from Missouri (Mrs. CARNAHAN) were added as cosponsors of S. 2513, a bill to asses the extent of the backlog in DNA analysis of rape kit samples, and to improve investigation and prosecution of sexual assault cases with DNA evidence.

S. 2554

At the request of Mr. SMITH of New Hampshire, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of S. 2554 , a bill to amend title 49, United States Code, to establish a program for Federal flight deck officers, and for other purposes.

S. 2562

At the request of Mr. REID, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 2562, a bill to expand research regarding inflammatory bowel disease, and for other purposes.

S. 2576

At the request of Mr. BINGAMAN, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 2576, a bill to establish the Northern Rio Grande National Heritage Area in the State of New Mexico, and for other purposes.

S. 2606

At the request of Mrs. BOXER, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 2606, a bill to require the Secretary of Labor to establish a trade adjustment assistance program for certain service workers, and for other purposes.

S. 2626

At the request of Mr. KENNEDY, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 2626, a bill to protect the public health by providing the Food and Drug Administration with certain authority to regulate tobacco products.

S. 2653

At the request of Mr. SANTORUM, the name of the Senator from Kentucky (Mr. BUNNING) was added as a cosponsor of S. 2653, a bill to reduce the amount of paperwork for special education teachers, to make mediation mandatory for all legal disputes related to individualized education programs, and for other purposes.

S. 2663

At the request of Mr. BREAUX, the name of the Senator from Kansas (Mr. BROWNBACK) was added as a cosponsor of S. 2663, a bill to permit the designation of Israeli-Turkish qualifying industrial zones.

S. 2734

At the request of Mr. KERRY, the names of the Senator from New Jersey (Mr. TORRICELLI) and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of S. 2734, a bill to provide emergency assistance to non-farm small business concerns that have suffered economic harm from the devastating effects of drought.

S. 2770

At the request of Mr. DODD, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 2770, a bill to amend the Federal Law Enforcement Pay Reform Act of 1990 to adjust the percentage differentials payable to Federal law enforcement officers in certain high-cost areas.

S. 2800

At the request of Mr. BAUCUS, the names of the Senator from North Dakota (Mr. DORGAN), the Senator from Nebraska (Mr. NELSON) and the Senator from Nevada (Mr. REID) were added as cosponsors of S. 2800 , a bill to provide emergency disaster assistance to agricultural producers.

S.J. RES. 41

At the request of Mr. SPECTER, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S.J. Res. 41, a joint resolution calling for Congress to consider and vote on a resolution for the use of force by the United States Armed Forces against Iraq before such force is deployed.

S. RES. 309

At the request of Mr. SMITH of Oregon, his name was added as a cosponsor of S. Res. 309, a resolution expressing the sense of the Senate that Bosnia and Herzegovina should be congratulated on the 10th anniversary of its recognition by the United States.

At the request of Mr. SARBANES, his name was added as a cosponsor of S. Res. 309, supra.

S. CON. RES. 107

At the request of Mr. CRAIG, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. Con. Res. 107, a concurrent resolution expressing the sense of Congress that Federal land management agencies should fully support the Western Governors Association ''Collaborative 10-year Strategy for Reducing Wildland Fire Risks to Communities and the Environment'', as signed August 2001, to reduce the overabundance of forest fuels that place national resources at high risk of catastrophic wildfire, and prepare a National prescribed Fire Strategy that minimizes risks of escape.

AMENDMENT NO. 4326

At the request of Mr. MCCONNELL, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of amendment No. 4326 proposed to S. 812, a bill to amend the Federal Food, Drug, and Cosmetic Act to provide greater access to affordable pharmaceuticals.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JEFFORDS (for himself Mr. BINGAMAN, Mrs. LINCOLN, and Mrs. MURRAY):

S. 2819. A bill to amend title XXI of the Social Security Act to permit qualifying States to use a portion of their unspent allotments under the State children's health insurance program to expand health coverage under that program or for expenditures under the Medicaid program, and for other purposes; to the Committee on Finance.

Mr. JEFFORDS. Mr. President, today I am pleased to introduce the SCHIP Budget Allocation Bill of 2002. This important legislation addresses the allocation of budgeted but unspent SCHIP funds that are currently out of the reach of States and are scheduled to be returned to the treasury at the end of fiscal year 2002 under BIPA provisions. With our economy in recession, the healthcare needs of the pediatric Medicaid and SCHIP populations have not been in greater jeopardy in recent memory. Our bill will address several important and essential issues. First, it will financially reward those States that are doing an outstanding job with their SCHIP and Medicaid pediatric populations. Second, it will provide financial incentives to those States that have not yet achieved SCHIP eligibility standards. Third, it will provide additional Medicaid revenue, through an enhancement of the Federal Medicaid Assistant Percentage, FMAP, to States experiencing budget shortfalls due to the current recession. And lastly, it will protect children's healthcare services during this period of Medicaid cutbacks on benefits and services.

SCHIP's first year of implementation was 1998. At that time program budgeting was not done based on an actuarial estimate of per capita program costs, but rather excessive funds were committed to insure adequate funding. What has evolved since 1998 is a surplus of budgeted funds whose allocation and fate has been determined by a complex State-by-State budgeting process that allows for cross subsidization between States and has resulted in large sums of unspent funds to accumulate. An unintended consequence of this intricate budgeting process is that it allows States with unspent allocated funds and States with unspent redistributed funds to lose access to these funds at the end of this fiscal year. In total, over forty States will lose access to allocated monies, only to see budgeted funds diverted back to the treasury; money that could be used to shore up the health care needs of children in Medicaid. In reviewing available options, we see the opportunity to merge the original goals of SCHIP, namely to provide for the health care needs of as many children as possible, while addressing the major budget problems currently being experienced by most States. Our bill would accomplish this by allowing unspent SCHIP monies to be used to enhance the FMAP for State Medicaid services for pediatric and pregnant women beneficiaries. Prior to initiating and introducing this bill, we evaluated the SCHIP budget, with CMS and CBO data, and found that the program had adequate residual funds to allow for these monies to be used by States to weather these difficult economic times without financially damaging the actuarially projected needs of SCHIP.

Our proposal has been reviewed in detail and endorsed by the American Academy of Pediatrics. This advocacy group shares our concern that unless decisive action is taken, access to health care for indigent children will suffer in our current economic climate. Today, please join with me and my colleagues, Senators BINGAMAN, LINCOLN, and MURRAY in supporting this bill. We can not and must not allow children's health care to suffer during these difficult economic times.

By Mrs. CARNAHAN (for herself and Mr. LEAHY):

S. 2820. A bill to increase the priority dollar amount for unsecured claims, and for other purposes; to the Committee on the Judiciary.

Mrs. CARNAHAN. Mr. President, on behalf of myself and Senator LEAHY, I am introducing legislation to protect the employees of corporations that declare bankruptcy. This bill will also put a stop to the outrageous practice of giving unearned bonuses to select individuals immediately before declaring bankruptcy. With the failures of Enron, and now WorldCom, Americans have seen how cruel bankruptcy can be for the employees who dedicated themselves to their companies. While some executives received extra pay just before the bankruptcy, workers were left holding the bag. Workers have faced mass layoffs. And in many cases, workers have been denied their rightful severance pay.

I understand that bankruptcy is intended to shield corporations from their creditors while they restructure their business. However, I do not believe that corporations truly need protection from their own workers. It seems to be the other way around. Workers need greater protection from corporations that accept their labor and then refuse to pay.

The legislation I am introducing today will allow employees, and former employees, to recover a greater share of the money that their company owes them. This bill also puts a stop to the indefensible practice of paying some executives large sums of money just before claiming that the company does not have the money to pay its average workers. Let me explain each of these provisions in detail.

First, this bill increases the priority claim amount for employee wages and benefits to $13,500. Under current law, employees are only entitled to receive $4,650 for wages and benefits that they are owed. If their employers owes them more, for severance or other obligations, the employees must fight with all the other unsecured creditors in the restructuring process. In light of the Enron bankruptcy, where employees were owed average severance packages of $35,000, it is clear that the current limit must be increased as a matter of fairness.

Let me be clear. This bill only affects employees who are owed money by their employer. Increasing the priority claim creates no new obligation for a company to pay severance or other compensation. It merely makes it possible for employees to recover more of what is rightfully owed to them. It is appropriate that employees are given a priority in recovering debts. Employees depend on their paychecks to buy food, pay the rent, and provide for their families. And unlike investors or creditors that can diversify their risks, workers cannot diversify their employment.

In the case of the Enron bankruptcy, the parties have agreed that employees are entitled to collect, up front, $13,500 to cover wages, accrued vacation, contributions to benefit plans, and promised severance. This figure reflects a reasonable settlement. It recognizes the expenses that workers face as they seek new employment.

This bill includes a second provision which is designed to restore funds to the bankrupt estate which were unjustly dispersed immediately prior to the bankruptcy. My legislation permits the bankruptcy court to recover excessive employee compensation paid in the 90 days preceding bankruptcy, if it determines that that compensation was out of the ordinary course or unjust enrichment. These funds would be recovered for the benefit of the estate and its creditors.

In the days leading up to its bankruptcy, Enron paid millions of dollars in so-called retention bonuses to executives. However, these executives actually had no obligation to stay with the company through its restructuring; indeed, most of them have since left. It is unacceptable for a company to pay millions to some employees, without any justification, and then weeks later claim that it cannot make basic severance payments to the vast majority of its workers. This amendment will ensure that bankruptcy courts have the authority to prevent such outcomes in the future.

These are common sense reforms that protect employees and creditors faced with a corporate bankruptcy. In the wake of Enron and WorldCom, Americans are learning some very difficult lessons about the failures of large corporations. We ought to heed these lessons and ensure that workers and investors are better protected in the future. I encourage my colleagues to support this legislation. 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. 2820

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

SECTION 1. FAIR TREATMENT OF COMPENSATION IN BANKRUPTCY.

(a) INCREASED PRIORITY CLAIM AMOUNT FOR EMPLOYEE WAGES AND BENEFITS.—Section 507(a) of title 11, United States Code, is amended—

(1) in paragraph (3), by striking ''$4,000'' and inserting ''$13,500''; and

(2) in paragraph (4), by striking ''$4,000'' and inserting ''$13,500''.

(b) RECOVERY OF EXCESSIVE COMPENSATION.—Section 547 of title 11, United States Code, is amended by adding at the end the following:

''(h) The court, on motion of a party of interest, may avoid any transfer of compensation made to a present or former employee, officer, or member of the board of directors of the debtor on or within 90 days before the date of the filing of the petition that the court finds, after notice and a hearing, to be—

''(1) out of the ordinary course of business; or

''(2) unjust enrichment.''.

By Mr. WYDEN:

S. 2822. A bill to prevent publicly traded corporations from issuing stock options to top management in a manner that is detrimental to the long-term interests of shareholders; to the Committee on Banking, Housing, and Urban Affairs.

Mr. WYDEN. Mr. President, it seems like every morning, Americans wake up to another headline about the collapse of a big United States corporation. The failures have devastated the savings of millions of hardworking Americans, savings they were depending on for their retirement, or to pay for their kids' college education.

When the smoke clears and the fallout settles, the issue of stock options comes to the fore. Report after report details the massive fortunes amassed by the directors and top executives of so many of the companies that are at the center of the storm. So often, these executives were granted huge stock option packages, which they cashed out quickly for multimillion dollar payouts shortly before the company went over the brink.

The landmark legislation that the Senate passed unanimously last week, and which I strongly supported, will curb significant corporate abuses and accounting scandals, but it does not touch the issues surrounding stock options. It is time the Senate acted to do so. Therefore, today I am introducing the Prevention of Stock Option Abuse Act.

There is no question in my mind that some companies have abused stock options, using them as a vehicle for funneling large amounts of wealth to top executives. What's more, options have been granted in ways that fail to serve their intended purpose of aligning the interests of management with the long-term interests of the company. Instead, several of the massive option grants have created perverse incentives, enabling top executives to get fabulously rich by pumping up the company's short-term share price. The tactics they use to do so may jeopardize the company's long-term financial health, but by the time the long term impact is felt, the executives have already cashed out and left the firm.

When an executive develops a big personal stake in options, it can lead to a big conflict of interest. Too often, the company's long-term interests take a back seat to the executive's desire for personal reasons to boost the short-

term share price. When the betting is between massaging the numbers to ''manage'' quarterly profit projections and improving the quality of the business through such things as R&D investments, short-term profits, and the value of executive stock options, can be the odds-on favorite.

But the abuse of stock options in the executive suite should not be taken as an indictment of stock options in general. I remain convinced that stock option plans, as long as they are broad-based plans that extend to rank-and-file employees as well as CEOs, can play a very important role in our economy. They can enable corporations to attract and retain good workers and top talent. And they can improve motivation and productivity, by giving employees a strong personal interest in the long-term success of the corporation.

Therefore, the legislation I am introducing today aims to stop the abuses at the top while not gutting options that are so vital to rank-and-file workers. It focuses on restoring the link between the long-term interests of the company and those of senior management, and giving shareholders knowledge about and control over the stock options of corporate leaders.

Specifically, the bill would direct the Securities and Exchange Commission to issue rules, applicable to all publicly traded companies, in three main areas.

First, to increase shareholder influence and oversight with respect to grants of stock options, the bill calls for rules requiring shareholder approval of stock option plans. This would help prevent the all too common ''I'll-scratch-your-back-if-you-scratch-mine'' culture of clubby directors and top executives voting each other huge option packages with little or no shareholder input.

Second, the bill contains tough provisions to ensure that stock options will provide incentives for corporate officers and directors to act in the best long-term interests of their corporations, rather than incentives to stimulate short-term run-ups in the stock price. It would do this by establishing substantial vesting periods for options and holding periods for stock shares, so that top executives do not have the ability to quickly cash out and jump ship.

The holding period would be multi-tiered. Directors and officers would be allowed to sell up to one quarter of their shares six months after acquiring them, to permit a degree of diversification or to meet their current financial needs. But for the majority, they would be required to wait at least three years. And they would be required to hold on to some of their stock until at least six months after leaving the company.

Third, and finally, to improve the transparency of stock option grants to directors and officers, the bill calls for rules to provide better and more frequent information to shareholders and investors. Shareholders deserve more information than that contained in the average footnote. Specifically, the bill would require stock option information to be reported quarterly, not just annually, and broken out into a separate, easy-to-find section in each company's public SEC filings.

To date, there have been two paths offered to deal with the issue of stock options. Some think the problem is so severe that options should be pared back across the board and that Congress should dictate new accounting rules for them. Others say that business as usual should be the order of the day, and that no immediate action is necessary.

The bill that I have introduced today seeks to lay out a third path. It offers a way to ensure that broad-based stock options can continue to be a useful tool for deserving workers, shareholders and the economy as a whole, while still curbing abuses by those in the executive suites whose conduct is over the line. I don't claim that the bill is the complete solution in its present form, but I believe it offers a strong framework for a new approach, and I look forward to working with my colleagues and others to refine and improve it as it moves through the legislative process.

The job of cleaning up corporate corruption will not be complete until Congress acts to correct the abuse of stock options. I hope my colleagues will join me in this effort to put tough new rules in place that will retain broad-based stock options for workers and curb their abuse by top management.

By Mr. AKAKA (for himself and Mr. CRAIG):

S. 2823. A bill to amend the Organic Act of Guam for the purposes of clarifying the local judicial structure of Guam; to the Committee on Energy and Natural Resources.

Mr. AKAKA. Mr. President, I am pleased to introduce legislation with the senior Senator from Idaho, Mr. Craig, which amends the Organic Act of Guam to clarify Guam's judicial structure by ensuring that it is a unified and co-equal branch of the Government of Guam. The Organic Act establishes the executive and legislative branches of the Government of Guam. This legislation would simply include Guam's judicial branch in the Organic Act.

Similar legislation, H.R. 521, was introduced in the House of Representatives by Representative Robert Underwood of Guam. The Bush Administration has no objection to the enactment of H.R. 521. The Congressional Budget Office also estimated that the legislation would have no impact on the federal budget.

For those of us who have followed and worked on territorial issues for a long time, we do our best to balance the role of Congress when overriding federal interests are involved with the concerns expressed by territorial leaders and the general public. In this case, the establishment of an independent judicial branch on Guam is an overriding federal interest and is broadly supported by the people of Guam. This bill is supported by General Ben Blaz, former Guam Delegate to Congress, Guam Governor Carl Guiterrez, Justice Philip Carbullido, Acting Chief Justice of Guam's Supreme Court, the Guam Bar Association, Guam's legal community, the National Conference of Chief Justices, and the Guam Pacific Daily News.

I believe that today's legislation is necessary to ensure the integrity and independence of Guam's judicial system as co-equal with the executive and legislative branches of the Government of Guam. I look forward to working with my colleagues in the Senate on this important issue.

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. 2823

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

SECTION 1. JUDICIAL STRUCTURE OF GUAM.

(a) JUDICIAL AUTHORITY; COURTS.—Section 22(a) of the Organic Act of Guam (48 U.S.C. 1424(a)) is amended to read as follows:

''(a)(1) The judicial authority of Guam shall be vested in a court established by Congress designated as the 'District Court of Guam', and a judicial branch of Guam which branch shall constitute a unified judicial system and include an appellate court designated as the 'Supreme Court of Guam', a trial court designated as the 'Superior Court of Guam', and such other lower local courts as may have been or shall hereafter be established by the laws of Guam.

''(2) The Supreme Court of Guam may, by rules of such court, create divisions of the Superior Court of Guam and other local courts of Guam.

''(3) The courts of record for Guam shall be the District Court of Guam, the Supreme Court of Guam, the Superior Court of Guam (except the Traffic and Small Claims divisions of the Superior Court of Guam) and any other local courts or divisions of local courts that the Supreme Court of Guam shall designate.''.

(b) JURISDICTION AND POWERS OF LOCAL COURTS.—Section 22A of the Organic Act of Guam (48 U.S.C. 1424–1) is amended to read as follows:

''SEC. 22A. (a) The Supreme Court of Guam shall be the highest court of the judicial branch of Guam (excluding the District Court of Guam) and shall—

''(1) have original jurisdiction over proceedings necessary to protect its appellate jurisdiction and supervisory authority and such other original jurisdiction as the laws of Guam may provide;

''(2) have jurisdiction to hear appeals over any cause in Guam decided by the Superior Court of Guam or other courts established under the laws of Guam;

''(3) have jurisdiction to issue all orders and writs in aid of its appellate, supervisory, and original jurisdiction, including those orders necessary for the supervision of the judicial branch of Guam;

''(4) have supervisory jurisdiction over the Superior Court of Guam and all other courts of the judicial branch of Guam;

''(5) hear and determine appeals by a panel of three of the justices of the Supreme Court of Guam and a concurrence of two such justices shall be necessary to a decision of the Supreme Court of Guam on the merits of an appeal;

''(6) make and promulgate rules governing the administration of the judiciary and the practice and procedure in the courts of the judicial branch of Guam, including procedures for the determination of an appeal en banc; and

''(7) govern attorney and judicial ethics and the practice of law in Guam, including admission to practice law and the conduct and discipline of persons admitted to practice law.

''(b) The Chief Justice of the Supreme Court of Guam—

''(1) shall preside over the Supreme Court unless disqualified or unable to act;

''(2) shall be the administrative head of, and have general supervisory power over, all departments, divisions, and other instrumentalities of the judicial branch of Guam; and

''(3) may issue such administrative orders on behalf of the Supreme Court of Guam as necessary for the efficient administration of the judicial branch of Guam.

''(c) The Chief Justice of the Supreme Court of Guam, or a justice sitting in place of such Chief Justice, may make any appropriate order with respect to—

''(1) an appeal prior to the hearing and determination of that appeal on the merits; or

''(2) dismissal of an appeal for lack of jurisdiction or failure to take or prosecute the appeal in accordance with applicable laws or rules of procedure.

''(d) Except as granted to the Supreme Court of Guam or otherwise provided by this Act or any other Act of Congress, the Superior Court of Guam and all other local courts established by the laws of Guam shall have such original and appellate jurisdiction over all causes in Guam as the laws of Guam provide, except that such jurisdiction shall be subject to the exclusive or concurrent jurisdiction conferred on the District Court of Guam under section 22 of this Act.

''(e) The qualifications and duties of the justices and judges of the Supreme Court of Guam, the Superior Court of Guam, and all other local courts established by the laws of Guam shall be governed by the laws of Guam and the rules of such courts.''.

(c) TECHNICAL AMENDMENTS.—(1) Section 22C(a) of the Organic Act of Guam (48 U.S.C. 1424–3(a)) is amended by inserting ''which is known as the Supreme Court of Guam,'' after ''appellate court authorized by section 22A(a) of this Act,''.

(2) Section 22C(d) of the Organic Act of Guam (48 U.S.C. 1424–3(d)) is amended—

(A) by inserting '', which is known as the Supreme Court of Guam,'' after ''appellate court provided for in section 22A(a) of this Act''; and

(B) by striking ''taken to the appellate court'' and inserting ''taken to such appellate court''.

SEC. 2. APPEALS TO UNITED STATES SUPREME COURT.

Section 22B of the Organic Act of Guam (48 U.S.C. 1424–2) is amended by striking '': *Provided*, That'' and all that follows through the end and inserting a period.

By Mr. DORGAN (for himself and Mr. WARNER):

S. 2825. A bill to amend the Internal Revenue Code of 1986 to allow a nonrefundable tax credit for contributions to congressional candidates; to the Committee on Finance.

Mr. DORGAN. Mr. President, earlier this year we enacted a bold new campaign finance reform bill. After years of debate and delay, the Congress passed and the President signed this far-reaching legislation, known as McCain-Feingold. This new law eliminates the large ''soft money'' contributions from our campaign finance system and it expanded the role that some individuals can play by raising the individual campaign contribution limits.

But there is one critical area that the McCain-Feingold bill didn't address, one important problem that the new law doesn't solve: how to give low- and middle-income families an incentive to contribute to the candidate of their choice.

Today, I am introducing a bill with my colleague from Virginia, Senator WARNER, that will do just that. It will empower millions of working Americans to become engaged in our political system, by providing a tax credit to those who donate money to congressional candidates.

As campaigns become more and more expensive, the number of small contributors is actually decreasing. The current campaign finance system is becoming dominated by big dollar contributors. This is not healthy for our campaigns and it is not good for our democracy.

My bill would make middle income Americans more able to donate to candidates. Specifically, my bill would provide a maximum $400 tax credit to married couples earning up to $120,000 for their campaign contributions. For singles with income up to $60,000, the tax credit would apply to contributions up to $200. This credit will provide a dollar for dollar offset for contributions, an incentive that could encourage the vast majority of working families to consider contributions to the candidates of their choice.

This is not a new idea. This type of credit was a part of our tax system for more than a decade in the 1970s and 1980s. It has been a part of many campaign finance reform proposals over the years, proposals that have been introduced and supported by both Democrats and Republicans. And this policy proposal is the focus of a new study by the American Enterprise Institute, AEI, which concluded that this approach would help to elevate small donors from the supporting role that they now play. So, our proposal has been successful in the past, and it has had broad support from both parties over the past thirty years.

Participation in the political process is key to a strong democracy. This bill will help broaden participation and will provide an incentive for more Americans to be included in political campaigns. That is healthy for our form of government.

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. 2825

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

SECTION 1. CREDIT FOR CONTRIBUTIONS TO CONGRESSIONAL CANDIDATES.

(a) GENERAL RULE.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25B the following new section:

''SEC. 25C. CONTRIBUTIONS TO CONGRESSIONAL CANDIDATES.

''(a) GENERAL RULE.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the total of contributions to candidates for the office of Senator or Representative in, or Delegate or Resident Commissioner to, the Congress.

''(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) for a taxable year shall not exceed $200 ($400 in the case of a joint return).

''(c) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any contribution, only if such contribution is verified in such manner as the Secretary shall prescribe by regulations.

''(d) DEFINITIONS.—For purposes of this section—

''(1) CANDIDATE; CONTRIBUTION.—The terms 'candidate' and 'contribution' have the meanings given such terms in section 301 of the Federal Election Campaign Act of 1971.

''(2) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means any taxpayer whose adjusted gross income for the taxable year does not exceed $60,000 ($120,000 in the case of a joint return).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 642 of the Internal Revenue Code of 1986 (relating to special rules for credits and deductions of estates or trusts) is amended by adding at the end the following new subsection:

''(j) CREDIT FOR CERTAIN CONTRIBUTIONS NOT ALLOWED.—An estate or trust shall not be allowed the credit against tax provided by section 25C.''.

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 25B the following new item:

''Sec. 25C. Contributions to congressional candidates.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

By Mr. SCHUMER (for himself, Mr. CRAIG, Mr. KENNEDY, and Mr. MCCAIN):

S. 2826. A bill to improve the national instant criminal background check system; and for other purposes; to the Committee on the Judiciary.

Mr. SCHUMER. Mr. President, we are an odd group of Senators, but not when it comes to making sure that guns are kept away from drug addicts, felons, illegal aliens and others.

Today, we're announcing an extremely important new bill that would plug up the gaping holes that are currently in the Justice Department's gun background check system.

This bill is needed to prevent brutal, senseless murders like the one that took place in a Long Island church a few months ago from ever happening again.

For those of you who may not know what happened, on March 8, 2002, Peter J. Troy walked into Britt's Firearms in Mineolan, NY and purchased a .22 caliber semi-automatic rifle. Four days later, he walked into a church in Lynbrook, NY, Our Lady of Peace, and shot and killed the Reverend Lawrence M. Penzes and Eileen Tosner.

Mr. Troy had a history of mental health problems, and had been admitted to Bellevue Hospital Center and Nassau University Medical Center on at least two occasions. In addition, Mr. Troy's mother had a restraining order issued against him in February 1998, which he violated on more than one occasion.

Yet despite his history of mental illness and violent behavior, Mr. Troy was approved to purchase the rifle by a Federal background check. In fact, there was no records on Peter J. Troy in the National Instant Criminal Background Check System, NICS, at all.

That never, ever should have happened. We knew Peter Troy was a violent man. We knew he was mentally ill. He had no business owning a gun, and he proved it, to the shock and horror of everyone in Long Island and to everyone else in this Nation.

Had the Federal system that checks all gun purchasers picked up on the fact that Peter Troy was both mentally ill and was subject to a restraining order, he never would have been sold a rifle and the murders may never had occurred.

All the signs were there and all the signs were ignored. That's why we need to tighten State reporting laws so that the violent and the mentally ill, people who aren't allowed to purchase guns, aren't able to purchase guns. Otherwise, this could happen again and again.

The Federal Gun Control Act bars people who have been committed to a mental institution or convicted of a felony from purchasing a firearm. That's not the problem.

The problem is that this kind of information is not always shared with the NICS system. The INS, for example, doesn't always share info about an illegal alien with the Justice Department or a State doesn't forward info about an involuntary commitment to the FBI.

So when the background check is performed, the information never appears, red flags aren't raised, and the gun purchase goes right through.

In other words, the Federal background check is only as good as the records that are in it.

How poor is our background check system? This year, Americans for Gun Safety released a report showing that over a 30-month period, 10,000 felons obtained a gun simply because faulty records made it impossible to complete a background check on time.

And their report warned that this 10,000 figure is only the tip of the iceberg. It doesn't include the thousands of illegal immigrants, domestic abusers, and the severely mentally ill who are not in the system at all and cannot be stopped by a background check no matter how much time is allowed.

It's catch as catch can, and we're not catching very much.

Under the bill we're introducing, if someone is trying to buy a gun, and if they are either: 1. under indictment; 2. been convicted of a crime punishable by more than a year; 3. is a fugitive from justice; 4. is a known drug addict; 5. if they've been committed to a mental institution; 6. is subject to a court order restraining them from domestic violence; or 7. been convicted of a domestic violence misdemeanor, the State will be legally required to let the FBI know.

It's a lot of information. There's no question about it. But most of this information is kept by the states. And most of it is automated. So for the majority of these categories, it's a matter of getting the information from point A, the State, to point B—the FBI. Unfortunately, most States, including New York, do not have good records on mental health, and that's going to take some more work.

The bill provides $375 million per year for three years, for States to get their records in order and to automate them to ensure that they get to the FBI quickly.

It also requires Federal agencies to share the records they keep with NICS. For example, the INS would be required to share its records on illegal aliens with NICS.

I want to thank my colleagues who are with me today, particularly Senator CRAIG, for recognizing that this is a public safety issue that needs urgent attention and not a ''gun control'' issue per se. Working together, we can get this done in the Senate with the same speed the House got it done.

Mr. CRAIG. Mr. President, I am pleased to join my colleagues in an unprecedented alliance today, introducing legislation to improve the National Instant Background Check System (NICS). While we have frequently demonstrated our differing views of second amendment issues, we stand together when it comes to enforcing laws against criminal gun violence, and that is the subject of our legislation.

The vast majority of gun owners in our country today understand that the right to keep and bear arms comes with a grave duty to use firearms responsibly and within the law.

The NICS system deals with the tiny but dangerous fraction of Americans who have lost their firearm rights because they are proven lawbreakers, convicted felons—or because they do not have the capacity to understand their responsibilities as firearm users. Our federal laws prohibit these individuals from possessing or acquiring firearms, and the NICS system is made up of the records of these ''prohibited persons.'' This is the list against which prospective gun purchasers are checked when the law requires a background check. State and local agencies still play a big role, conducting checks on almost half the applications based on their own records.

We want the system to be fast, so that it does not unduly burden individuals in the exercise of their second amendment rights. That means the records need to be automated, so we don't have the kind of delays that happen when local law enforcement has to manually check written records.

It is equally critical to all of us that the system be accurate. Accuracy means we need to be able to remove a record if it is no longer relevant—for example, if it's a record of an indictment on charges that were later dropped. It also means we need all relevant records—records pertaining not only to convicted felons, but also those who are adjudicated mentally incompetent and drug abusers, and all other categories prohibited by federal law from possessing firearms.

Accurate, automated records means truly instant checks, fewer delays for law-abiding gun purchases, and better use as a tool to prevent violent criminals from obtaining firearms.

U.S. taxpayers have spend hundreds of millions of dollars in less than a decade, helping to improve all States' criminal history records for law enforcement purposes. It is time to focus our national strategy on getting the job completed, to the benefit of not just the gun-purchasing public but all Americans concerned about the safety of their communities.

Our bill sets out the objectives needed to complete the NICS system, and it provides incentives and strategies for accomplishing those objectives. We have been working in tandem with like-minded members in the other body, and the bill we introduce today reflects the changes made by the House Judiciary Committee in the original proposal. Among other things, this bill specifies the records still needed from federal agencies to fill in the gaps, and requires the removal of records that are no longer relevant. It provides inventive for States to improve their systems through grants and waivers of current matching fund requirements. It calls on DOJ and the mental health community to develop privacy protocols so that mental health records can be properly added to the system.

I am also pleased that the bill incorporates a provision of great importance to law-abiding gun owners, making permanent the prohibition against charging a federal fee for background checks. Congress has supported this prohibition repeatedly, acknowledging that any such check is being done for law enforcement purposes and not as a service or convenience to gun purchasers. It makes good sense to codify that prohibition, once and for all.

In sum, this is an important and timely measure. I appreciate the work that the cosponsors have done to get us to this point, and I urge all our colleagues to support the bill's enactment.

Mr. MCCAIN. Mr. President, along with Senators SCHUMER, CRAIG, and KENNEDY, I rise today to introduce the ''Our Lady of Peace Act'' that has the strong support of major organizations across the political spectrum.

This legislation fixes a huge hole in our system—a hole that delays legitimate firearms purchases and allows criminals and other prohibited buyers to obtain guns. The hole is the faulty records in the National Instant Criminal Background Check System, NICS. Based on a report released by Americans for Gun Safety Foundation in January 2002, Congress has learned that millions of records are missing from the NICS database. Over a 30-month period, 10,000 criminals obtained a firearm despite a background check because the records couldn't be checked properly within the 3 days allowed by federal law. In addition, thousands of other prohibited buyers will never be stopped because very few restraining orders, drug abuse or mental disability records are kept at all. This report makes it clear that if we are to be serious about stopping criminals, wife-beaters and illegal aliens from slipping through a background check, we had better fix this broken system.

Better records mean more accurate background checks—checks which stop prohibited buyers while allowing legitimate buyers to be approved. And better records put the ''instant'' back into instant check, because delays occur when records have to be searched manually. In fact, the only reason why criminal background checks sometime take several days is because records have to be checked by hand instead of computer.

The figure is astonishing. There are over 30 million missing records.

For felony records, the typical state has automated only 58 percent of its felony conviction records. The FBI estimates that out of 39 million felony arrest records, 16 million of them lack final disposition information. Without final disposition records, background checks must rely on time consuming manual searches of courthouse files to approve or deny firearms purchases.

On the issue of mental health, 33 States keep no mental health disqualifying records and no state supplies mental health disqualifying records to NICS. The General Accounting Office, GAO, estimates that 2.7 million mental illness records should be in the NICS databases, but less than 100,000 records are available, nearly all from VA mental hospitals. States have supplied only 41 mental health records to NICS. Combined with the federal records, the GAO estimates that only 8.6 percent of the records of those disqualified from buying a firearm for mental health reasons are accessible on the NICS database.

In the case of drug abusers, the GAO estimates that only 3 percent of the 14 million records of drug abusers are automated, not including felons and wanted fugitives. States have supplied only 97 of those records to NICS which the GAO estimates as representing less than 0.1 percent of the total records of those with drug records that would deny them a firearm.

On the issue of domestic violence, 20 States lack a database for either domestic violence misdemeanants or temporary restraining orders or both, 42 percent of all NICS denials based on restraining orders come from one State—Kentucky—which does the best job of automating TRO's from the bench. The Department of Justice estimates that nearly 2 million restraining order records are missing from the database.

In the case of illegal aliens/non-immigrant status records, the GAO estimates that over 2 million illegal alien records are absent from the NICS database. Through 2001, NICS had no records of non-immigrants in the United States making it impossible to stop visitors to the U.S. on tourist or student visas from purchasing firearms.

The benefits of better records are simple and important. They lead to accurate and instant background checks. Better records mean we would be able to stop far more prohibited buyers from obtaining a gun than we do now. When a restraining order, drug abuse or mental health record is missing, nothing in the NICS system indicates a reason to delay the sale and search records. NICS simply approves the transaction usually within 3 minutes.

Poor records are why and this legislation will fix the system. This bill requires Federal agencies such as the Immigration and Naturalization Service, INS, and the VA to provide all records of those disqualified from purchasing a firearm to NICS. For INS, it would mean sending millions of records of those here on tourist visas, student visas, and all other non-immigrant visas to NICS. Each State would be allowed to receive a waiver for up to 5 years of the 10 percent matching requirement for the National Criminal History Improvement Grants, NCHIP, when that state automates and makes available to NICS at least 95 percent of records of those disqualified from purchasing a firearm. This bill also requires states to automate and send to NICS all disqualifying records under Federal and State law, including domestic violence misdemeanors, restraining orders, criminal conviction misdemeanors, drug abuse and other relevant records to NICS.

We also provides grants of $250 million per year for 3 years to States to improve background check records, automate systems, enhance states capacities to perform background checks, supply mental health records and domestic violence records to NICS. We also give grants of $125 million per year for 3 years to States to assess their systems for rapidly getting criminal conviction, domestic violence records and other records from the courtroom into the NICS database and for improving those systems so as to eliminate the lag time between conviction and entry into NICS.

Better records mean instant checks: 72 percent of background checks are approved and completed within minutes, but 5 percent take days to complete for one reason only faulty records force law enforcement into time consuming searches to locate final disposition records for felony and domestic violence convictions. It is our hope that this legislation will finally make our records system complete and totally stop prohibited buyers from gaining access to firearms while allowing legitimate buyers to be approved.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE RESOLUTION 311—EXPRESSING THE SENSE OF THE SENATE REGARDING THE POLICY OF THE UNITED STATES AT THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT AND RELATED MATTERS

Mr. KERRY (for himself, Mr. JEFFORDS, Mrs. MURRAY, Mr. LIEBERMAN, Mr. AKAKA, Mr. DURBIN, Mrs. BOXER, Ms. CANTWELL, Mr. TORRICELLI, Mr. LEAHY, Mr. FEINGOLD, and Mr. BINGAMAN) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 311

Whereas the Senate recalls the Stockholm Declaration of the United Nations Conference on the Human Environment of 1972, the Rio Declaration on Environment and Development of the United Nations Conference on Environment and Development of 1992, and Agenda 21—which provided the framework for action for achieving sustainable development;

Whereas the pillars of sustainable development—economic development, social development and environmental protection—are interdependent and mutually reinforcing components, and many countries continue to face overwhelming social, environmental and economic challenges;

Whereas global environmental degradation is both affected by and a significant cause of, social and economic problems such as pervasive poverty, unsustainable production and consumption patterns, poor ecosystem management and land use, and the burden of debt;

Whereas, despite the many successful and continuing efforts of the international community, the environment and the natural resource base that supports life on Earth continue to deteriorate at an alarming rate;

Whereas the Senate recognizes the importance of the World Summit on Sustainable Development as a review of progress achieved in implementing the commitments made at the United Nations Conference on Environment and Development, and as an opportunity for the international community to strengthen international cooperation and implement its commitments to achieve sustainable development;

Whereas the Senate recognizes further that the World Summit on Sustainable Development is intended to be a summit of heads of state;

Whereas the United States delegation was represented by the President at the United Nations Conference on Environment and Development of 1992;

Whereas the Senate recognizes further the importance of the United States of America