

EXECUTIVE REPORTS OF
COMMITTEES

The following executive report of committees was submitted on November 17, 2003:

By Mr. HATCH for the Committee on the Judiciary.

James B. Comey, of New York, to be Deputy Attorney General.

DISCHARGED NOMINATIONS

The Senate Committee on Foreign Relations was discharged from further consideration of the following nominations and the nominations were confirmed:

Foreign Service nomination beginning with Robert Goldberg and ending with Robert Goldberg.

INTRODUCTION OF BILLS AND
JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mrs. LINCOLN (for herself and Mr. BINGAMAN):

S. 1889. A bill to amend titles XIX and XXI of the Social Security Act to permit States to cover low-income youth up to age 23 with an enhanced matching rate; to the Committee on Finance.

By Mr. ENZI (for himself, Mr. REID, Mr. ENSIGN, Mrs. BOXER, Mr. ALLEN, Mrs. MURRAY, Mr. ALLARD, Mr. BURNS, and Mr. SMITH):

S. 1890. A bill to require the mandatory expensing of stock options granted to executive officers, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GRAHAM of South Carolina (for himself and Mr. DURBIN):

S. 1891. A bill to amend title 11, United States Code, to establish a priority for the payment of claims for duties paid to the United States by licensed customs brokers and sureties on behalf of a debtor; to the Committee on the Judiciary.

By Mr. BAYH:

S. 1892. A bill to provide information and advice to pension plan participants to assist them in making decisions regarding the investment of their pension plan assets, and for other purposes; to the Committee on Finance.

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

S. 1893. A bill to provide for review in the Court of International Trade of certain determinations of binational panels and committees under the North American Free Trade Agreement; to the Committee on Finance.

By Mr. BINGAMAN (for himself, Mr. ALLEN, and Mr. HATCH):

S. 1894. A bill to amend the Internal Revenue Code of 1986 to provide for the deduction of interest paid in certain situations where the debt is guaranteed by a related foreign person; to the Committee on Finance.

By Ms. SNOWE (for herself and Mr. KERRY):

S. 1895. A bill to temporarily extend the programs under the Small Business Act and the Small Business Investment Act of 1958 through March 15, 2004, and for other purposes; considered and passed.

By Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. SMITH, Mr. ROCKE-

FELLER, Mr. HATCH, Mr. CONRAD, Mr. BUNNING, Mr. GRAHAM of Florida, Mr. SANTORUM, Mr. JEFFORDS, and Mr. BREAU):

S. 1896. A bill to provide extensions for certain expiring provisions of the Internal Revenue Code of 1986, and for other purposes; to the Committee on Finance.

By Mrs. DOLE:

S.J. Res. 25. A joint resolution proposing an amendment to the Constitution of the United States relative to the line item veto; to the Committee on the Judiciary.

ADDITIONAL COSPONSORS

S. 595

At the request of Mr. HATCH, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 595, a bill to amend the Internal Revenue Code of 1986 to repeal the required use of certain principal repayments on mortgage subsidy bond financings to redeem bonds, to modify the purchase price limitation under mortgage subsidy bond rules based on median family income, and for other purposes.

S. 664

At the request of Mr. HATCH, the name of the Senator from Ohio (Mr. DEWINE) was added as a cosponsor of S. 664, a bill to amend the Internal Revenue Code of 1986 to permanently extend the research credit, to increase the rates of the alternative incremental credit, and to provide an alternative simplified credit for qualified research expenses.

S. 857

At the request of Mr. ROCKEFELLER, the name of the Senator from North Dakota (Mr. CONRAD) was added as a cosponsor of S. 857, a bill to amend the Internal Revenue Code of 1986 to provide a tax incentive to individuals teaching in elementary and secondary schools located in rural or high unemployment areas and to individuals who achieve certification from the National Board for Professional Teaching Standards, and for other purposes.

S. 1266

At the request of Mrs. CLINTON, the names of the Senator from Georgia (Mr. MILLER), the Senator from Indiana (Mr. LUGAR), the Senator from Arizona (Mr. MCCAIN) and the Senator from Minnesota (Mr. DAYTON) were added as cosponsors of S. 1266, a bill to award a congressional gold medal to Dr. Dorothy Height, in recognition of her many contributions to the Nation.

S. 1277

At the request of Mr. BIDEN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 1277, a bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to provide standards and procedures to guide both State and local law enforcement agencies and law enforcement officers during internal investigations, interrogation of law enforcement officers, and administrative disciplinary hearings, to ensure accountability of law enforcement offi-

cers, to guarantee the due process rights of law enforcement discipline, accountability, and due process laws.

S. 1380

At the request of Mr. SMITH, the name of the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 1380, a bill to distribute universal service support equitably throughout rural America, and for other purposes.

S. 1628

At the request of Mr. ALEXANDER, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1628, a bill to prescribe the oath of renunciation and allegiance for purposes of the Immigration and Nationality Act.

S. 1679

At the request of Mr. BUNNING, the name of the Senator from Missouri (Mr. TALENT) was added as a cosponsor of S. 1679, a bill to amend the Internal Revenue Code of 1986 to reduce the depreciation recovery period for roof systems.

S. 1700

At the request of Mr. HATCH, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1700, a bill to eliminate the substantial backlog of DNA samples collected from crime scenes and convicted offenders, to improve and expand the DNA testing capacity of Federal, State, and local crime laboratories, to increase research and development of new DNA testing technologies, to develop new training programs regarding the collection and use of DNA evidence, to provide post-conviction testing of DNA evidence to exonerate the innocent, to improve the performance of counsel in State capital cases, and for other purposes.

S. 1858

At the request of Mr. COCHRAN, the names of the Senator from Idaho (Mr. CRAIG) and the Senator from Nevada (Mr. REID) were added as cosponsors of S. 1858, a bill to authorize the Secretary of Agriculture to conduct a loan repayment program to encourage the provision of veterinary services in shortage and emergency situations.

S.J. RES. 19

At the request of Mr. SPECTER, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S.J. Res. 19, a joint resolution recognizing Commodore John Barry as the first flag officer of the United States Navy.

S. CON. RES. 81

At the request of Mrs. FEINSTEIN, the names of the Senator from Maryland (Ms. MIKULSKI) and the Senator from New Jersey (Mr. CORZINE) were added as cosponsors of S. Con. Res. 81, a concurrent resolution expressing the deep concern of Congress regarding the failure of the Islamic Republic of Iran to adhere to its obligations under a safeguards agreement with the International Atomic Energy Agency and the engagement by Iran in activities

that appear to be designed to develop nuclear weapons.

S. RES. 253

At the request of Mr. NELSON of Florida, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. Res. 253, a resolution to recognize the evolution and importance of motorsports.

S. RES. 262

At the request of Ms. SNOWE, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. Res. 262, a resolution to encourage the Secretary of the Treasury to initiate expedited negotiations with the People's Republic of China on establishing a market-based currency valuation and to fulfill its commitments under international trade agreements.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ENZI (for himself, Mr. REID, Mr. ENSIGN, Mrs. BOXER, Mr. ALLEN, Mrs. MURRAY, Mr. ALLARD, Mr. BURNS, and Mr. SMITH):

S. 1890. A bill to require the mandatory expensing of stock options granted to executive officers, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Mr. ENZI. Mr. President, I rise to introduce the Stock Option Accounting Act. This bill has been a long time in the making. It is a strong bipartisan bill that addresses the important role stock options play in our economy.

As an Accountant, and as a member of the Senate who was a small businessman for many years, I tend to believe most of the issues we address in Congress should be examined with an eye toward preserving the strength and integrity of our small business sector, and ensuring that the regulations that govern it are fair and preserve and promote, rather than discourage, innovation and competition.

I think that's something we can all agree on, so I know I won't have to go into too much detail about the importance of our small business sector, especially our small, high tech businesses. When it comes to small businesses, especially our high technology centers, we truly are the envy of the world. Our talented and creative engineers and inventors have paved the way for innovations in advanced technologies and computer software that other countries will always try to imitate.

Here in the United States, our Small Business Administration is well aware of the importance of that sector to our Nation's economy. Nearly 23 million strong, small businesses represent more than 99.7 percent of all employers, employ more than half of all private sector employees, generate 60 to 80 percent of net new jobs annually, create more than 50 percent of nonfarm private gross domestic product (GDP) and produce 13 to 14 times more pat-

ents per employee than large patenting firms.

Last week, I chaired a hearing in the Banking Committee's Subcommittee on Securities and Investment that featured testimony from the Financial Accounting Standards Board (FASB) and the small business community. It became quite evident during the hearing that FASB is ill equipped to conduct economic impact studies of the accounting standards that it adopts even through its one of their precepts. FASB may be able to conduct a cost analysis of an accounting standard proposal determining the costs of computers and additional manpower necessary to implement a new statement. But, it does not have the expertise to look at the comprehensive impact a new standard may have on the economy.

In addition, as the hearing progressed, it was evident that FASB is not listening to small businesses, and not taking their concerns seriously about a standard that FASB Board members stated was "set in concrete" prior to an official comment period on any draft proposal.

At the hearing, small business witnesses testified about how they are worried that the expensing of stock options would make this form of employee compensation prohibitive. They said it would make it very difficult if not impossible to attract and retain talented employees. It would also have a detrimental effect on the entrepreneurial nature and spirit of our country. In all of my years listening on this issue, not one small business owner has spoken in favor of expensing stock options.

After the hearing, I was more convinced than ever that legislation like this bill was needed to address the issue of the expensing of stock options.

A key element of FASB's current structure is its independence and I want to make it clear that I support that principle. FASB's independence, like freedom, must be earned—and its independence does not provide a shield that absolves FASB of accountability and due process.

When it comes to the issue of stock options, a case can be made that FASB took up the project with a pre-ordained result in mind. It's no surprise, therefore, that the process that was established to pursue the matter seems to reflect a project that was begun with the end in mind. There is enough evidence there to at least make one wonder.

First, FASB doesn't seem to have given much consideration to the more than 200 public comment letters they received. The public comments made by FASB Board Members seem to also reflect a skewed process, as does the lack of response to the many high tech companies that have visited with FASB in the past several months. In addition, FASB has refused to conduct real road tests to actual valuation methods.

According to the FASB website "Facts about FASB 2003-2004," the Board follows certain precepts in the conduct of its activities. They are: 1. To be objective in its decision making and to ensure, insofar as possible, the neutrality of information resulting from its standards. To be neutral, information must report economic activity as faithfully as possible without coloring the image it communicates for the purpose of influencing behavior in any particular direction. 2. To weight carefully the views of its constituents in developing concepts and standards. However, the ultimate determinant of concepts and standards must be the Board's judgment, based on research, public input and careful deliberation about the usefulness of the resulting information. 3. To promulgate standards only when the expected benefits exceed the perceived costs. While reliable, quantitative cost-benefit calculations are seldom possible, the Board strives to determine that a proposed standard will meet a significant need and that the costs it imposes, compared with possible alternatives, are justified in relation to the overall benefits. 4. To bring about needed changes in ways that minimize disruption to the continuity of reporting practice. Reasonable effective dates and transition provisions are established when new standards are introduced. The Board considers it desirable that change be evolutionary to the extent that it can be accommodated by the need for relevance, reliability, comparability and consistency. 5. To review the effects of past decisions and interpret, amend or replace standards in timely fashion when such action is indicated.

Precept number 3 greatly interests me, I am very concerned that FASB has repeatedly refused to consider the economic consequences of its decisions. The mandatory expensing of all employee stock options has serious economic, labor, trade and competitiveness implications. These issues fall squarely within the jurisdiction and oversight of Congress. It's not hard to imagine what would be said of Congress if we failed to take note of the economic implications of the actions we take on the floor.

Simply put, at the end of the day, if FASB is going to earn its independence, it will have to adhere to a process that is objective, fair, open and balanced. So far, FASB seems to be more concerned about getting the job done—than in getting it right.

That is why I am offering legislation that will expense the stock options given to the top five executives of a company, exempt small businesses and start up companies, and set conditions for the expensing of broad-based options for the remaining employees. I treat the three groups differently in this matter because a very real and strong accounting distinction exists between the two types of workers.

First of all, in a very real sense the top five executives of an organization