning; to the Committee on the Judiciary.

Mr. TORRICELLI. Madam President, I rise today to introduce the Gun Kingpin Penalty Act. In introducing this bill, I hope that my colleagues will soon join me in sending a clear and strong signal to gunrunners, your actions will no longer be tolerated.

Data gathered by the Bureau of Alcohol, Tobacco and Firearms clearly demonstrates what many of us already know all too well, several of our Nation's highways have become pipelines for merchants of death who deal in illegal firearms.

My own State of New Jersey is proud to have some of the toughest gun control laws in the Nation. But for far too long, the courageous efforts of New Jersey citizens in enacting these tough laws have been weakened by out of State gunrunners who treat our State like their own personal retail outlet.

ATF data shows that in 1996 New Jersey exported fewer guns used in crimes, per capita, than any other State, less than one gun per 100,000 residents, or 75 total guns. Meanwhile, an incredible number of guns used to commit crimes in New Jersey came from out of State, 944 guns were imported, a net import of 869 illegal guns used to commit crimes against the people of New Jersey.

This represents a one way street, guns come from, States with lax gun laws straight to States, like New Jersey, with strong laws. It is clear that New Jersey's strong gun control laws offer criminals little choice but to import their guns from States with weak laws. We must act on a Federal level to send a clear message that this cannot continue and will not be tolerated.

The Gun Kingpin Penalty Act would create a new Federal gunrunning offense for any person who, within a twelve-month period, transports more than 5 guns to another State with the intent of transferring all of the weapons to another person. The Act would establish mandatory minimum penalties for gunrunning as follows: a mandatory 3 year minimum sentence for a first offense involving 5–50 guns; a mandatory 5 year minimum sentence for second offense involving 5–50 guns; and a mandatory 15 year minimum sentence for any offense involving more than 50 guns.

We can never rest when it comes to gun violence. This problem will not just go away, and we cannot standby and watch as innocent men, women and children die at the hands of criminals armed with these guns. I urge my colleagues to support this bill, and I ask unanimous consent that the text of the legislation be printed in the RECORD.

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

S. 2091

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Gun Kingpin Penalty Act''.

SEC. 2. GUN KINGPIN PENALTIES.

(a) PROHIBITION AGAINST GUNRUNNING.—Section 922 of title 18, United States Code, is amended by adding at the end the following:

''(z) It shall be unlawful for a person not licensed under section 923 to ship or transport, or conspire to ship or transport, 5 or more firearms from a State into another State during any period of 12 consecutive months, with the intent to transfer all of such firearms to another person who is not so licensed.''.

(b) MANDATORY MINIMUM PENALTIES FOR CRIMES RELATED TO GUNRUNNING.—Section 924 of title 18, United States Code, is amended by adding at the end the following:

''(p)(1)(A)(i) Except as otherwise provided in this subsection, whoever violates section 922(z) shall be imprisoned not less than 3 years, and may be fined under this title.

''(ii) Except as otherwise provided in this subsection, in the case of a person's second or subsequent violation of section 922(a), the term of imprisonment shall be not less than 5 years.

''(B) If a firearm which is shipped or transported in violation of section 922(z) is used subsequently by the person to whom the firearm was shipped or transported, or by any person within 3 years after the shipment or transportation, in an offense in which a person is killed or suffers serious bodily injury, the term of imprisonment for the violation shall be not less than 10 years.

''(C) If more than 50 firearms are the subject of a violation of section 922(z), the term of imprisonment for the violation shall be not less than 15 years.

''(D) If more than 50 firearms are the subject of a violation of section 922(z) and 1 of the firearms is used subsequently by the person to whom the firearm was shipped or transported, or by any person within 3 years after the shipment or transportation, in an offense in which a person is killed or suffers serious bodily injury, the term of imprisonment for the violation shall be not less than 25 years.

''(2) Notwithstanding any other provision of law, the court shall not impose a probationary sentence or suspend the sentence of a person convicted of a violation of section 922(z), nor shall any term of imprisonment imposed on a person under this subsection run concurrently with any other term of imprisonment imposed on the person by a court of the United States.''.

(c) CRIMES RELATED TO GUNRUNNING MADE PREDICATE OFFENSES UNDER RICO.—Section 1961(1)(B) of title 18, United States Code, is amended by inserting before ''section 1028'' the following: ''section 922(a)(1)(A) (relating to unlicensed importation, manufacture, or dealing in firearms), section 922(a)(3) (relating to interstate transportation or receipt of firearm), section 922(a)(5) (relating to transfer of firearm to person from another State), section 922(a)(6) (relating to false statements made in acquisition of firearm or ammunition from licensee), section 922(d) (relating to disposition of firearm or ammunition to a prohibited person), section 922(g) (relating to receipt of firearm or ammunition by a prohibited person), section 922(h) (relating to possession of firearm or ammunition on behalf of a prohibited person), section 922(i) (relating to transportation of stolen firearm or ammunition), section 922(j) (relating to receipt of stolen firearm or ammunition), section 922(k) (relating to transportation or receipt of firearm with altered serial number), section 922(z) (relating to gunrunning), section 924(b) (relating to shipment or receipt of firearm for use in a crime),''.

(d) ENFORCEMENT.—Notwithstanding any limitations imposed by or under the Federal Workforce Restructuring Act (108 Stat. 111), the Secretary of the Treasury may hire and employ 200 personnel, in addition to any personnel hired and employed by the Department of the Treasury under other law, to enforce the amendments made by this section.

By Ms. STABENOW (for herself, Mr. DOMENICI, and Mr. LEVIN):

S. 2108. A bill to amend the Agriculture and Consumer Protection Act of 1973 to assist the neediest of senior citizens by modifying the eligibility criteria for supplemental foods provided under the commodity supplemental food program to take into account the extraordinarily high out-of-pocket medical expenses that senior citizens pay, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

Ms. STABENOW. Madam President, I rise today to introduce the Senior Nutrition Act that will help prevent our seniors from having to make the choice between food and medicine as they try to balance their budgets.

That, is the most horrible of choices.

The problem, is this:

The average senior citizen pays over $1,000 per year on prescription drugs. Many of these seniors, the majority of whom are widows, depend entirely on Social Security for their income and cannot afford to buy their prescription drugs without cutting back on their food.

At the same time, many food banks and other nutrition programs are reporting an increase in participation by seniors.

These same food banks also say they are frustrated that many seniors they would like to help are not eligible because under the United States Department of Agriculture's, USDA, important nutrition program, the Commodity Supplemental Food Program, CSFP, seniors are not able to deduct the cost of their medications when seeking eligibility for food assistance.

While clearly in need of help, and clearly deserving of help, these seniors have to be turned away.

Michigan has the greatest number of CSFP participants in the country, last year over 80,000 people benefited from this important program in my State and 66,123 were seniors. I have a letter from the Director of the largest program in our State asking for help. I

would like to insert his letter for the record because he raises some very important points. Most importantly, he points out that if something is not done to fix this program, many seniors will be turned away. These are seniors just barely getting along, who rely on the modest food package provided by the CSFP.

The Senior Nutrition Act helps resolve this problem and helps the neediest seniors by amending the eligibility criteria for nutrition assistance provided through the CSFP. Most importantly, the bill acknowledges the extraordinarily high out-of-pocket medical expenses that senior citizens have and helps these seniors by making many of them eligible for the food available through the CSFP. The Senior Nutrition Act means the fewer seniors will be forced to make the tough choice between medication or food.

Nationally, 28 States and the District of Columbia participate in the CSFP, which works to improve the health of both women with children and seniors by supplementing their diets with nutritious USDA commodity foods. An average of more than 388,000 people each month participated in the CSFP during fiscal year 2000. Of those, 293,000 were elderly and that number is on the rise. This program is important for anyone who cares about making sure seniors have enough to eat.

The bill I am introducing today, the Senior Nutrition Act, makes the following important changes: one: In those areas where CSFP operates, categorical eligibility is granted for seniors for the CSFP if the individual participates or is eligible to participate in the Food Stamp Program. No further verification of income would be necessary in such cases. The Food Stamp Program provides a medical expense deduction, which seniors may use to account for their high prescription drug costs.

Two: This bill says that the same income standard that is currently used to determine eligibility for women, infants and children in the CSFP, 185 percent of the Poverty Income Guidelines, would be applied to seniors as well. The current income eligibility standard for seniors has been capped by regulation at just 130 percent. Under the current standards a single senior must earn no more than $11,518 per year to qualify. By raising the standard to 185 percent of poverty, the same senior can earn as much as $16,391 to qualify for food. This will make a major difference in the lives of so many seniors who are struggling with the high cost of prescription drugs.

Finally, this bill establishes an authorization for the CSFP that will double the current appropriation levels to $200 million over five years to accommodate any expansion that may occur in the program due to the changes in eligibility standards.

This bill has been endorsed by the National CSFP Association. I would like to submit a copy of their letter for the RECORD.

The golden years should be bright and active years for our seniors. They should not be lived in a grey dusk of indifference as we sit by and watch them make literal life and death decisions between food and medicine.

I would like to thank my colleagues who have joined me as original cosponsors of this bill, Senators LEVIN and DOMENICI. Together, I know we can make a difference for seniors.

I ask unanimous consent that the text of this bill and that the letters from Mr. Frank Kubik and Ms. Barb Packett be printed in the RECORD.

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

S. 2108

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Senior Nutrition Act of 2002''.

SEC. 2. FINDINGS.

Congress finds that—

(1) senior citizens in the United States have significant out-of-pocket costs for medical expenses, especially for prescription drugs;

(2) 3 in 5 Medicare beneficiaries do not have dependable, affordable, prescription drug coverage;

(3) as medical costs continue to rise, many senior citizens are forced to make the difficult choice between purchasing prescription drugs and purchasing food;

(4) the commodity supplemental food program provides supplemental nutritious foods to senior citizens in a number of States and localities;

(5) under the commodity supplemental food program—

(A) women, infants, and children with household incomes up to 185 percent of the Federal Poverty Income Guidelines published annually by the Department of Health and Human Services may be eligible for supplemental foods; but

(B) senior citizens are ineligible for supplemental foods if their household incomes are greater than 130 percent of the Federal Poverty Income Guidelines;

(6) during fiscal year 2000—

(A) an average of more than 388,000 people each month participated in the commodity supplemental food program; and

(B) the majority of those participants, 293,000, were senior citizens; and

(7) in order to serve the neediest senior citizens, taking into account their high out-of-pocket medical (including prescription drug) expenses, the eligibility requirements for the commodity supplemental food program should be modified to make more senior citizens eligible for the supplemental foods provided under the program.

SEC. 3. ELIGIBILITY OF ELDERLY PERSONS UNDER THE COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) IN GENERAL.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

(1) in the first sentence of subsection (d)(2)—

(A) by striking ''provide not less'' and inserting ''provide, to the Secretary of Agriculture, not less'';

(B) by inserting '', or such greater quantities of cheese and nonfat dry milk as the Secretary determines are necessary,'' after ''nonfat dry milk''; and

(C) by striking ''in each of the fiscal years 1991 through 2002 to the Secretary of Agriculture'' and inserting ''in each fiscal year'';

(2) in subsection (i)—

(A) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively, and indenting appropriately; and

(B) by striking ''(i) Each'' and inserting the following:

''(i) PROGRAMS SERVING ELDERLY PERSONS.—

''(1) ELIGIBILITY.—An elderly person shall be eligible to participate in a commodity supplemental food program serving elderly persons if the elderly person is at least 60 years of age and—

''(A) is eligible for food stamp benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

''(B) has a household income that is less than or equal to 185 percent of the most recent Federal Poverty Income Guidelines published by the Department of Health and Human Services.

''(2) PROVISION OF INFORMATION.—Each''; and

(3) by adding at the end the following:

''(m) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out the commodity supplemental food program—

''(A) $120,000,000 for fiscal year 2003;

''(B) $140,000,000 for fiscal year 2004;

''(C) $160,000,000 for fiscal year 2005;

''(D) $180,000,000 for fiscal year 2006;

''(E) $200,000,000 for fiscal year 2007; and

''(F) such sums as are necessary for fiscal year 2008 and each fiscal year thereafter.

''(2) LIMITATION ON USE OF FUNDS.—None of the funds made available under paragraph (1) shall be available to reimburse the Commodity Credit Corporation for commodities donated to the commodity supplemental food program.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended by striking ''Secretary (1) may'' and all that follows through ''(2) shall'' and inserting ''Secretary shall''.

(2) Section 5(g) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended by striking ''(as defined by the Secretary)'' and inserting ''described in subsection (i)(1)''.

February 21, 2002.

Hon. DEBBIE STABENOW,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR STABENOW: I am writing this letter to ask for your continued support for the Commodity Supplemental Food Program. We are facing some potential problems in the upcoming months that I would like to bring to your attention.

For FY02 we may be seeing program participation threaten to exceed our assigned caseload of 42,700 here at Focus: HOPE as well as other programs nationally that are at or above their assigned caseloads due to the downturn in the economy. November saw us serve 43,553 and 42,902 participated in January. These are traditionally slow months for us and my concern is that if we continue to serve over one hundred per cent of our caseload and additional resources are not found, we may be faced with the prospect of removing senior citizens from our program. The Department of Agriculture has done an outstanding job in assigning caseload nationally to maximize its usage but if this participation trend continues they may not have the ability to meet the demand. Seniors depend heavily on the nutritious commodities provided by CSFP. In many cases this is a lifeline for them by not only giving them access to the food but also the additional services many CSFP's are able to bring to the

seniors by the strong use of volunteers and other community programs.

My hope is that we will not get to the point of removing seniors from the program and that additional caseload, if needed, can be found.

Another point I would like to bring up is the plight of senior citizens who are over the income guideline limits of one hundred and thirty per cent of the poverty level and are ineligible for CSFP. We routinely have to turn away seniors who's income is over the guidelines yet have major expenses in the way of prescriptions and other medical care that leaves very little to live on for the rest of the month. The average income of a senior on our program is around $520 a month. Even though the maximum amount for participation is $931 a month we find many who don't qualify due to the reasons I've mentioned. A possible solution is to increase the senior income guidelines to the same amount as mothers and children who are participating in CSFP of one hundred and eighty five per cent of the poverty level. Originally when the senior program was piloted in 1983, the income guidelines were the same. They were reduced after the seniors were permanently added to the program. Increasing the income guidelines would address the needs of a growing senior population while still maintaining priority to mothers and children in the program as required by regulations.

I know that this is a time of tightening budgets but I am hopeful that a way will be found to continue to support this much needed program that has made a difference in so many of our most vulnerable citzens.

I am most appreciative of all of your support for Focus: HOPE and the Commodity Supplemental Food Program.

Sincerely,

FRANK KUBIK,
CSFP Manager.

NATIONAL CSFP ASSOCIATION,
March 18, 2002.

Hon. DEBBIE STABENOW,
U.S. Senate, Hart Senate Bldg., Washington, DC.

DEAR SENATOR STABENOW: The National Commodity Supplemental Food Program (CSFP) Association strongly supports your efforts to introduce and pass The Stabenow/Domenici Senior Nutrition Act in the upcoming weeks.

CSFP enables us to reach the most vulnerable seniors along with mothers and children every month with a food package designed to supplement protein, calcium, iron and vitamin A & C. The Hunger in America 2001 study done by America's Second Harvest reports that of the people seeking emergency food assistance, 30 percent had to choose between paying for food and paying for medicine or medical care. By amending the eligibility criteria for the seniors served by CSFP, this Act will assist the neediest of seniors in receiving nutrition assistance they so desperately need to remain in better health.

On behalf of the Association, let me thank you again for all your efforts on behalf of the CSFP and the participants we serve. We are committed to supporting The Stabenow/Domenici Senior Nutrition Action.

Sincerely,

BARB PACKETT,
Legislative Affairs Chair.

Mr. LEVIN. Madam President, today I am proud to be an original cosponsor of the Senior Nutrition Act. This legislation which is cosponsored by my friend and colleague from my home state of Michigan, Senator STABENOW as well as my good friend Senator DOMENICI seeks to address in inequity in the Commodity Supplemental Food Program, CSFP, that I have long sought to address.

CSFP is an important U.S. Department of Agriculture commodity food program that serves nearly four hundred thousand individuals every month, many of whom live in my home state of Michigan. The vast majority of these individuals are senior citizens. In fact, CSFP is the primary senior commodity program of the USDA. The average senior citizen pays $1000 dollars per year to purchase prescription drugs, and many senior citizens living on fixed incomes, are forced to choose between prescription drugs and food.

Given the dire choices facing many seniors, reforming the Commodity Supplemental Food Program so that it can serve more seniors is a matter of great importance. This legislation seeks to increase the ability of seniors to get the food that they need by granting categorical eligibility for seniors if they can participate in the Food Stamp Program. Additional verification is not needed in this case. The Food Stamp Program provides a medical expense deduction which seniors may use to account for their high prescription drug costs. This legislation will also raise the CSFP eligibility level for seniors to 185 percent of the poverty level. Raising the eligibility level to 185 percent of the poverty level, from the current level of 130 percent, would make eligibility levels consistent for women with children and senior citizens. In addition this bill will raise the authorized level for CSFP to $200 million of funding over 5 years. This will ensure that all eligible to receive food under CSFP will do so while allowing for the expansion of the program beyond the 28 States and the District of Columbia which currently participate in the program.

I am proud to be an original cosponsor of this legislation, and would like to thank Senators STABENOW and DOMENICI for their hard work in crafting this legislation. I hope that my Senate colleagues will join us in supporting and assign this legislation.

By Ms. COLLINS (for herself and Mr. NELSON of Nebraska):

S. 2110. A bill to temporarily increase the Federal Medicare assistance percentage for the Medicaid Program; to the Committee on Finance.

Ms. COLLINS. Madam President, I am pleased today to rise, with my good friend Senator BEN NELSON, to introduce a bill that would assist States through a period when many are experiencing a fiscal crisis. Stated simply, for the remainder of this year and next, the bill would increase the Federal Government's share of each State's Medicaid costs by 1.5 percent and hold the Federal matching rate for each State harmless in order to provide approximately $7 billion in fiscal relief to States and allow them to expand, not contract, their Medicaid programs.

Last month, I was pleased to join with an overwhelming number of our colleagues in passing an economic recovery bill that extended benefits for unemployed workers and provide depreciation incentives for businesses to invest in new facilities and equipment. In short, the bill provided welcome relief to our unemployed workers and to our economy. But it also posed a difficult choice to State governments.

In all but a handful of States, corporate and individual income taxes are calculated based on the Federal tax code's definition of income. Thus, when we change how taxable income is calculated under the Federal code, the changes automatically affect the amount of tax collected by States. It has been estimated, for example, that the tax changes made by the economic recovery package will reduce State revenues by $14 billion. States can avoid the revenue loss by ''decoupling'' their tax policies from Federal law, but they do so at a price. Decoupling increases the complexity of paying taxes and forces businesses to devote more resources to compliance. At the most basic level, they would have to calculate taxes two different ways and would have to factor the dueling tax consequences into their business decisions.

States that automatically or affirmatively decide to conform to the tax law changes in the economic recovery package are faced with finding ways to cover the loss in expected revenue. This could mean making painful cuts in important areas such as health care, transportation, and education. My home State of Maine was faced with a $27 million revenue loss over the next two years if it chose to conform to the Federal tax law changes, and this on top of a much larger structural budget shortfall. The resulting bleak picture forced the State legislature to contemplate some extremely problematic alternatives, including cuts in the State Medicaid program.

Today, Medicaid is the fastest growing component of State budgets. While State revenues were stagnant or declined in many States last year, Medicaid costs increased 11 percent. Maine is only one of a number of States that has been forced to consider cuts in their Medicaid programs to make up for their budget shortfalls.

Earlier this year, Maine was facing a $248 million revenue shortfall. Faced with nothing but tough choices, our Governor proposed $58 million in Medicaid cuts, including reductions in payments to hospitals, nursing homes, group homes, and physicians. He was also forced to propose a delay in the enactment of legislation passed by the State Legislature last year to expand Medicaid to provide health coverage to an estimated 16,000 low-income uninsured Mainers.

While subsequent revisions in the State's revenue forecasts enabled the Governor to restore most of these Medicaid cuts, the loss of revenue due to the tax law changes in the economic recovery package could very well put

them back on the table, particularly because the Maine legislature has decided to defer a decision on whether to fully conform in 2002 to the bonus depreciation provisions of the economic recovery package until its next legislative session.

The legislation I am introducing today will help to bridge Maine's funding gap by bringing an additional $40 million to my State's Medicaid program over the next two years. This should not only forestall the need for any further cuts, but will also provide additional funds to Maine to proceed with its plans to expand its Medicaid program to provide health care coverage for more of our low-income uninsured.

I do not want Maine or other States to have to choose between helping our economy recover from recession and helping people in need. Our States need more Federal assistance in providing health care services through Medicaid, not less, which is why I am introducing this bill today. By increasing the Federal medical assistance percentage for all States this year and next, we can relieve the pressure put on States to cut spending on important programs while increasing their capacity to provide services through Medicaid. I urge our colleagues to join Senator NELSON and me in this effort.

Mr. NELSON of Nebraska. Madam President, I come to the floor to talk about a bill I plan on introducing later on today with my good friend Senator SUSAN COLLINS. I am pleased to say that our legislation could be considered the next step in economic stimulus. A little more than a month ago, this body passed and the President signed a bill to stimulate the economy and help workers. It was not a perfect bill, but few are. But the economy was hurting and it was time to act.

One of the unintended consequences of the stimulus bill was a revenue loss for many states. The final package included a provision that will stimulate business development through tax incentives. Unfortunately, because the majority of states ''couple'' their tax rates to the federal tax rates, this benefit for businesses will mean an estimated $14 billion loss in state revenues. States can avoid the revenue loss by decoupling from the federal law, but this approach is not without its own traps and pitfalls. Decoupling makes the tax codes of states just that much more confusing.

Many states have explored ways to decouple, or in simpler terms, they have searched for ways to hold their state harmless from the experienced revenue loss. In fact, the state Legislature in Nebraska is considering such a measure today, as it attempts to find a way out of it's expected $119 million budget shortfall.

We must now take steps to alleviate the unintended impact of the tax reductions on state budgets. In previously debated stimulus packages, a provision was included that would have helped state governments by increasing the federal contribution of the Federal Medicaid Assistance Percentage, FMAP, by 1.5 percent. This provision enjoyed wide support. Unfortunately, and over the objections of the crafters of the Centrist stimulus plan, it was not included in the final package signed by President Bush.

Even before the passage of the stimulus bill, Medicaid costs were rising at the same time state tax revenues were decreasing. States are now faced with the choice of either cutting Medicaid services or diverting funding from other essential programs to fund Medicaid. This ''choice'' is no choice at all either cut health care service to Medicaid recipients or cut funding for schools, roads, police and firefighters. In a time of economic turmoil this ''choice'' can stall the economic recovery the stimulus bill was meant to jump-start.

Our bill would revive the FMAP provision this body earlier considered. It would provide a direct response to the false ''choice'' faced by states. This bill will alleviate state's Medicaid liabilities by increasing the federal government's contribution to the Medicaid program by 1.5 percent for this year and next. This would mean an additional $7 billion for states. In Nebraska, the savings would amount to an estimated $42.7 million. This more than offsets the $34 million that Nebraska is expected to lose if they comply with the business tax incentives in the stimulus bill and would in fact provide $8.7 million on top of what was lost.

A month ago, we took steps to help the economy recover and to help workers. Today, we need to take an additional step to help states struggling with fiscal calamity. With this increase in federal Medicaid assistance throughout this year and next, states will be given some breathing room to deal with the difficult choices they face in balancing their budgets. I urge my colleagues to join Senator COLLINS and I in this effort and show the states that Congress is not indifferent to their budget problems and that we will step in and provide meaningful assistance at a time when governors need it most.

Mrs. CLINTON. Madam President, I commend my colleague from Nebraska for recognizing the extraordinary burdens that are being placed on our States both because of the economic slowdown and the increase in health costs, as well as the effects of the 9–11 attacks in our State particularly, but also because of the unintended consequences of some of the efforts that were undertaken in the stimulus bill to stimulate investment which have the direct effect of further cutting State revenues.

As a former Governor, I know our colleague from Nebraska understands this intimately. I very much appreciate his leadership on this issue and look forward to working with him.

Mr. NELSON of Nebraska. I thank the Senator.

By Mr. ROCKEFELLER (for himself, Mr. BYRD, and Mr. SPECTER):

S. 2113. A bill to reduce temporarily the duty on N-Cyclohexylthiophthalimide; to the Committee on Finance.

Mr. ROCKEFELLER. Madam President, I am pleased to introduce this bill today with Senators SPECTER and BYRD to temporarily suspend a portion of the tariff applicable to a specific chemical product, N-(Cyclohexylthio)-phthalimide, which is usually referred to as ''PVI,'' and thereby provide for greater economic growth.

Import duties are intimately related to the tax and trade policies of the United States. Just as Congress expressly imposes duties on imported goods to protect specific domestic industries and at the same time raise revenue, Congress abolishes, reduces, or suspends duties to encourage domestic business enterprise and export activity, particularly if a specific domestic industry will not be harmed. This is the situation applicable to PVI.

PVI stands for ''Pre-Vulcanization Inhibitor,'' which means that PVI retards the onset of the vulcanization when rubber is being processed. In other words, PVI functions as a safeguard when rubber articles are being manufactured. There is no direct substitute product for PVI.

As you might expect, there is a reasonable demand for this product in the U.S. rubber industry, particularly in the tire industry. To meet this demand, various companies around the world now manufacture PVI and export it to the United States; however, PVI is not manufactured in the United States.

Therefore, the U.S. economy is paying a duty for the use of PVI, but no domestic industry is being protected. Therefore, this tariff should be suspended to the maximum extent possible. This legislation would suspend the tariff above the 2 percent level, which will provide for greater economic growth for the United States.

I encourage my colleagues to support this initiative. I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2113

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

SECTION 1. N-CYCLOHEXYLTHIOPHTHALIMIDE.

(a) IN GENERAL.—Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new heading:

''	9902.29.82	N-Cyclohexylthiophthalimide (CAS No. 17796–82–6) (provided for in subheading 2930.90.24)	3%	No change	No change	On or before 12/31/2005	''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of enactment of this Act.

By Mr. VOINOVICH (for himself and Mr. DEWINE):

S. 2114. A bill to authorize the Attorney General to carry out a racial profiling educating and awareness program within the Department of Justice and to assist state and local law enforcement agencies in implementing such programs; to the Committee on the Judiciary.

Mr. VOINOVICH. Madam President, we've heard all too often of situations in cities and towns across the country in which concerns over racial profiling are creating serious divisions between communities and law enforcement agencies. Despite the shared interest each have in fighting crime and making neighborhoods safer, mistrust and wariness stands in the way of cooperation.

Today I introduced a bill entitled the ''Racial Profiling Education and Awareness Act of 2002'' that I believe will put us on the road to preventing problems caused by racial profiling and help begin reconciliation in communities torn apart by racial unrest connected to police-community relations.

Rooted in the belief that education and dialogue are the most effective tools for bridging racial divides, my bill establishes a program within the Department of Justice to educate city leaders, police chiefs, and law enforcement personnel on the problems of racial profiling and the value of community outreach, as well as to recognize and disseminate information on ''best practice'' procedures for addressing police-community racial issues.

My experience as mayor of Cleveland and governor of Ohio has taught me that reaching the hearts and minds of people is the most effective means of dealing with intolerance and the problems that result.

As mayor of Cleveland I established the city's first urban coalition, the Cleveland Roundtable, to bring together representatives of the city's various racial, religious and economic groups to create a common agenda. I also established a one-week sensitivity training course for all Cleveland police officers and created six police district community relations committees to open lines of communication between police officers and community members.

As governor, I launched efforts to increase community outreach by law enforcement in order to foster a cooperative, rather than adversarial, relationship between citizens and law enforcement. Through my ''Governor's Challenge,'' I worked to bring members of local communities together with law enforcement officials and members of the business community in order to educate and break down barriers that lead to intolerance. Outstanding communities were recognized for their efforts.

On Friday, April 12, 2002, Attorney General Ashcroft is scheduled to travel to Cincinnati, Ohio to endorse a settlement agreement between the Cincinnati Police Department and the Department of Justice. The settlement is in reference to a Federal lawsuit, filed last March that alleges a 30-year pattern of racial profiling by the department. Just one month after the suit was filed, riots broke out in the city of Cincinnati after a white officer shot and killed an unarmed black teenager in a foot chase. The riots prompted Mayor Luken of Cincinnati to invite the Justice Department to review the practices and procedures of the Cincinnati Police Department and make recommendations for improvement.

What results is a settlement, endorsed by all parties, including the local Fraternal Order of Police chapter and the local ACLU chapter, which sets forth several recommendations for the department, including revising procedures governing the use of deadly force, choke holds and irritant spray; increasing training requirements; and keeping a database of all citizen-reported positive interactions with police. Most importantly in my eyes, however, is the requirement that the department works to improve relations between communities and the police.

I firmly believe that Cincinnati can become a model for turning around a difficult situation and building good community-police relations. And I believe that if other cities and towns throughout the country can open the lines of communication between their communities and law enforcement as Cincinnati is doing, they can prevent problems from ever happening.

The overwhelming majority of State and local law enforcement agents throughout the Nation discharge their duties professionally and justly. I salute them for their committed efforts in what is one of America's toughest jobs. It is unfortunate that the misdeeds of a minute few have such a corrosive effect on the police-community relationship. Through education and dialogue we can help turn situations around so that groups who once thought they had little in common can realize how much they actually have to gain by working together to make our communities safer places to live.

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

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

S. 2114

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Racial Profiling Education and Awareness Act of 2002.''

SEC. 2. FINDINGS.

Whereas, the overwhelming majority of state and local law enforcement agents throughout the nation discharge their duties professionally and without bias.

Whereas, a large majority of individuals subjected to stops and other enforcement activities based on race, ethnicity, or national origin are found to be law-abiding and therefore racial profiling is not an effective means to uncover criminal activity.

Whereas, racial profiling should not be confused with criminal profiling, which is a legitimate tool in fighting crime.

Whereas, racial profiling violates the Equal Protection Clause of the Constitution. Using race, ethnicity, or national origin as a proxy for criminal suspicion violates the constitutional requirement that police and other government officials accord to all citizens the equal protection of the law. *Arlington Heights* v. *Metropolitan Housing Development Corporation*, 429 U.S. 252 (1977).

SEC. 3. AUTHORIZATION OF PROGRAM.

(a) IN GENERAL.—The Attorney General, in consultation with law enforcement agencies and civil rights organizations, shall establish an education and awareness program on racial profiling and the negative effects of racial profiling on individuals and law enforcement.

(b) PURPOSES OF PROGRAM.—The purposes of this new educational program are to (1) encourage state and local law enforcement agencies to cease existing practices that may promote racial profiling, (2) encourage involvement with the community to address the problem of racial profiling, (3) assist state and local law enforcement agencies in developing and maintaining adequate policies and procedures to prevent racial profiling, and (4) assist state and local law enforcement agencies in developing and implementing internal training programs to combat racial profiling and to foster enhanced community relations.

(c) PROGRAM FOR LOCAL LAW ENFORCEMENT AGENCIES.—The education and awareness program and materials developed pursuant to subsections (a) and (b) shall be offered to state and local law enforcement agencies.

(d) REGIONAL PROGRAMS.—The education and awareness program developed pursuant to subsections (a) and (b) shall be offered at various regional centers across the country to ensure that all law enforcement agencies have reasonable access to the program.

SEC. 4. EVALUATION OF BEST PRACTICES.

(a) PERFORMANCE MEASURES.—The Department of Justice shall develop measures to evaluate the performance of programs implemented under Section 3(b)(4).

(b) EVALUATION ACCORDING TO PERFORMANCE MEASURES.—Applying the performance measures developed under subsection (a), the Department of Justice shall evaluate programs implemented under section 3(b)(4)—

(1) to judge their performance and effectiveness;

(2) to identify which of the programs represents the best practices to combat racial profiling; and

(3) to identify which of the programs may be replicated and used to provide assistance to other law enforcement agencies.

(c) Applying the performance measures developed under subsection (a), the Department of Justice shall work with those state and local law enforcement agencies that would most benefit from the education program and materials developed under section three in order to assist them in implementing a plan for the prevention of racial profiling within their agency.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this Act.

By Mr. CLELAND:

S. 2115. A bill to amend the Public Health Act to create a Center for Bioterrorism Preparedness within the Centers for Disease Control and Prevention; to the Committee on Health, Education, Labor, and Pensions.

Mr. CLELAND. Madam President, I rise today to introduce legislation to create a National Center for Bioterrorism Preparedness and Response within the Centers for Disease Control and Prevention. This center will be the first in the Federal Government to be dedicated solely to protecting the Nation against the public health threats posed by biological, chemical, and radiological weapons attacks.

The monumental importance of this task, compounded by the potentially devastating consequences of a failure to give it the national commitment it deserves, makes the creation of a single center that will focus all its energies and resources on encountering the public health threat of bioterrorism imperative and of the greatest urgency.

The events of last fall made it painfully clear that we as a nation are not as prepared as we need to be to deal with a bioterrorist attack.

The Federal response to the anthrax crisis has been variously characterized as fragmented, slow, confused, ineffectual—in a word, inadequate. This is in no way a reflection on the dedication or abilities of the men and women who performed so exceptionally well in their roles at the Federal, State, and local level in response to a threat none of us had encountered before. They did not let us down. If anything, we, the Congress of the United States, let them down through years of neglect of the public health sector and by failing to give adequate recognition sooner to the threat posed to us by bioterrorism.

It was not until 1999 that the Department of Health and Human Services launched its bioterrorism initiative. The military had understood and taken steps to counter the threat of biological warfare against our troops decades earlier. But it took the civilian sector until 3 years ago even to begin to take seriously the threat of domestic terrorism.

Today not one of us could possibly fail to understand how serious the threat posed by bioterrorism truly is. Some among us were the intended targets of last fall's bioterrorist attack. All of us keenly felt the threat.

Between 1999 and 2001, we spent in this Nation a total of $730 million on HHS's bioterrorism initiative, the lion's share of which was used by the CDC to bolster bioterrorism preparedness and response capacity of State and local health departments.

This initiative was a good start, but it is now clear that between 1999 and September 11, 2001, we continued to grossly underestimate the national commitment that would be required to counter the threat of bioterrorism.

Finally, late last year, as we finished allocating funds for fiscal year 2002 in the wake of September 11 and the anthrax attacks, we boosted HHS bioterrorism spending to $3 billion, roughly a tenfold increase.

Congress is often accused of being reactive instead of proactive, and I think that criticism is, I am sad to say, valid in this case. Certainly a dramatic ratcheting up to our commitment to bioterrorism defense was the right reaction to the events of last fall. But now we are presented with the opportunity, and I think the obligation, to take proactive steps to anticipate future threats and needs based on our recent experiences.

My proposal today is just such a step, and I exhort my colleagues in this body and in the House to support the immediate authorization of a National Center for Bioterrorism Preparedness and Response.

The CDC is on the public health front in the war against domestic terrorism, the tip of the spear. It is not the only weapon in our arsenal. The CDC joins the National Institutes of Health, the Food and Drug Administration, and Health Resources and Services Administration, the many State and local health departments, and many others on the front line. But the CDC is the one with the greatest responsibility in the event of a bioterrorist attack.

Despite the critical nature of these responsibilities, we must remember how new they are to the CDC, especially relative to the CDC's 56 years of experience addressing public health threats of a fundamentally different nature.

The threat posed by bioterrorism bears a surface resemblance to that posed by more conventional disease outputs. But closer inspection reveals real substantive differences, and a recognition of these differences can make the difference between an effective and ineffective emergency response.

The scientists and other experts at the National Center for Infectious Diseases and the National Center for Environmental Health are highly skilled in controlling and preventing disease outbreaks of a natural origin, but when it comes to bioterrorism, they are treading new ground without a compass.

CDC's rapid response personnel, in the absence of the specialized and focused bioterrorism training that a national center could provide, will inevitably bring to bear epidemiological models and methods that, while exceptionally effective in approaching naturally occurring disease outbreaks, are poorly suited to manmade outbreaks.

As my friend and former Senator Sam Nunn so wonderfully noted in testimony to Congress just months before September 11 of last year:

A biological weapons attack cuts across categories and mocks old strategies.

We need a new approach. Under the present structure, CDC's bioterrorism preparedness and response efforts exist alongside and are dispersed among its more traditional programs. This is the prevailing state of affairs because HHS's bioterrorism initiative is still relatively new, not because it is the ideal method of organizing CDC's response to bioterrorism, but the time has come to give the CDC's bioterrorism defense efforts the focus they deserve.

Counterbioterrorism activities at the CDC jumped from zero percent of the CDC's overall budget in 1998 to 4 percent in 2001 and 34 percent in 2002.

Each of the CDC's other major programs, none of which now even approaches the bioterrorism program in terms of size, has been given a national center with its own director, its own budget authority, and own accountability to Congress.

The CDC's Bioterrorism Preparedness and Emergency Response Program, by contrast, is not even funded through the CDC. Its resources come from the external public health and social service emergency fund.

In the Children's Health Act of 2000, we authorized a National Center on Birth Defects and Developmental Disabilities, not because the CDC had no prior programs relating to birth defects and developmental disabilities, but rather because only in their own dedicated center could these programs receive the focus and priority they deserve.

There is a National Center for Health Statistics, but there is right now no National Center for Bioterrorism Preparedness and Response. It seems to me that if a dedicated center is called for by the need for accurate health statistics, the urgent need for a comprehensive, effective, and focused defense against bioterrorism certainly demands one as well.

Under my legislation, the National Center for Bioterrorism Preparedness and Response would be charged with the following responsibilities: training, preparing, and equipping bioterrorism emergency response teams, who will become the special forces of the Public Health Service, for the unique purpose of immediate emergency response to a man-made assault on the public health; overseeing, expanding, and improving the laboratory response network; and that is a mission; developing response plans for all conceivable contingencies involving terrorist attacks with weapons of mass destruction, that is much needed and developing protocols of coordination and communication between Federal, State, and local actors, as well as between different Federal actors, in collaboration with these entities, for each of those contingencies,

which is highly needed; maintaining, managing, and deploying the National Pharmaceutical Stockpile, what an important challenge that is; regulating and tracking the possession, use, and transfer of dangerous biological, chemical, and radiological agents that the Secretary of HHS determines pose a threat to the public health; developing and implementing disease surveillance systems, including a nationwide secure electronic network linking doctors, hospitals, public health departments, and the CDC, for the early detection, identification, collection, and monitoring of terrorist attacks involving weapons of mass destruction; administering grants to state and local public health departments for building core capacities, such as the Health Alert Network; and organizing and carrying out simulation exercises with respect to terrorist attacks involving biological, chemical, or radiological weapons in close coordination with other relevant federal, state, and local actors.

This Center is designed specifically to complement HHS's existing structure for the coordination of its multiagency counter-bioterrorism initiative. At present, the Director of the Office of Public Health Preparedness is responsible for coordinating the bioterrorism functions of the CDC with those of the NIH, with those of the FDA and so forth. The housing of all the CDC's bioterrorism functions in one dedicated center will facilitate the Director's coordination task by providing a single point of contact within the CDC for its bioterrorism defense efforts. When the National Center for Bioterrorism Preparedness and Response goes online, the CDC will benefit from a much more focused and prioritized bioterrorism mandate; the Office of Public Health Preparedness will benefit from a streamlining of its coordination duties; and the American people will benefit from a firmer, sounder, stronger defense against bioterrorism.

Let me be clear that what I am proposing is not an added layer of bureaucracy. Most of the responsibilities that would be assigned to the National Center for Bioterrorism Preparedness and Response already accrue to the CDC in Atlanta. My legislation would gather these existing bioterrorism functions from their various locations throughout the CDC, which has 21 different buildings, I might add, and bring them all under one roof, one center—an elimination of bureaucratic layers, not an addition of a new one. There are a few new responsibilities that my legislation would charge to the Center that do not currently reside with the CDC, but I challenge anyone to claim that they constitute merely an added layer of bureaucracy. Where there are new responsibilities—for instance, the tracking and regulation not merely of the transfer but of the possession and use of deadly biological toxins—it is only in instances of national security imperatives of the highest order.

In 1947, President Truman advocated and presided over the creation of the National Military Establishment, a new department bringing the Departments of War and Navy under one aegis. In 1949, the National Military Establishment was renamed the Department of Defense. President Truman recognized in the waning days of World War II that the Nation's military as it was then structured would be incapable of meeting future threats. That is important. The Department of Defense, with its unified command structure and cohesive focus on national defense, was his solution to the problem. Today, we all know how well the Department of Defense has served us. In the 1980s, President Reagan appointed the first drug czar to lend focus to what had previously been a loosely dispersed and consequently ineffectual war on drugs. More recently, President Bush created the Office of Homeland Security because he recognized that we need one office and one director whose sole responsibility is to ensure the security of our homeland. In this same tradition, I propose a National Center for Bioterrorism Preparedness and Response. When a threat—be it our inability to win future wars, rampant drug use, or terrorist designs on our homeland—reaches critical proportions, our Nation has historically responded by creating a focal point whose sole mandate is addressing that threat. Today, I can say without fear of contradiction that the threat of bioterrorism has surpassed the critical threshold. In my view, we are therefore called upon by history and by our obligation to future generations to create a dedicated National Center for Bioterrorism Preparedness and Response.

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

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

S. 2115

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

SECTION 1. NATIONAL CENTER FOR BIOTERRORISM PREPAREDNESS AND RESPONSE.

Title III of the Public Health Service Act (42 U.S.C. 241 et seq.) is amended by adding at the end the following:

"PART R—NATIONAL CENTER FOR BIOTERRORISM PREPAREDNESS AND RESPONSE

"SEC. 399Z–1. NATIONAL CENTER FOR BIOTERRORISM PREPAREDNESS AND RESPONSE.

''(a) IN GENERAL.—There is established within the Centers for Disease Control and Prevention a center to be known as the National Center for Bioterrorism Preparedness and Response (referred to in this section as the 'Center') that shall be headed by a director appointed by the Director of the Centers for Disease Control and Prevention.

''(b) DUTIES.—The Director of the Center shall—

''(1) administer grants to State and local public health entities, such as health departments, academic institutions, and other public health partners to upgrade public health core capacities, including—

''(A) improving surveillance and epidemiology;

''(B) increasing the speed of laboratory diagnosis;

''(C) ensuring a well-trained public health workforce; and

''(D) providing timely, secure communications and information systems (such as the Health Alert Network);

''(2) maintain, manage, and in a public health emergency deploy, the National Pharmaceutical Stockpile administered by the Centers for Disease Control;

''(3) ensure that all States have functional plans in place for effective management and use of the National Pharmaceutical Stockpile should it be deployed;

''(4) establish, in consultation with the Department of Justice, the Department of Energy, and the Department of Defense, a list of biological, chemical, and radiological agents and toxins that could pose a severe threat to public health and safety;

''(5) at least every 6 months review, and if necessary revise, in consultation with the Department of Justice, the Department of Energy, and the Department of Defense, the list established in paragraph (4);

''(6) regulate and track the agents and toxins listed pursuant to paragraph (4) by—

''(A) in consultation and coordination with the Department of Justice, the Department of Energy, and the Department of Defense—

''(i) establishing procedures for access to listed agents and toxins, including a screening protocol to ensure that individual access to listed agents and toxins is limited; and

''(ii) establishing safety standards and procedures for the possession, use, and transfer of listed agents and toxins, including reasonable security requirements for persons possessing, using, or transferring listed agents, so as to protect public health and safety; and

''(B) requiring registration for the possession, use, and transfer of listed agents and toxins and maintaining a national database of the location of such agents and toxins; and

''(7) train, prepare, and equip bioterrorism emergency response teams, composed of members of the Epidemic Intelligence Service, who will be dispatched immediately in the event of a suspected terrorist attack involving biological, chemical, or radiological weapons;

''(8) expand and improve the Laboratory Response Network;

''(9) organize and carry out simulation exercises with respect to terrorist attacks involving biological, chemical, or radiological weapons, in coordination with State and local governments for the purpose of assessing preparedness;

''(10) develop and implement disease surveillance measures, including a nationwide electronic network linking doctors, hospitals, public health departments, and the Centers for Disease Control and Prevention, for the early detection, identification, collection, and monitoring of terrorist attacks involving biological, chemical, or radiological weapons;

''(11) develop response plans for all conceivable contingencies involving terrorist attacks with biological, chemical, or radiological weapons, that specify protocols of communication and coordination between Federal, State, and local actors, as well as between different Federal actors, and ensure that resources required to carry out the plans are obtained and put into place; and

''(12) perform any other relevant responsibilities the Secretary deems appropriate.

''(c) TRANSFERS.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, on the date described

in paragraph (4), each program and function described in paragraph (3) shall be transferred to, and administered by the Center.

''(2) RELATED TRANSFERS.—Personnel employed in connection with the programs and functions described in paragraph (3), and amounts available for carrying out such programs and functions shall be transferred to the Center. Such transfer of amounts does not affect the availability of the amounts with respect to the purposes for which the amounts may be expended.

''(3) PROGRAMS AND FUNCTIONS DESCRIBED.—The programs and functions described in this paragraph are all programs and functions that—

''(A) relate to bioterrorism preparedness and response; and

''(B) were previously dispersed among the various centers that comprise the Centers for Disease Control and Prevention.

''(4) DATE DESCRIBED.—The date described in this paragraph is the date that is 180 days after the date of enactment of this section.''.

By Mr. KERRY:

S. 2116. A bill to reform the program of block grants to States for temporary assistance for needy families to help States address the importance of adequate, affordable housing in promoting family progress towards self-sufficiency, and for other purposes; to the Committee on Finance.

Mr. KERRY. Madam President, I am pleased today to introduce the Welfare Reform and Housing Act. This bill contains measures to improve access to adequate and affordable housing for families eligible for Temporary Assistance for Needy Families, TANF, benefits.

It is essential that low-income families struggling to make the transition from welfare to work have access to affordable, quality housing options. Families with housing affordability problems are often forced to move frequently, which disrupts work schedules and jeopardizes employment. Many of the affordable housing options are located in areas that have limited employment opportunities and are located a long distance from centers of job growth. Furthermore, high housing costs can rob low-wage workers of a majority of their income, leaving insufficient funds for child care, food, transportation, and other basic necessities.

Maintaining stable and affordable housing is critically important to holding down a job, yet an alarming number of low-income families do not have access to affordable housing. The data from Massachusetts is shocking: in order to afford a two-bedroom unit at the fair market rent established by the Department of Housing and Urban Development, HUD, a minimum-wage worker would have to work 105 hours per week; in 1995, 2,900 poor families used private homeless shelters, while in 2000 the number grew to 4,300, with a majority of these families being low-wage workers who had once been on welfare. Lack of affordable housing is not a problem exclusive to Massachusetts. The Brookings Institution found that nearly three-fifths of poor renting families nationwide pay more than half of their income for rent or live in seriously substandard housing. Nationwide there are only 39 affordable housing units available for rent for every 100 low-income families needing housing. And for the fourth year in a row, rents have increased faster than inflation. We must address the issue of affordable housing during reauthorization of the welfare law because many low-income families hit this formidable roadblock on their path to employment.

Though access to affordable housing is often left out of the discussion of welfare reform, it is crucial that we address this issue during our reauthorization of the welfare reform law this year. The welfare reform legislation will not allocate considerable new funds to increase affordable housing opportunities, however, modifications to the TANF statute can be made to address the problem by other means. That is why today I am introducing the Welfare Reform and Housing Act. This legislation will address the housing issue in the context of welfare reform in six major ways:

First, the measure will make it simpler for states to use TANF funds to provide ongoing housing assistance. TANF-funded housing subsidies provided for more than four months would be considered ''non-assistance'' instead of ''assistance''. By considering these subsidies as ''non-assistance,'' states that want to implement housing assistance programs using TANF funds will not have to work within the constraints of current Health and Human Services rules surrounding ''assistance'' subsidies.

Second, the bill would encourage states to consider housing needs as a factor in TANF planning and implementation. My legislation would direct the Department of Health and Human Services to work with the Department of Housing and Urban Development to gather increased and improved data on the housing status of families receiving TANF and the location of places of employment in relation to families' housing. States will be required to consider the housing status of TANF recipients and former recipients in TANF planning.

Third, the legislation would allow states to determine what constitutes ''minor rehabilitation costs'' payable with TANF funds. It is now permissible to use TANF funds for ''minor rehabilitation'' but there is no guidance from HHS on what types or cost of repairs are allowable, making it difficult for states to determine the extent to which using TANF funds in this area is permissible. By allowing states to define what constitutes ''minor rehabilitation,'' more states with similar needs will follow suit. A recent study of the health of current and former welfare recipients found that non-working TANF recipients were nearly 50 percent more likely than working former recipients to have two or more problems with their housing conditions. Research has shown that poor housing conditions often can cause or exacerbate health problems.

Fourth, my bill would encourage cooperation among welfare agencies and agencies that administer federal housing subsidies. By improving the dialogue between public housing agencies and state welfare agencies, the two groups will be able to enter into agreements on how to promote the economic stability of public housing residents who are receiving or have received TANF benefits.

Fifth, the legislation would authorize HHS and HUD to conduct a joint demonstration to explore the effectiveness of a variety of service-enriched and supportive housing models for TANF families with multiple barriers to work, including homeless families.

Finally, my bill would clarify that legal immigrant victims of domestic violence eligible for TANF and other welfare-related benefits are also eligible for housing benefits. The proposal would ensure that abused immigrant women seeking protection under the 1994 Violence Against Women Act that are also eligible for other federal benefit programs have access to federal housing programs under section 214 of the Housing and Community Development Act.

Recent proposals made by the Administration and some members of Congress aim to increase work requirements for families receiving TANF funds. Therefore it is important that we are committed to ensuring that low-income families have a fair chance at employment. We have made progress addressing many barriers to work for low-income families such as child care, job training, and transportation. But in order to fully support families make the transition to work we must address the shortage of adequate and affordable housing. The Welfare Reform and Housing Act brings housing into the welfare reform dialogue and aims to help ameliorate the housing problem so that low-income families leaving welfare have a chance to succeed in the work force.

By Mr. DODD (for himself, Ms. SNOWE, Mr. JEFFORDS, Mr. DEWINE, Mr. BREAUX, Mr. REED, and Mr. ROCKEFELLER):

S. 2117. A bill to amend the Child Care and Development Block Grant Act of 1990 to reauthorize the Act, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. DODD. Madam President, I am pleased to join with my colleagues Senators SNOWE, JEFFORDS, DEWINE, BREAUX, REED, ROCKEFELLER, and COLLINS. By joining together on this legislation, we are indicating a strong bipartisan consensus to invest in both improving the quality of child care and expanding assistance to low income working families.

It is significant that we are joining together today not only in a bipartisan manner, but also as members of the

HELP and Finance Committees in recognition of the support and neccessity of child care assistance.

Today we are introducing legislation to reauthorize the Child Care and Development Block Grant. We are calling this legislation the ''Access to High Quality Child Care Act'', because it's about time that we put the focus on ''Development'' back into the Child Care and Development Block Grant. Children are 20 percent of our population, but 100 percent of our future.

Today, 78 percent of mothers with school-age children are working. 65 percent of mothers with children under 6 are working. And, more than half of mothers with infants are working.

Most parents are simply not home full-time anymore. Many would like to be. For those who are, I introduced legislation in the Senate to provide a tax credit for stay-at-home parents. Because they, too, deserve support in their efforts to raise their children.

But most families don't have a choice. If the kids are going to eat, go to school, and have a roof over their heads, both parents must work. I don't know of any working parents who think that balancing work and family is easy. It's not.

Since 1996, the number of families receiving child care assistance has grown dramatically to about 2 million children today. But, for as many children who receive assistance, available child care funds reach only one out of seven eligible children.

Child care in too many communities is not affordable. And in too many more, it's not available, or, even worse, of dubious quality.

About 14 million children under the age of 6 are in some type of child care arrangement every day. This includes about 6 million infants. The cost of care averages between $4,000 and $10,000 a year, more than the cost of tuition at any state university.

Far too many of America's parents are left with far too little choice.

Nearly 20 States currently have waiting lists for child care assistance. Every State has difficulty meeting child care needs. No state serves every eligible child.

Now, I know that there are some who say that we don't need more money for child care, that during the last few years we have pumped billions more into child care. But, I think we have a responsibility to look at what has happened over the last few years as well.

The welfare caseload dropped by 1.8 million families from 1996 to 1999. The majority of welfare leavers are now employed in low wage jobs.

The share of TANF families working or participating in work-related activities while receiving TANF has soared to nearly 900,000 in fiscal year 99.

Between 1996 and 1999, the number of employed single mothers grew from 1.8 million to 2.7 million.

According to the Congressional Research Service, there has been a marked increase in single mothers working, from 63.5 percent in 1996 to 73 percent in 2001.

But, let's face it. Most welfare leavers are leaving for low wage jobs. On average, they are making $7 or $8 an hour. They are working, but they are still struggling to get by. Many low wage parents move from one low wage job to another, but rarely to a high wage job. Therefore, even over time, these parents still need child care assistance to stay employed.

I am very concerned that the Administration's welfare reauthorization plan, with no additional funds for child care, will result in States shifting assistance from the working poor to those on welfare. House Republicans joined with Secretary Thompson on Wednesday to announce the introduction of the President's welfare plan in the House. One change they made to address child care needs was to allow states additional flexibility to transfer 50 percent of TANF funds to child care instead of 30 percent under current law.

Since States are already spending all of their TANF money and the Administration's welfare plan adds significant additional work requirements for TANF recipients, I just don't see what giving the States additional flexibility buys them in child care dollars. At best, it's robbing Peter to pay Paul, taking cash assistance payments away from welfare parents to pay for child care for working TANF parents. That makes no sense. So, instead of robbing assistance from the working poor to pay for child care assistance for welfare recipients, states would rob welfare assistance directly from the worst off who are not working to pay for child care for those on welfare who are working? What's the logic? How does this help anyone?

We held two hearings on child care in March. At one hearing, a woman from Maine testified who earns about $18,000 a year, pays half her income in child care every week, but remains on a waiting list to receive assistance. In the meantime, she and her two year old sleep on her grandmother's couch because she can't afford a place of her own.

At another hearing, a woman from Florida with $13,000 in earnings a year recently lost her child care assistance because in Florida families working their way off TANF have only 2 years of transitional child care. After that, they must join the waiting list of some 48,000 children. Because she lost her child care assistance and the state waiting list is so long, this woman may have to return to welfare.

I've heard some say the answer is flexibility, that if we give the States more flexibility, then they will step up to the plate. A more realistic prediction would be that if we give states the resources, they will step up to the plate.

Let me tell you what flexibility without sufficient resources leads to: low eligibility levels, no outreach, low provider reimbursement rates, high copays, and waiting lists. Sound familiar? That's right. With the cost of child care today, even with additional resources provided over the last several years, too many of the states are forced to restrict access to low income working parents. Assistance that is provided often limits parents' choices.

We can do better than this. Too often I hear about low income families stringing together whatever care they can find so that they can hold their jobs. For many this means Grandma one day, an aunt the next day, an uncle the following day, and then maybe the aunt's boyfriend.

It's no wonder that 46 percent of kindergarten teachers report that half or more of their students are not ready for kindergarten.

We need to look at these issues in an integrated manner. The education bill that the President recently signed will require schools to test every child every year from 3rd through 8th grade, and the results of those tests will be used to hold schools accountable.

But, if we expect children to be on par by third grade, we need to look at how they start school. The learning gap doesn't begin in kindergarten, it is first noticed in kindergarten.

If we are serious about education reform, we need to look at the child care settings children are in and figure out how to strengthen them. Seventy-five percent of children under 5 in working families are in some type of child care arrangement. Too often it is of poor quality.

The bill we are introducing today is geared toward improving the quality of care to promote school readiness while expanding child care assistance to more working poor families.

The Child Care and Development Block Grant is designed to give parents maximum choice among child care providers. In our bill, we retain parental choice, but provide States with a number of ways to help child care providers improve the quality of care that they provide.

We set aside 5 percent of child care funds to promote workforce development, helping States to improve child care provider compensation and benefits, offer scholarships for training in early childhood development, initiate or maintain career ladders for childhood care professional development, foster partnerships with colleges and ''resource & referral'', R&Rs, organizations to promote teacher training in the social, emotional, physical, and cognitive development of children, including preliteracy and oral language so necessary for school readiness.

We set aside 5 percent of child care funds to help States increase the reimbursement rate for child care providers to ensure that parents have real choices among quality providers. Under current law, child care payment rates are supposed to be sufficient ''to ensure equal access for eligible children to comparable child care services in the State or substate area that are provided to children whose parents are not

eligible to receive assistance''. But, low State reimbursement rates do not offer parents comparable care.

The children of working parents need quality child care if they are to enter school ready to learn. Yet, 30 States require no training in early childhood development before a teacher walks into a child care classroom. Forty-two States require no training in early childhood development before a family day care provider opens her home to unrelated children.

Our bill would require States to set training standards, just as they are required to do now for health and safety under current law. Such training would go beyond CPR and first aid to include training in the social, emotional, physical, and cognitive development of children.

Relatives would be exempt, but through the quality funding in CCDBG, States could partner with colleges and R&Rs to provide training to relatives and informal caregivers on a voluntary basis. Initial evaluations in Connecticut of such efforts show that relatives and informal caregivers are voluntarily participating and are feeling better about themselves and their interactions with the children have improved.

Leading studies have found that early investments in children can reduce the likelihood of being held back in school, reduce the need for special education, reduce the dropout rate of high school students, and reduce juvenile crime arrest rates.

If we don't improve both the quality of child care that our children now spend so much time in and expand access to child care assistance to more of the working poor, we will be in danger of missing the boat on a whole generation of children.

I think I speak for all of the cosponsors of this legislation that we hope to mark up child care in conjunction with the Finance Committee consideration of welfare reform.

Ms. SNOWE. Madam President, I rise today to join my good friend and colleague Senator DODD, in introducing the ''Access to High Quality Child Care Act of 2002.'' This legislation seeks to build upon Congress' efforts in 1996 to reform the Nation's welfare system and with it, overhaul the Nation's largest child care assistance program, the Child Care Development Block Grant.

One of the most important tasks before Congress this session is the reauthorization of two critical public assistance laws, the landmark 1996 welfare reform law, and the Child Care Development Block Grant. Together, these two programs, which are inextricably linked, comprise the backbone for our Nation's support infrastructure for working families.

The 1996 welfare law reformed the entire nature of the welfare system, ending welfare as a way of life and making it instead a temporary program, providing a hand up instead of a hand out to families making the transition from welfare to work. The Child Care Development Block Grant, working with the welfare law, provides more than $4.8 billion for child care in 2002, giving assistance to those families that are in transition as well as those who have already successfully made it out of the welfare system, and helping them stay out of the welfare system by helping them meet the high cost of child care. The result is that since 1996, with more parents working, more children than ever before are receiving child care subsidy assistance.

The key to the successful welfare reform, as witnessed by the 52 percent decline in welfare caseloads since 1996, is the system of work supports that provides assistance to working parents to help them make ends meet while in low paying jobs, and sustain the family's successful transition from welfare to self sufficiency. And perhaps the most critical of all work supports is child care. Without access to quality child care, a parent is left with two choices, to leave their child in a unsafe, and often unsupervised situation, or to not work at all. Frankly, neither option is acceptable.

This is the underlying philosophy behind the legislation we introduce today: to ensure that working parents have access to affordable, high quality child care.

From the onset, our goal has been to reauthorize the Child Care Development Block Grant to ensure the working parents of America can continue their jobs with the peace of mind that their children are in a safe and quality child care situation, whether it is at a child care center, a relative's home, or in their own home.

We do so by increasing the amount of funding set aside to raise the quality of care, giving states the ability to improve strengthen their child care workforce. States will have the option to choose how they will do so, but options include partnering with community colleges and Resource and Referral agencies to provide training in early childhood development to the workforce, or by simply increasing child care worker's wages. Astonishingly, the national average salary for a child care worker is between $15,000 and $16,000, and usually with few benefits. This legislation would give states even greater flexibility to decide how to improve quality using even greater resources.

Additionally, our legislation simplifies and streamlines the use of federal welfare dollars for child care, whether it be spent directly on child care or whether it is transferred to the Child Care Development Block Grant, while holding these expenditures to the same health and safety standards as those under the CCDBG. As a member of the Senate Finance Committee, which has the jurisdiction over the welfare reauthorization, fixing what's wrong with the rules regarding the use of federal welfare funding for child care is a high priority of mine as welfare works its way through Committee consideration.

Approximately 14 million children under the age of six are regularly in child care, corresponding with the fact that 65 percent of mothers with children under age six are in the workforce. Considering that the goal of welfare reform is to move people off the welfare rolls and onto payrolls, offering help with the cost of child care is one sure way to ensure that parents can work. Child care is expensive and often difficult to find. In some states, child care costs as much as four years in a public college. And that's even before considering the additional cost of caring for infants, or for odd hour care for those working nights or weekends, or care for children with special needs.

And the fact is, we know child care pays off in encouraging more parents on welfare to find and keep a job. States have devoted significant funding to child care assistance, and have redirected the bulk of unspent federal welfare dollars under the Temporary Assistance for Needy Families block grant, TANF, and state Maintenance of Effort, MOE, dollars to child care assistance. In 2000 alone, states transferred $2.4 billion in TANF dollars to the Child Care and Development Block Grant, and spent an additional $1.5 billion in direct TANF dollars for child care. Why? Because they realize that child care assistance keeps parents working and that is the key to self sufficiency.

However, since parents who are making the transition from welfare to work typically hold minimum wage jobs, those workers' ability to place their children in quality child care often stretches their families' budget to the limit. And while these families may no longer be in need of, or eligible for, cash assistance, without child care assistance, they may be forced back on the welfare rolls.

The fact of the matter is, quality affordable child care remains difficult to afford for families nationwide. This reality was made clear last month, when a young woman from Maine, Sheila Merkinson, testified before Senator DODD's Health, Education, Labor and Pensions Subcommittee, that the cost of her son's child care absorbs 48 percent of her weekly income, leaving her to provide for her family with only half of her $18,000 a year earnings. Sadly, Sheila's situation is not unique.

Our legislation will help Sheila, and thousands like her, by improving the current child care delivery system, and increases the funding for the Child Care Development Fund to meet the needs established by the welfare work requirements. This link not only makes sense, it also is critical, responsible and essential for the future of our nation's children and families.

Mr. JEFFORDS. Madam President, I would like to thank Senators DODD, SNOWE, DEWINE, BREAUX, REED, ROCKEFELLER, and COLLINS for their hard work and dedication to helping provide

working families with access to high-quality child care, and I am proud to be an original co-sponsor of this important legislation. Senator DODD and I have been working together on this and other critical issues affecting children for over twenty years now. And, I look forward to continue working with him and my esteemed colleagues as we move forward in helping children and families across the country.

A recent Administration report reveals that as many as 75 percent of children under the age of five in this country are in some form of child care arrangement. And, as more mothers of young children enter the workforce, working families need even greater access to higher quality child care. In my State of Vermont, approximately 87 percent of Vermont children under the age of six live with two working parents, and only 56 percent of the estimated need for child care in Vermont is met through regulated care.

The evidence overwhelmingly demonstrates that the quality of early child care and education has a significant effect on children's health and development and their readiness for school. According to a recent study, children participating in quality, comprehensive early care and education programs had a 29 percent higher rate of high school completion, a 41 percent reduction in special education placement, a 40 percent reduction in the rate of grade retention, a 33 percent lower rate of juvenile arrest, and a 42 percent reduction in arrest for a violent offense.

All other industrialized nations acknowledge the great value of early care and education, and make the care and education of toddlers and pre-schoolers a mandatory part of their public education system, and pay for it. Unfortunately, the United States does not.

Quality child care is available in the United States to young parents, but in many cases, it costs more than ten thousand dollars per year. This is almost twice the cost of going to many public colleges.

Earlier last week, the President proposed an initiative to strengthen early learning. He stated that he wants every child to enter school ready to learn. I am pleased that the President is making the care and education of our youngest children a priority. However, if we really want to help all children enter school ready to learn, then we need to actually provide the resources to do so. The costs of quality child care exceed what most working families can afford. Yet, unbelievably, the President has proposed NO additional funding to help families gain access to quality child care. This just doesn't make any sense.

Many States across the country are working hard to improve the quality and accessibility of child care, but they simply do not have the resources to provide sufficient access and quality. For example, the State of Vermont spends approximately $33 million to provide working families with access to child care and to improve the quality of child care around the State. For a small State like Vermont, this is a lot of money, but is hardly sufficient to provide the type of access and quality necessary to make sure all kids enter school ready to learn. The State would need an additional $40 to $50 million to effectuate real change.

And further, due to the recent economic downturn, a majority of the States has reported revenues well below expected levels. Accordingly, while the States want to do more to further the quality and accessibility of child care, many States will actually have less money to spend on helping families with quality care and education. Again, the President has proposed no additional funding to help States provide families with quality child care. On the contrary, we must significantly increase funding for child care to help States and local communities provide this vital support to working families and their children.

I am proud to be an original co-sponsor of the new Access to High Quality Child Care Act of 2002.

The 2002 ACCESS Act not only helps provide families with greater access to child care, but also significantly raises the bar on the quality of child care in this country. The 2002 ACCESS Act provides States with real resources to help them improve the quality of child care for working families. It allows for great flexibility, yet holds States accountable for making real quality improvements.

Research shows that qualified and well-trained providers are critical to supporting and enhancing the cognitive and social development of children in child care. The 2002 ACCESS Act helps States strengthen the quality of the child care workforce by setting aside a dedicated portion of funds to support State initiatives that improve both the qualifications and the compensation of child care providers.

The ACCESS Act also helps States increase child care provider reimbursement rates to more accurately reflect the true cost of care. It helps States provide training and technical assistance to informal and family child care providers as well as center-based providers. It helps States develop and expand resource and referral services. It helps families gain access to quality child care for infants and toddlers, and children with special needs. It provides oversight to child care centers situated on Federal property. And, the ACCESS Act also helps States leverage funding to provide technical assistance, and share in the cost of construction and improvement of child care facilities and equipment.

I believe that we all recognize that the foundation for learning begins in the earliest years of life. However, a failure to nurture development in these early years is a lost opportunity forever. The 2002 ACCESS Act provides States and local communities with a real opportunity to nurture that development and improve the quality of care for our youngest children in this country so that all of our children enter school ready to learn. I urge my colleagues to support this bold, yet critical initiative, so that indeed, every child truly has an opportunity to learn.

Mr. DEWINE. Madam President, I rise today to join my colleagues, Senators SNOWE and DODD, in introducing the Access to High Quality Child Care Act, ACCESS. This legislation would reauthorize the Child Care and Development Block Grant through 2007 and rename it the ACCESS Act.

We all know that our children are the most vulnerable members of our population and our most valuable resources. Today, 75 percent of children less than five years of age are in some kind of regular childcare arrangement. Parents need to feel confident that the people caring for their children are giving the love and support that children deserve. The bill we are introducing today would help give parents that kind of piece of mind.

There are two pieces of the ACCESS Act that I would like to focus on because they are vital to improving the accessibility of high quality care. Last year, Senator DODD and I introduced the Child Care Facilities Financing Act, which uses small investments to help leverage existing community resources. In my home State of Ohio, and throughout the country, resources for the development or enhancement of space are extremely scarce for childcare facilities. This leveraging approach has been successful in helping expand childcare capacity. Let me give you an example.

Wonder World in Akron, OH, is an urban childcare center located in an old church. This facility was in dire need of repairs. The upstairs space was poorly lit and not well ventilated, and the downstairs was a damp basement. The childcare rooms had no windows and no direct access to bathrooms or a kitchen. There was no outdoor play space. This environment, itself, had a negative effect on the children, no matter how dedicated the caregivers. In spite of these dismal conditions, the center had a waiting list. There were no other choices for affordable childcare facilities within the community!

Fortunately, in Ohio, we have the Ohio Community Development Finance Fund, OCDFF, which is a statewide nonprofit organization that works with local organizations in low-income communities. This fund was able to coordinate public and private monies to build a new eight-room childcare facility, a facility that serves approximately 200 children! It is programs like OCDFF that are possible under the Child Care Facilities Fund. The ACCESS Act includes the language from the Child Care Facilities Fund bill that Senator DODD and I introduced, which authorizes $50 million dollars for the Child Care Facilities Fund.

The second most important part of our ACCESS Act is a section that contains vital language to help provide emergency childcare services. This section would allow parents to access quality care when their childcare provider is sick or has a family emergency. The need for this type of care was made clear by a tragic incident that happened in Ohio, when little two-year-old Charles Knight's mother had to go to work and had no one available to care for Charles and his siblings.

The boy's father was supposed to baby-sit, but he failed to show up that day. Charles' mother tried to find a neighbor or family member to care for her children, but no one was available. Tragically, she made the poor decision to leave her sleeping children unattended, so she could work her 12-hour shift. She thought her boys' father would eventually show up and baby-sit while she worked.

The father never arrived. Charles was able to climb up on the balcony. This young, unsupervised child fell nine stories off the apartment balcony to his death. His mother was charged with manslaughter, and his father was charged with child neglect.

This sad incident just might have been prevented with emergency childcare centers. With access to such a center, Charles' mother could have gone to work knowing her children were safe and secure.

Just last month, Summit County, OH, started a program called ChildCare NOW in response to an alarming spike in child death and injuries. ChildCare NOW is being offered at 17 centers in the Akron-Canton area of Ohio. These childcare centers are opening their doors to many parents whose baby-sitter cancels at the last minute. This program is not meant as a permanent childcare replacement but when an ''emergency'' arises, these are safe alternatives to parental care.

The language I have included in this bill, emphasizes that local and State childcare agencies may use funds on emergency childcare programs, programs like ChildCare NOW. More importantly, the next time a mother must chose between going to work and leaving her children all alone or staying at home and losing a day's pay, she will have a third option, to leave her children in an emergency child care center. I think that is an important option that we must give to working mothers. It is my hope that this language will prevent future tragedies like the death of two-year-old Charles Knight.

Once again, I want to thank Senator SNOWE and Senator DODD for their work on the ACCESS Act. This bill is necessary for parents who work, especially parents who have worked hard to get off welfare. They should be confident that their children are receiving quality care.

Mr. BREAUX. Madam President. I am pleased to be a cosponsor of the 2002 ACCESS Act. It is imperative that the Congress continue its commitment to low-income families by presenting the President with a bipartisan bill reauthorizing the Child Care and Development Block Grant.

I share the Administration's goal to ''Leave No Child Behind.'' Children should not be the victims of welfare reform, left behind with inconsistent child care accommodations that do not adequately prepare them for the challenges to come. It is precisely this cycle of dependency and poverty that welfare reform was intended to end.

In 1996, we fundamentally changed the mentality of welfare from dependence to independence by creating the Temporary Assistance to Needy Families TANF, block grant. At the same time, we made a commitment to poor families that were sent into the work force at low wages that they would be supported with access to quality child care.

Reliable child care is directly related to job retention. A parent cannot be in two places at once, and an employer is not likely to retain an employee that is unreliable at work due to a lack of consistent care for their child. It is not just about getting a job, this is about helping families keep their jobs and move up the career ladder.

In Louisiana, I hear over and over again about access to safe and affordable child care. The legislation being introduced today will ensure that child care provided to these families is not only affordable, but that it meets certain safety and quality standards to ensure children are placed in an environment where they can grow and learn.

Access to child care is often limited by states to families with the lowest incomes. National studies show only 12–15 percent of children eligible for federally subsidized child care get it. And in many rural areas, there are no child care providers at all. So as Congress debates increasing work requirements for people on welfare, the increasing need for working families to have quality child care must also be taken into consideration.

I commend Senators DODD and SNOWE for their efforts to increase access to child care for low income families, while improving the quality of child care services.

By Mr. JEFFORDS:

S. 2118. A bill to amend the Toxic Substances Control Act and the Federal Insecticide, Fungicide, and Rodenticide Act to implement the Stockholm Convention on Persistent Organic Pollutants and the Protocol on Persistent Organic Pollutants to the Convention on Long-Range Transboundary Air Pollution; to the Committee on Environment and Public Works.

Mr. JEFFORDS. Madam President, I rise today to introduce the POPs Implementation Act of 2002.

POPs, or persistent organic pollutants, are chemicals that are persistent, bioaccumulate in human and animal tissue, biomagnify through the food chain, and are toxic to humans. These substances travel across international boundaries, creating a circle of pollution requiring a global solution.

In April 2001, one year ago, President Bush announced his support for the Stockholm Convention on Persistent Organic Pollutants, POPs, and in May 2001, the U.S. signed the Convention. I share the President's enthusiasm for this sound and workable treaty that targets chemicals detrimental to human health and the environment.

The Stockholm Convention seeks the elimination or restriction of production and use of all intentionally produced POPs. The POPs that are to be initially eliminated include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, and the industrial chemicals hexachlorobenzene and polychlorinated biphenyls, PCBs. Use of the pesticide DDT is limited to disease control until safe, effective, and affordable alternatives are identified. The Convention also seeks the continuing minimization and, where feasible, ultimate elimination of releases of unintentionally produced POPs such as dioxins and furans.

Today, I am introducing a bill to amend the Toxic Substances Control Act, TSCA, and the Federal Insecticide, Fungicide, and Rodenticide Act, FIFRA, to implement the Stockholm Convention on POPs and the Protocol on POPs to the Convention on Long-Range Transboundary Air Pollution. These are the first amendments to TSCA since its enactment in October 1976.

Currently in the U.S., the registrations for nine of the twelve POPs covered by the Stockholm Convention have been canceled, the manufacture of PCBs has been banned, and stringent controls have been placed on the release of the other covered chemicals. The POPs Implementation Act of 2002 provides EPA with the authority, which it currently does not have, to prohibit the manufacture for export of the twelve POPs and POPs that are identified in the future. In addition, this legislation provides a science-based process consistent with the Stockholm Convention for listing additional chemicals exhibiting POPs characteristics, thereby attempting to avoid the further production and use of POPs. To assist in this goal, the National Academy of Sciences is directed to develop new strategies to screen candidate POPs and new sampling methodologies to identify future POPs.

Although a previous EPA draft included a mechanism for adding new chemicals, the Administration's current POPs implementation package does not. The Stockholm Convention was not intended to be a static agreement, as it explicitly provides for the additional of new chemicals. If we are to be most effective in globally reducing these dangerous chemicals, we must fully commit to this treaty.

By Mr. GRASSLEY (for himself and Mr. BAUCUS):

S. 2119. A bill to amend the Internal Revenue Code of 1986 to provide for the tax treatment of inverted corporate entities and of transactions with such entities, and for other purposes; to the Committee on Finance.

Mr. GRASSLEY. Madam President, I rise today to offer a bill on behalf of Senator BAUCUS and myself, to address the growing problem of corporate inversions. Our legislation, the ''Reversing the Expatriation of Profits Offshore,'' REPO Act, will stem the rising tide of corporate inversions.

It's tax season. Citizens across America are filing their taxes this week. They're paying their taxes. A lot of taxes. But some corporate citizens are relaxing this tax season. They've moved their mailing address out of the country. They've set up a filing cabinet and a mail box overseas. This way, they escape from millions of dollars of Federal taxes.

These corporate expatriations aren't illegal. But they're sure immoral. During a war on terrorism, coming out of a recession, everyone ought to be pulling together. But instead, these companies are using recession and terrorism to get out of the United States. If companies don't have their hearts in America, they ought to get out.

Adding insult to injury, some of these companies have fat contracts with the government. So they'll take other people's tax dollars to make a profit, but they won't pay their share of taxes to keep America strong.

The bill Chairman BAUCUS and I are introducing today will place corporate inversions on the endangered species list. Our bill requires the IRS to look at where a company has its heart and soul, not where it has a filing cabinet and a mail box. If a company remains controlled in the United States, our bill requires the company to pay its fair share of taxes, plain and simple.

When I am firmly committed to halting corporate inversions, I also recognize that the rising tide of corporate expatriations demonstrates that our international tax rules are deeply flawed. In many cases, those flaws seriously undermine an American company's ability to compete in the global marketplace. This competitive disadvantage is often cited by companies that engage in inversion transactions.

I believe that we need to bring our international tax system in line with our open market trade policies, and wish to affirm for the record that reform of our international tax laws is necessary for our U.S. businesses to remain competitive in the global marketplace. Moreover, those U.S. companies that rejected doing a corporate inversion are left to struggle with the complexity and competitive impediments of our international tax rules. This is an unjust result for companies that chose to remain in the United States of America. I am committed to remedying this inequity.

Mr. President, I ask unanimous consent that the text of the bill and a technical explanation be printed in the RECORD.

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

S. 2119

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Reversing the Expatriation of Profits Offshore Act''.

SEC. 2. TAX TREATMENT OF INVERTED CORPORATE ENTITIES.

(a) IN GENERAL.—Subchapter C of chapter 80 of the Internal Revenue Code of 1986 (relating to provisions affecting more than one subtitle) is amended by adding at the end the following new section:

''SEC. 7874. RULES RELATING TO INVERTED CORPORATE ENTITIES.

''(a) INVERTED CORPORATIONS TREATED AS DOMESTIC CORPORATIONS.—

''(1) IN GENERAL.—If a foreign incorporated entity is treated as an inverted domestic corporation, then, notwithstanding section 7701(a)(4), such entity shall be treated for purposes of this title as a domestic corporation.

''(2) INVERTED DOMESTIC CORPORATION.—For purposes of this section, a foreign incorporated entity shall be treated as an inverted domestic corporation if, pursuant to a plan (or a series of related transactions)—

''(A) the entity completes after March 20, 2002, the direct or indirect acquisition of substantially all of the properties held directly or indirectly by a domestic corporation or substantially all of the properties constituting a trade or business of a domestic partnership,

''(B) after the acquisition at least 80 percent of the stock (by vote or value) of the entity is held—

''(i) in the case of an acquisition with respect to a domestic corporation, by former shareholders of the domestic corporation by reason of holding stock in the domestic corporation, or

''(ii) in the case of an acquisition with respect to a domestic partnership, by former partners of the domestic partnership, and

''(C) the expanded affiliated group which after the acquisition includes the entity does not have substantial business activities in the foreign country in which or under the law of which the entity is created or organized when compared to the total business activities of such expanded affiliated group.

''(b) PRESERVATION OF DOMESTIC TAX BASE IN CERTAIN INVERSION TRANSACTIONS TO WHICH SUBSECTION (a) DOES NOT APPLY.—

''(1) IN GENERAL.—If a foreign incorporated entity would be treated as an inverted domestic corporation with respect to an acquired entity if either—

''(A) subsection (a)(2)(A) were applied by substituting 'on or before March 20, 2002' for 'after March 20, 2002' and subsection (a)(2)(B) were applied by substituting 'more than 50 percent' for 'at least 80 percent', or

''(B) subsection (a)(2)(B) were applied by substituting 'more than 50 percent' for 'at least 80 percent',

then the rules of subsection (c) shall apply to any inversion gain of the acquired entity during the applicable period and the rules of subsection (d) shall apply to any related party transaction of the acquired entity during the applicable period. This subsection shall not apply for any taxable year if subsection (a) applies to such foreign incorporated entity for such taxable year.

''(2) ACQUIRED ENTITY.—For purposes of this section—

''(A) IN GENERAL.—The term 'acquired entity' means the domestic corporation or partnership substantially all of the properties of which are directly or indirectly acquired in an acquisition described in subsection (a)(2)(A) to which this subsection applies.

''(B) AGGREGATION RULES.—Any domestic person bearing a relationship described in section 267(b) or 707(b) to an acquired entity shall be treated as an acquired entity with respect to the acquisition described in subparagraph (A).

''(3) APPLICABLE PERIOD.—For purposes of this section—

''(A) IN GENERAL.—The term 'applicable period' means the period—

''(i) beginning on the first date properties are acquired as part of the acquisition described in subsection (a)(2)(A) to which this subsection applies, and

''(ii) ending on the date which is 10 years after the last date properties are acquired as part of such acquisition.

''(B) SPECIAL RULE FOR INVERSIONS OCCURRING BEFORE MARCH 21, 2002.—In the case of any acquired entity to which paragraph (1)(A) applies, the applicable period shall be the 10-year period beginning on January 1, 2002.

''(c) TAX ON INVERSION GAINS MAY NOT BE OFFSET.—If subsection (b) applies—

''(1) IN GENERAL.—The taxable income of an acquired entity for any taxable year which includes any portion of the applicable period shall in no event be less than the inversion gain of the entity for the taxable year.

''(2) CREDITS NOT ALLOWED AGAINST TAX ON INVERSION GAIN.—Credits shall be allowed against the tax imposed by chapter 1 on an acquired entity for any taxable year described in paragraph (1) only to the extent such tax exceeds the product of—

''(A) the amount of taxable income described in paragraph (1) for the taxable year, and

''(B) the highest rate of tax specified in section 11(b)(1).

''(3) SPECIAL RULES FOR PARTNERSHIPS.—In the case of an acquired entity which is a partnership—

''(A) the limitations of this subsection shall apply at the partner rather than the partnership level,

''(B) the inversion gain of any partner for any taxable year shall be equal to the sum of—

''(i) the partner's distributive share of inversion gain of the partnership for such taxable year, plus

''(ii) gain required to be recognized for the taxable year by the partner under section 367(a), 741, or 1001, or under any other provision of chapter 1, by reason of the transfer during the applicable period of any partnership interest of the partner in such partnership to the foreign incorporated entity, and

''(C) the highest rate of tax specified in the rate schedule applicable to the partner under chapter 1 shall be substituted for the rate of tax under paragraph (2)(B).

''(4) INVERSION GAIN.—For purposes of this section, the term 'inversion gain' means the gain required to be recognized under section 304, 311(b), 367, 1001, or 1248, or under any other provision of chapter 1, by reason of the transfer during the applicable period of stock or other properties by an acquired entity—

''(A) as part of the acquisition described in subsection (a)(2)(A) to which subsection (b) applies, or

''(B) after such acquisition to a foreign related person.

''(5) COORDINATION WITH SECTION 172 AND MINIMUM TAX.—Rules similar to the rules of paragraphs (3) and (4) of section 860E(a) shall apply for purposes of this subsection.

''(d) SPECIAL RULES APPLICABLE TO RELATED PARTY TRANSACTIONS.—

''(1) ANNUAL PREAPPROVAL REQUIRED.—

''(A) IN GENERAL.—An acquired entity to which subsection (b) applies shall enter into an annual preapproval agreement under subparagraph (C) with the Secretary for each taxable year which includes a portion of the applicable period.

''(B) FAILURES TO ENTER AGREEMENTS.—If an acquired entity fails to meet the requirements of subparagraph (A) for any taxable year, then for such taxable year—

''(i) there shall not be allowed any deduction, or addition to basis or cost of goods sold, for amounts paid or incurred, or losses incurred, by reason of a transaction between the acquired entity and a foreign related person,

''(ii) any transfer or license of intangible property (as defined in section 936(h)(3)(B)) between the acquired entity and a foreign related person shall be disregarded, and

''(iii) any cost-sharing arrangement between the acquired entity and a foreign related person shall be disregarded.

''(C) PREAPPROVAL AGREEMENT.—For purposes of subparagraph (A), the term 'preapproval agreement' means a prefiling, advance pricing, or other agreement specified by the Secretary which—

''(i) is entered into at such time as may be specified by the Secretary, and

''(ii) contains such provisions as the Secretary determines necessary to ensure that the requirements of sections 163(j), 267(a)(3), 482, and 845, and any other provision of this title applicable to transactions between related persons and specified by the Secretary, are met.

''(2) MODIFICATIONS OF LIMITATION ON INTEREST DEDUCTION.—In the case of an acquired entity to which subsection (b) applies, section 163(j) shall be applied—

''(A) without regard to paragraph (2)(A)(ii) thereof, and

''(B) by substituting '25 percent' for '50 percent' each place it appears in paragraph (2)(B) thereof.

''(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) RULES FOR APPLICATION OF SUBSECTION (a)(2).—In applying subsection (a)(2) for purposes of subsections (a) and (b), the following rules shall apply:

''(A) CERTAIN STOCK DISREGARDED.—There shall not be taken into account in determining ownership for purposes of subsection (a)(2)(B)—

''(i) stock held by members of the expanded affiliated group which includes the foreign incorporated entity, or

''(ii) stock of such entity which is sold in a public offering related to the acquisition described in subsection (a)(2)(A).

''(B) PLAN DEEMED IN CERTAIN CASES.—If a foreign incorporated entity acquires directly or indirectly substantially all of the properties of a domestic corporation or partnership during the 4-year period beginning on the date which is 2 years before the ownership requirements of subsection (a)(2)(B) are met, such actions shall be treated as pursuant to a plan.

''(C) CERTAIN TRANSFERS DISREGARDED.—The transfer of properties or liabilities (including by contribution or distribution) shall be disregarded if such transfers are part of a plan a principal purpose of which is to avoid the purposes of this section.

''(D) SPECIAL RULE FOR RELATED PARTNERSHIPS.—For purposes of applying subsection (a)(2) to the acquisition of a domestic partnership, except as provided in regulations, all partnerships which are under common control (within the meaning of section 482) shall be treated as 1 partnership.

''(2) EXPANDED AFFILIATED GROUP.—The term 'expanded affiliated group' means an affiliated group as defined in section 1504(a) but without regard to section 1504(b), except that section 1504(a) shall be applied by substituting 'more than 50 percent' for 'at least 80 percent' each place it appears.

''(3) FOREIGN INCORPORATED ENTITY.—The term 'foreign incorporated entity' means any entity which is, or but for subsection (a)(1) would be, treated as a foreign corporation for purposes of this title.

''(4) FOREIGN RELATED PERSON.—The term 'foreign related person' means, with respect to any acquired entity, a foreign person which—

''(A) bears a relationship to such entity described in section 267(b) or 707(b), or

''(B) is under the same common control (within the meaning of section 482) as such entity.

''(f) REGULATIONS.—The Secretary shall provide such regulations as are necessary to carry out this section, including regulations providing for such adjustments to the application of this section as are necessary to prevent the avoidance of the purposes of this section, including the avoidance of such purposes through—

''(1) the use of related persons, passthrough or other noncorporate entities, or other intermediaries, or

''(2) transactions designed to have persons cease to be (or not become) members of expanded affiliated groups or related persons.''.

(b) TREATMENT OF AGREEMENTS.—

(1) CONFIDENTIALITY.—

(A) TREATMENT AS RETURN INFORMATION.—Section 6103(b)(2) of the Internal Revenue Code of 1986 (relating to return information) is amended by striking ''and'' at the end of subparagraph (C), by inserting ''and'' at the end of subparagraph (D), and by inserting after subparagraph (D) the following new subparagraph:

''(E) any preapproval agreement under section 7874(d)(1) to which any preceding subparagraph does not apply and any background information related to the agreement or any application for the agreement,''.

(B) EXCEPTION FROM PUBLIC INSPECTION AS WRITTEN DETERMINATION.—Section 6110(b)(1)(B) of such Code is amended by striking ''or (D)'' and inserting '', (D), or (E)''.

(2) REPORTING.—The Secretary of the Treasury shall include with any report on advance pricing agreements required to be submitted after the date of the enactment of this Act under section 521(b) of the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106–170) a report regarding preapproval agreements under section 7874(d)(1) of the Internal Revenue Code of 1986. Such report shall include information similar to the information required with respect to advance pricing agreements and shall be treated for confidentiality purposes in the same manner as the reports on advance pricing agreements are treated under section 521(b)(3) of such Act.

(c) CONFORMING AMENDMENTS.—The table of sections for subchapter C of chapter 80 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Sec. 7874. Rules relating to inverted corporate entities.''

SEC. 3. REINSURANCE OF UNITED STATES RISKS IN FOREIGN JURISDICTIONS.

(a) IN GENERAL.—Section 845(a) of the Internal Revenue Code of 1986 (relating to allocation in case of reinsurance agreement involving tax avoidance or evasion) is amended by striking ''source and character'' and inserting ''amount, source, or character''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any risk reinsured after April 11, 2002.

REVERSING THE EXPATRIATION OF PROFITS OFFSHORE, REPO, ACT—TECHNICAL EXPLANATION OF THE STAFF OF THE COMMITTEE ON FINANCE

Senate Finance Committee Ranking Member Chuck Grassley, R–IA, and Chairman Max Baucus, D–MT, today are offering their legislative response to the growing problem of corporate inversions, the ''Reversing the Expatriation of Profits Offshore'', REPO, Act. Following is a brief summary of the REPO Act.

In general, this legislation would curtail the tax benefits sought by U.S. companies undertaking inversion transactions. The legislation would apply to two types of inversion transactions, which would be subject to different regimes under the proposal.

The first type would be a ''pure'' or nearly pure inversion, in which: 1. a U.S. corporation becomes a subsidiary of a foreign corporation or otherwise transfers substantially all of its properties to a foreign corporation; 2. the former shareholders of the U.S. corporation end up with 80 percent or more (by vote or value) of the stock of the foreign corporation after the transaction; and 3. the foreign corporation, including its subsidiaries, does not have substantial business activities in its country of incorporation. The legislation would deny the intended tax benefits of this type of inversion by deeming the top-tier foreign corporation to be a domestic corporation for all purposes of the Internal Revenue Code. This proposal would be effective as to inversion transactions occurring on or after March 21, 2002.

For purposes of this proposal, corporations with no significant operating assets, few or no permanent employees, or no significant real property in the foreign country of incorporation would not be treated as meeting the substantial business activities test. In addition, companies would not be considered to be conducting substantial business activities in the country of incorporation by merely holding board meetings in the foreign country or by relocating a limited number of executives to the foreign jurisdiction.

The second type of inversion covered by the legislation would be a transaction similar to the ''pure'' inversion defined above, except that the 80 percent ownership threshold is not met. In such a case, if a greater-than-50 percent but less than 80 percent ownership threshold is met, then a second set of rules would apply to these ''limited'' inversions.

Under these rules, the inversion transaction would be respected, i.e., the foreign corporation would be respected as foreign, but: 1. the corporate-level ''toll charge'' for establishing the inverted structure would be strengthened, and 2. restrictions would be placed on the company's ability to reduce U.S. tax on U.S.-source income going forward. These measures generally would apply for a 10-year period following the inversion. This prong of the proposal would be effective as to inversion transactions in this second category occurring on or after March 21, 2002. It would also be effective as to all structures arising from pure inversions or limited inversions that are grandfathered under the legislation, but it would be applied to those structures prospectively.

Under the legislation, the corporate-level ''toll charge'' imposed under sections 304, 311(b), 367, 1001, 1248, or any other provision of the Internal Revenue Code with respect to the transfer of controlled foreign corporation stock or other assets from a U.S. corporation to a foreign corporation would be taxable, without offset by any other tax attributes, e.g., net operating losses or foreign tax credits. No similar ''walling-off'' of toll charges would apply to shareholder-level toll charges imposed under section 367(a).

In addition, no deductions or additions to basis or cost of goods sold for transactions with foreign related parties would be permitted unless the taxpayer concludes an annual pre-filing agreement, advance pricing agreement, or other agreement with the IRS, a ''preapproval agreement'', to ensure that all related-party transactions comply with all relevant provisions of the Code, including sections 482, 845, 163(j), and 267(a)(3). Similarly, the transfer or license of intangible property from a U.S. corporation to a related foreign corporation would be disregarded, and cost-sharing arrangements would not be respected unless approved under such an agreement.

The confidentiality and disclosure rules normally applicable to advance pricing agreements would apply to all preapproval agreements entered into pursuant to this legislation, and the parameters for the IRS's statutorily required annual APA report would be amended to require a summary section for inversion transactions.

The second set of measures also includes modifications to the ''earnings stripping'' rules of section 163(j) (which deny or defer deductions for certain interest paid to foreign related parties), as applied to inverted corporations. The legislation would eliminate the debt-equity threshold generally applicable under that provision and reduce the 50 percent threshold for ''excess interest expense'' to 25 percent.

The provisions of both prongs of this legislation also would apply to certain partnership transactions similar to corporate inversion transactions.

The legislation also strengthens the present-law rules of section 845(a) in a manner intended to address reinsurance transactions with foreign related parties that have the effect of stripping out earnings of a U.S. corporation, regardless of whether an inversion transaction has occurred. The legislation modifies the present-law provision permitting the Treasury Department to allocate or recharacterize items of investment income, premiums, deductions, assets, reserves, credits or other items, or to make other adjustments, under a reinsurance agreement between related parties, if necessary to reflect the proper source and character of income. The legislation permits such an allocation, recharacterization or adjustment if necessary to reflect the proper amount, source or character of income. This provision would be effective for any risk reinsured after April 11, 2002.

Mr. BAUCUS. Madam President, I am pleased to be a co-sponsor, with Senator GRASSLEY, of this important piece of legislation. Our legislation, Reversing the Expatriation of Profits Offshore, (REPO), Act, is designed to put the brakes on the potential rush to move U.S. corporate headquarters to tax havens, through increasingly popular transactions known as corporate inversions. Prominent U.S. companies are literally re-incorporating in offshore tax havens in order to avoid U.S. taxes. They are, in effect, renouncing their U.S. citizenship to cut their tax bill.

Tax avoidance costs honest taxpayers tens of billions of dollars each year. When one taxpayer, whether a corporation or an individual, doesn't pay their fair share of taxes, we all pay. The REPO Act cracks down on corporations that avoid taxes at the expense of honest, hardworking American taxpayers.

The local hardware store in Butte, MT, isn't re-incorporating in Bermuda or one of these tax haven countries. He is keeping his company an American company. The companies reincorporating in tax haven countries, and their executives, are still physically located in the United States. Their executives and employees enjoy all the privileges afforded to honest U.S. taxpayers.

I understand that the corporate inversion issue is complex. I also understand that, over the long term, we may need to consider whether the structure of the U.S. international tax rules creates an incentive for U.S. corporations to shift their operations abroad in order to remain competitive. For now, we are putting a stop to the erosion of the U.S. tax base through these tax avoidance schemes.

Our legislation distinguishes between two types of inversions, pure inversions and limited inversions. A pure inversion is when a U.S. company becomes a subsidiary of a foreign company or shifts substantially all of its properties to a foreign corporation and 80 percent of more of the shareholders in the original U.S. company are now shareholders in the new foreign company. The foreign company has no substantial business activity in the foreign tax haven country. Companies that hold board meetings in the tax haven country or send a few employees or executives to work in the tax haven country will not meet the substantial business activity standard. Under our legislation, the parent company will be treated as a U.S. company.

A limited inversion transaction is when more than 50 percent and fewer than 80 percent of the shareholders are the same. The new foreign company is recognized as a foreign company for tax purposes but there is a tax cost. The company won't be able to use tax attributes, such as net operating losses and foreign tax credits, to offset the gain incurred upon inverting. Finally, the company won't be able to strip earnings out of the U.S. to avoid U.S. taxes.

This week is the last week leading up to the April 15 tax filing deadline. Families in Montana and across the nation are sitting down at their kitchen tables, or at their home computers, and figuring out their taxes. The calculations may be complex, the tax bite may seem high, but by and large, with quiet patriotism, average Americans will step up and pay the tax they owe. They're counting on us to make sure that sophisticated corporations pay their fair share, as well.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 236—COMMENDING THE UNIVERSITY OF MINNESOTA-DULUTH BULLDOGS FOR WINNING THE 2002 NATIONAL COLLEGIATE ATHLETIC ASSOCIATION DIVISION I WOMEN'S ICE HOCKEY NATIONAL CHAMPIONSHIP

Mr. DAYTON (for himself and Mr. WELLSTONE) submitted the following resolution; which was considered and agreed to:

S. RES. 236

Whereas on March 24, 2002, the defending NCAA Women's Ice Hockey National Champion, the University of Minnesota-Duluth Bulldogs, won the National Championship for the second straight year;

Whereas Minnesota-Duluth defeated Brown University in the championship game by the score of 3-2, having previously defeated Niagara University in the semi-final by the same score;

Whereas sophomore Tricia Guest scored the unassisted game-winning goal in the third period, and assisted in the Bulldogs' opening goal in the first period;

Whereas during the 2001-2002 season, the Bulldogs won 24 games, while losing only 6, and tying 4;

Whereas forward Joanne Eustace and defensewoman Larissa Luther were both selected to the 2002 All-Tournament team;

Whereas forward and team captain Maria Rooth led the Bulldogs in scoring the last 2 years, and was named to the Jofa Women's University Division Ice Hockey All-American first team, the only first team repeat from 2001;

Whereas Minnesota-Duluth Head Coach, Shannon Miller, after winning the National Championship in 2 consecutive years, was named a finalist for the 2002 NCAA Division I Coach of the Year; and

Whereas all of the team's players showed tremendous dedication throughout the season toward the goal of winning the National Championship: Now, therefore, be it

Resolved, That the Senate—

(1) commends the University of Minnesota-Duluth Women's Ice Hockey Team for winning the 2002 NCAA Division I Collegiate Ice Hockey National Championship;

(2) recognizes the achievements of all the team's players, coaches, and support staff, and invites them to the United States Capitol to be honored;

(3) requests that the President—

(A) recognize the achievements of the University of Minnesota-Duluth Women's Ice Hockey Team; and

(B) invite them to the White House for an appropriate ceremony honoring a national championship team; and

(4) directs the Secretary of the Senate to—

(A) make available enrolled copies of this Resolution to the University of Minnesota-Duluth for appropriate display; and

(B) transmit an enrolled copy of the Resolution to every coach and member of the 2002 NCAA Division I Women's Ice Hockey National Championship Team.