FITZGERALD), the Senator from Connecticut (Mr. LIEBERMAN), the Senator from Wisconsin (Mr. KOHL), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Montana (Mr. BAUCUS), the Senator from Iowa (Mr. GRASSLEY), and the Senator from Arkansas (Mrs. LINCOLN) were added as cosponsors of amendment No. 27 proposed to H.J. Res. 2, supra.

AMENDMENT NO. 40

At the request of Mr. BAUCUS, his name was added as a cosponsor of amendment No. 40 proposed to H.J. Res. 2, a joint resolution making further continuing appropriations for the fiscal year 2003, and for other purposes.

AMENDMENT NO. 40

At the request of Mrs. CLINTON, her name was added as a cosponsor of amendment No. 40 proposed to H.J. Res. 2, supra.

AMENDMENT NO. 40

At the request of Mr. SARBANES, his name was added as a cosponsor of amendment No. 40 proposed to H.J. Res. 2, supra.

AMENDMENT NO. 51

At the request of Mr. FITZGERALD, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of amendment No. 51 intended to be proposed to H.J. Res. 2, a joint resolution making further continuing appropriations for the fiscal year 2003, and for other purposes.

AMENDMENT NO. 55

At the request of Mr. NELSON of Florida, the names of the Senator from Louisiana (Ms. LANDRIEU) and the Senator from North Carolina (Mr. EDWARDS) were added as cosponsors of amendment No. 55 intended to be proposed to H.J. Res. 2, a joint resolution making further continuing appropriations for the fiscal year 2003, and for other purposes.

AMENDMENT NO. 55

At the request of Mr. KENNEDY, his name was added as a cosponsor of amendment No. 55 intended to be proposed to H.J. Res. 2, supra.

AMENDMENT NO. 61

At the request of Ms. MIKULSKI, the names of the Senator from West Virginia (Mr. BYRD), the Senator from Connecticut (Mr. LIEBERMAN), and the Senator from New York (Mrs. CLINTON) were added as cosponsors of amendment No. 61 intended to be proposed to H.J. Res. 2, a joint resolution making further continuing appropriations for the fiscal year 2003, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SMITH (for himself, Ms. STABENOW, and Mr. SANTORUM):

S. 198. A bill to amend the Internal Revenue Code of 1986 to allow an income tax credit for the provision of homeownership and community development, and for other purposes; to the Committee on Finance.

Mr. SMITH. Mr. President, I rise today with Senators STABENOW and SANTORUM to introduce the New Homestead Economic Opportunity Act. This legislation will create a single-family housing tax credit for developers who build in low income areas, and allow more Americans to reach their dreams of homeownership. It will also encourage developers of single family units to invest in low income areas and improve our communities.

Currently, there are no tax credits available to developers of new or rehabilitated, affordable single-family housing. The low-income housing tax credit provides tax credits to owners of low-income rental units, but does not provide a solution to the problem of a lack of affordable homes. The quality of life in distressed neighborhoods can be improved dramatically by increasing home ownership. Existing buildings in these neighborhoods often need extensive renovation before they can provide decent owner-occupied housing. It is also difficult for renovations to occur because the costs involved exceed the prices at which the housing units could be sold. Similarly, the costs of new construction may exceed its market value. Properties sit vacant and neighborhoods remain devastated. The New Homestead Economic Opportunity Act bridges the gap between development costs and market prices and will revitalize these areas.

Our legislation will create a single-family housing tax credit of $1.75 per resident which will be made available annually to States. In my home State of Oregon, the most recent Census estimates State or local housing credit agencies will award these credits to housing units, including condominiums and cooperatives planned for development of single-family housing in census tracts with median incomes of 80 percent or less of area median income. The value of the credits could not exceed 50 percent of the qualifying cost of the unit. Rules similar to the current law rules for the Low Income Housing Tax Credit will apply to determine eligible costs of individual units.

The owner of the housing unit being sold to a qualified buyer will be eligible to claim the single-family housing tax credit over a 5-year period beginning on that date. Eligible home buyers must have incomes at 80 percent or less of applicable median family income. They would not have to be first time homebuyers, and rules similar to the mortgage revenue bond provisions will apply to determine applicable median family income.

In Oregon, rising housing costs are prohibiting working families from being able to afford homes. With a lack of affordable housing, costs are rising, and families are unable to gain the stability and equity homeownership provides. In its first year, the New Homestead Economic Opportunity Act would support more than 360 new affordable homes, probably more if credits are used in connection with less costly rehabilitations. A family of three or more with an income of $30,000 will be a qualified buyer in Oregon. This legislation will affect real working Americans.

I am proud to sponsor this legislation that will further the dream of so many Americans through homeownership. I urge my colleagues to join me in supporting the New Homestead Economic Opportunity Act.

I ask unanimous consent that the New Homestead Economic Opportunity Act be printed in the RECORD.

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

S. 198

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

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''New Homestead Economic Opportunity Act''.

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

SEC. 2. COMMUNITY HOMEOWNERSHIP CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 is amended by inserting after section 42 the following new section:

''SEC. 42A. HOMEOWNERSHIP CREDIT.

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the amount of the homeownership credit determined under this section for any taxable year in the credit period shall be an amount equal to the applicable percentage of the eligible basis of each qualified residence.

''(b) APPLICABLE PERCENTAGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'applicable percentage' means the appropriate percentage prescribed by the Secretary for the month in which the taxpayer and the homeownership credit agency enter into an agreement with respect to such residence (which is binding on such agency, the taxpayer, and all successors in interest) as to the homeownership credit dollar amount to be allocated to such residence.

''(2) METHOD OF PRESCRIBING PERCENTAGE.—The percentage prescribed by the Secretary for any month shall be the percentage which will yield over a 5-year period amounts of credit under subsection (a) which have a present value equal to 50 percent of the eligible basis of a qualified residence.

''(3) METHOD OF DISCOUNTING.—The present value under paragraph (2) shall be determined—

''(A) as of the last day of the 1st year of the 5-year period referred to in paragraph (2),

''(B) by using a discount rate equal to 72 percent of the annual Federal mid-term rate applicable under section 1274(d)(1) to the month applicable under paragraph (1) and compounded annually, and

''(C) by assuming that the credit allowable under this section for any year is received on the last day of such year.

''(c) QUALIFIED RESIDENCE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified residence' means any residence—

''(A) which is located—

''(i) in a census tract which has a median gross income which does not exceed 80 percent of the greater of area or state-wide median gross income, or

''(ii) in an area of chronic economic distress, and

''(B) which is purchased by a qualified buyer.

For purposes of clause (ii) of subparagraph (A), an area is an area of chronic economic distress if it is approved for designation as such under section 143(j)(3), except that such designation shall not require the approval of the Secretary and shall cease to apply after the end of the 5th calendar year after the calendar year in which the designation is made.

''(2) RESIDENCE.—For purposes of paragraph (1), the term 'residence' means—

''(A) a single-family home containing 1 to 4 housing units,

''(B) a condominium unit,

''(C) stock in a cooperative housing corporation (as defined in section 216(b)), or

''(D) any factory-made housing which is permanently affixed to real property.

In the case of a single-family home described in subparagraph (A) which contains more than 1 housing unit, the term 'residence' shall not include any new residence and shall include only the portion of such home which is to be occupied by the owner thereof (based on the percentage of the total area of such home which is to be occupied by the owner).

''(3) TIMING OF DETERMINATION.—For purposes of paragraph (1), the determination of whether a residence is a qualified residence shall be made at the time a binding commitment for an allocation of credit is awarded by the homeownership credit agency, except that the determination of whether a buyer is a qualified buyer shall be made at the time the residence is sold.

''(4) MEDIAN GROSS INCOME.—For purposes of this section, median gross income shall be determined consistent with section 143(f)(2).

''(d) ELIGIBLE BASIS.—For purposes of this section—

''(1) NEW QUALIFIED RESIDENCES.—

''(A) IN GENERAL.—The eligible basis of a new qualified residence is—

''(i) in the case of a qualified residence which is sold in a transaction which meets the requirements of subparagraph (B), its adjusted basis (excluding land) immediately before such sale, and

''(ii) zero in any other case.

''(B) REQUIREMENTS.—A sale of a qualified residence meets the requirements of this subparagraph if—

''(i) the buyer acquires the qualified residence by purchase (as defined in section 179(d)(2)),

''(ii) the buyer of the qualified residence is not a related person with respect to the seller, and

''(iii) the buyer's debt financing is originated by a 3rd party who is not a related person with respect to the seller.

''(2) EXISTING QUALIFIED RESIDENCES.—

''(A) IN GENERAL.—The eligible basis of an existing qualified residence is—

''(i) in the case of a qualified residence which is sold in a transaction which meets the requirements of subparagraph (B), the adjusted basis of the rehabilitation expenditures with respect to the qualified residence which are paid or incurred in connection with such sale, and

''(ii) zero in any other case.

''(B) REQUIREMENTS.—A sale of a qualified residence meets the requirements of this subparagraph if—

''(i) the buyer acquires the qualified residence by purchase (as defined in section 179(d)(2)),

''(ii) the qualified residence has undergone substantial rehabilitation in connection with the sale described in clause (i),

''(iii) the buyer of the qualified residence is not a related person with respect to the seller, and

''(iv) the buyer's debt financing is originated by a 3rd party who is not a related person with respect to the seller.

''(C) SUBSTANTIAL REHABILITATION.—

''(i) IN GENERAL.—For purposes of subparagraph (B), substantial rehabilitation means rehabilitation expenditures paid or incurred with respect to a qualified residence which are at least $25,000.

''(ii) INFLATION ADJUSTMENT.—In the case of a calendar year after 2003, the dollar amount contained in clause (i) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase under this clause which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.

''(3) EFFECT OF SUBSEQUENT SALE, ETC.—A subsequent sale, assignment, rental, or refinancing of the qualified residence by the buyer or the subsequent sale, assignment, or pooling of the buyer's financing by the originator shall not be considered in determining whether or not the prior sales transaction satisfied the requirements of subparagraph (B) of paragraph (1) or (2).

''(4) SPECIAL RULES RELATING TO DETERMINATION OF ADJUSTED BASIS.—For purposes of this subsection—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the adjusted basis of any qualified residence (or any rehabilitation expenditures in respect thereof)—

''(i) shall not include so much of the basis of such qualified residence (or rehabilitation expenditures) as is determined by reference to the basis of other property held at any time by the person acquiring the residence, and

''(ii) shall be determined without regard to the adjusted basis of any property which is not part of such qualified residence.

''(B) BASIS OF PROPERTY IN COMMON AREAS, ETC., INCLUDED.—The adjusted basis of any qualified residence shall be determined by taking into account (on a pro rata basis) the adjusted basis of property (of a character subject to the allowance for depreciation) used in common areas or provided as comparable amenities to all residences within a project.

''(5) SPECIAL RULES FOR DETERMINING ELIGIBLE BASIS.—

''(A) RELATED PERSON, ETC.—For purposes of this section, a person (in this clause referred to as the 'related person') is related to any person if the related person bears a relationship to such person specified in section 267(b) or 707(b)(1), or the related person and such person are engaged in trades or businesses under common control (within the meaning of subsections (a) and (b) of section 52). For purposes of the preceding sentence, in applying section 267(b) or 707(b)(1), '10 percent' shall be substituted for '50 percent'.

''(B) NONRESIDENTIAL SPACE EXCLUDED.—No portion of the eligible basis of a qualified residence shall include costs attributable to nonresidential space.

''(C) LIMITATION.—The eligible basis of any residence may not exceed the mortgage limit for Federal Housing Administration insured mortgages in the area in which such residence is located.

''(e) DEFINITION AND SPECIAL RULES RELATING TO CREDIT PERIOD.—

''(1) CREDIT PERIOD DEFINED.—For purposes of this section, the term 'credit period' means, with respect to any qualified residence, the period of 5 taxable years beginning with the taxable year in which the sale of the qualified residence occurs satisfying the requirements of subsection (d)(1)(B) or (d)(2)(B).

''(2) SPECIAL RULE FOR 1ST YEAR OF CREDIT PERIOD.—

''(A) IN GENERAL.—The credit allowable under subsection (a) with respect to any qualified residence for the 1st taxable year of the credit period shall be determined by multiplying the eligible basis under subsection (d) by the fraction—

''(i) the numerator of which is the sum of the number of remaining whole months in such 1st taxable year after the sale of the qualified residence, and

''(ii) the denominator of which is 12.

''(B) DISALLOWED 1ST YEAR CREDIT ALLOWED IN 6TH YEAR.—Any reduction by reason of subparagraph (A) in the credit allowable (without regard to subparagraph (A)) for the 1st taxable year of the credit period shall be allowable under subsection (a) for the 1st taxable year following the credit period.

''(f) LIMITATION ON AGGREGATE CREDIT ALLOWABLE WITH RESPECT TO QUALIFIED RESIDENCES LOCATED IN A STATE.—

''(1) CREDIT MAY NOT EXCEED CREDIT DOLLAR AMOUNT ALLOCATED TO QUALIFIED RESIDENCE.—

''(A) IN GENERAL.—The amount of the credit determined under this section for any taxable year with respect to any qualified residence shall not exceed the homeownership credit dollar amount allocated to such qualified residence under this subsection.

''(B) TIME FOR MAKING ALLOCATION.—

''(i) GENERAL RULE.—An allocation shall be taken into account under subparagraph (A) only if it is made not later than the close of the calendar year in which the qualified residence is sold, and only if the qualified residence is sold within 1 year after the residence (or the rehabilitation expenditures, as applicable) is completed.

''(ii) EARLIER ALLOCATION BY AGENCY.—A homeownership credit agency may allocate available homeownership credit dollar amounts to a qualified residence prior to the year of sale of such qualified residence if—

''(I) the taxpayer owns fee title or a leasehold interest of not less than 50 years in the site of the qualified residence as of the later of the date which is 6 months after the date that the allocation was made or the close of the calendar year in which the allocation is made, and

''(II) such qualified residence is completed not later than the close of the 2nd calendar year following the calendar year in which the allocation was made.

''(C) VESTED RIGHT TO CREDIT DOLLAR AMOUNT.—Once a homeownership credit allocation is received by a taxpayer, the right to such credit is vested in such taxpayer and is not subject to recapture, except as provided in paragraph (4)(B).

''(2) HOMEOWNERSHIP CREDIT DOLLAR AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate homeownership credit dollar amount which a homeownership credit agency may allocate for any calendar year is the portion of the State homeownership credit ceiling allocated under this paragraph for such calendar year to such agency.

''(B) STATE CEILING INITIALLY ALLOCATED TO STATE HOMEOWNERSHIP CREDIT AGENCIES.—Except as provided in subparagraphs (D) and (E), the State homeownership credit ceiling for each calendar year shall be allocated to the homeownership credit agency of such State. If there is more than 1 homeownership

credit agency of a State, all such agencies shall be treated as a single agency.

''(C) STATE HOMEOWNERSHIP CREDIT CEILING.—The State homeownership credit ceiling applicable to any State for any calendar year before 2003 shall be zero and for any calendar year after 2002 shall be an amount equal to the sum of—

''(i) the unused State homeownership credit ceiling (if any) of such State for the preceding calendar year,

''(ii) the greater of—

''(I) $1.75 multiplied by the State population, or

''(II) $2,000,000,

''(iii) the amount of State homeownership credit ceiling returned in the calendar year, plus

''(iv) the amount (if any) allocated under subparagraph (D) to such State by the Secretary.

For purposes of clause (i), the unused State homeownership credit ceiling for any calendar year is the excess (if any) of the sum of the amounts described in clauses (ii) through (iv) over the aggregate homeownership credit dollar amount allocated for such year, except that such amount shall be zero for 2003. For purposes of clause (iii), the amount of State homeownership credit ceiling returned in the calendar year equals the homeownership credit dollar amount previously allocated within the State to any qualified residence with respect to which an allocation is canceled by mutual consent of the homeownership credit agency and the allocation recipient.

''(D) UNUSED HOMEOWNERSHIP CREDIT CARRYOVERS ALLOCATED AMONG CERTAIN STATES.—

''(i) IN GENERAL.—The unused homeownership credit carryover of a State for any calendar year shall be assigned to the Secretary for allocation among qualified States for the succeeding calendar year.

''(ii) UNUSED HOMEOWNERSHIP CREDIT CARRYOVER.—For purposes of this subparagraph, the unused homeownership credit carryover of a State for any calendar year is the excess (if any) of the unused State homeownership credit ceiling for such year (as defined in subparagraph (C)(i)) over the excess (if any) of—

''(I) the unused State homeownership credit ceiling for the year preceding such year, over

''(II) the aggregate homeownership credit dollar amount allocated for such year.

''(iii) FORMULA FOR ALLOCATION OF UNUSED HOMEOWNERSHIP CREDIT CARRYOVERS AMONG QUALIFIED STATES.—The amount allocated under this subparagraph to a qualified State for any calendar year shall be the amount determined by the Secretary to bear the same ratio to the aggregate unused homeownership credit carryovers of all States for the preceding calendar year as such State's population for the calendar year bears to the population of all qualified States for the calendar year.

''(iv) QUALIFIED STATE.—For purposes of this subparagraph, the term 'qualified State' means, with respect to a calendar year, any State—

''(I) which allocated its entire State homeownership credit ceiling for the preceding calendar year, and

''(II) for which a request is made (not later than May 1 of the calendar year) to receive an allocation under clause (iii).

''(E) STATE MAY PROVIDE FOR DIFFERENT ALLOCATION.—Rules similar to the rules of section 146(e) (other than paragraph (2)(B) thereof) shall apply for purposes of this paragraph.

''(F) POPULATION.—For purposes of this paragraph, population shall be determined in accordance with section 146(j).

''(G) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of a calendar year after 2003, the $2,000,000 and $1.75 amounts in subparagraph (C) shall each be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—

''(I) In the case of the $2,000,000 amount, any increase under clause (i) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(II) In the case of the $1.75 amount, any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.

''(3) LIMITATION ON ALLOCATIONS TO AREAS OF CHRONIC ECONOMIC DISTRESS.—Not more than 50 percent of a homeownership credit agency's portion of the State homeownership credit ceiling for a calendar year may be allocated to residences located in areas which are designated as areas of chronic economic distress in accordance with paragraph (1) of subsection (c).

''(4) SPECIAL RULES.—

''(A) RESIDENCE MUST BE LOCATED WITHIN JURISDICTION OF CREDIT AGENCY.—A homeownership credit agency may allocate its aggregate homeownership credit dollar amount only to qualified residences located in the jurisdiction of the governmental unit of which such agency is a part.

''(B) AGENCY ALLOCATIONS IN EXCESS OF LIMIT.—If the aggregate homeownership credit dollar amounts allocated by a homeownership credit agency for any calendar year exceed the portion of the State homeownership credit ceiling allocated to such agency for such calendar year, the homeownership credit dollar amounts so allocated shall be reduced (to the extent of such excess) for residences in the reverse of the order in which the allocations of such amounts were made.

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

''(1) COMPLETED.—The term 'completed' means the point in time where a qualified residence is first placed in a condition or state of readiness and availability for occupancy.

''(2) PROJECT.—The term 'project' means 1 or more residences together with functionally related and subordinate facilities developed and made available to inhabitants of such residences, including recreational facilities and parking areas. To constitute a project, each residence must—

''(A) be developed by the same taxpayer pursuant to common planning and feasibility studies,

''(B) be financed through a common plan of construction financing, and

''(C) have common ownership prior to sale.

For purposes of this paragraph, it is not necessary that all residences within a project be contiguous or that all residences consist only of either new residences or existing residences and it is not necessary that each residence within a project be a qualified residence.

''(3) QUALIFIED BUYER.—

''(A) IN GENERAL.—The term 'qualified buyer' means a buyer if at the time of the acquisition of the qualified residence, the buyer—

''(i) is 1 or more individuals whose income does not exceed 80 percent of the area median gross income (70 percent for families of less than 3 members), and

''(ii) intends to occupy the residence as the buyer's principal residence (within the meaning of section 121).

''(B) SPECIAL RULES IN QUALIFIED CENSUS TRACTS.—With respect to residences located in qualified census tracts (as defined in section 42), subparagraph (A) shall be applied by substituting '100 percent' for '80 percent' and '90 percent' for '70 percent'.

''(C) DETERMINATION OF INCOME.—For purposes of this paragraph, a buyer's income shall be determined in accordance with section 143(f)(4).

''(4) NEW QUALIFIED RESIDENCE.—The term 'new qualified residence' means a qualified residence the original ownership of which begins with the taxpayer.

''(5) EXISTING QUALIFIED RESIDENCE.—The term 'existing qualified residence' means any qualified residence which is not a new qualified residence.

''(6) HOMEOWNERSHIP CREDIT AGENCY.—The term 'homeownership credit agency' means any agency authorized to carry out this section.

''(7) POSSESSIONS TREATED AS STATES.—The term 'State' includes the District of Columbia and a possession of the United States.

''(8) APPLICATION TO ESTATES AND TRUSTS.—In the case of an estate or trust, the amount of the credit determined under subsection (a) shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

''(h) REDUCTION IN TAX BENEFITS.—

''(1) RECAPTURE OF CREDIT.—If within the first 3 years after the original purchase of a qualified residence, the residence is sold by the qualified buyer to a buyer who does not qualify as a qualified buyer, the qualified buyer—

''(A) shall deduct and withhold an amount equal to the recapture amount from the amount realized on such sale, and

''(B) shall transfer such amount to the homeownership credit agency which allocated the homeownership credit dollar amount to such residence.

''(2) RECAPTURE AMOUNT.—For purposes of paragraph (1), the recapture amount is an amount equal to 50 percent of the gain resulting from such resale, reduced by 1/36th for each month the resale occurs after the original purchase.

''(3) DENIAL OF DEDUCTIONS IF CONVERTED TO RENTAL HOUSING.—If a qualified residence is converted to rental housing within the first 3 years after the original purchase, no deduction under this chapter shall be permitted to offset rental income with respect to such residence during such period.

''(i) APPLICATION OF AT-RISK RULES.—For purposes of this section, rules of section 465 shall not apply in determining the eligible basis of any qualified residence.

''(j) REPORTS TO THE SECRETARY.—

''(1) FROM THE TAXPAYER.—The Secretary may require taxpayers to submit an information return (at such time and in such form and manner as the Secretary prescribes) for each taxable year setting forth—

''(A) the eligible basis for the taxable year of each qualified residence with respect to which the taxpayer is claiming a credit under this section,

''(B) the amount of all homeownership credit allocations received by the taxpayer from any and all State homeownership credit agencies, and

''(C) such other information as the Secretary may require.

The penalty under section 6652(j) shall apply to any failure to submit the return required by the Secretary under the preceding sentence on the date prescribed therefor.

''(2) FROM HOMEOWNERSHIP CREDIT AGENCIES.—Each agency which allocates any homeownership credit dollar amount to any residence for any calendar year shall submit to the Secretary (at such time and in such

form and manner as the Secretary shall prescribe) an annual report specifying—

''(A) the amount of the homeownership credit dollar amount allocated to each residence for such year,

''(B) sufficient information to identify each such residence and the taxpayer initially entitled to claim the credit under this section with respect thereto, and

''(C) such other information as the Secretary may require.

''(k) RESPONSIBILITIES OF HOMEOWNERSHIP CREDIT AGENCIES.—

''(1) PLANS FOR ALLOCATION OF CREDIT AMONG RESIDENCES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, the homeownership credit dollar amount with respect to any qualified residence shall be zero unless such amount was allocated pursuant to a qualified allocation plan of the homeownership credit agency which is approved by the governmental unit (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) of which such agency is a part.

''(B) QUALIFIED ALLOCATION PLAN.—For purposes of this paragraph, the term 'qualified allocation plan' means any plan which sets forth the homeownership development priorities of the homeownership credit agency.

''(C) CERTAIN HOMEOWNERSHIP DEVELOPMENT PRIORITIES MUST BE USED.—The development priorities set forth in a qualified allocation plan must include—

''(i) contribution of the development to community stability and revitalization,

''(ii) community and local government support for the development,

''(iii) need for homeownership development within the area,

''(iv) sponsor capability, and

''(v) long-term sustainability of the project as owner-occupied residences.

''(2) CREDIT ALLOCATED TO RESIDENCE NOT TO EXCEED AMOUNT NECESSARY TO ASSURE FEASIBILITY.—

''(A) IN GENERAL.—The homeownership credit dollar amount allocated to a residence shall not exceed the amount the homeownership credit agency determines is necessary for the feasibility of the residence.

''(B) AGENCY EVALUATION.—In making the determination under subparagraph (A), the homeownership credit agency shall consider—

''(i) the sources and uses of funds and the total financing planned for the residence,

''(ii) any proceeds or receipts expected to be generated by reason of tax benefits,

''(iii) the anticipated appraised value of the residence, and

''(iv) the reasonableness of the developmental costs of the residence.

''(C) DETERMINATION MADE WHEN CREDIT DOLLAR AMOUNT APPLIED FOR.—A determination under subparagraph (A) shall be made as of each of the following times:

''(i) The application for the homeownership credit dollar amount.

''(ii) The allocation of the homeownership credit dollar amount.

''(3) LIEN FOR RECAPTURE AMOUNT.—A homeownership credit dollar amount may be allocated by a homeownership credit agency to a residence only if such agency has a lien on such residence for the payment of any amount potentially required to be paid under subsection (h) to such agency.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

''(1) dealing with—

''(A) projects which include more than 1 residence or only a portion of a residence, and

''(B) buildings which are completed in portions,

''(2) providing for the application of this section to short taxable years,

''(3) preventing the avoidance of the rules of this section, and

''(4) providing the opportunity for homeownership credit agencies to correct administrative errors and omissions with respect to allocations and record keeping within a reasonable period after their discovery, taking into account the availability of regulations and other administrative guidance from the Secretary.''.

(b) CURRENT YEAR BUSINESS CREDIT CALCULATION.—Section 38(b) (relating to current year business credit) is amended by striking ''plus'' at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting '', plus'', and by adding at the end the following:

''(16) the homeownership credit determined under section 42A(a).''.

(c) LIMITATION ON CARRYBACK.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

''(11) NO CARRYBACK OF HOMEOWNERSHIP CREDIT BEFORE EFFECTIVE DATE.—No amount of unused business credit available under section 42A may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 55(c)(1) is amended by inserting ''or subsection (h) or (i) of section 42A'' after ''section 42''.

(2) Subsections (i)(3)(D), (i)(6)(B)(i), and (k)(1) of section 469 are each amended by inserting ''or 42A'' after ''section 42''.

(3) Section 772(a) is amended by striking ''and'' at the end of paragraph (10), by redesignating paragraph (11) as paragraph (12), and by inserting after paragraph (10) the following:

''(11) the homeownership credit determined under section 42A, and''.

(4) Section 774(b)(4) is amended by inserting '', 42A(h),'' after ''section 42(j)''.

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 42 the following:

''Sec. 42A. Homeownership credit.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified residences sold after December 31, 2002.

By Mr. LEVIN (for himself and Ms. STABENOW):

S. 199. A bill to amend the Solid Waste Disposal Act to authorize the Administrator of the Environmental Protection Agency to carry out certain authorities relating to the importation of municipal solid waste under the Agreement Concerning the Transboundary Movement of Hazardous Waste between the United States and Canada; to the Committee on Environment and Public Works.

Mr. LEVIN. Mr. President, I ask unanimous consent that the Canadian Waste bill be printed in the RECORD.

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

S. 199

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

SECTION 1. CANADIAN TRANSBOUNDARY MOVEMENT OF MUNICIPAL SOLID WASTE.

(a) IN GENERAL.—Subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.) is amended by adding at the end the following:

''SEC. 4011. CANADIAN TRANSBOUNDARY MOVEMENT OF MUNICIPAL SOLID WASTE.

''(a) DEFINITIONS.—In this section:

''(1) AGREEMENT.—The term 'Agreement' means—

''(A) the Agreement Concerning the Transboundary Movement of Hazardous Waste between the United States and Canada, signed at Ottawa on October 28, 1986 (TIAS 11099); and

''(B) any regulations promulgated to implement and enforce that Agreement.

''(2) MUNICIPAL SOLID WASTE.—The term 'municipal solid waste' has the meaning given the term in the Agreement.

''(b) PROHIBITION.—It shall be unlawful for any person to import, transport, or export municipal solid waste, for final disposal or incineration, in violation of the Agreement.

''(c) AUTHORITY OF ADMINISTRATOR.—

''(1) IN GENERAL.—Beginning immediately after the date of enactment of this section, the Administrator shall—

''(A) perform the functions of the Designated Authority of the United States described in the Agreement with respect to the importation and exportation of municipal solid waste under the Agreement; and

''(B) implement and enforce the Agreement (including notice and consent provisions of the Agreement).

''(2) CONSENT TO IMPORTATION.—In considering whether to consent to the importation of municipal solid waste under article 3(c) of the Agreement, the Administrator shall—

''(A) give substantial weight to the views of each State into which the municipal solid waste is to be imported; and

''(B) consider the impact of the importation on—

''(i) continued public support for, and adherence to, State and local recycling programs;

''(ii) landfill capacity, as provided in comprehensive waste management plans;

''(iii) air emissions resulting from increased vehicular traffic;

''(iv) road deterioration resulting from increased vehicular traffic; and

''(v) public health and the environment.

''(d) COMPLIANCE ORDERS.—

''(1) IN GENERAL.—If, on the basis of any information, the Administrator determines that a person has violated or is in violation of this section, the Administrator may—

''(A) issue an order that—

''(i) assesses a civil penalty against the person for any past or current violation of the person; or

''(ii) requires compliance by the person with this section immediately or by a specified date; or

''(B) bring a civil action against the person for appropriate relief (including a temporary or permanent injunction) in the United States district court for the district in which the violation occurred.

''(2) SPECIFICITY.—

''(A) IN GENERAL.—Any order issued under paragraph (1) for a violation of this subsection shall state with reasonable specificity the nature of the violation.

''(B) PENALTIES.—

''(i) MAXIMUM PENALTY.—Any penalty assessed by an order issued under paragraph (1) shall not exceed $25,000 per day of noncompliance for each violation.

''(ii) CONSIDERATIONS.—In assessing a penalty under this section, the Administrator shall take into account—

''(I) the seriousness of the violation for which the penalty is assessed; and

''(II) any good faith efforts of the person against which the penalty is assessed to comply with applicable requirements.

''(e) PUBLIC HEARING.—

''(1) IN GENERAL.—Any order issued under this section shall become final unless, not later than 30 days after the date of issuance of the order, the person or persons against which the order is issued submit to the Administrator a request for a public hearing.

''(2) HEARING.—On receipt of a request under paragraph (1), the Administrator shall promptly conduct a public hearing.

''(3) SUBPOENAS.—In connection with any hearing under this subsection, the Administrator may—

''(A) issue subpoenas for—

''(i) the attendance and testimony of witnesses; and

''(ii) the production of relevant papers, books, and documents; and

''(B) promulgate regulations that provide for procedures for discovery.

''(f) VIOLATION OF COMPLIANCE ORDERS.—If a person against which an order is issued fails to take corrective action as specified in the order, the Administrator may assess a civil penalty of not more than $25,000 for each day of continued noncompliance with the order.''.

(b) TABLE OF CONTENTS.—The table of contents of the Solid Waste Disposal Act (42 U.S.C. prec. 6901) is amended by adding at the end of the items relating to subtitle D the following:

''Sec. 4011. Canadian transboundary movement of municipal solid waste.''.

Ms. STABENOW. Mr. President, I am pleased to join with Senator LEVIN in reintroducing this bill to address the growing problem of Canadian waste shipments to Michigan.

In 2001, Michigan imported almost 3.6 million tons of municipal solid waste, more than double the amount that was imported in 1999. This gives Michigan the unwelcome distinction of being the third largest importer of waste in the United States.

My colleagues may be surprised to know that the biggest source of this waste was not another state, but our neighbor to the north, Canada. More than half the waste that was shipped to Michigan in 2001 was from Ontario, Canada, and these imports are growing rapidly. On January 1, 2003, as another Ontario landfill closed its doors, the city of Toronto switched from shipping two-thirds of its trash, to shipping all of its trash, 1.1 million tons, to Michigan landfills. Experts predict that soon there will be virtually no local disposal capacity in Ontario, which could mean even more waste being shipped across the border to Michigan.

Not only does this waste dramatically decrease Michigan's own landfill capacity, but it has a tremendous negative impact on Michigan's environment and the public health of its citizens. The Canadian waste also hampers the effectiveness of Michigan's State and local recycling efforts, since Ontario does not have a bottle law requiring recycling.

Currently, 110–130 truckloads of waste come into Michigan each day from Canada. These trucks cross the Ambassador Bridge and Blue Water Bridge and travel through the busiest parts of Metro Detroit, causing traffic delays, and filling our air with the stench of exhaust and garbage. These trucks also present a security risk at our Michigan-Canadian border, since by their nature trucks full of garbage are harder for Customs agents to inspect than traditional cargo.

Michigan already has protections contained in an international agreement between the United States and Canada, but they are being ignored. Under the Agreement Concerning the Transboundary Movement of Hazardous Waste, which was entered into in 1986, shipments of waste across the Canadian-U.S. border require government-to-government notification. The Environmental Protection Agency, EPA, as the designated authority for the United States would receive the notification and then would have 30 days to consent or object to the shipment. Not only have these notification provisions not been enforced, but the EPA has indicated that they would not object to the municipal waste shipments.

This legislation will give Michigan residents the protection they are entitled to under this bilateral treaty. The bill would give EPA the authority to implement and enforce this treaty, and would create civil penalties for those who ship waste in violation of the treaty. In addition, it would create criteria for the EPA's determination of whether or not to consent to a shipment, such as the State's views on the shipment, and the shipment's impact on landfill capacity, air emissions, public health and the environment. These waste shipments should no longer be accepted without an examination of how it will affect the health and welfare of Michigan families.

Again, I thank my colleague, Senator LEVIN, for introducing this bill and I look forward to working with him to move it through the Senate.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 24—DESIGNATING THE WEEK BEGINING MAY 4, 2003, AS ''NATIONAL CORRECTIONAL OFFICERS AND EMPLOYEES WEEK''

Mr. BYRD (for himself and Mr. SARBANES) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 24

Whereas the operation of correctional facilities represents a crucial component of the criminal justice system of the United States;

Whereas correctional personnel play a vital role in protecting the rights of the public to be safeguarded from criminal activity;

Whereas correctional personnel are responsible for the care, custody, and dignity of the human beings charged to their care; and

Whereas correctional personnel work under demanding circumstances and face danger in their daily work lives: Now, therefore, be it

Resolved,

SECTION 1. DESIGNATION OF NATIONAL CORRECTIONAL OFFICERS AND EMPLOYEES WEEK.

That the Senate—

(1) designates the week beginning May 4, 2003, as ''National Correctional Officers and Employees Week''; and

(2) requests that the President issue a proclamation calling upon the people of the United States to observe the week with appropriate ceremonies and activities.

AMENDMENTS SUBMITTED AND PROPOSED

SA 67. Mr. EDWARDS (for himself, Mr. LIEBERMAN, Mr. JEFFORDS, Mrs. CLINTON, Mr. REID, Mr. DASCHLE, and Mr. SCHUMER) proposed an amendment to the joint resolution H.J. Res. 2, making further continuing appropriations for the fiscal year 2003, and for other purposes.

SA 68. Mr. SPECTER submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 69. Mrs. CLINTON submitted an amendment intended to be proposed by her to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 70. Mr. FRIST submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 71. Mr. DODD (for himself, Mr. KENNEDY, Ms. MIKULSKI, Mr. JEFFORDS, Mrs. MURRAY, Mr. EDWARDS, Mr. DAYTON, Mr. CORZINE, Mr. KERRY, Mr. REID, Mr. REED, Mrs. CLINTON, Mr. BINGAMAN, Mr. JOHNSON, and Mr. SCHUMER) proposed an amendment to the joint resolution H.J. Res. 2, supra.

SA 72. Mr. LEAHY submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 73. Mr. LEAHY submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 74. Mr. STEVENS (for himself and Mr. FRIST) submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 75. Mrs. CLINTON submitted an amendment intended to be proposed by her to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 76. Mr. KOHL submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 77. Mr. KOHL submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 78. Mr. GREGG proposed an amendment to the joint resolution H.J. Res. 2, supra.

SA 79. Mr. DASCHLE submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 80. Mr. DAYTON (for himself, Mr. JOHNSON, and Mr. COLEMAN) proposed an amendment to the joint resolution H.J. Res. 2, supra.

SA 81. Mr. DAYTON (for himself and Mr. COLEMAN) submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.

SA 82. Mr. EDWARDS (for himself, Mr. LIEBERMAN, Mr. JEFFORDS, Mrs. CLINTON, and Mr. REID) submitted an amendment intended to be proposed by him to the joint resolution H.J. Res. 2, supra; which was ordered to lie on the table.