Forces reserves for contributions to savings accounts which may be used when the members are called to active duty.

S. 816

At the request of Mr. CONRAD, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 816, a bill to amend title XVIII of the Social Security Act to protect and preserve access of medicare beneficiaries to health care provided by hospitals in rural areas, and for other purposes.

S. 818

At the request of Mr. KERRY, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 818, a bill to ensure the independence and nonpartisan operation of the Office of Advocacy of the Small Business Administration.

S. 838

At the request of Ms. COLLINS, the names of the Senator from Connecticut (Mr. LIEBERMAN) and the Senator from Ohio (Mr. DEWINE) were added as cosponsors of S. 838, a bill to waive the limitation on the use of funds appropriated for the Homeland Security Grant Program.

S. 852

At the request of Mr. DEWINE, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 852, a bill to amend title 10, United States Code, to provide limited TRICARE program eligibility for members of the Ready Reserve of the Armed Forces, to provide financial support for continuation of health insurance for mobilized members of reserve components of the Armed Forces, and for other purposes.

S. 863

At the request of Mr. EDWARDS, the names of the Senator from Vermont (Mr. JEFFORDS) and the Senator from Iowa (Mr. HARKIN) were added as cosponsors of S. 863, a bill to amend the Higher Education Act of 1965 to allow soldiers to serve their country without being disadvantaged financially by Federal student aid programs.

S. 874

At the request of Mr. TALENT, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. 874, a bill to amend title XIX of the Social Security Act to include primary and secondary preventative medical strategies for children and adults with Sickle Cell Disease as medical assistance under the medicaid program, and for other purposes.

S. CON. RES. 26

At the request of Ms. LANDRIEU, the names of the Senator from Vermont (Mr. JEFFORDS) and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of S. Con. Res. 26, a concurrent resolution condemning the punishment of execution by stoning as a gross violation of human rights, and for other purposes.

S. RES. 62

At the request of Mr. ENSIGN, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. Res. 62, a resolution calling upon the Organization of American States (OAS) Inter-American Commission on Human Rights, the United Nations High Commissioner for Human Rights, the European Union, and human rights activists throughout the world to take certain actions in regard to the human rights situation in Cuba.

S. RES. 111

At the request of Mr. HATCH, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. Res. 111, a resolution designating April 30, 2003, as ''Dia de los Ninos: Celebrating Young Americans'', and for other purposes.

S. RES. 118

At the request of Mrs. BOXER, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. Res. 118, a resolution supporting the goals of the Japanese American, German American, and Italian American communities in recognizing a National Day of Remembrance to increase public awareness of the events surrounding the restriction, exclusion, and internment of individuals and families during World War II.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GREGG (for himself, Mr. REED, Mr. FRIST, Mr. KENNEDY, Mr. ENZI, Mr. JEFFORDS, Mr. ALEXANDER, Mr. EDWARDS, Mr. DEWINE, Mrs. CLINTON, Ms. COLLINS Mr. COCHRAN, Mr. SMITH, Mr. DODD, and Mr. SCHUMER):

S. 888. A bill to reauthorize the Museum and Library Services Act, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. GREGG. Mr. President, today I rise to introduce legislation reauthorizing the Museum and Library Services Act. I am joined in this effort by Senator REED, Senator FRIST, Senator KENNEDY, Senator ENZI, and several other colleagues of mine. Libraries and museums serve as important cultural institutions in communities throughout our Nation, and this legislation will provide them with continued Federal support through innovative grant programs administered by the Institute of Museum and Library Services.

Specifically, this bill authorizes $250 million for libraries and $41.5 million for museums in 2004, and such sums as necessary in 2005 through 2009. In addition, it authorizes a doubling of the minimum state allotment under the Grants to State Library Agencies Program, up to $680,000. That provision, coupled with the expected increase in appropriations for 2004, will greatly benefit New Hampshire's libraries.

The bill contains a number of other important provisions. Recognizing the important of school libraries, it requires that the Institute's library activities be coordinated with the school library provisions of the No Child Left Behind Act. My bill also prohibits projects determined to be obscene from receiving Federal funds, requires the Institute to conduct analyses of the need for museum and library services and the effectiveness of funded projects in meeting those needs, consolidates the library and museum advisory boards into one entity, and prohibits funds appropriate under the Act's authority from being used for library or museum construction.

furthermore, this bill increases the indemnity limits in the Arts and Artifacts Indemnity Act, thereby facilitating the international exchange and display of works of art, books, rare documents and other published materials, artifacts, and films and other audiovisual media. This will ensure that people throughout the world are exposed to American culture and that our own citizens will have richer educational opportunities available as well.

I want to thank Senator REED for his leadership on this issue, as well as Senator FRIST, Senator KENNEDY, and Senator ENZI, particularly. Together we have crafted a bipartisan bill that will serve our museums and libraries well in the coming years. I expect to move this bill through the HELP Committee soon, and look forward to its speedy passage.

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. 888

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Museum and Library Services Act of 2003''.

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—GENERAL PROVISIONS

Sec. 101. General definitions.
Sec. 102. Institute of Museum and Library Services.
Sec. 103. Director of the Institute.
Sec. 104. National Museum and Library Services Board.
Sec. 105. Awards; analysis of impact of services.

TITLE II—LIBRARY SERVICES AND TECHNOLOGY

Sec. 201. Purpose.
Sec. 202. Definitions.
Sec. 203. Authorization of appropriations.
Sec. 204. Reservations and allotments.
Sec. 205. State plans.
Sec. 206. Grants to States.
Sec. 207. National leadership grants, contracts, or cooperative agreements.

TITLE III—MUSEUM SERVICES

Sec. 301. Purpose.
Sec. 302. Definitions.
Sec. 303. Museum services activities.
Sec. 304. Repeals.
Sec. 305. Authorization of appropriations.
Sec. 306. Short title.

TITLE IV—NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE ACT

Sec. 401. Amendment to contributions.
Sec. 402. Amendment to membership.

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501. Amendments to Arts and Artifacts Indemnity Act.
Sec. 502. National children's museum.
Sec. 503. Conforming amendment.
Sec. 504. Technical corrections.
Sec. 505. Repeals.
Sec. 506. Effective date.

TITLE I—GENERAL PROVISIONS

SEC. 101. GENERAL DEFINITIONS.

Section 202 of the Museum and Library Services Act (20 U.S.C. 9101) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) DETERMINED TO BE OBSCENE.—The term 'determined to be obscene' means determined, in a final judgment of a court of record and of competent jurisdiction in the United States, to be obscene.'';

(2) by striking paragraph (4);

(3) by redesignating paragraph (3) as paragraph (5);

(4) by inserting after paragraph (2) the following:

''(3) FINAL JUDGMENT.—The term 'final judgment' means a judgment that is—

''(A) not reviewed by any other court that has authority to review such judgment; or

''(B) not reviewable by any other court.

''(4) INDIAN TRIBE.—The term 'Indian tribe' means any tribe, band, nation, or other organized group or community, including any Alaska native village, regional corporation, or village corporation (as defined in, or established pursuant to, the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.)), which is recognized by the Secretary of the Interior as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.''; and

(5) by adding at the end the following:

''(6) MUSEUM AND LIBRARY SERVICES BOARD.—The term 'Museum and Library Services Board' means the National Museum and Library Services Board established under section 207.

''(7) OBSCENE.—The term 'obscene' means, with respect to a project, that—

''(A) the average person, applying contemporary community standards, would find that such project, when taken as a whole, appeals to the prurient interest;

''(B) such project depicts or describes sexual conduct in a patently offensive way; and

''(C) such project, when taken as a whole, lacks serious literary, artistic, political, or scientific value.''.

SEC. 102. INSTITUTE OF MUSEUM AND LIBRARY SERVICES.

Section 203 of the Museum and Library Services Act (20 U.S.C. 9102) is amended—

(1) in subsection (b), by striking the last sentence; and

(2) by adding at the end the following:

''(c) MUSEUM AND LIBRARY SERVICES BOARD.—There shall be a National Museum and Library Services Board within the Institute, as provided under section 207.''.

SEC. 103. DIRECTOR OF THE INSTITUTE.

Section 204 of the Museum and Library Services Act (20 U.S.C. 9103) is amended—

(1) in subsection (e), by adding at the end the following: ''Where appropriate, the Director shall ensure that activities under subtitle B are coordinated with activities under section 1251 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6383).''; and

(2) by adding at the end the following:

''(f) REGULATORY AUTHORITY.—The Director may promulgate such rules and regulations as are necessary and appropriate to implement the provisions of this title.

''(g) APPLICATION PROCEDURES.—

''(1) IN GENERAL.—In order to be eligible to receive financial assistance under this title, a person or agency shall submit an application in accordance with procedures established by the Director by regulation.

''(2) REVIEW AND EVALUATION.—The Director shall establish procedures for reviewing and evaluating applications submitted under this title. Actions of the Institute and the Director in the establishment, modification, and revocation of such procedures under this Act are vested in the discretion of the Institute and the Director. In establishing such procedures, the Director shall ensure that the criteria by which applications are evaluated are consistent with the purposes of this title, taking into consideration general standards of decency and respect for the diverse beliefs and values of the American public.

''(3) TREATMENT OF PROJECTS DETERMINED TO BE OBSCENE.—

''(A) IN GENERAL.—The procedures described in paragraph (2) shall include provisions that clearly specify that obscenity is without serious literary, artistic, political, or scientific merit, and is not protected speech.

''(B) PROHIBITION.—No financial assistance may be provided under this title with respect to any project that is determined to be obscene.

''(C) TREATMENT OF APPLICATION DISAPPROVAL.—The disapproval of an application by the Director shall not be construed to mean, and shall not be considered as evidence that, the project for which the applicant requested financial assistance is or is not obscene.''.

SEC. 104. NATIONAL MUSEUM AND LIBRARY SERVICES BOARD.

The Museum and Library Services Act (20 U.S.C. 9101 et seq.) is amended—

(1) by redesignating section 207 as section 208; and

(2) by inserting after section 206 the following:

''SEC. 207. NATIONAL MUSEUM AND LIBRARY SERVICES BOARD.

''(a) ESTABLISHMENT.—There is established within the Institute a board to be known as the 'National Museum and Library Services Board'.

''(b) MEMBERSHIP.—

''(1) NUMBER AND APPOINTMENT.—The Museum and Library Services Board shall be composed of the following:

''(A) The Director.

''(B) The Deputy Director for the Office of Library Services.

''(C) The Deputy Director for the Office of Museum Services.

''(D) The Chairman of the National Commission on Libraries and Information Science.

''(E) 10 members appointed by the President, by and with the advice and consent of the Senate, from among individuals who are citizens of the United States and who are specially qualified by virtue of their education, training, or experience in the area of library services, or their commitment to libraries.

''(F) 10 members appointed by the President, by and with the advice and consent of the Senate, from among individuals who are citizens of the United States and who are specially qualified by virtue of their education, training, or experience in the area of museum services, or their commitment to museums.

''(2) SPECIAL QUALIFICATIONS.—

''(A) LIBRARY MEMBERS.—Of the members of the Museum and Library Services Board appointed under paragraph (1)(E)—

''(i) 5 shall be professional librarians or information specialists, of whom—

''(I) not less than 1 shall be knowledgeable about electronic information and technical aspects of library and information services and sciences; and

''(II) not less than 1 other shall be knowledgeable about the library and information service needs of underserved communities; and

''(ii) the remainder shall have special competence in, or knowledge of, the needs for library and information services in the United States.

''(B) MUSEUM MEMBERS.—Of the members of the Museum and Library Services Board appointed under paragraph (1)(F)—

''(i) 5 shall be museum professionals who are or have been affiliated with—

''(I) resources that, collectively, are broadly representative of the curatorial, conservation, educational, and cultural resources of the United States; or

''(II) museums that, collectively, are broadly representative of various types of museums, including museums relating to science, history, technology, art, zoos, botanical gardens, and museums designed for children; and

''(ii) the remainder shall be individuals recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

''(3) GEOGRAPHIC AND OTHER REPRESENTATION.—Members of the Museum and Library Services Board shall be appointed to reflect persons from various geographic regions of the United States. The Museum and Library Services Board may not include, at any time, more than 3 appointive members from a single State. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and persons with disabilities who are involved with museums and libraries.

''(4) VOTING.—The Director, the Deputy Director of the Office of Library Services, the Deputy Director of the Office of Museum Services, and the Chairman of the National Commission on Library and Information Science shall be nonvoting members of the Museum and Library Services Board.

''(c) TERMS.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, each member of the Museum and Library Services Board appointed under subparagraph (E) or (F) of subsection (b)(1) shall serve for a term of 5 years.

''(2) INITIAL BOARD APPOINTMENTS.—

''(A) TREATMENT OF MEMBERS SERVING ON EFFECTIVE DATE.—Notwithstanding subsection (b), each individual who is a member of the National Museum Services Board on the date of enactment of the Museum and Library Services Act of 2003, may, at the individual's election, complete the balance of the individual's term as a member of the Museum and Library Services Board.

''(B) FIRST APPOINTMENTS.—Notwithstanding subsection (b), any appointive vacancy in the initial membership of the Museum and Library Services Board existing after the application of subparagraph (A), and any vacancy in such membership subsequently created by reason of the expiration of the term of an individual described in subparagraph (A), shall be filled by the appointment of a member described in subsection (b)(1)(E). When the Museum and Library Services Board consists of an equal number of individuals who are specially qualified in the area of library services and individuals who are specially qualified in the area of museum services, this subparagraph shall cease to be effective and the board shall be appointed in accordance with subsection (b).

''(C) AUTHORITY TO ADJUST TERMS.—The terms of the first members appointed to the Museum and Library Service Board shall be adjusted by the President as necessary to ensure that the terms of not more than 4 members expire in the same year. Such adjustments shall be carried out through designation of the adjusted term at the time of appointment.

''(3) VACANCIES.—Any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.

''(4) REAPPOINTMENT.—No appointive member of the Museum and Library Services Board who has been a member for more than 7 consecutive years shall be eligible for reappointment.

''(5) SERVICE UNTIL SUCCESSOR TAKES OFFICE.—Notwithstanding any other provision of this subsection, an appointive member of the Museum and Library Services Board shall serve after the expiration of the term of the member until the successor to the member takes office.

''(d) DUTIES AND POWERS.—

''(1) IN GENERAL.—The Museum and Library Services Board shall advise the Director on general policies with respect to the duties, powers, and authority of the Institute relating to museum and library services, including financial assistance awarded under this title.

''(2) NATIONAL AWARDS.—The Museum and Library Services Board shall advise the Director in making awards under section 209.

''(e) CHAIRPERSON.—The Director shall serve as Chairperson of the Museum and Library Services Board.

''(f) MEETINGS.—

''(1) IN GENERAL.—The Museum and Library Services Board shall meet not less than 2 times each year and at the call of the Director.

''(2) VOTE.—All decisions by the Museum and Library Services Board with respect to the exercise of its duties and powers shall be made by a majority vote of the members of the Board who are present and authorized to vote.

''(g) QUORUM.—A majority of the voting members of the Museum and Library Services Board shall constitute a quorum for the conduct of business at official meetings, but a lesser number of members may hold hearings.

''(h) COMPENSATION AND TRAVEL EXPENSES.—

''(1) COMPENSATION.—Each member of the Museum and Library Services Board who is not an officer or employee of the Federal Government may be compensated at a rate to be fixed by the President, but not to exceed the daily equivalent of the maximum annual rate of pay authorized for a position above grade GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Museum and Library Services Board. Members of the Museum and Libraries Services Board who are full-time officers or employees of the Federal Government may not receive additional pay, allowances, or benefits by reason of their service on the Museum and Library Services Board.

''(2) TRAVEL EXPENSES.—Each member of the Museum and Library Services Board shall receive travel expenses, including per diem in lieu of subsistence, in accordance with applicable provisions under subchapter I of chapter 57 of title 5, United States Code.

''(i) COORDINATION.—The Director, with the advice of the Museum and Library Services Board, shall take steps to ensure that the policies and activities of the Institute are coordinated with other activities of the Federal Government.''.

SEC. 105. AWARDS; ANALYSIS OF IMPACT OF SERVICES.

The Museum and Library Services Act (20 U.S.C. 9101 et seq.) is amended by inserting after section 208 (as redesignated by section 104 of this Act) the following:

''SEC. 209. AWARDS.

''The Director, with the advice of the Museum and Library Services Board, may annually award National Awards for Library Service and National Awards for Museum Service to outstanding libraries and outstanding museums, respectively, that have made significant contributions in service to their communities.

''SEC. 210. ANALYSIS OF IMPACT OF MUSEUM AND LIBRARY SERVICES.

''From amounts described in sections 214(c) and 275(b), the Director shall carry out and publish analyses of the impact of museum and library services. Such analyses—

''(1) shall be conducted in ongoing consultation with—

''(A) State library administrative agencies;

''(B) State, regional, and national library and museum organizations; and

''(C) other relevant agencies and organizations;

''(2) shall identify national needs for, and trends of, museum and library services provided with funds made available under subtitles B and C;

''(3) shall report on the impact and effectiveness of programs conducted with funds made available by the Institute in addressing such needs; and

''(4) shall identify, and disseminate information on, the best practices of such programs to the agencies and entities described in paragraph (1).

''SEC. 210A. PROHIBITION ON USE OF FUNDS FOR CONSTRUCTION.

''No funds appropriated to carry out the Museum and Library Services Act, the Library Services and Technology Act, or the Museum Services Act may be used for construction expenses.''.

TITLE II—LIBRARY SERVICES AND TECHNOLOGY

SEC. 201. PURPOSE.

Section 212 of the Library Services and Technology Act (20 U.S.C. 9121) is amended by striking paragraphs (2) through (5) and inserting the following:

''(2) to promote improvement in library services in all types of libraries in order to better serve the people of the United States;

''(3) to facilitate access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry; and

''(4) to encourage resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public.''.

SEC. 202. DEFINITIONS.

Section 213 of the Library Services and Technology Act (20 U.S.C. 9122) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2), (3), (4), (5), and (6) as paragraphs (1), (2), (3), (4), and (5), respectively.

SEC. 203. AUTHORIZATION OF APPROPRIATIONS.

Section 214 of the Library Services and Technology Act (20 U.S.C. 9123) is amended—

(1) by striking subsection (a) and inserting the following:

''(a) IN GENERAL.—There are authorized to be appropriated to carry out this subtitle $250,000,000 for fiscal year 2004 and such sums as may be necessary for fiscal years 2005 through 2009.''; and

(2) in subsection (c), by striking ''3 percent'' and inserting ''3.5 percent''.

SEC. 204. RESERVATIONS AND ALLOTMENTS.

Section 221(b)(3) of the Library Services and Technology Act (20 U.S.C. 9131(b)(3)) is amended to read as follows:

''(3) MINIMUM ALLOTMENTS.—

''(A) IN GENERAL.—For purposes of this subsection, the minimum allotment for each State shall be $340,000, except that the minimum allotment shall be $40,000 in the case of the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

''(B) RATABLE REDUCTIONS.—Notwithstanding subparagraph (A), if the sum appropriated under the authority of section 214 and not reserved under subsection (a) for any fiscal year is insufficient to fully satisfy the requirement of subparagraph (A), each of the minimum allotments under such subparagraph shall be reduced ratably.

''(C) EXCEPTION.—

''(i) IN GENERAL.—Notwithstanding subparagraph (A), if the sum appropriated under the authority of section 214 and not reserved under subsection (a) for any fiscal year exceeds the aggregate of the allotments for all States under this subsection for fiscal year 2003—

''(I) the minimum allotment for each State otherwise receiving a minimum allotment of $340,000 under subparagraph (A) shall be increased to $680,000; and

''(II) the minimum allotment for each State otherwise receiving a minimum allotment of $40,000 under subparagraph (A) shall be increased to $60,000.

''(ii) INSUFFICIENT FUNDS TO AWARD ALTERNATIVE MINIMUM.—If the sum appropriated under the authority of section 214 and not reserved under subsection (a) for any fiscal year exceeds the aggregate of the allotments for all States under this subsection for fiscal year 2003 yet is insufficient to fully satisfy the requirement of clause (i), such excess amount shall first be allotted among the States described in clause (i)(I) so as to increase equally the minimum allotment for each such State above $340,000. After the requirement of clause (i)(I) is fully satisfied for any fiscal year, any remainder of such excess amount shall be allotted among the States described in clause (i)(II) so as to increase equally the minimum allotment for each such State above $40,000.

''(D) SPECIAL RULE.—

''(i) IN GENERAL.—Notwithstanding any other provision of this subsection and using funds allotted for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau under this subsection, the Director shall award grants to the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out activities described in this subtitle in accordance with the provisions of this subtitle that the Director determines are not inconsistent with this subparagraph.

''(ii) AWARD BASIS.—The Director shall award grants pursuant to clause (i) on a competitive basis and after taking into consideration available recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii.

''(iii) ADMINISTRATIVE COSTS.—The Director may provide not more than 5 percent of the funds made available for grants under this subparagraph to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this subparagraph.''.

SEC. 205. STATE PLANS.

Section 224 of the Library Services and Technology Act (20 U.S.C. 9134) is amended—

(1) in subsection (a)(1), by striking ''not later than April 1, 1997.'' and inserting ''once every 5 years, as determined by the Director.''; and

(2) in subsection (f)—

(A) by striking ''this Act'' each place such term appears and inserting ''this subtitle'';

(B) in paragraph (1)—

(i) by striking ''section 213(2)(A) or (B)'' and inserting ''section 213(1)(A) or (B)''; and

(ii) by striking ''1934,'' and all that follows through ''Act, may'' and inserting ''1934 (47 U.S.C. 254(h)(6)) may''; and

(C) in paragraph (7)—

(i) in the matter preceding subparagraph (A), by striking ''section:'' and inserting ''subsection:''; and

(ii) in subparagraph (D), by striking ''given'' and inserting ''applicable to''.

SEC. 206. GRANTS TO STATES.

Section 231 of the Library Services and Technology Act (20 U.S.C. 9141) is amended—

(1) in subsection (a), by striking paragraphs (1) and (2) and inserting the following:

''(1) expanding services for learning and access to information and educational resources in a variety of formats, in all types of libraries, for individuals of all ages;

''(2) developing library services that provide all users access to information through local, State, regional, national, and international electronic networks;

''(3) providing electronic and other linkages among and between all types of libraries;

''(4) developing public and private partnerships with other agencies and community-based organizations;

''(5) targeting library services to individuals of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to individuals with limited functional literacy or information skills; and

''(6) targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children (from birth through age 17) from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.''; and

(2) in subsection (b), by striking ''between the two purposes described in paragraphs (1) and (2) of such subsection,'' and inserting ''among such purposes,''.

SEC. 207. NATIONAL LEADERSHIP GRANTS, CONTRACTS, OR COOPERATIVE AGREEMENTS.

Section 262(a)(1) of the Library Services and Technology Act (20 U.S.C. 9162(a)(1)) is amended by striking ''education and training'' and inserting ''education, recruitment, and training''.

TITLE III—MUSEUM SERVICES

SEC. 301. PURPOSE.

Section 271 of the Museum and Library Services Act (20 U.S.C. 9171) is amended to read as follows:

''SEC. 271. PURPOSE.

''It is the purpose of this subtitle—

''(1) to encourage and support museums in carrying out their public service role of connecting the whole of society to the cultural, artistic, historical, natural, and scientific understandings that constitute our heritage;

''(2) to encourage and support museums in carrying out their educational role, as core providers of learning and in conjunction with schools, families, and communities;

''(3) to encourage leadership, innovation, and applications of the most current technologies and practices to enhance museum services;

''(4) to assist, encourage, and support museums in carrying out their stewardship responsibilities to achieve the highest standards in conservation and care of the cultural, historic, natural, and scientific heritage of the United States to benefit future generations;

''(5) to assist, encourage, and support museums in achieving the highest standards of management and service to the public, and to ease the financial burden borne by museums as a result of their increasing use by the public; and

''(6) to support resource sharing and partnerships among museums, libraries, schools, and other community organizations.''.

SEC. 302. DEFINITIONS.

Section 272(1) of the Museum and Library Services Act (20 U.S.C. 9172(1)) is amended by adding at the end the following: ''Such term includes aquariums, arboretums, botanical gardens, art museums, children's museums, general museums, historic houses and sites, history museums, nature centers, natural history and anthropology museums, planetariums, science and technology centers, specialized museums, and zoological parks.''.

SEC. 303. MUSEUM SERVICES ACTIVITIES.

Section 273 of the Museum and Library Services Act (20 U.S.C. 9173) is amended to read as follows:

''SEC. 273. MUSEUM SERVICES ACTIVITIES.

''(a) IN GENERAL.—The Director, after considering available policy advice of the Museum and Library Services Board, may enter into arrangements, including grants, contracts, cooperative agreements, and other forms of assistance, with museums and other entities as the Director considers appropriate, to pay the Federal share of the cost of—

''(1) supporting museums in providing learning and access to collections, information, and educational resources in a variety of formats (including exhibitions, programs, publications, and websites) for individuals of all ages;

''(2) supporting museums in building learning partnerships with the Nation's schools and developing museum resources and programs in support of State and local school curricula;

''(3) supporting museums in assessing, conserving, researching, maintaining, and exhibiting their collections, and in providing educational programs to the public through the use of their collections;

''(4) stimulating greater collaboration among museums, libraries, schools, and other community organizations in order to share resources and strengthen communities;

''(5) encouraging the use of new technologies and broadcast media to enhance access to museum collections, programs, and services;

''(6) supporting museums in providing services to people of diverse geographic, cultural, and socioeconomic backgrounds and to individuals with disabilities;

''(7) supporting museums in developing and carrying out specialized programs for specific segments of the public, such as programs for urban neighborhoods, rural areas, Indian reservations, and State institutions;

''(8) supporting professional development and technical assistance programs to enhance museum operations at all levels, in order to ensure the highest standards in all aspects of museum operations;

''(9) supporting museums in research, program evaluation, and the collection and dissemination of information to museum professionals and the public; and

''(10) encouraging, supporting, and disseminating model programs of museum and library collaboration.

''(b) FEDERAL SHARE.—

''(1) 50 PERCENT.—Except as provided in paragraph (2), the Federal share described in subsection (a) shall be not more than 50 percent.

''(2) GREATER THAN 50 PERCENT.—The Director may use not more than 20 percent of the funds made available under this subtitle for a fiscal year to enter into arrangements under subsection (a) for which the Federal share may be greater than 50 percent.

''(3) OPERATIONAL EXPENSES.—No funds for operational expenses may be provided under this section to any entity that is not a museum.

''(c) REVIEW AND EVALUATION.—

''(1) IN GENERAL.—The Director shall establish procedures for reviewing and evaluating arrangements described in subsection (a) entered into under this subtitle.

''(2) APPLICATIONS FOR TECHNICAL ASSISTANCE.—

''(A) IN GENERAL.—The Director may use not more than 10 percent of the funds appropriated to carry out this subtitle for technical assistance awards.

''(B) INDIVIDUAL MUSEUMS.—Individual museums may receive not more than 3 technical assistance awards under subparagraph (A), but subsequent awards for technical assistance shall be subject to review outside the Institute.

''(d) SERVICES FOR NATIVE AMERICANS.—From amounts appropriated under section 275, the Director shall reserve 1.75 percent to award grants to, or enter into contracts or cooperative agreements with, Indian tribes and organizations that primarily serve and represent Native Hawaiians (as defined in section 7207 of the Native Hawaiian Education Act (20 U.S.C. 7517)), to enable such tribes and organizations to carry out the activities described in subsection (a).''.

SEC. 304. REPEALS.

Sections 274 and 275 of the Museum and Library Services Act (20 U.S.C. 9174 and 9175) are repealed.

SEC. 305. AUTHORIZATION OF APPROPRIATIONS.

Section 276 of the Museum and Library Services Act (20 U.S.C. 9176) is amended—

(1) in subsection (a), by striking ''$28,700,000 for the fiscal year 1997, and such sums as may be necessary for each of the fiscal years 1998 through 2002.'' and inserting ''$41,500,000 for fiscal year 2004 and such sums as may be necessary for fiscal years 2005 through 2009.''; and

(2) by redesignating such section as section 275 of such Act.

SEC. 306. SHORT TITLE.

Subtitle C of the Museum and Library Services Act (20 U.S.C. 9171 et seq.) is amended—

(1) by redesignating sections 271, 272, and 273 as sections 272, 273, and 274, respectively; and

(2) by inserting after the subtitle heading the following:

''SEC. 271. SHORT TITLE.

''This subtitle may be cited as the 'Museum Services Act'.''.

TITLE IV—NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE ACT

SEC. 401. AMENDMENT TO CONTRIBUTIONS.

Section 4 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1503) is amended by striking ''accept, hold, administer, and utilize gifts, bequests, and devises of property,'' and inserting ''solicit, accept, hold, administer, invest in the name of the United States, and utilize gifts, bequests, and devises of services or property,''.

SEC. 402. AMENDMENT TO MEMBERSHIP.

Section 6(a) of the National Commission on Libraries and Information Science Act (20 U.S.C. 1505(a)) is amended—

(1) in the second sentence, by striking ''and at least one other of whom shall be knowledgeable with respect to the library and information service and science needs of the elderly'';

(2) by striking the fourth sentence and inserting the following: ''A majority of members of the Commission who have taken office and are serving on the Commission shall constitute a quorum for conduct of business at official meetings of the Commission''; and

(3) in the fifth sentence, by striking ''five years, except that'' and all that follows through the period and inserting ''five years, except that—

''(1) a member of the Commission appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed, shall be appointed only for the remainder of such term; and

''(2) any member of the Commission may continue to serve after an expiration of the member's term of office until such member's successor is appointed, has taken office, and is serving on the Commission.''.

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. AMENDMENTS TO ARTS AND ARTIFACTS INDEMNITY ACT.

Section 5 of the Arts and Artifacts Indemnity Act (20 U.S.C. 974) is amended—

(1) in subsection (b), by striking ''$5,000,000,000'' and inserting ''$8,000,000,000'';

(2) in subsection (c), by striking ''$500,000,000'' and inserting ''$600,000,000''; and

(3) in subsection (d)—

(A) in paragraph (6), by striking ''or'' after the semicolon;

(B) by striking paragraph (7) and inserting the following:

''(7) not less than $400,000,000 but less than $500,000,000, then coverage under this chapter shall extend only to loss or damage in excess of the first $400,000 of loss or damage to items covered; or

''(8) $500,000,000 or more, then coverage under this chapter shall extend only to loss or damage in excess of the first $500,000 of loss or damage to items covered.''.

SEC. 502. NATIONAL CHILDREN'S MUSEUM.

(a) DESIGNATION.—The Capital Children's Museum located at 800 Third Street, NE, Washington, D.C. (or any successor location), organized under the laws of the District of Columbia, is designated as the ''National Children's Museum''.

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the Capital Children's Museum referred to in subsection (a) shall be deemed to be a reference to the National Children's Museum.

SEC. 503. CONFORMING AMENDMENT.

Section 170(e)(6)(B)(i)(III) of the Internal Revenue Code of 1986 (relating to the special rule for contributions of computer technology and equipment for educational purposes) is amended by striking ''section 213(2)(A) of the Library Services and Technology Act (20 U.S.C. 9122(2)(A)'' and inserting ''section 213(1)(A) of the Library Services and Technology Act (20 U.S.C. 9122(1)(A))''.

SEC. 504. TECHNICAL CORRECTIONS.

(a) TITLE HEADING.—The title heading for the Museum and Library Services Act (20 U.S.C. 9101 et seq.) is amended to read as follows:

''TITLE II—MUSEUM AND LIBRARY SERVICES''.

(b) SUBTITLE A HEADING.—The subtitle heading for subtitle A of the Museum and Library Services Act (20 U.S.C. 9101 et seq.) is amended to read as follows:

''Subtitle A—General Provisions''.

(c) SUBTITLE B HEADING.—The subtitle heading for subtitle B of the Museum and Library Services Act (20 U.S.C. 9121 et seq.) is amended to read as follows:

''Subtitle B—Library Services and Technology''.

(d) SUBTITLE C HEADING.—The subtitle heading for subtitle C of the Museum and Library Services Act (20 U.S.C. 9171 et seq.) is amended to read as follows:

''Subtitle C—Museum Services''.

(e) CONTRIBUTIONS.—Section 208 of the Museum and Library Services Act (20 U.S.C. 9106) (as redesignated by section 104 of this Act) is amended by striking ''property of services'' and inserting ''property or services''.

(f) STATE PLAN CONTENTS.—Section 224(b)(5) of the Library Services and Technology Act (20 U.S.C. 9134(b)(5)) is amended by striking ''and'' at the end.

(g) NATIONAL LEADERSHIP GRANTS, CONTRACTS, OR COOPERATIVE AGREEMENTS.—Section 262(b)(1) of the Library Services and Technology Act (20 U.S.C. 9162(b)(1)) is amended by striking ''cooperative agreements, with,'' and inserting ''cooperative agreements with,''.

SEC. 505. REPEALS.

(a) NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE ACT.—Section 5 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1504) is amended—

(1) by striking subsections (b) and (c); and

(2) by redesignating subsections (d), (e), and (f) as subsections (b), (c), and (d), respectively.

(b) MUSEUM AND LIBRARY SERVICES ACT OF 1996.—Sections 704 through 707 of the Museum and Library Services Act of 1996 (20 U.S.C. 9102 note, 9103 note, and 9105 note) are repealed.

SEC. 506. EFFECTIVE DATE.

The amendments made by this Act shall take effect on the date of enactment of this Act, except that the amendments made by sections 203, 204, and 305 of this Act shall take effect on October 1, 2003.

Mr. REED. Mr. President, today I rise to join Senators GREGG, KENNEDY, FRIST, and others in introducing the Museum and Library Services Act.

This legislation, which extends the authorization of museum and library services through fiscal year 2009 and makes several important improvements to current law, is a compromise based on S. 238, bipartisan legislation I introduced with Senators KENNEDY, COCHRAN, COLLINS, SNOWE, and others in January.

Like S. 238, this bill ensures that library activities are coordinated with the school library program I authored, which is now part of the No child Left Behind Act of 2001. It also doubles the minimum State allotment under the Library Program, which will enable smaller States such as Rhode Island to benefit and implement the valuable services and programs that larger States have been able to put in place. It includes an increase in the indemnity limits under the Arts and Artifacts Indemnity Act to ensure continued support for American museums as they facilitate international cultural exchanges through touring exhibitions here in the U.S. and loans of American art around the world.

The bill also updates the uses of funds for library and museum programs and increases the authorization under the Library services and Technology Act, LSTA, from $150 million to $250 million and the Museum Services Act from $28.7 million to $41.5 million. We should meet these funding levels in the appropriations process due to the strong bipartisan nature of the bill we are introducing today. I personally believe that our libraries and museums should be more robustly funded, particularly as these institutions play increasingly important roles in our lives. Indeed, the bipartisan bill that Senator KENNEDY and I put forward earlier this year included even higher funding levels. But, in an effort to move this bill forward, I have agreed to support this compromise.

I urge my colleagues to cosponsor this important legislation and work for its swift passage.

By Mr. CORZINE (for himself, Mrs. CLINTON, and Mr. LAUTENBERG):

S. 889. A bill to accord honorary citizenship to the alien victims of the September 11, 2001, terrorist attacks against the United States and to provide for the granting of citizenship to the alien spouses and children of certain victims of such attacks; to the Committee on the Judiciary.

Mr. CORZINE. Madam President, I rise today to introduce the Terrorist Victim Citizenship Relief Act, a bill that would provide citizenship relief to many families adversely affected by the attacks of September 11, 2001.

In the time since that tragic day, I have met with several of the families of the victims of the terrorist attacks to discuss a variety of measures in the wake of that national calamity. They have been dealing with a personal anguish that many of us can only imagine. In my view, Congress must do more to help the families of the victims of September 11, and the Terrorist Victim Citizenship Relief Act should be a part of that effort.

When American citizens, foreign nationals, and immigrants perished in the cowardly terrorist acts of September 11, the immigration status of hundreds of families was thrown into turmoil. The attacks were on American soil on a major American institution and directed at the United States. Yet American citizens were not the only victims. Hundreds of temporary workers and immigrants died shoulder-to-shoulder with thousands of Americans. Their deaths should be acknowledged and their families should be honored.

My legislation would bestow honorary citizenship on legal immigrants and non-immigrants who died in the disaster. This would honor their spirit and their tremendous sacrifice. Perhaps more important, the bill would offer citizenship to surviving spouses and children, subject to a background investigation by the Federal Bureau of Investigation. In the spirit of fairness and unity, it is appropriate and responsible to offer the privilege of citizenship to families who lost so much because of this attack on the United States.

About 3,000 people lost their lives when four planes crashed on that fateful September morning. Nationals from

some 86 countries perished in the attack, including visitors, non-immigrant workers, and legal permanent residents.

America was not the only country that suffered losses. There was good reason the complex was called the World Trade Center. In the September 11 attacks, 86 countries including England, Germany, Mexico, Colombia, Japan, Canada, Australia, the Philippines, Ireland, South Africa, and Pakistan suffered tragic losses. And there were many more.

In New Jersey, there are dozens of poignant stories of immigrant families who experienced tragic losses in the World Trade Center disaster. These innocent people have lost husbands and wives, sons and daughters, sisters and brothers. Their families have been fractured and their livelihoods jeopardized.

Immigrant families have been forced to grapple with a bureaucratic nightmare, wading through the myriad of programs available to the families of victims in an effort to keep their heads above water. They are often disheartened to learn that, although their loved ones died in the same attack, non-citizens are ineligible for many of the programs designed to assist the surviving families of victims.

Concerns about immigration status have only added to the tremendous burden immigrant families are already confronting. Take the example of one New Jersey woman who came to my office seeking assistance. Her immigration status was directly dependent on the non-immigrant worker status of her husband who died in the attack. Both of her children were born in the United States. They are full citizens and are enrolled in American schools.

She wants to continue to raise her children in the United States. However, under the antiterrorism legislation that was passed in the last Congress, this mother of two is technically deportable right now. My legislation would grant her citizenship immediately, helping her to avoid the burden of removing her children from the only country they have ever truly known, while they are still grappling with the loss of their father. Granting her citizenship is the right thing to do.

This woman's story is but one of many. My office has received numerous inquiries from immigrant families concerned that their immigration status has been undermined by the death of a loved one. Many families were in the process of preparing the necessary paperwork to apply for a change in status, only to have their potential sponsor die alongside thousands of others in the World Trade Center attack. This legislation would ensure that those families would be allowed to become American citizens and avoid undue paperwork and heartache.

When perpetrating their horrific crime, the terrorists did not distinguish between immigrants and American citizens or between undocumented workers and legal permanent residents. They were attacking the United States, and, in the process, killed thousands, citizens and non-citizens alike. In death, citizenship was irrelevant.

The thousands who died did not know it when they went to work, but they were at the front lines in the next American war. Their deaths are a tragedy that every civilized human being wishes could be reversed. Unfortunately, we cannot turn back the clock. However, we can acknowledge the tremendous loss of hundreds of immigrant families by allowing them to take on the full rights and responsibilities of American citizenship.

I urge my colleagues to support this important legislation, and 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. 889

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Terrorist Victim Citizenship Relief Act''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) On September 11, 2001, the United States suffered a series of attacks which led to the deaths of thousands of people.

(2) Hundreds of foreign nationals perished in the attacks on the American institutions on American soil.

(3) At that time, the Immigration and Naturalization Service was processing applications for adjustment in immigration status for immigrants who perished in the attacks.

(4) The immigrant or nonimmigrant status of many immigrant families depends on the sponsorship of those who perished.

(5) The former Immigration and Naturalization Service publicly stated that it would not take action against foreign nationals whose immigration status is in jeopardy as a direct result of the attack.

(6) The Commissioner of the former Immigration and Naturalization Service James Ziglar stated that ''the Immigration and Naturalization Service will exercise its discretion toward families of victims during this time of mourning and readjustment''.

(7) Only Congress has the authority to change immigration law to address unanticipated omissions in existing law to account for the unique circumstances surrounding the events of September 11, 2001.

SEC. 3. DECEASED ALIEN VICTIMS OF TERRORIST ATTACKS DEEMED TO BE UNITED STATES CITIZENS.

Notwithstanding title III of the Immigration and Nationality Act (8 U.S.C. 1401 et seq.), and except as provided in section 5, each alien who died as a result of a September 11, 2001, terrorist attack against the United States, shall, as of that date, be considered to be an honorary citizen of the United States if the alien held lawful status under the immigration laws of the United States as of that date.

SEC. 4. CITIZENSHIP ACCORDED TO ALIEN SPOUSES AND CHILDREN OF CERTAIN VICTIMS OF TERRORIST ATTACKS.

Notwithstanding title III of the Immigration and Nationality Act (8 U.S.C. 1401 et seq.), and except as provided in section 5, an alien spouse or child of an individual who was lawfully present in the United States and who died as a result of a September 11, 2001, terrorist attack against the United States shall be entitled to naturalization as a citizen of the United States upon being administered the oath of renunciation and allegiance in an appropriate ceremony pursuant to section 337 of the Immigration and Nationality Act (8 U.S.C. 1448), without regard to the current status of the alien spouse or child under the immigration laws of the United States, if the spouse or child applies to the Secretary of Homeland Security for naturalization not later than 2 years after the date of enactment of this Act. The Secretary of Homeland Security shall record the date of naturalization of any person granted naturalization under this section as being September 10, 2001.

SEC. 5. EXCEPTIONS.

Notwithstanding any other provision of this Act, an alien may not be naturalized as a citizen of the United States, or afforded honorary citizenship, under this Act if the alien is—

(1) inadmissible under paragraph (2) or (3) of section 212(a) of the Immigration and Nationality Act, or deportable under paragraph (2) or (4) of section 237(a) of that Act, including any terrorist perpetrator of a September 11, 2001, terrorist attack against the United States; or

(2) a member of the family of a person described in paragraph (1).

By Mrs. MURRAY (for herself, Mrs. COLLINS, and Mr. KENNEDY):

S. 890. A bill to amend the individuals with Disabilities Education Act to provide grants to State educational agencies to establish high cost funds from which local educational agencies are paid a percentage of the costs of providing a free appropriate public education to high need children and other high costs associated with educating children with disabilities, and for other purposes; to the Committee on Finance.

Mrs. MURRAY. Mr. President, I am pleased today to introduce the Supporting Success for High Need Students Act, and I thank Senator COLLINS and Senator KENNEDY for joining me in offering this legislation. In recent years, I have come to this floor many times to talk about special education, often in the context of the need to fully fund the Individuals with Disabilities Act, or IDEA as it is often known.

Mandatory full funding of IDEA is an important issue that should have been settled many years ago. The Federal Government should be meeting the commitment it made over 25 years ago to fund 40 percent of the excess cost of special education. Two years ago, this body finally recognized that reality and passed an amendment to the Elementary and Secondary Education Act that would have fulfilled that promise for students, schools, districts and States struggling to make up where we fall short. I was disappointed that the President made it clear that he did not support funding this long-standing mandate, and that the House voted not to accept the Senate amendment. At that time I voiced my commitment to continuing to fight to provide the full funding that is long overdue, and I will continue that fight. Unfortunately though, there is a small minority of

students whose educational needs will not be adequately supported even when IDEA is fully funded.

High-need students, whose disabilities may make education an extremely expensive endeavor, must nonetheless have the services and supports they need to receive a full, appropriate public education. Children who are severely autistic or have severe developmental disabilities, for example, may need special facilities, equipment, educational tools, medical services, professional individualized attention and other resources in order to get the education they need to succeed. These needs often far exceed those of most students with disabilities, and so do their costs. The National Center for Education Statistics estimates that the average per pupil expenditure to educate a child in the United States was $7,156 in the 2000–01 academic year. The cost of educating a high-needs student can far exceed that. Costs occasionally exceed $150,000 per year—more than 20 times the average—to provide students with disabilities the education they need. However, no price is too high to fulfill the civil rights of America's children.

With so many Americans out of work, and State and local budgets squeezed to the brink of disaster, these costs can be a prohibitive burden for school districts to shoulder. Small, rural school districts or districts near specialized medical facilities—which are often in our major cities, but can be in unexpected locations such as near a major military base—are most heavily impacted by these costs. But in the right combination of circumstances, such as a family with quadruplets who are all severely developmentally delayed, any district can feel the pinch of the costs incurred from educating these high-need children.

I know that educators, administrators and elected officials at every level want to do the right thing. They are trying to give students with disabilities the best education they can. But too often, they simply lack the resources to do so, or they find themselves faced with a no-win situation—choosing between implementing an after school program for the entire district or funding one high-need student's Individualized Education Plan. The losers in this equation are the students—with or without disabilities—their parents, and our society as a whole. The resulting tensions do a grave disservice to our communities.

The bill I am introducing today—the Supporting Success for High Need Students Act of 2003—is a carefully crafted bill that would address this problem. This legislation adds funding to IDEA targeted specifically for high-need students. It authorizes $750 million in fiscal year 2004 for grants to be administered by the States. This funding would be allocated to the States using the same formula that apportions funding for IDEA part B. If a high-need student's education costs more than four times the average per pupil expenditure, the school district would be able to apply for a grant to offset those costs. I believe that we should preserve incentives for school districts to manage those costs, so my bill would allow districts to recover three-quarters of the costs above that 400 percent threshold to educate high-needs students. Districts could not be reimbursed with these funds for any legal costs incurred through due process proceedings, or costs that should be reimbursed by Medicaid. The funds would only cover education and related services included in an appropriately formulated Individualized Education Plan.

To illustrate, let's assume that four times the average per pupil expenditure is $25,000. If a school district were serving a student whose education cost $45,000 a year, that district could recoup about $15,000 from the State grant. If a district were serving a student whose education cost $225,000, that district could recoup about $150,000. This bill would not make up all the additional costs of educating high-need students, but it would give struggling districts a much-needed lifeline by making them a lot more manageable.

It has often been noted that the moral test of a society is how it cares for its weakest members. It is the government's appropriate role and duty to protect the basic human dignity of all its citizens to ensure that even the neediest among us have a fair opportunity to realize their dreams and potential. That is why we passed the special education law over 25 years ago, and that is why we should pass the Supporting Success for High Need Students Act his year.

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. 890

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Supporting Success for High Need Students Act of 2003".

SEC. 2. HIGH COST FUND FOR LOCAL EDUCATIONAL AGENCIES.

Part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.) is amended by adding at the end the following:

"SEC. 620. HIGH COST FUND FOR LOCAL EDUCATIONAL AGENCIES.

"(a) DEFINITIONS.—In this section:

"(1) AVERAGE PER-PUPIL EXPENDITURE.—The term 'average per-pupil expenditure' has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965.

"(2) HIGH NEED CHILD.—The term 'high need child' means a child with a disability for whom a free appropriate public education in a fiscal year costs more than 4 times the average per-pupil expenditure for such fiscal year.

"(b) AUTHORIZATION OF GRANT PROGRAM AND ALLOTMENT.—

"(1) RESERVATION.—From funds appropriated under subsection (h), the Secretary shall reserve—

"(A) not more than 1 percent to assist the outlying areas in providing a free appropriate public education to children with disabilities in such areas for whom a free appropriate public education costs more than 4 times the national average per-pupil expenditure or 4 times the average per-pupil expenditure in the outlying area; and

"(B) 1.226 percent to assist the Secretary of the Interior in providing a free appropriate public education to children with disabilities on reservations who are enrolled in schools for Indian children operated or funded by the Secretary of the Interior for whom a free appropriate public education costs more than 4 times the national average per-pupil expenditure or 4 times the average per-pupil expenditure in such schools.

"(2) GRANT PROGRAM.—From funds appropriated under subsection (h), and not reserved under paragraph (1), the Secretary shall award grants to State educational agencies, from allotments under paragraph (3), to enable the State educational agencies to establish high cost funds, as described in subsection (c), from which local educational agencies shall receive disbursements to pay a percentage of the costs of providing a free appropriate public education to high need children and other high costs, as described in subsection (c)(3), associated with educating children with disabilities.

"(3) ALLOTMENT.—From funds appropriated under subsection (h) for a fiscal year, and not reserved under paragraph (1), the Secretary shall allot to each State an amount that bears the same ratio to such funds as the amount the State received under section 611 for the fiscal year bears to the total amount received by all States under that section for the fiscal year.

"(c) HIGH COST FUND.—

"(1) IN GENERAL.—Each State educational agency that receives a grant under subsection (b) shall—

"(A) use the grant funds to establish a high cost fund; and

"(B) make disbursements from the high cost fund to local educational agencies in accordance with this subsection.

"(2) REQUIRED DISBURSEMENTS FROM THE FUND.—

"(A) IN GENERAL.—Each State educational agency that receives a grant under subsection (b) shall make disbursements from the fund established under paragraph (1) to local educational agencies to pay the percentage described in subparagraph (C) of the costs of providing a free appropriate public education to high need children.

"(B) APPLICATION.—

"(i) IN GENERAL.—A local educational agency that desires a disbursement under this paragraph shall submit an application to the State educational agency at such time, in such manner, and containing such information as the State educational agency may require.

"(ii) CONTENTS.—An application submitted pursuant to clause (i) shall contain the following:

"(I) A figure that reflects the costs of providing a free appropriate public education to each high need child served by the local educational agency in a fiscal year for whom such agency desires a disbursement under this section.

"(II) The IEP for each high need child served by the local educational agency for whom such agency desires a disbursement under this section.

"(III) Assurances that grant funds provided under this section shall not be used to pay costs that otherwise would be reimbursable as medical assistance for a child with a disability under the State medicaid program under title XIX of the Social Security Act.

"(C) DISBURSEMENTS.—

''(i) IN GENERAL.—Subject to subparagraph (D), a State educational agency shall make a disbursement to a local educational agency that submits an application under subparagraph (B) in an amount that is equal to 75 percent of the costs that are in excess of 4 times the average per-pupil expenditure in either the Nation or the State where the child resides (calculated from whichever average per-pupil expenditure is lower) associated with educating each high need child served by such local educational agency in a fiscal year for whom such agency desires a disbursement.

''(ii) APPROPRIATE COSTS.—The costs associated with educating a high need child under clause (i) are only those costs associated with providing special education and related services to such child that are identified in such child's appropriately developed IEP.

''(D) DISALLOWANCE OF CERTAIN PAYMENTS.—A State educational agency may disallow payment of certain costs included in the figure submitted by a local educational agency under subparagraph (B)(ii)(I) if such costs are determined by the State educational agency to be inappropriate or unnecessary excess costs associated with providing a free appropriate public education to a high need child.

''(E) LEGAL FEES.—The costs associated with providing a free appropriate public education to a high need child shall not include legal fees, court costs, or other costs associated with a cause of action brought on behalf of such child to ensure a free appropriate public education for such child.

''(3) PERMISSIBLE DISBURSEMENTS FROM REMAINING FUNDS.—A State educational agency may make disbursements to local educational agencies from any funds that are remaining in the high cost fund after making the required disbursements under paragraph (2) for a fiscal year for the following purposes:

''(A) To pay the costs associated with serving children with disabilities who moved into the areas served by such local educational agencies after commencement of the school year to assist the local educational agencies in providing a free appropriate public education for such children in such year.

''(B) To compensate local educational agencies that expend over a threshold amount determined by the State educational agency on costs associated with providing a free appropriate public education to all children with disabilities served by such agencies.

''(4) LIMITATION ON ADMINISTRATIVE COSTS.—A State educational agency may use not more than 2 percent of the funds received under this section for the administrative costs of carrying out such agency's responsibilities under this section.

''(d) ASSURANCE OF A FREE APPROPRIATE PUBLIC EDUCATION.—Nothing in this section shall be construed—

''(1) to limit or condition the right of a child with a disability who is assisted under this part to receive a free appropriate public education pursuant to section 612(a)(1) in a least restrictive environment pursuant to section 612(a)(5); and

''(2) to authorize a State educational agency or local educational agency to indicate a limit on what is expected to be spent on the education of a child with a disability.

''(e) EVALUATION AND REPORT.—The Secretary shall—

''(1) evaluate the effectiveness of the high cost funds established pursuant to this section; and

''(2) submit a report to the appropriate committees of Congress on such evaluation.

''(f) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this section shall be used to supplement and not supplant other Federal, State, and local funds available for providing a free appropriate public education for children with disabilities.

''(g) MEDICAID SERVICES NOT AFFECTED.—Grant funds provided under this section shall not be used to pay costs that otherwise would be reimbursable as medical assistance for a child with a disability under the State medicaid program under title XIX of the Social Security Act.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $750,000,000 for fiscal year 2004 and such sums as may be necessary for each succeeding fiscal year.''.

By Mr. SANTORUM (for himself, Mr. KERRY, Mr. ENSIGN, Ms. MIKULSKI, Mr. SMITH, Mrs. MURRAY, Mr. HATCH, Mr. LIEBERMAN, Mr. BROWNBACK, Mr. CORZINE, and Mrs. CLINTON):

S. 893. A bill to amend title VII of the Civil Rights Act of 1964 to establish provisions with respect to religious accommodation in employment, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. SANTORUM. Mr. President, today I am pleased to join concerned colleagues, both Republicans and Democrats, as well as concerned citizens, including Christians, Jews, Muslims, and Sikhs among many other faiths. We come together in support of a simple proposition. America is distinguished internationally as a land of religious freedom. It should be a place where people should not be forced to choose between keeping their faith and keeping their job. That is why I am joining with Senators KERRY, ENSIGN, MIKULSKI, SMITH, MURRAY, HATCH, LIEBERMAN, BROWNBACK, and CORZINE in introducing the bipartisan Workplace Religious Freedom Act.

This legislation provides a much needed, balanced approach to reconciling the needs of people of faith in the workplace. It recognizes that work and religion can be reconciled without undue hardship. Americans continue to be a religious people, many with a deep personal faith commitment. With this commitment comes personal religious standards which govern personal activity. For example, some Americans don't work on Saturdays, while others don't work on Sundays. Not because they're lazy or frivolous, but because their faith convictions call for a Sabbath day, requiring a day to be set aside as holy.

Similarly, some Americans need to wear a skullcap to work, or a head covering, or a turban. As a Nation whose great strength rests in diversity, surely we can protect such diverse yet simple and unobtrusive expressions of personal faith. Surely we're generous enough, and respecting enough as a Nation, to support others in genuine expressions of their faith. I am particularly anxious for the religious minorities, for the Muslims and the Jews and the others who are very small in number but great in conviction. In our increasingly diverse society, many remain among us who still hold to ancient, heartfelt principles governed by a deep personal belief. I submit to you they deserve the decency of respect which includes our protection in preserving their peaceful religious expressions. This is a core principle which cannot be compromised, because it speaks to the essence of who we are as a people committed to preserving freedom. Religious freedom is best protected and maintained by respecting the diversity of religious traditions, especially minority religions. The tragedy of September 11, 2001 has reminded us that religious pluralism is one the great strengths of this country and an example to much of the world.

In this land of religious freedom, one would hope that employers would spontaneously accommodate the religious needs of their employees whenever reasonable. That is, after all, what we do whenever possible here in Congress. For example, we don't conduct votes or hearings on certain holidays so that Members and staff can observe their religious holy days. While most private employers also extend this simple but important decency to their workers, some unfortunately do not.

Historically, Title VII of the Civil Rights Act of 1964 was meant to address conflicts between religion and work. On its face it requires employers to ''reasonably accommodate'' the religious needs of their employees as long as this does not impose an ''undue hardship'' on the employer. The problem is that our Federal courts have essentially read these lines out of the law by ruling that any hardship is an undue hardship. This is not right, nor does it hold with the spirit of this great Nation which was founded as a refuge for religious freedom. Thus, a Maryland trucking company can try to force a devout Christian truck driver to take a Sunday shift. A local sheriff's department in Nevada can tell a Seventh Day Adventist that she must work a Saturday shift if she wants to continue working for them.

The Workplace Religious Freedom Act will re-establish the principle that employers must reasonably accommodate the religious needs of employees such as these. This legislation is carefully crafted and strikes an appropriate balance between religious accommodation, while ensuring that an undue burden is not forced upon American employers. It is flexible and case-oriented on an individual basis. Thus, a smaller business with less resources and personnel would not be asked to accommodate religious employees in exactly the same fashion as would a large manufacturing concern.

I am proud of the fact that this is a bipartisan effort. I am proud that this legislation is supported by such a broad spectrum of groups ranging from the Christian Legal Society, the Union of Orthodox Jewish Congregations, the

Southern Baptist Convention, the National Council of Churches, the North American Council for Muslim Women, the Sikh Resource Taskforce, the Seventh Day Adventist Church, the American Jewish Committee and many others.

America is a great Nation because we honor not only the freedom of conscience—but also the freedom to exercise one's religion according to the dictates of that religious conscience. This liberty, known as the ''first freedom,'' is worthy of our continued vigilance. It should be supported from all quarters through religious accommodation in both the public and private sectors. This fundamental freedom is protected here in this legislation which re-establishes an appropriate balance between the demands of work and the principles of faith.

Mr. KERRY. Madam President, I am extremely pleased to join with my colleague Senator SANTORUM today to introduce the Workplace Religious Freedom Act of 2003. Senators ENSIGN, MIKULSKI, SMITH, MURRAY, HATCH, LIEBERMAN, BROWNBACK, and CORZINE have all joined us as original cosponsors of this important legislation.

The Workplace Religious Freedom Act would protect workers from on-the-job discrimination related to religious beliefs and practices. It represents a milestone in the protection of the religious liberties of all workers.

In 1972, Congress amended the Civil Rights Act of 1964 to require employers to reasonably accommodate an employee's religious practice or observance unless doing so would impose an undue hardship on the employer. This 1972 amendment, although completely appropriate, has been interpreted by the courts so narrowly as to place little restraint on an employer's refusal to provide religious accommodation. The Workplace Religious Freedom Act will restore the weight to the religious accommodation provision that Congress originally intended and help assure that employers have a meaningful obligation to reasonably accommodate their employees' religious practices.

The restoration of this protection is no small matter. For many religiously observant Americans the greatest peril to their ability to carry out their religious faiths on a day-to-day basis may come from employers. I have heard accounts from around the country about employers who will not make reasonable accommodations for employees to observe the Sabbath and other holy days, or for employees to wear religiously-required garb, such as a yarmulke, or for employees to wear clothing that meets religion-based modesty requirements.

The refusal of an employer absent undue hardship to provide reasonable accommodation of a religious practice should be seen as a form of religious discrimination, as originally intended by Congress in 1972. And religious discrimination should be treated as seriously as any other form of discrimination that stands between Americans and equal employment opportunities. Enactment of the Workplace Religious Freedom Act will constitute an important step toward ensuring that all members of society, whatever their religious beliefs and practices, will be protected from an invidious form of discrimination.

Even after September 11, 2001, with a heightened sense of religious sensitivity among the American people, securing greater protections for the religious needs of employees is a major issue. In October 2001, the U.S. Supreme Court refused to hear an appeal from a Muslim woman who was pressured by her employer to stop wearing her head scarf. We must come together now to pass this bipartisan legislation.

It is important to recognize that, in addition to protecting the religious freedom of employees, this legislation protects employers from an undue burden. Employees would be allowed to take time off only if their doing so does not pose a significant difficulty or expense for the employer. This common sense definition of undue hardship is used in the Americans with Disabilities Act and has worked well in that context.

We have little doubt that this bill is constitutional because it simply clarifies existing law on discrimination by private employers, strengthening the required standard for employers. This bill does not deal with behavior by State or Federal Governments or substantively expand 14th Amendment rights.

This bill is endorsed by a wide range of organizations including the Agudath Israel of America, American Jewish Committee, American Jewish Congress, Americans for Democratic Action, Anti-Defamation League, Baptist Joint Committee on Public Affairs, Bible Sabbath Association, B'nai B'rith International, Central Conference of American Rabbis, Christian Legal Society, Church of Scientology International, Council on Religious Freedom, Family Research Council, General Board of Church and Society The United Methodist Church, General Conference of Seventh-day Adventists, Guru Gobind Singh Foundation, Hadassah—WZOA, Institute on Religion and Public Policy, The Interfaith Alliance, International Association of Jewish Lawyers and Jurists, International Commission on Freedom of Conscience, International Fellowship of Christians and Jews, Islamic Supreme Council of America, Jewish Council for Public Affairs, Jewish Policy Center, NA'AMAT USA, National Association of Evangelicals, National Conference for Community and Justice, National Council of the Churches of Christ in the U.S.A., National Council of Jewish Women, National Jewish Democratic Council, National Sikh Center, North American Council for Muslim Women, Presbyterian Church (USA), Rabbinical Council of America, Republican Jewish Coalition, Sikh Council on Religion and Education, Sikh Mediawatch and Resource Task Force, Southern Baptist Convention Ethics and Religious Liberty Commission, Traditional Values Coalition, Union of American Hebrew Congregations, Union of Orthodox Jewish Congregations, United Church of Christ Office for Church in Society, and United Synagogue of Conservative Judaism.

I want to thank Senator SANTORUM for joining me to lead this effort. I look forward to working with him to pass this legislation so that all American workers can be assured of both equal employment opportunities and the ability to practice their religion.

By Mr. NICKLES (for himself and Mrs. LINCOLN):

S. 895. A bill to amend the Internal Revenue Code of 1986 to include wireless telecommunications equipment in the definition of qualified technological equipment for purposes of determining the depreciation treatment of such equipment; to the Committee on Finance.

Mr. NICKLES. Mr. President, I rise today to introduce legislation to clarify the tax rules governing the depreciation of wireless telecommunications equipment. I am joined by my distinguished colleague from Arkansas, Mrs. LINCOLN.

Our current depreciation system, the Modified Accelerated Cost Recovery System, MACRS, was last reformed in 1986. At that time, the wireless telecommunications industry was in its infancy. Therefore, wireless telecommunications equipment, which is primarily computer-based technology, was not assigned to a specific asset class.

The IRS has provided only limited guidance with respect to the depreciation of wireless telecommunications equipment. In 1998, the IRS issued Technical Advice Memorandum, TAM, 98–25–03, which asserted that the classes of assets used to provide wireless telecommunications services are comparable to wireline telecommunications assets and, thus, should be assigned to wireline asset classes. The TAM concluded that mobile switching centers should be classified in the same asset class with computer-based telephone central office switching equipment, 5-year property. However, the TAM failed to take a clear position with regard to the classification of cell site equipment, so there is no practical guidance for IRS revenue agents or taxpayers to follow.

Over the past decade, the IRS and wireless telecommunications companies have expended significant resources in audits and settlement disputes involving the depreciation of wireless telecommunications equipment. This has resulted in ad hoc, inconsistent, and costly case-by-case determinations of the appropriate class

life for this equipment. It has created the current situation in which similarly situated companies are being treated differently, with some being required to depreciate their wireless telecommunications equipment over 5 years, and others over 10 years or longer.

I believe Congress should act to clarify the depreciation rules for wireless telecommunications equipment to provide certainty to the IRS and the taxpayer, thereby putting an end to the costly dispute settlement process; to ensure a level playing field for taxpayers; and to provide fair tax-treatment of wireless telecommunications equipment. Given the nature of this equipment and the rapid technological advances in the wireless industry, I believe the most appropriate classification for wireless telecommunications equipment is as ''qualified technological equipment'' with a 5-year depreciable life.

The bill I am introducing with my colleague from Arkansas would make this important clarification to the tax laws. I look forward to working with my colleagues to enact my legislation that will provide more rational tax-treatment of wireless telecommunications equipment. By so doing, we will take an incremental step toward modernizing the Tax Code's outdated depreciation rules.

By Mrs. HUTCHISON (for herself and Mr. BAYH):

S. 899. A bill to amend title XVIII of the Social Security Act to restore the full market basket percentage increase applied to payments to hospitals for inpatient hospital services furnished to medicare beneficiaries, and for other purposes; to the Committee on Finance.

Mrs. HUTCHISON. Mr. President, I am pleased to introduce legislation today that will increase Medicare reimbursement to hospitals. While we corrected in the omnibus appropriations bill the reimbursement issue for physicians and rural hospitals, nothing was done to assist teaching hospitals or give hospitals a full inflationary update. Texas hospitals alone are facing a loss of $53 million in 2003 due to Medicare reimbursement cuts.

Hospital admissions have risen from 31 million patients in 1990 to 33 million in 2000, and the number of days in the hospital is rising as well. Increased admissions, rising liability premiums, and the cost of advanced technology have forced hospitals to cut back on services. The cost of a pint of blood increased 31 percent in 2001, an additional $920 million burden to hospitals. Such costs are continuing to rise, yet Medicare reimbursements to hospitals are not keeping pace with inflation and their margins are slowly shrinking. Fifty-eight percent of hospitals are losing money on the Medicare patients they treat.

This legislation, the American Hospital Preservation Act, restores the market basket update and the reimbursement for indirect medical education, IME, payments to teaching hospitals. The market basket update is an inflationary adjustment to account for the rising costs of goods and services, and the IME payments give teaching hospitals an additional Medicare reimbursement due to their higher costs of inpatient care. Both of these factors were cut by the Balanced Budget Act of 1997. Restoring the cuts means $289 million to Texas hospitals and $6 billion nationwide over the next five years. Major teaching hospitals are experiencing their lowest profit margin since the late '90s, 2.4 percent. Patients, especially those who are seriously ill, rely on teaching hospitals, which make up 78 percent of all trauma centers and 80 percent of all burn beds. Although only 23 percent of all hospitals are teaching hospitals, they deliver over two-thirds of charity care.

Emergency rooms are increasingly used as a primary care clinic because patients cannot find a physician who accepts Medicare, and they are treating more individuals who are uninsured. In 2000, hospitals provided $21.6 billion in uncompensated care.

Lower reimbursement rates coupled with bioterrorism risks and a workforce shortage make our hospitals a time bomb waiting to go off. Our hospitals are always open and must accept anyone who walks through their doors. It is our responsibility to ensure they have adequate resources from the Federal Government.

I look forward to working with my colleagues to pass the American Hospital Preservation Act.

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. 899

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''American Hospital Preservation Act of 2003''.

SEC. 2. RESTORING FULL MARKET BASKET UPDATE FOR INPATIENT PPS HOSPITALS.

(a) IN GENERAL.—Section 1886(b)(3)(B)(i) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)(i)) is amended—

(1) in subclause (XVIII), by striking ''and'' at the end; and

(2) by striking subclause (XIX) and inserting the following new subclauses:

''(XIX) for fiscal year 2004, the market basket percentage increase plus 0.55 percentage points for hospitals in all areas; and

''(XX) for fiscal year 2005 and each subsequent fiscal year, the market basket percentage increase for hospitals in all areas.''.

(b) PROTECTING FULL MARKET BASKET UPDATE FOR FISCAL YEARS 2004 AND THEREAFTER.—Such section, as amended by subsection (a), is further amended by inserting after subclause (XX) the following:

''Notwithstanding any other provision of law, the 'applicable percentage increase' for any fiscal year after fiscal year 2005 may not be a percentage that is less than the market basket percentage increase for such year.''.

SEC. 2. FREEZING INDIRECT MEDICAL EDUCATION (IME) ADJUSTMENT PERCENTAGE AT 6.5 PERCENT.

(a) IN GENERAL.—Section 1886(d)(5)(B)(ii) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(B)(ii)) is amended—

(1) in subclause (VI), by striking ''and'' at the end; and

(2) by striking subclause (VII) and inserting the following new subclauses:

''(VII) during fiscal year 2003, ''c'' is equal to 1.35.

''(VIII) during fiscal year 2004, ''c'' is equal to 1.85; and

''(IX) on or after October 1, 2004, 'c' is equal to 1.6.''.

(b) CONFORMING AMENDMENT RELATING TO DETERMINATION OF STANDARDIZED AMOUNT.—Section 1886(d)(2)(C)(i) of such Act (42 U.S.C. 1395ww(d)(2)(C)(i)) is amended—

(1) by striking ''1999 or'' and inserting ''1999,''; and

(2) by inserting '', or the American Hospital Preservation Act of 2003'' after ''2000''.

By Mr. BURNS:

S. 900. A bill convey the Lower Yellowstone Irrigation Project, the savage Unit of the Pick-Sloan Missouri Basin Program, and the Intake Irrigation Project to the pertinent irrigation districts; to the Committee on Energy and Natural Resources.

Mr. BURNS. Mr. President, I rise today to introduce a piece of legislation that helps a large number of family farmers on the border of Montana and North Dakota. The Lower Yellowstone Irrigation Projects Title Transfer moves ownership of these irrigation projects from Federal control to local control. Both the Bureau of Reclamation and those relying on the projects for their livelihood agree there is little value in having the Federal Government retain ownership.

I introduced this legislation in the last Congress, and continue to believe it helps us to achieve the long term goals of Montana irrigators, and the mission of the Bureau of Reclamation. In the past I asked John W. Keys III, commissioner of the Bureau of Reclamation, his position on title transfers of irrigation projects like the Lower Yellowstone, where local irrigation districts have successfully managed the Federal properties, and where the Bureau has encouraged the transfer of title to the Districts. His response to me was very encouraging. He stated this type of title transfer ''makes sense and is an opportunity to move facilities from Federal ownership to more appropriate control.'' During our discussion Commissioner Keys promised to work with me and the Irrigation District to make this a reality, and I look forward to it.

The history of these projects dates to the early 1900's with the original Lower Yellowstone project being built by the Bureau of Reclamation between 1906 and 1910. The Savage Unit was added in 1947–48. The end result was the creation of fertile, irrigated land to help spur economic development in the area. To this day, agriculture is the number one industry in the area.

The local impact of the projects is measurable in numbers, but the greatest impacts can only be seen by visiting the area. About 500 family farms rely on these projects for economic subsistence, and the entire area relies on them to create stability in the local economy. In an area that has seen booms and busts in oil, gas, and other commodities, these irrigated lands continued producing and offering a foundation for the businesses in the area.

As we all know, the agricultural economy is not as strong as we'd like to it to be, but these irrigated lands offer a reasonable return over time and are the foundation for strong communities based upon the ideals that have made this country successful The 500 families impacted are hard working, honest producers, and I can think of no better people to manage their own irrigation projects.

Every day, we see an example of where the Federal Government is taking on a new task. We can debate the merits of those efforts on an individual basis, but I think we can all agree that while the government gets involved in new projects, there are many that we can safely pass on to State or local control. The Lower Yellowstone Projects are a prime example of such an opportunity, and I ask my colleagues to join me in seeing this legislation passed as quickly as possible.

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. 900

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Lower Yellowstone Reclamation Projects Conveyance Act''.

SEC. 2. DEFINITIONS.

In this Act:

(1) DIVERSION WORKS.—The term ''Diversion Works'' means the land in the N½NW¼ of Sec. 36, T.18N., R.56E. P. M., Montana, and the diversion dam structure, canal headworks structure, and the first section of the main canal, all contained therein.

(2) INTAKE IRRIGATION DISTRICT.—The term ''Intake Irrigation District'' means the irrigation district by that name that is organized under the laws of the State of Montana and operates the Intake Project.

(3) INTAKE PROJECT.—The term ''Intake Project'' means the Federal irrigation feature operated by the Intake Irrigation District and authorized under the Act of August 11, 1939 (chapter 717; 53 Stat. 1418).

(4) IRRIGATION DISTRICTS.—The term ''irrigation districts'' means—

(A) the Intake Irrigation District;

(B) the Lower Yellowstone Irrigation District No. 1;

(C) the Lower Yellowstone Irrigation District No. 2; and

(D) the Savage Irrigation District.

(5) LOWER YELLOWSTONE IRRIGATION DISTRICT NO. 1.—The term ''Lower Yellowstone Irrigation District No. 1'' means the irrigation district by that name that is organized under the laws of the State of Montana and operates the part of the Lower Yellowstone Irrigation Project located in the State of Montana.

(6) LOWER YELLOWSTONE IRRIGATION DISTRICT NO. 2.—The term ''Lower Yellowstone Irrigation District No. 2'' means the irrigation district by that name that is organized under the laws of the State of North Dakota and operates the part of the Lower Yellowstone Irrigation Project located in the State of North Dakota.

(7) LOWER YELLOWSTONE IRRIGATION PROJECT.—The term ''Lower Yellowstone Irrigation Project'' means the Federal irrigation feature operated by Lower Yellowstone Irrigation District No. 1 and Lower Yellowstone Irrigation District No. 2 and authorized by the Act of June 17, 1902 (chapter 1093; 32 Stat. 388).

(8) MEMORANDUM OF UNDERSTANDING.—The term ''Memorandum of Understanding'' means the memorandum of understanding dated November 16, 1999, and any subsequent replacements or amendments between the Districts and the Montana Area Office, Great Plains Region, Bureau of Reclamation, for the purpose of defining certain principles by which the title to the projects will be transferred from the United States to the districts.

(9) PICK-SLOAN MISSOURI BASIN PROGRAM.—The term ''Pick-Sloan Missouri Basin Program'' means the comprehensive Federal program for multipurpose benefits within the Missouri River Basin, including irrigation authorized by section 9 of the Act of December 22, 1944, commonly known as the ''Flood Control Act of 1944'' (chapter 665; 58 Stat. 891).

(10) PICK-SLOAN MISSOURI BASIN PROGRAM PROJECT USE POWER.—The term ''Pick-Sloan Missouri Basin Program Project Use Power'' means power available for establishing and maintaining the irrigation developments of the Pick-Sloan Missouri Basin Program.

(11) PROJECTS.—The term ''Projects'' means—

(A) the Lower Yellowstone Irrigation Project;

(B) the Intake Irrigation Project; and

(C) the Savage Unit.

(12) SAVAGE IRRIGATION DISTRICT.—The term ''Savage Irrigation District'' means the irrigation district by that name that is organized under the laws of the State of Montana and operates the Savage Unit.

(13) SAVAGE UNIT.—The term ''Savage Unit'' means the Savage Unit of the Pick-Sloan Missouri Basin Program, a Federal irrigation development authorized by the Act of December 22, 1944 (commonly known as the ''Flood Control Act of 1944'') (chapter 665; 58 Stat. 891).

(14) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

SEC. 3. CONVEYANCE OF PROJECTS.

(a) CONVEYANCES.—

(1) GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall convey works, facilities, and lands of the Projects to the Irrigation Districts in accordance with all applicable laws and pursuant to the terms of the Memorandum of Understanding. The conveyance shall take place in two stages, the first stage to include all conveyances under this Act except Diversion Works and the second stage to convey the Diversion Works.

(2) LANDS.—

(A) GENERAL.—All lands, easements, and rights-of-way the United States possesses that are to be conveyed by the Secretary to the respective irrigation districts shall be conveyed by quitclaim deed. Conveyance of such lands, easements, and rights-of-way is subject to permits, licenses, leases, rights-of-use, or right-of-way of record outstanding in third parties on, over, or across such lands, easements, and rights-of-way.

(B) MINERAL RIGHTS.—Conveyance of all lands herein described shall be subject to a reservation by the United States reserving all minerals of a nature whatsoever, excluding sand and gravel, and subject to oil, gas, and other mineral rights heretofore reserved of record by or in favor of third parties.

(3) WATER RIGHTS.—The Secretary shall transfer to the respective Irrigation Districts in accordance with and subject to the law of the State of Montana, all natural flow, wastewater, seepage, return flow, domestic water, stock water, and groundwater rights held in part or wholly in the name of the United States that are used to serve the lands within the Irrigation Districts.

(4) COSTS.—

(A) RECLAMATION WITHDRAWN LANDS.—The Irrigation Districts shall purchase Reclamation withdrawn lands as identified in the Memorandum of Understanding for their value in providing operation and maintenance benefits to the Irrigation Districts.

(B) SAVAGE UNIT REPAYMENT OBLIGATIONS.—

(i) SAVAGE IRRIGATION DISTRICT.—As a condition of transfer, the Secretary shall receive an amount from the Savage Irrigation District equal to the present value of the remaining water supply repayment obligation of $60,480 that shall be treated as full payment under Contract Number I1r–1525, as amended and as extended by Contract No. 9–07–60–WO770.

(ii) PICK-SLOAN MISSOURI BASIN PROGRAM CONSTRUCTION OBLIGATION.—As a condition of transfer, the Secretary shall accept $94,727 as payment from the Pick-Sloan Missouri Basin Program (Eastern Division) power customers under the terms specified in this section, as consideration for the conveyance under this subsection. This payment shall be out of the receipts from the sale of power from the Pick-Sloan Missouri Basin Program (Eastern Division) collected by the Western Area Power Administration and deposited into the Reclamation fund of the Treasury in fiscal year 2003. This payment shall be treated as full and complete payment by the power customers of the construction aid-to-irrigation associated with the facilities of the Savage Unit.

(b) REVOCATION OF RECLAMATION WITHDRAWALS AND ORDERS.—

(1) The Reclamation withdrawal established by Public Land Order 4711 dated October 6, 1969, for the Lower Yellowstone Irrigation Project in lots 1 and 2, section 3, T.23N., R. 59 E., is hereby revoked in its entirety.

(2) The Secretarial Order of March 22, 1906, which was issued for irrigation works on lots 3 and 4 section 2, T. 23N., R. 59E., and Secretarial Order of August 8, 1905, which was issued for irrigation works in section 2, T. 17 N., R. 56 E. and section 6, T. 17 N., R. 57 E., are hereby revoked in their entirety.

(3) The Secretarial Order of August 24, 1903, and July 27, 1908, which were issued in connection with the Lower Yellowstone Irrigation Project, are revoked insofar as they affect the following lands:

(A) Lot 9 of Sec. 2 and lot 2 of Sec. 30, T.18N., R.57E.; lot 3 of Sec. 4, T.19N., R.58E.; lots 2 and 3 and 6 and 7 of Sec. 12, T.21N, R.58E.; SW¼NW¼ of Sec. 26, T.22N., R58E; lots 1 and 4 and 7 and NW¼SW¼ of Sec. 20, T.22N., R.59E.; SE¼NE¼ of Sec. 13, T.23N., R.59E.; and lot 2 of Sec. 18, T.24N., R.60E.; all in the Principal Meridian, Montana.

(B) Lot 8 of Sec. 2 and lot 1 and lot 2 and lot 3 and NE¼NE¼ of Sec. 10 and lot 2 of Sec. 11 and lot 6 of Sec. 18 and lot 3 of Sec. 35, T.151N., R.104W.; and lot 7 of Sec. 28, T.152N., R.104W.; all in the Fifth Principal Meridian, North Dakota.

SEC. 4. REPORT.

If the conveyance under this Act has not occurred within 2 years after the date of the enactment of this Act for the first stage conveyances as provided in section 3, and 5 years after the date of the enactment of this Act for the second stage conveyances as provided in section 3, the Secretary shall provide a report to the Committee on Resources of the House of Representatives and the Committee on Energy and Resources of the Senate on the status of the transfer and anticipated completion date.

SEC. 5. RECREATION MANAGEMENT.

As a condition of the Conveyance of lands under section 3, the Secretary shall require that Lower Yellowstone Irrigation District No. 1 and Lower Yellowstone Irrigation District No. 2 convey a perpetual conservation easement to the State of Montana, at no cost to the State, for the purposes of protecting, preserving, and enhancing the conservation values and permitting recreation on Federal lands in part to be conveyed under this Act. Lower Yellowstone Irrigation District No 1, Lower Yellowstone Irrigation District No. 2, and the State of Montana have mutually agreed upon such conservation easement.

SEC. 6. PROJECT PUMPING POWER.

The Secretary shall sustain the irrigation developments established by the Lower Yellowstone and Intake Projects and the Savage Unit as components of the irrigation plan under the Pick-Sloan Missouri River Basin Program and shall continue to provide the Irrigation Districts with Pick-Sloan Missouri River Basin Project Use power at the Irrigation Districts' pumping plants, except that the rate shall be at the preference power rate and there shall be no ability-to-pay adjustment.

SEC. 7. YELLOWSTONE RIVER FISHERIES PROTECTION.

(a) GENERAL.—The Secretary, prior to the transfer of title of the Diversion Works and in cooperation with the Irrigation Districts, shall provide fish protection devices to prevent juvenile and adult fish from entering the Main Canal of the Lower Yellowstone Irrigation Project and allow bottom dwelling fish species to migrate above the Project's Intake Diversion Dam.

(b) PARTICIPATION.—The Secretary and the Irrigation District shall work cooperatively in planning, engineering, and constructing the fish protection devices.

(c) CONSTRUCTION SCHEDULE.—Construction of Fish Protection Devices shall be completed within 2 years after the date of enactment of this Act.

(d) MONITORING.—The Secretary, acting through the Commissioner of the Bureau of Reclamation and the Director of the United States Fish and Wildlife Service, prior to the transfer of title of the Diversion Works, shall establish and conduct a monitoring plan to measure the effectiveness of the devices for a period of 2 years after construction is completed.

(e) MODIFICATIONS.—The Commissioner of the Bureau of Reclamation, prior to the transfer of title of the Diversion Works, shall be responsible to modify the devices as necessary to ensure proper functioning. All modifications shall be completed within 3 years after the devices were initially constructed.

(f) COSTS.—Costs incurred in planning, engineering, constructing, monitoring, and modifying all fish protection devices shall be deemed nonreimbursable.

(g) OPERATION, MAINTENANCE, AND REPLACEMENTS RESPONSIBILITY.—Following completion of monitoring and modifications required under this section, the Irrigation Districts shall operate, maintain, and replace the fisheries protection devices in a manner to ensure proper functioning.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to implement this section.

SEC. 8. RELATIONSHIP WITH OTHER LAWS AND FUTURE BENEFITS.

Upon conveyance of the projects under this Act, the Irrigation Districts shall not be subject to the Reclamation laws or entitled to receive any Reclamation benefits under those laws except as provided in section 6.

SEC. 9. LIABILITY.

Effective on the date of conveyance of a project under this Act, the United States shall not be liable under any State or Federal law for damages of any kind arising out of any act, omission, or occurrence relating to the projects, except for damages caused by acts of negligence committed by the United Stated or by its employees, agents, or contractors prior to the date of this conveyance. Nothing in this section shall be considered to increase the liability of the United States beyond that currently provided in chapter 171 of title 28, United States Code, popularly known as the Federal Tort Act.

SEC. 10. COMPLIANCE WITH LAWS.

As a condition of the Conveyances under section 3, the Secretary shall by no later than the date on which the conveyances occur complete appropriate analyses of the transfer in compliance with the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), and other applicable laws.

By Mr. GREGG (for himself, Mr. ENZI, and Mr. COCHRAN):

S. 901. A bill to make technical amendments to the Higher Education Act of 1965, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. GREGG. Mr. President, today I rise to introduce, along with my colleagues Senator ENZI and Senator COCHRAN, the Higher Education Technical Amendments Act of 2003. This legislation makes several technical and non-controversial changes to the Higher Education Act, HEA, and is designed to expand access to higher education, provide relief from burdensome legal requirements, improve the financial aid process, and bring greater clarity to the law.

My bill provides for the re-enactment of two provisions in the HEA that expired at the end of the last fiscal year, and which are of great importance to students, their families, and schools. These provide schools having low student loan default rates with exemptions from the requirement that loan proceeds be disbursed in multiple installments, and the requirement that the disbursement of loan proceeds to first-time undergraduate borrowers be delayed for 30 days after classes start. Thousands of institutions of higher education across America have traditionally counted on these exemptions to save them time and money in the disbursement of their limited financial aid resources. These provisions should also serve as an incentive for schools to keep their default rates low. At a time when both student and institutional budgets are being squeezed, we should do what we can to provide them with relief.

Furthermore, this legislation provides for greater access to federal financial aid for those students participating in distance education programs. Specifically, it provides a waiver to the rule that a school having a 50 percent or more of its students or 50 percent or more of its courses in distance education is ineligible for the Title IV student aid programs. Schools eligible for the waiver must already be participating in the programs and must have low cohort default rates.

This bill will also clarify that the HEA provision that limits the aid eligibility of a student convicted of one or more drug offenses applies only to those offenses that occur while the student is in school and receiving aid. Thus, students who may have had drug problems in the past but who want to turn their lives around through post-secondary education will be able to do so.

The bill makes a number of other beneficial changes to the HEA. Most notably, it: Helps protect home-schooled students by making it clear that institutions of higher education will not lose their institutional eligibility for Federal financial aid by admitting home-schooled students; clarifies the Federal policy on the return of financial aid funds when students withdraw, to better protect students' grant aid; removes barriers to students seeking forbearance from lenders on student loan payments, by eliminating the requirement that new agreements between lenders and borrowers be in writing; instead, the bill allows a lender to accept a request for forbearance over the telephone, as long as a confirmation notice of the agreement reached is provided to the borrower and the borrower's file is updated; makes clear that under the Thurgood Marshall Legal Educational Opportunity Program, the U.S. Department of Education can provide scholarship aid to low-income and minority students to prepare for and attend law school; eases requirements for Hispanic-Serving Institutions, HSIs, by allowing them to apply for federal HSI grants without waiting two years between applications; corrects a drafting error in current law that mistakenly bars students attending certain nonprofit schools of veterinary medicine from eligibility for the Federal Family Education Loan Program; requires the GAO to conduct a study on how institutions of higher education report teacher pass rates on state certification exams; allows financial aid administrators to use "professional judgment" to adjust a student's financial need in cases where the student is a ward of the court; and expands the use of technology to provide voter registration material directly to students in a timely manner.

The Higher Education Technical Amendments of 2003 will provide important benefits to our Nation's post-secondary students. I urge my colleagues to support this legislation.

By Ms. LANDRIEU:

S. 902. A bill to declare, under the authority of Congress under Article I, section 8, of the Constitution to ''provide and maintain a Navy'', a national policy for the naval force structure required in order to ''provide for the common defense'' of the United States throughout the 21st century; to the Committee on Armed Services.

Ms. LANDRIEU. Mr. President, article I, section 8, clauses 12 and 13 are the source of Congress' power regarding the Army and the Navy. Interestingly, while clause 12 of the Constitution gives Congress the power to raise and support armies, clause 13 requires Congress to provide and maintain a navy. Thus, while we have discretionary authority with regard to the establishment of an army, the Constitution presumes that we will always have and maintain a navy.

Despite this constitutional duty, our current surface fleet is smaller than our fleet in 1917, the year before we entered World War I. What is worse, the future looks even more bleak. At current build rates, we will sink below a 200 ship navy. In fact, we are building ships at rates unseen since 1932—the height of the great depression.

I submit that this policy is unsustainable. The U.S. Navy is not only a great pillar of American military might, it is an important tool in our diplomacy. American ships conduct about 175 international exercises every year. Yet, in recent years we have had to scale back participation, and in some cases, cancel exercises because the ships were simply not available. These joint exercises improve our ability to coordinate activity with our allies. They allow us to instill American notions of professionalism and service into the navies all around the world, and they give us important intelligence on emerging naval capabilities.

Additionally, the Navy serves as a powerful deterrent in situations short of war. How many situations have we used our Navy as a symbol of American resolve. The firepower and strength represented by a carrier battle group has been important in the Taiwan Straights, in the Sea of Japan and in the Persian Gulf. There is no reason to believe that it will become any less so in future years.

The Quadrennial Defense Review puts the requirements for the number of ships in the Navy at 360. Naval strategists warn that we are already proportioning risk. In other words, we are already deciding what seas we will leave underprotected, so as to ensure that we will have enough ships to cover flash points.

The legislation I am offering today is a simple statement of policy. It states that it is the policy of the United States to return to a Navy of at least 375 ships. This should include 15 carrier battle groups and 15 amphibious ready groups. Yet, even this number is a dramatic decrease from our high point of a 600 ship navy. However, it is an achievable goal, if Congress begins to appropriate resources to the Navy shipbuilding account at reasonable levels.

The bill is based on another policy statement we adopted into law in 1999—the National Missile Defense Act. That law provided guidance to our authorization and appropriations process. It also provide guidance to the President's budget. It has been successful in ensuring that the last two administrations have budgeted sufficient resources to keep our national missile defense program on track. This statement of policy is more important still. It is not a statement about a future technology, it is a statement about a military capability that this country dare not abandon.

I trust that the Senate shares my commitment to the future of our fleet. While it may come at real expense, I know my colleagues share the view that it is an expense worth making. I look forward to working with my colleagues to ensure that this bill is adopted.

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

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

S. 902

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Naval Force Structure Policy Act of 2003''.

SEC. 2. NATIONAL NAVAL FORCE STRUCTURE POLICY.

It is the policy of the United States to rebuild as soon as possible the size of the fleet of the United States Navy to no fewer than 375 vessels in active service, to include 15 aircraft carrier battle groups and 15 amphibious ready groups, in order to ensure peace through strength for the United States throughout the 21st century.

S. 903

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Renewal Community Employment Credit Improvement Act''.

SEC. 2. RENEWAL COMMUNITY EMPLOYERS MAY QUALIFY FOR EMPLOYMENT CREDIT BY EMPLOYING RESIDENTS OF CERTAIN OTHER RENEWAL COMMUNITIES.

(a) IN GENERAL.—Section 1400H(b)(2) of the Internal Revenue Code of 1986 (relating to modification) is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) subsection (d)(1)(B) thereof shall be applied by substituting 'such renewal community, an adjacent renewal community within the same State as such renewal community, or a renewal community within such State which is within 5 miles of any border of such renewal community' for 'such empowerment zone'.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendment made by section 101(a) of the Community Renewal Tax Relief Act of 2000.

By Ms. LANDRIEU:

S. 903. A bill to amend the Internal Revenue Code of 1986 to allow employers in renewal communities to qualify for the renewal community employment credit by employing residents of certain other renewal communities; to the Committee on Finance.

Ms. LANDRIEU. Mr. President, the Renewal Community Program has been a tremendous success in promoting economic growth in my home State of Louisiana. It has boosted local economies and cut unemployment in areas that need it most. The Department of Housing and Urban Development designated 40 urban and rural areas around the country as renewal communities, under the Community Renewal Tax Relief Act of 2000.

Renewal communities can take advantage of wage tax credits, tax deductions, capital gains tax exclusions, and bond financing to stimulate job growth, promote economic development, and create affordable housing. This assistance goes to areas with poverty rates of at least 20 percent, and unemployment rates that are one-and-a-half times the national level. Households in renewal communities have incomes that are 80 percent below the median income of households in their local jurisdictions.

One of the most beneficial business incentives under the program is the wage tax credit an employer can receive for hiring and retaining residents of renewal communities. Businesses can receive up to a $1,500 Federal tax credit for every newly hired or existing employee who lives and works in the Renewal Community.

Louisiana has four renewal communities. One is in New Orleans and the remaining three cover a large portion of the Central and Northern parts of the State. These three renewal communities have common borders. This is a tremendous benefit for Louisiana, but it also creates some problems. Under the rules of the program a business in one renewal community cannot receive the wage tax credit if they hire someone who lives outside that renewal community, even if that person lives in the renewal community right next door.

A good example of what I am talking about is in the northern part of the State. The Ouachita Renewal Community which covers the City of Monroe in Ouachita Parish is surrounded by a number of parishes that fall into the North Louisiana Renewal Community—Morehouse Parish to the north, Richland Parish to the east, Caldwell Parish to the south, and Lincoln Parish to the west. The borders of these two renewal communities are literally two or three miles apart. Monroe is the economic hub of that part of my State. People from Morehouse, Caldwell, and Richland Parishes will naturally look for work there. But under current law, a company in Monroe cannot get a wage tax credit for hiring someone who lives in the renewal community right next door.

The situation in Louisiana is fairly unique. I am not certain whether Congress really anticipated that one State would receive more than one renewal community designation or that those renewal communities would be so close together. I certainly understand the desire to promote economic development in specific areas. That can work if renewal communities are far apart. But when they are so close together as they are around Ouachita Parish, or a little further south in the middle of my State, where the Central Louisiana Renewal Community borders the North Louisiana Renewal Community, then we need to make the program more flexible. A person living in Franklin Parish near the border with Catahoula Parish does not necessarily know that both parishes lie in two different renewal communities. If the closest job is in Catahoula Parish, that is where a Franklin Parish resident is going to go. The problem is that a business in Catahoula Parish would not receive the tax break for hiring the worker from Franklin Parish—only a few miles away.

We need to add some common sense flexibility to the Renewal Community program. Today I am introducing legislation that will allow the employers in one renewal community to hire employees from an adjacent or nearby renewal community and still receive the wage tax credits granted under the Act. This legislation essentially treats renewal communities that are within five miles of each other as one. This bill will make a small change in the Renewal Community program, but it will make a big difference to the people of my state.

This legislation will make a very important program more successful for Louisiana and other states like it. I urge my colleagues to support this bill. I ask unanimous consent that the text of the bill be printed in the RECORD.

By Mr. ROCKEFELLER (for himself, Ms. SNOWE, Mr. BAUCUS, Mr. HATCH, Mr. CONRAD, Mr. KENNEDY, Ms. STABENOW, Mr. BREAUX, Mrs. MURRAY, Mr. DAYTON, Mr. LEAHY, Mr. SCHUMER, and Mr. BURNS):

S. 905. A bill to amend the Internal Revenue Code of 1986 to provide a broadband Internet access tax credit; to the Committee on Finance.

Mr. ROCKEFELLER. Mr. President, I rise today to introduce the Broadband Internet Access Act of 2003. Last year, this bill had broad bipartisan support with 65 cosponsors. Its companion legislation in the House of Representatives had 227 cosponsors. If the Senate considers an appropriately targeted and sized economic growth package, which includes investment incentives for businesses, this legislation should be a priority for inclusion in that legislation as it will help jump start a struggling sector of the economy.

The convergence of computing and communications has fundamentally and forever changed the way America lives and works. Individuals, businesses, schools, libraries, hospitals, and many others, reap the benefits of advanced networked communications exponentially each year. However, where just a decade ago access to low bandwidth telephone facilities met our communications needs, today many people, businesses and other organizations require the ability to transmit and receive large amounts of data quickly—as part of electronic commerce, distance learning, telemedicine, and even for mere access to many web sites. This need will only continue to grow. In the near future, access to broadband services will be as critical as having a telephone.

Over the last several years, companies have built networks that meet today's broadband need as fast as they can. Even with the recent downturn in the telecommunications industry, technology companies continue to roll out the current generation of broadband facilities in urban and suburban areas. They continue to tear up streets to install fiber optics, convert cable TV facilities to broadband telecom applications and develop innovative new DSL technologies. As the economy improves, these companies will greatly expand the rate of deployment of these and other technologies for urban and suburban consumers providing them access to the cutting-edge technologies and services.

Other areas of this country are not as fortunate. In rural and inner city areas access to even the current generation of broadband communications is limited. Investment continues to lag behind wealthier urban and suburban communities. This imbalance has only been exacerbated due to the telecommunications industry's recent financial troubles. In fact, only a limited number of broadband providers exist outside the prosperous areas of big cities and suburban areas nationwide. A few positive signs are occurring though. Small rural telecommunications companies are slowly expanding into providing these services. They are limited in their ability to provide these services because of the expense of installing the infrastructure. This is because in many cases rural areas are more expensive to serve, terrain is difficult and populations are widely dispersed. Importantly, many of our current broadband technologies cannot serve people who live more than eighteen thousand feet from a phone company's central office—which is the case for most rural Americans. In inner cities, companies may believe that lower household income levels will not support a market for their services, so they choose not to invest in these communities. This is a classic situation of market failure that we must address.

The implications for the country if we allow this broadband disparity to continue are alarming. People and businesses in well served communications and computing regions, often located in prosperous urban and suburban communities, will be able to build upon the inherent advantages of a networked economy. People and businesses in other areas, often in rural areas as in inner cities, including many areas in my State of West Virginia, would continue to be at an economic and educational disadvantage.

We have seen how savvy businesses have crushed their competitors who failed to take advantage of technological innovations, businesses in infrastructure-rich areas that already have an advantage, ultimately could crush competitors in infrastructure-poor areas. This is equally true for rural and inner city students, workers trying to gain new skills, and regular individuals who want to participate in the information-based New Economy compete against their non-rural peers. The result could be devastating for Americans who live in rural areas or in our inner cities: job loss, tax revenue loss, brain drain, and business failure concentrated in their communities.

Denying Americans who live in rural areas and inner cities a chance to participate in our information-based global economy is also bad for the national economy. Businesses will be forced to locate their operations and hire their employees in urban locations that have adequate broadband infrastructure, rather than in rural or inner city locations that are otherwise more efficient due to the location of their customers or suppliers, a stable or better workforce, and cheaper production environments. It is not an understatement to say that the deployment of technology could fundamentally transform the future of rural and inner city America.

We have to make a decision on whether or not rural and inner city communities are going to have the same opportunities as their wealthier urban and suburban counterparts. I, along with many of my colleagues, believe they should and must. The Broadband Internet Access Act of 2003 would address this disparity.

The Act would give companies the incentive to build current generation broadband facilities in rural areas by using a very targeted tax credit. It would offer any company that invests in broadband facilities in rural or inner city areas a tax credit equal to ten percent of their investments over the next 5 years. This tax credit will help fight the growing disparity in technology that I just described. The credit is also restricted to investments needed for high-speed broadband telecommunications services. This means that only powerful broadband services are covered. Companies cannot claim that inferior services qualify for the credit. Only facilities that can download data at a rate of speed of 1.0 megabytes per second, and upload data at 180 kilobytes per second qualify. These speeds will allow the broadest possible number of technologies to be eligible for the credit.

In addition, the bill provides a 20 percent tax credit for companies that invest in next generation broadband services. These powerful new services that can deliver data capacities of 22 megabytes per second download and 5 megabytes per second upload will be the infrastructure the economy requires as the digital economy expands. We need to reward the companies who have the foresight to invest in these next generation broadband services—they will benefit the whole country. These limited credits will provide the market the ability to affordably and profitably serve rural and inner city communities.

The Broadband Internet Access Act of 2003 is part of the solution to the critically important digital divide problem. Rural Americans and Americans living in inner cities must have the chance to participate in the technological revolution that shows no signs of abating. Without access to broadband services they will not have this chance. I hope that the Members of this body will support this important bill.

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

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

S. 905

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

SECTION 1. BROADBAND INTERNET ACCESS TAX CREDIT.

(a) IN GENERAL.—Subpart E of part IV of chapter 1 of the Internal Revenue Code of 1986 (relating to rules for computing investment credit) is amended by inserting after section 48 the following new section:

"SEC. 48A. BROADBAND INTERNET ACCESS CREDIT.

''(a) GENERAL RULE.—For purposes of section 46, the broadband credit for any taxable year is the sum of—

''(1) the current generation broadband credit, plus

''(2) the next generation broadband credit.

''(b) CURRENT GENERATION BROADBAND CREDIT; NEXT GENERATION BROADBAND CREDIT.—For purposes of this section—

''(1) CURRENT GENERATION BROADBAND CREDIT.—The current generation broadband credit for any taxable year is equal to 10 percent of the qualified expenditures incurred with respect to qualified equipment providing current generation broadband services to qualified subscribers and taken into account with respect to such taxable year.

''(2) NEXT GENERATION BROADBAND CREDIT.—The next generation broadband credit for any taxable year is equal to 20 percent of the qualified expenditures incurred with respect to qualified equipment providing next generation broadband services to qualified subscribers and taken into account with respect to such taxable year.

''(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—For purposes of this section—

''(1) IN GENERAL.—Qualified expenditures with respect to qualified equipment shall be taken into account with respect to the first taxable year in which—

''(A) current generation broadband services are provided through such equipment to qualified subscribers, or

''(B) next generation broadband services are provided through such equipment to qualified subscribers.

''(2) LIMITATION.—

''(A) IN GENERAL.—Qualified expenditures shall be taken into account under paragraph (1) only with respect to qualified equipment—

''(i) the original use of which commences with the taxpayer, and

''(ii) which is placed in service,

after December 31, 2002.

''(B) SALE-LEASEBACKS.—For purposes of subparagraph (A), if property—

''(i) is originally placed in service after December 31, 2002, by any person, and

''(ii) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in clause (ii).

''(d) SPECIAL ALLOCATION RULES.—

''(1) CURRENT GENERATION BROADBAND SERVICES.—For purposes of determining the current generation broadband credit under subsection (a)(1) with respect to qualified equipment through which current generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified expenditures shall be multiplied by a fraction—

''(A) the numerator of which is the sum of the number of potential qualified subscribers within the rural areas and the underserved areas which the equipment is capable of serving with current generation broadband services, and

''(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with current generation broadband services.

''(2) NEXT GENERATION BROADBAND SERVICES.—For purposes of determining the next generation broadband credit under subsection (a)(2) with respect to qualified equipment through which next generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified expenditures shall be multiplied by a fraction—

''(A) the numerator of which is the sum of—

''(i) the number of potential qualified subscribers within the rural areas and underserved areas, plus

''(ii) the number of potential qualified subscribers within the area consisting only of residential subscribers not described in clause (i),

which the equipment is capable of serving with next generation broadband services, and

''(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with next generation broadband services.

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

''(1) ANTENNA.—The term 'antenna' means any device used to transmit or receive signals through the electromagnetic spectrum, including satellite equipment.

''(2) CABLE OPERATOR.—The term 'cable operator' has the meaning given such term by section 602(5) of the Communications Act of 1934 (47 U.S.C. 522(5)).

''(3) COMMERCIAL MOBILE SERVICE CARRIER.—The term 'commercial mobile service carrier' means any person authorized to provide commercial mobile radio service as defined in section 20.3 of title 47, Code of Federal Regulations.

''(4) CURRENT GENERATION BROADBAND SERVICE.—The term 'current generation broadband service' means the transmission of signals at a rate of at least 1,000,000 bits per second to the subscriber and at least 128,000 bits per second from the subscriber.

''(5) MULTIPLEXING OR DEMULTIPLEXING.—The term 'multiplexing' means the transmission of 2 or more signals over a single channel, and the term 'demultiplexing' means the separation of 2 or more signals previously combined by compatible multiplexing equipment.

''(6) NEXT GENERATION BROADBAND SERVICE.—The term 'next generation broadband service' means the transmission of signals at a rate of at least 22,000,000 bits per second to the subscriber (or its equivalent when the data rate is measured before being compressed for transmission) and at least 5,000,000 bits per second from the subscriber (or its equivalent as so measured).

''(7) NONRESIDENTIAL SUBSCRIBER.—The term 'nonresidential subscriber' means any person who purchases broadband services which are delivered to the permanent place of business of such person.

''(8) OPEN VIDEO SYSTEM OPERATOR.—The term 'open video system operator' means any person authorized to provide service under section 653 of the Communications Act of 1934 (47 U.S.C. 573).

''(9) OTHER WIRELESS CARRIER.—The term 'other wireless carrier' means any person (other than a telecommunications carrier, commercial mobile service carrier, cable operator, open video system operator, or satellite carrier) providing current generation broadband services or next generation broadband service to subscribers through the wireless transmission of energy through radio or light waves.

''(10) PACKET SWITCHING.—The term 'packet switching' means controlling or routing the path of a digitized transmission signal which is assembled into packets or cells.

''(11) PROVIDER.—The term 'provider' means, with respect to any qualified equipment any—

''(A) cable operator,

''(B) commercial mobile service carrier,

''(C) open video system operator,

''(D) satellite carrier,

''(E) telecommunications carrier, or

''(F) other wireless carrier,

providing current generation broadband services or next generation broadband services to subscribers through such qualified equipment.

''(12) PROVISION OF SERVICES.—A provider shall be treated as providing services to 1 or more subscribers if—

''(A) such a subscriber has been passed by the provider's equipment and can be connected to such equipment for a standard connection fee,

''(B) the provider is physically able to deliver current generation broadband services or next generation broadband services, as applicable, to such a subscriber without making more than an insignificant investment with respect to such subscriber,

''(C) the provider has made reasonable efforts to make such subscribers aware of the availability of such services,

''(D) such services have been purchased by 1 or more such subscribers, and

''(E) such services are made available to such subscribers at average prices comparable to those at which the provider makes available similar services in any areas in which the provider makes available such services.

''(13) QUALIFIED EQUIPMENT.—

''(A) IN GENERAL.—The term 'qualified equipment' means equipment which provides current generation broadband services or next generation broadband services—

''(i) at least a majority of the time during periods of maximum demand to each subscriber who is utilizing such services, and

''(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no credit is allowed under subsection (a)(1).

''(B) ONLY CERTAIN INVESTMENT TAKEN INTO ACCOUNT.—Except as provided in subparagraph (C) or (D), equipment shall be taken into account under subparagraph (A) only to the extent it—

''(i) extends from the last point of switching to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a telecommunications carrier,

''(ii) extends from the customer side of the mobile telephone switching office to a transmission/receive antenna (including such antenna) owned or leased by a subscriber in the case of a commercial mobile service carrier,

''(iii) extends from the customer side of the headend to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a cable operator or open video system operator, or

''(iv) extends from a transmission/receive antenna (including such antenna) which transmits and receives signals to or from multiple subscribers, to a transmission/receive antenna (including such antenna) on the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a satellite carrier or other wireless carrier, unless such other wireless carrier is also a telecommunications carrier.

''(C) PACKET SWITCHING EQUIPMENT.—Packet switching equipment, regardless of location, shall be taken into account under subparagraph (A) only if it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of packet switching for current generation broadband services or next generation broadband services, but only if such packet switching is the last in a series of such functions performed in the transmission of a signal to a subscriber or the first in a series of such functions performed in the transmission of a signal from a subscriber.

''(D) MULTIPLEXING AND DEMULTIPLEXING EQUIPMENT.—Multiplexing and demultiplexing equipment shall be taken into account under subparagraph (A) only to the extent it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of multiplexing and demultiplexing packets or cells of data and making associated application adaptions, but only if such multiplexing or demultiplexing equipment is located between packet switching equipment described in subparagraph (C) and the subscriber's premises.

''(14) QUALIFIED EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified expenditure' means any amount—

''(i) chargeable to capital account with respect to the purchase and installation of qualified equipment (including any upgrades thereto) for which depreciation is allowable under section 168, and

''(ii) incurred after December 31, 2002, and before January 1, 2008.

''(B) CERTAIN SATELLITE EXPENDITURES EXCLUDED.—Such term shall not include any expenditure with respect to the launching of any satellite equipment.

''(C) LEASED EQUIPMENT.—Such term shall include so much of the purchase price paid by the lessor of equipment subject to a lease described in subsection (c)(2)(B) as is attributable to expenditures incurred by the lessee which would otherwise be described in subparagraph (A).

''(15) QUALIFIED SUBSCRIBER.—The term 'qualified subscriber' means—

''(A) with respect to the provision of current generation broadband services—

''(i) any nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

''(ii) any residential subscriber residing in a dwelling located in a rural area or underserved area which is not a saturated market, and

''(B) with respect to the provision of next generation broadband services—

''(i) any nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

''(ii) any residential subscriber.

''(16) RESIDENTIAL SUBSCRIBER.—The term 'residential subscriber' means any individual who purchases broadband services which are delivered to such individual's dwelling.

''(17) RURAL AREA.—The term 'rural area' means any census tract which—

''(A) is not within 10 miles of any incorporated or census designated place containing more than 25,000 people, and

''(B) is not within a county or county equivalent which has an overall population density of more than 500 people per square mile of land.

''(18) RURAL SUBSCRIBER.—The term 'rural subscriber' means any residential subscriber residing in a dwelling located in a rural area or nonresidential subscriber maintaining a permanent place of business located in a rural area.

''(19) SATELLITE CARRIER.—The term 'satellite carrier' means any person using the facilities of a satellite or satellite service licensed by the Federal Communications Commission and operating in the Fixed-Satellite Service under part 25 of title 47 of the Code of Federal Regulations or the Direct Broadcast Satellite Service under part 100 of title 47 of such Code to establish and operate a channel of communications for distribution of signals, and owning or leasing a capacity or service on a satellite in order to provide such distribution.

''(20) SATURATED MARKET.—The term 'saturated market' means any census tract in which, as of the date of the enactment of this section—

''(A) current generation broadband services have been provided by a single provider to 85 percent or more of the total number of potential residential subscribers residing in dwellings located within such census tract, and

''(B) such services can be utilized—

''(i) at least a majority of the time during periods of maximum demand by each such subscriber who is utilizing such services, and

''(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no credit is allowed under subsection (a)(1).

''(21) SUBSCRIBER.—The term 'subscriber' means any person who purchases current generation broadband services or next generation broadband services.

''(22) TELECOMMUNICATIONS CARRIER.—The term 'telecommunications carrier' has the meaning given such term by section 3(44) of the Communications Act of 1934 (47 U.S.C. 153(44)), but—

''(A) includes all members of an affiliated group of which a telecommunications carrier is a member, and

''(B) does not include any commercial mobile service carrier.

''(23) TOTAL POTENTIAL SUBSCRIBER POPULATION.—The term 'total potential subscriber population' means, with respect to any area and based on the most recent census data, the total number of potential residential subscribers residing in dwellings located in such area and potential nonresidential subscribers maintaining permanent places of business located in such area.

''(24) UNDERSERVED AREA.—The term 'underserved area' means any census tract which is located in—

''(A) an empowerment zone or enterprise community designated under section 1391,

''(B) the District of Columbia Enterprise Zone established under section 1400,

''(C) a renewal community designated under section 1400E, or

''(D) a low-income community designated under section 45D.

''(25) UNDERSERVED SUBSCRIBER.—The term 'underserved subscriber' means any residential subscriber residing in a dwelling located in an underserved area or nonresidential subscriber maintaining a permanent place of business located in an underserved area.''.

(b) CREDIT TO BE PART OF INVESTMENT CREDIT.—Section 46 of the Internal Revenue Code of 1986 (relating to the amount of investment credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following:

''(4) the broadband Internet access credit.''

(c) SPECIAL RULE FOR MUTUAL OR COOPERATIVE TELEPHONE COMPANIES.—Section 501(c)(12)(B) of the Internal Revenue Code of 1986 (relating to list of exempt organizations) is amended by striking ''or'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', or'', and by adding at the end the following new clause:

''(v) from the sale of property subject to a lease described in section 48A(c)(2)(B), but only to the extent such income does not in any year exceed an amount equal to the credit for qualified expenditures which would be determined under section 48A for such year if the mutual or cooperative telephone company was not exempt from taxation and was treated as the owner of the property subject to such lease.''.

(d) CONFORMING AMENDMENT.—The table of sections for subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 48 the following:

''Sec. 48A. Broadband internet access credit.''.

(e) DESIGNATION OF CENSUS TRACTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall, not later than 90 days after the date of the enactment of this Act, designate and publish those census tracts meeting the criteria described in paragraphs (17) and (24) of section 48A(e) of the Internal Revenue Code of 1986 (as added by this section). In making such designations, the Secretary of the Treasury shall consult with such other departments and agencies as the Secretary determines appropriate.

(2) SATURATED MARKET.—

(A) IN GENERAL.—For purposes of designating and publishing those census tracts meeting the criteria described in subsection (e)(20) of such section 48A—

(i) the Secretary of the Treasury shall prescribe not later than 30 days after the date of the enactment of this Act the form upon which any provider which takes the position that it meets such criteria with respect to any census tract shall submit a list of such census tracts (and any other information required by the Secretary) not later than 60 days after the date of the publication of such form, and

(ii) the Secretary of the Treasury shall publish an aggregate list of such census tracts submitted and the applicable providers not later than 30 days after the last date such submissions are allowed under clause (i).

(B) NO SUBSEQUENT LISTS REQUIRED.—The Secretary of the Treasury shall not be required to publish any list of census tracts meeting such criteria subsequent to the list described in subparagraph (A)(ii).

(C) AUTHORITY TO DISREGARD FALSE SUBMISSIONS.—In addition to imposing any other applicable penalties, the Secretary of the Treasury shall have the discretion to disregard any form described in subparagraph (A)(i) on which a provider knowingly submitted false information.

(f) OTHER REGULATORY MATTERS.—

(1) PROHIBITION.—No Federal or State agency or instrumentality shall adopt regulations or ratemaking procedures that would have the effect of confiscating any credit or portion thereof allowed under section 48A of the Internal Revenue Code of 1986 (as added by this section) or otherwise subverting the purpose of this section.

(2) TREASURY REGULATORY AUTHORITY.—It is the intent of Congress in providing the broadband Internet access credit under section 48A of the Internal Revenue Code of 1986 (as added by this section) to provide incentives for the purchase, installation, and connection of equipment and facilities offering expanded broadband access to the Internet for users in certain low income and rural areas of the United States, as well as to residential users nationwide, in a manner that maintains competitive neutrality among the various classes of providers of broadband services. Accordingly, the Secretary of the Treasury shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 48A of such Code, including—

(A) regulations to determine how and when a taxpayer that incurs qualified expenditures satisfies the requirements of section 48A of such Code to provide broadband services, and

(B) regulations describing the information, records, and data taxpayers are required to provide the Secretary to substantiate compliance with the requirements of section 48A of such Code.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures incurred after December 31, 2002.

By Ms. STABENOW:

S. 906. A bill to provide for the certification of programs to provide uninsured employees of small business access to health coverage, and for other purposes; to the Committee on Finance.

Ms. STABENOW. Madam President, today I rise to introduce the Health Care Access for Small Businesses Act of 2003.

Last month, thousands of Americans participated in a week-long discussion about covering the uninsured. The sheer breadth of the groups that participated in the unprecedented effort demonstrates the urgency of this issue. Labor unions were united with business groups, doctors with nurses, and charity health care providers with for-profit hospitals and insurance companies. They all came together to call on Congress to find a way to provide health coverage for uninsured Americans.

I was glad to see awareness being raised about who the uninsured are and what it means to be without health coverage in America. There is a great misconception that uninsured Americans are largely unemployed or on Welfare. That is simply not the case. More than 80 percent of uninsured Americans are part of working families, and almost half work for small businesses. If we can help small businesses cover their employees, we will have made great progress in covering the uninsured.

The bill I am introducing today is aimed at making coverage more affordable for employees of small businesses through what is called a ‘‘three-share’’ program. The three-share model is an innovative community-based idea that has been working across the U.S. from California to Arkansas to North Carolina; and of course in Michigan.

The name three-share stems from the program's payment structure. Premiums are shared between the employer who pays 30 percent, the employee who pays 30 percent and the community which covers the remaining 40 percent of the cost.

In a three share model, a non-profit or local government entity serves as the manager of the plan. They design a benefit package by negotiating directly with providers or contracting through an insurance company. Then, they recruit small businesses that have not offered insurance coverage to their employees for the past year. The average cost for coverage is about $1,800 per year, much lower than the national average for commercial insurance, which on average costs $3,500 for a single person and $8,500 for a family. Of the $1,800, the employer and employee would each pay approximately $540 and the community would pay about $720.

Different three share plans have received funds for the community portion from various places. In Michigan, most of the money has come from Medicaid funds. A plan in California uses money from the tobacco settlement while a plan in Arkansas raises funds through church events and other community initiatives.

Unfortunately, despite the nuances that distinguish three share plans from one another, they all share a common challenge: they all lack a stable and sustainable funding source for the community share.

If passed, my bill would help alleviate that problem by offering a refundable tax credit to small businesses who participate in three share plans. Businesses would pay their own share plus the community share up front and receive the community share back through a refundable tax credit.

My bill would also encourage the development of more three share plans by providing seed money through the Community Access Program at the Health Resources Services Administration.

This bill would maintain the current employer-based system and leverage every $1 of public money with $2 of private funds. It would not impose any new funding mandates on state or local governments nor would it create new bureaucracy. It is an innovative community-based approach that could work throughout the country if funding is available.

Insuring more working families will also take the pressure off state Medicaid budgets. Adequate care for those presently uninsured will also help slash the billions we wind up spending on uncompensated care.

Finally, I believe providing health care for these families fulfills a moral commitment. No one in America who gets up in the morning and goes to work should go to sleep at night fearful that an illness or injury in the family could wipe out everything they have worked for.

I ask unanimous consent that the text of the bill and a fact sheet be printed in the RECORD.

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

S. 906

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Health Care Access for Small Businesses Act of 2003’’.

SEC. 2. FINDINGS.

Congress finds the following:

(1) For most of the past 16 years, the number of Americans without health insurance has been on the rise, reaching more than 41,000,000 in 2002.

(2) People without health insurance are less likely to get preventive care and often delay or forgo needed care. They are therefore more likely than those with health insurance to be hospitalized for conditions that could have been avoided.

(3) Not only are the health and financial circumstances of uninsured Americans adversely affected by the lack of health insurance, their care is ultimately being paid for in the least efficient manner: after they get sick.

(4) People who were uninsured during any part of 2001 received $99,000,000,000 in care, of which $34,500,000,000 was not paid for either out of pocket or by a private or public insurance source. Federal, State, and local governments covered 85 percent of such uncompensated care, amounting to $30,000,000,000.

(5) Private health insurance enrollees also help pay for uncompensated care through higher premiums.

(6) Covering more Americans will not only contribute to better overall health, it will lower the amount of health care costs assumed by taxpayers, businesses, and consumers.

(7) Helping small businesses gain access to affordable health care benefits is essential to insuring more Americans.

(8) Eighty-two percent of uninsured people are part of working families.

(9) More than ½ of small businesses with less than 50 employees do not offer their employees health insurance.

(10) Innovative community-based solutions have developed and should serve as a model for insuring more Americans.

SEC. 3. THREE-SHARE PROGRAMS.

The Social Security Act (42 U.S.C. 301 et seq.) is amended by adding at the end the following:

“TITLE XXII—PROVIDING FOR THE UNINSURED

“SEC. 2201. THREE-SHARE PROGRAMS.

‘‘(a) CERTIFICATION.—

‘‘(1) IN GENERAL.—The Secretary, acting through the Administrator, shall promulgate regulations for the certification of three-share programs for purposes of section 36 of the Internal Revenue Code.

''(2) THREE-SHARE PROGRAM REQUIREMENTS.—

''(A) IN GENERAL.—The Administrator shall require, for purposes of a certification under regulations under paragraph (1) that each three-share program shall—

''(i) be either a non-profit or local governmental entity;

''(ii) define a region in which such program will provide services;

''(iii) have the capacity to carry out administrative functions of managing health plans, including monthly billings, verification/enrollment of eligible employers and employees, maintenance of membership rosters, development of member materials (such as handbooks and identification cards), customer service, and claims processing; and

''(iv) have community involvement, as determined by the Administrator.

''(B) PAYMENT.—To obtain the certification described in paragraph (1), a three-share program shall pay the costs of services provided under subparagraph (A)(ii) by charging a monthly premium for each covered individual to be divided as follows:

''(i) Not more than thirty percent of such fee shall be paid by a qualified employee desiring coverage under the three-share program.

''(ii) At least seventy percent of such fee shall be paid by the qualified employer of such a qualified employee.

''(3) COVERAGE.—

''(A) IN GENERAL.—To obtain the certification described in paragraph (1) a 3-share program shall provide at least the following benefits:

''(i) Physicians services.

''(ii) In-patient hospital services.

''(iii) Out-patient services.

''(iv) Emergency room visits.

''(v) Emergency ambulance services.

''(vi) Diagnostic lab fees and x-rays.

''(vii) Prescription drug benefits.

''(B) LIMITATION.—Nothing in subparagraph (A) shall be construed to require that a three-share program provide coverage for services performed outside the region described in paragraph (2)(A)(i).

''(C) PREEXISTING CONDITIONS.—A program described in subparagraph (A) shall not be eligible for certification under paragraph (1) if any individual can be excluded from coverage under such program because of a preexisting health condition.

''(b) STARTUP GRANTS FOR THREE-SHARE PROGRAMS.—

''(1) ESTABLISHMENT.—The Administrator may award startup grants to eligible entities to establish three-share programs for certification under subsection (a).

''(2) THREE-SHARE PROGRAM PLAN.—Each entity desiring a grant under this subsection shall develop a plan for the establishment and operation of a three-share program that meets the requirements of paragraphs (2) and (3) of subsection (a).

''(3) APPLICATION.—Each entity desiring a grant under this subsection shall submit an application to the Administrator at such time, in such manner and containing such information as the Administrator may require, including—

''(A) the three-share program plan described in paragraph (2); and

''(B) an assurance that the eligible entity will—

''(i) determine a benefit package;

''(ii) recruit businesses and employees for the three-share program;

''(iii) build and manage a network of health providers or contract with an existing network or licensed insurance provider; and

''(iv) manage all administrative needs.

''(4) NUMBER OF GRANTS.—An eligible entity may receive only 1 grant under this subsection for each three-share program and may not receive a grant for such program under both this subsection and subsection (c).

''(c) GRANTS FOR EXISTING THREE-SHARE PROGRAMS TO MEET CERTIFICATION REQUIREMENTS.—

''(1) IN GENERAL.—The Administrator may award grants to three-share programs that are operating on the date of enactment of this section, to assist such programs in meeting the certification requirements of subsection (a).

''(2) NUMBER OF GRANTS.—An eligible entity may receive only 1 grant under this subsection for a three-share program and may not receive a grant for such program under both this subsection and subsection (b).

''(3) APPLICATION.—Each eligible entity desiring a grant under this subsection shall submit an application to the Administrator at such time, in such manner, and containing such information as the Administrator may require.

''(d) RISK POOL GRANTS.—

''(1) IN GENERAL.—The Administrator may award grants to eligible entities administering certified three-share programs to enhance the risk pools of such programs.

''(2) NUMBER OF GRANTS.—An eligible entity administering a three-share program described in paragraph (1) may receive only 1 grant under this subsection for such three-share program.

''(3) APPLICATION.—Each eligible entity desiring a grant under this subsection shall submit an application to the Administrator at such time, in such manner, and containing such information as the Administrator may require.

''(e) APPLICATION OF STATE LAWS.—Nothing in this Act shall be construed to preempt State law.

''(f) DISTRESSED BUSINESS FORMULA.—

''(1) IN GENERAL.—Not later than 60 days after the date of enactment of this section, the Administrator of the Health Resources and Services Administration shall develop a formula to determine which businesses qualify as distressed businesses for purposes of this Act.

''(2) EFFECT ON INSURANCE MARKET.—Granting eligibility to a distressed business using the formula under paragraph (1) shall not interfere with the insurance market. Any business found to have reduced benefits to qualify as a distressed business under the formula under paragraph (1) shall not be eligible for any three-share program certified pursuant to this section.

''(g) DEFINITIONS.—In this section:

''(1) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Health Resources and Services Administration.

''(2) COVERED INDIVIDUAL.—The term 'covered individual' means—

''(A) a qualified employee; or

''(B) a child under the age of 23 or a spouse of such qualified employee who—

''(i) lacks access to health care coverage through their employment or employer;

''(ii) lacks access to health coverage through a family member;

''(iii) is not eligible for coverage under the medicare program under title XVIII or the medicaid program under title XIX; and

''(iv) does not qualify for benefits under the State Children's Health Insurance Program under title XXI.

''(3) DISTRESSED BUSINESS.—The term 'distressed business' means a business that—

''(A) in light of economic hardship and rising health care premiums may be forced to discontinue or scale back its health care coverage; and

''(B) qualifies as a distressed business according to the formula under subsection (f).

''(4) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity that meets the requirements of subsection (a)(2)(A).

''(5) FULL TIME.—The term 'full time', for purposes of employment, means regularly working at least 35 hours per week.

''(6) QUALIFIED EMPLOYEE.—The term 'qualified employee' means any individual employed by a qualified employer who meets certain criteria including—

''(A) working full time;

''(B) lacking access to health coverage through a family member or common law partner;

''(C) not being eligible for coverage under the medicare program under title XVIII or the medicaid program under title XIX; and

''(D) agreeing that the share of fees described in subsection (a)(2)(B)(i) shall be paid in the form of payroll deductions from the wages of such individual.

''(7) QUALIFIED EMPLOYER.—The term 'qualified employer' means an employer as defined in section 3(d) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(d)) who—

''(A) is a small business concern as defined in section 3(a) of the Small Business Act (15 U.S.C. 632);

''(B) is located in the region described in subsection (a)(2)(A)(i); and

''(C) has not contributed to the health care benefits of its employees for at least 12 months consecutively or currently provides insurance but is classified as a distressed business.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $50,000,000 for fiscal year 2004 and such sums as may be necessary for each subsequent fiscal year.''.

SEC. 4. REFUNDABLE CREDIT FOR PORTION OF EMPLOYER COSTS OF THREE-SHARE PROGRAM.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by redesignating section 36 as section 37 and inserting after section 35 the following new section:

''SEC. 36. EMPLOYER COSTS OF THREE-SHARE PROGRAM.

''(a) IN GENERAL.—In the case of an eligible employer, there shall be allowed as a credit against the tax imposed by this subtitle an amount equal to 40 percent of the costs of a three-share program resulting from the participation of the taxpayer in such program during the taxable year.

''(b) ELIGIBLE EMPLOYER.—For purposes of this section, the term 'eligible employer' means any employer which pays or incurs at least 70 percent of the costs of a three-share program resulting from the participation of the taxpayer in such program during the taxable year.

''(c) THREE-SHARE PROGRAM.—For purposes of this section, the term 'three-share program' means an employee health care coverage program approved for participation by an eligible employer pursuant to title XXII of the Social Security Act.

''(d) DENIAL OF DOUBLE BENEFIT.—No deduction or credit under any other provision of this chapter shall be allowed with respect to costs of a three-share program taken into account under subsection (a).

''(e) ADVANCED REFUNDABILITY.—The Secretary shall provide for the advanced refundability of the credit allowed under this section to be made in quarterly payments to taxpayers providing such information as the Secretary requires in order to make a proper determination of such payments.

''(f) REGULATIONS.—The Secretary may prescribe such regulations and other guidance as may be necessary or appropriate to carry out this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period '', or from section 36 of such Code''.

(2) The table of sections for subpart C of part IV of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the last item and inserting the following new items:

''Sec. 36. Employer costs of three-share program.

''Sec. 37. Overpayments of tax.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

HEALTH CARE ACCESS FOR SMALL BUSINESSES ACT OF 2003

Creating affordable health insurance for small businesses is key to reducing the number of uninsured Americans. Dozens of communities around the country, using seed money from a federal grant program called the Community Access Program (CAP), have developed and implemented a unique way to make health coverage affordable to small businesses through ''three-share'' programs.

THREE-SHARE PROGRAMS

A three-share program is a community-based health plan that is paid for jointly by the employer, employee and the community.

Under a typical three-share model, a community-based entity, either a non-profit or local government does the following:

1. Works with local health care providers or an insurance entity to develop a benefit package;

2. Signs up small businesses in the community that do not offer health insurance to their employees; and

3. Takes responsibility for administering the program.

An enrolled small business and their employees each pay 30 percent of the monthly premium while the community pays the remaining 40 percent.

thousands of Americans who previously went without health insurance are now covered through three-share programs. Unfortunately, entities managing these programs are struggling to secure a steady revenue source for the community share of the costs.

THE HEALTH INSURANCE ACCESS FOR SMALL BUSINESSES ACT OF 2003

The Health Insurance Access for Small Businesses Act of 2003 encourages the development of more three-share programs by increasing seed money for non-profits or local governments interested in creating a program in their community. The bill provides sustainable funding for the community share if the costs through a refundable tax credit for small businesses.

Expand seed funding for three-share through Community Access Program (CAP)—CAP is a grant program designed to help communities expand coverage to the uninsured that has helped many non-profits and local governments start three-share programs. Funding is authorized to increase by $50 million for FY04.

Refundable tax credit for the community portion—This bill will establish a steady revenue stream for the third share through a refundable tax credit to the employer. The employee would pay 30 percent of the premium through payroll deductions. The employer would pay their 30 percent of the premium plus the 40 percent that is the community share. The 40 percent would be returned to the business through a refundable tax credit.

SPECIFICS

Target group: Small businesses not currently offering health coverage to employees or distressed small businesses, as defined by the Small Business Act, that are in jeopardy of dropping health coverage because of rising premiums and economic hardship.

Employer Eligibility:

Located within a community defined by the administering entity

Has not offered or contributed to health care benefits of employees for previous 12 consecutive months

Qualifies as a ''distressed business'' under HRSA regulations.

Employee Eligibility:

Works full time (a minimum of 35 hours);

Lacks access to health coverage through employer;

Lacks access to health coverage through a family member or common law partner;

Is not eligible for Medicaid or Medicare;

Agrees to payroll deductions.

Family Eligibility:

Spouse of participating employee not covered through their employer or any public insurance program;

Dependent of participating employee under the age of 23 not eligible for SCHIP.

Shared Premiums: Average benefit is estimated to be $540 per year for an employee, $540 for employer and $720 will be refunded through the tax credit to the employer.

Employer pays 30 percent of annual cost;

Employee pays 30 percent of annual cost;

Refundable tax credit to employer for 40 percent of the total annual cost.

Minimum Benefits: All benefit packages must include the following:

Physicians services;

In-patient hospital services;

Out-patient services;

Emergency room visits;

Emergency ambulance services;

Diagnostic lab and x-rays;

Prescription drug benefits.

Note.—People may not be excluded because of pre-existing conditions. Coverage for services performed outside designated regional area not required.

By Mr. SPECTER:

S. 907. A bill to amend the Internal Revenue Code of 1986 to impose a flat tax only on individual taxable earned income and business taxable income, and for other purposes; to the Committee on Finance.

Mr. SPECTER. Madam President, I rise to speak about the subject of taxation from a little different perspective, a legislative proposal which, if adopted, would add very considerably to productivity in America, and that is a proposal for a flat tax. In the fall of 1994, Richard Armey of the House of Representatives introduced a flat tax. I studied it, then in the spring of 1995, I introduced a flat tax for the Senate. That was the first one introduced. I have introduced it in successive years.

I usually pick April 15, because April 15 is tax filing day. But this year we are going to be in recess for the spring break. I had thought today would be the last day we would be in session. That is open to debate at this point. I just came from a conference of the Appropriations Committee, and there are a great many unresolved issues. I posed the question to my colleagues on the Appropriations Committee: What time do we vote on Sunday?

Some of my colleagues may be listening on C–SPAN2, and that will give them a jolt: What time do we vote on Sunday? Or we might not vote as early as Sunday. We might pick a time on Monday.

I got the attention of the clerks, too, by talking about something important: When are we going to finish the business of the Senate? The distinguished Parliamentarian is nodding his head in chagrin as to what is happening here.

Some suggestions have been floated around the Appropriations Committee of a way to solve this impasse between the House and the Senate on appropriations, the impasse between the House and the Senate on the budget, and that is a constitutional amendment for a unicameral legislature. That would be a shocker. For anybody watching C–SPAN2, that means one chamber. Then the question would come up: Which chamber will it be?

Nobody is going to go to a unicameral legislature, and I do not know when we are going to conclude the business of the Senate. I may be offering this flat tax legislation on the wrong day. Perhaps I ought to wait, because we may still be here on April 15, which would be next Tuesday.

In all seriousness, we have the most extraordinarily complex system for filing taxes ever devised. In the midst of an overwhelming bureaucracy and a regulatory system in Washington, DC, nothing compares to the Federal tax code.

The Federal tax code has grown from 744,000 words in 1955 to 6.9 million words and 17,000 pages at the present time. A study showed that more than 13 hours are consumed by the average American—rather, more than 13 hours are consumed on average—there is no such thing as an average American—on average by taxpayers in filling out the principal Form 1040. And if one goes to the various schedules, it can be another 5½ hours or 7½ hours.

I just finished filling out my tax return, and it is inordinately complicated. It is insufficient to be a Philadelphia lawyer to understand the Federal tax code, and then the State taxes, and then city taxes, the wage tax, the property tax, and the real estate tax. It is a nightmare.

It is possible to change all of that by going to a flat tax, and then the tax return would be on a postcard. The wonders of television. People can see the postcard. It will take about 15 minutes to fill out a postcard, which would identify the individual, specify the total compensation, specify the allowance, the number of dependents, and in the course of 15 minutes it would be finished.

This tax would be calculated on a flat rate of 20 percent. It would be very beneficial to people at all levels of the income strata except for those who engage in tax shelters. The average American today, or in the middle income, a family of four, which does not itemize deductions, pays taxes on all income over $19,850. Under this flat tax, there would be a personal exemption of $27,500 for a family of four, and taxes would be paid only over that amount.

After having just criticized charts, my staff has brought me a chart which they prepared. I certainly would not want to omit the showing of this chart. The writing is too small for reading on C–SPAN2, but it specifies the identity of the person, the total compensation, the personal allowance, and it can be filled out in the course of 15 minutes.

A superior depiction, in my opinion, is the postcard. People can deal more easily with postcards than they can with charts.

I have provided for two deductions which I am maintaining, deductions on interest and charitable contributions. It may be that ultimately we will have a totally flat tax, which would reduce another percent down to 19 percent. I have included interest on home mortgages because it is so prevalent, and I believe Americans might be very surprised not to be able to deduct their interest on home mortgages. That interest on home mortgages has been a great stimulus for housing construction and also a great encouragement for people to own their own homes. That is very important as a societal matter.

I have also retained the deduction on charitable contributions, which remains very important. That was reinforced by the Senate earlier this week by providing an increase in charitable contributions deductibility looking toward faith-based initiatives.

What I would like to do most emphatically would be to get the debate started. This body, the House, and the Treasury Department have never seriously considered a flat tax. It ought to be seriously considered. Whether it would be accepted or not would be the outcome of the debate. The flat tax proposal which I am bringing to you today, which is modeled after the outline by Professor Hall and Professor Rabushka of Stanford University, has been very carefully thought through. It is a neutral tax scheme. An analysis of people at various income levels shows that it is universally beneficial for all except those who engage in tax shelters and pay no tax at all.

The greatest benefit would be the savings to the American people of some 5.8 billion hours a year and some $194 billion in preparation expenses. I have actually seen estimates on the cost of tax compliance as high as $800 billion. Again, these estimates are such that nobody really knows, but as lawyers say in litigation, the pain and suffering that goes with filing these returns, or the cruel and unusual punishment involved in making these computations and the study involved, it would be a great relief to the American people. It would be win, win, win. There would be great savings in time. There would be savings in individual taxes, and there would be a tremendous stimulus to the economy so that so many corporations and businesses would no longer have to have a special office, which is the practice in many places, for the tax collector who comes in to conduct the audit on a yearly basis.

To reiterate, in less than one week, American taxpayers face another Federal income tax deadline. The date of April 15 stabs fear, anxiety, and unease into the hearts of millions of Americans. Every year during ''tax season,'' millions of Americans spend their evenings poring over page after page of IRS instructions, going through their records looking for information, and struggling to find and fill out all the appropriate forms on their Federal tax returns. Americans are intimidated by the sheer number of different tax forms and their instructions, many of which they may be unsure whether they need to file. Given the approximately 325 possible forms, not to mention the instructions that accompany, simply trying to determine which form to file can in itself be a daunting and overwhelming task. According to the Tax Foundation, American taxpayers, including businesses, spend more than 5.8 billion hours and $194 billion each year in complying with tax laws. That works out to more than $2,400 per U.S. household. Much of this time is spent burrowing through IRS laws and regulations which fill 17,000 pages and have grown from 744,000 words in 1955 to over 6.9 million words in 2000. By contrast, the Pledge of Allegiance has only 31 words, the Gettysburg Address has 267 words, the Declaration of Independence has about 1,300 words, and the Bible has only about 1,773,000 words.

The majority of taxpayers still face filing tax forms that are far too complicated and take far too long to complete. According to the estimated preparation time listed on the forms by the IRS, the 2002 Form 1040 is estimated to take 13 hours and 10 minutes to complete. Moreover this does not include the estimated time to complete the accompanying schedules, such as Schedule A, for itemized deductions, which carries an estimated preparation time of 5 hours, 37 minutes, or Schedule D, for reporting capital gains and losses, shows an estimated preparation time of 7 hours, 35 minutes. Moreover, this complexity is getting worse each year. Just from 1998 to 2002 the estimated time to prepare Form 1040 jumped 96 minutes.

It is no wonder that well over half of all taxpayers, 56 percent according to a recent survey now hire an outside professional to prepare their tax returns for them. However, the fact that only 29 percent of individuals itemize their deductions shows that a significant percentage of our taxpaying population believes that the tax system is too complex for them to deal with. We all understand that paying taxes will never be something we enjoy, but neither should it be cruel and unusual punishment. Further, the pace of change to the Internal Revenue Code is brisk—Congress made about 9,500 Tax Code changes in the past 12 years. And we are far from being finished. Year after year, we continue to ask the same question—is there not a better way?

My flat tax legislation would make filing a tax return a manageable chore, not a seemingly endless nightmare, for most taxpayers. My flat tax legislation will fundamentally revise the present Tax Code, with its myriad rates, deductions, and instructions. This legislation would institute a simple, flat 20 percent tax rate for all individuals and businesses. This proposal is not cast in stone but is intended to move the debate forward by focusing attention on three key principles which are critical to an effective and equitable taxation system: simplicity, fairness, and economic growth.

My flat tax plan would eliminate the kinds of frustrations I have outlined above for millions of taxpayers. This flat tax would enable us to scrap the great majority of the IRS rules, regulations, and instructions and delete most of the 6.9 million words in the Internal Revenue Code. Instead of billions of hours of non-productive time spent in compliance with, or avoidance of, the tax code, taxpayers would spend only the small amount of time necessary to fill out a postcard-sized form. Both business and individual taxpayers would thus find valuable hours freed up to engage in productive business activity or for more time with their families instead of poring over tax tables, schedules, and regulations.

My flat tax proposal is dramatic, but so are its advantages: a taxation system that is simple, fair and designed to maximize prosperity for all Americans. A summary of the key advantages are:

A 10-line postcard filing would replace the myriad forms and attachments currently required, thus saving Americans up to 5.8 billion hours they currently spend every year in tax compliance.

The flat tax would eliminate the lion's share of IRS rules, regulations and requirements, which have grown from 744,000 words in 1955 to 6.9 million words and 17,000 pages currently. It would also allow us to slash the mammoth IRS bureaucracy of 117,000 employees.

Economists estimate a growth of over $2 trillion in national wealth over 7 years, representing an increase of approximately $7,500 in personal wealth for every man, woman, and child in America. This growth would also lead to the creation of 6 million new jobs.

Investment decisions would be made on the basis of productivity rather than simply for tax avoidance, thus leading to even greater economic expansion.

Economic forecasts indicate that interest rates would fall substantially, by as much as two points, as the flat tax removes many of the current disincentives to savings.

Americans would be able to save up to $194 billion they currently spend every year in tax compliance.

As tax loopholes are eliminated and the tax code is simplified, there will be far less opportunity for tax avoidance and fraud, which now amounts to over $120 billion in uncollected revenue annually.

Simplification of the tax code will allow us to save significantly on the $7 billion annual budget currently allocated to the Internal Revenue Service.

The most dramatic way to show what the flat tax is to consider that the income tax form for the flat tax is printed on a postcard—it will allow all taxpayers to file their April 15 tax returns on a simple 10-line postcard. This postcard will take 15 minutes to fill out.

At my town hall meetings across Pennsylvania, the public support for fundamental tax reform is overwhelming. I would point out that in those speeches that I never leave home without two key documents: 1, my copy of the Constitution; and, 2, a copy of my 10-line flat tax postcard. I soon realized that I needed more than just one copy of my flat tax postcard. Many people wanted their own postcard so that they could see what life in a flat tax world would be like, where tax returns only take 15 minutes to fill out and individual taxpayers are no longer burdened with double taxation on their dividends, interest, capital gains and estates.

This is a win-win situation for America because it lowers the tax burden on the taxpayers in the lower brackets. For example in the 2002 tax year, the standard deduction is $4,700 for a single taxpayer, $6,900 for a head of household and $7,850 for a married couple filing jointly, while the personal exemption for individuals and dependents is $3,000. Thus, under the current tax code, a family of four which does not itemize deductions would pay taxes on all income over $19,850—these are personal exemptions of $12,000 and a standard deduction of $7,850. By contrast, under my flat tax bill, that same family would receive a personal exemption of $27,500, and would pay tax on only income over that amount.

The tax loopholes enable write-offs to save some $393 billion a year. What is eliminated under the flat tax are the loopholes, the deductions in this complicated code which can be deciphered, interpreted, and found really only by the $500-an-hour lawyers. That money is lost to the taxpayers. $120 billion would be saved by the elimination of fraud because of the simplicity of the tax code, the taxpayer being able to find out exactly what he or she owes.

This bill is modeled after legislation organized and written by two very distinguished professors of law at Stanford University, Professor Hall and Professor Rabushka. Their model was first introduced in the Congress in the fall of 1994 by Majority Leader Richard Armey. I introduced the flat tax bill—the first one in the Senate—on March 2, 1995, S. 488. On October 27, 1995, I introduced a Sense of the Senate, resolution calling on my colleagues to expedite Congressional adoption of a flat tax. The Resolution, which was introduced as an amendment to pending legislation, was not adopted. I reintroduced this legislation in the 105th Congress with slight modifications to reflect inflation-adjusted increases in the personal allowances and dependent allowances. I re-introduced the bill two Congresses ago on April 15, 1999—income tax day—in a bill denominated as S. 822. More recently, I introduced my flat tax legislation as an amendment to S. 1429, the Tax Reconciliation bill. The amendment was not adopted.

Over the years and prior to my legislative efforts on behalf of flat tax reform, I have devoted considerable time and attention to analyzing our Nation's Tax Code and the policies which underlie it. I began the study of the complexities of the Tax Code over 40 years ago as a law student at Yale University. I included some tax law as part of my practice in my early years as an attorney in Philadelphia. In the spring of 1962, I published a law review article in the Villanova Law Review, ''Pension and Profit Sharing Plans: Coverage and Operations for Closely Held Corporations and Professional Associations,'' 7 Villanova L. Rev. 335, which in part focused on the inequity in making tax-exempt retirement benefits available to some kinds of businesses but not others. It was apparent then, as it is now, that the very complexities of the Internal Revenue Code could be used to give unfair advantage to some. Einstein himself is quoted as saying ''the hardest thing in the world to understand is the income tax.''

The Hall-Rabushka model envisioned a flat tax with no deductions whatever. After considerable reflection, I decided to include in the legislation limited deductions for home mortgage interest for up to $100,000 in borrowing and charitable contributions up to $2,500. While these modifications undercut the pure principle of the flat tax by continuing the use of tax policy to promote home buying and charitable contributions, I believe that those two deductions are so deeply ingrained in the financial planning of American families that they should be retained as a matter of fairness and public policy—and also political practicality. With only those two deductions maintained, passage of a modified flat tax will be difficult, but without them, probably impossible.

In my judgment, an indispensable prerequisite to enactment of a modified flat tax is revenue neutrality. Professor Hall advised that the revenue neutrality of the Hall-Rabushka proposal, which uses a 19-percent rate, is based on a well-documented model founded on reliable governmental statistics. My legislation raises that rate from 19 percent to 20 percent to accommodate retaining limited home mortgage interest and charitable deductions.

This proposal taxes business revenues fully at their source so that there is no personal taxation on interest, dividends, capital gains, gifts or estates. Restructured in this way, the Tax Code can become a powerful incentive for savings and investment—which translates into economic growth and expansion, more and better jobs, and raising the standard of living for all Americans.

The key advantages of this flat tax plan are threefold: First, it will dramatically simplify the payment of taxes. Second, it will remove much of the IRS regulatory morass now imposed on individual and corporate taxpayers and allow those taxpayers to devote more of their energies to productive pursuits. Third, since it is a plan which rewards savings and investment, the flat tax will spur economic growth in all sectors of the economy as more money flows into investments and savings accounts.

Professors Hall and Rabushka have projected that within 7 years of enactment, this type of a flat tax would produce a 6-percent increase in output from increased total work in the U.S. economy and increased capital formation. The economic growth would mean a $7,500 increase in the personal income of all Americans. No one likes to pay taxes. But Americans will be much more willing to pay their taxes under a system that they believe is fair, a system that they can understand, and a system that they recognize promotes rather than prevents growth and prosperity. My flat tax legislation will afford Americans such a tax system.

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

S. 907

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Flat Tax Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents; amendment of 1986 Code.
Sec. 2. Flat tax on individual taxable earned income and business taxable income.
Sec. 3. Repeal of estate and gift taxes.
Sec. 4. Additional repeals.
Sec. 5. Effective dates.

(c) 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. FLAT TAX ON INDIVIDUAL TAXABLE EARNED INCOME AND BUSINESS TAXABLE INCOME.

(a) IN GENERAL.—Subchapter A of chapter 1 of subtitle A is amended to read as follows:

''Subchapter A—Determination of Tax Liability

''Part I. Tax on individuals.
''Part II. Tax on business activities.

''PART I—TAX ON INDIVIDUALS

''Sec. 1. Tax imposed.
''Sec. 2. Standard deduction.
''Sec. 3. Deduction for cash charitable contributions.
''Sec. 4. Deduction for home acquisition indebtedness.
''Sec. 5. Definitions and special rules.

''SECTION 1. TAX IMPOSED.

''(a) IMPOSITION OF TAX.—There is hereby imposed on every individual a tax equal to 20

percent of the taxable earned income of such individual.

''(b) TAXABLE EARNED INCOME.—For purposes of this section, the term 'taxable earned income' means the excess (if any) of—

''(1) the earned income received or accrued during the taxable year, over

''(2) the sum of—

''(A) the standard deduction,

''(B) the deduction for cash charitable contributions, and

''(C) the deduction for home acquisition indebtedness,

for such taxable year.

''(c) EARNED INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'earned income' means wages, salaries, or professional fees, and other amounts received from sources within the United States as compensation for personal services actually rendered, but does not include that part of compensation derived by the taxpayer for personal services rendered by the taxpayer to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered.

''(2) TAXPAYER ENGAGED IN TRADE OR BUSINESS.—In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors, under regulations prescribed by the Secretary, a reasonable allowance as compensation for the personal services rendered by the taxpayer, not in excess of 30 percent of the taxpayer's share of the net profits of such trade or business, shall be considered as earned income.

''SEC. 2. STANDARD DEDUCTION.

''(a) IN GENERAL.—For purposes of this subtitle, the term 'standard deduction' means the sum of—

''(1) the basic standard deduction, plus

''(2) the additional standard deduction.

''(b) BASIC STANDARD DEDUCTION.—For purposes of subsection (a), the basic standard deduction is—

''(1) $17,500 in the case of—

''(A) a joint return, and

''(B) a surviving spouse (as defined in section 5(a)),

''(2) $15,000 in the case of a head of household (as defined in section 5(b)), and

''(3) $10,000 in the case of an individual—

''(A) who is not married and who is not a surviving spouse or head of household, or

''(B) who is a married individual filing a separate return.

''(c) ADDITIONAL STANDARD DEDUCTION.—For purposes of subsection (a), the additional standard deduction is $5,000 for each dependent (as defined in section 5(d))—

''(1) whose earned income for the calendar year in which the taxable year of the taxpayer begins is less than the basic standard deduction specified in subsection (b)(3), or

''(2) who is a child of the taxpayer and who—

''(A) has not attained the age of 19 at the close of the calendar year in which the taxable year of the taxpayer begins, or

''(B) is a student who has not attained the age of 24 at the close of such calendar year.

''(d) INFLATION ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2004, each dollar amount contained in subsections (b) and (c) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment for the calendar year in which the taxable year begins.

''(2) COST-OF-LIVING ADJUSTMENT.—For purposes of paragraph (1), the cost-of-living adjustment for any calendar year is the percentage (if any) by which—

''(A) the CPI for the preceding calendar year, exceeds

''(B) the CPI for calendar year 2003.

''(3) CPI FOR ANY CALENDAR YEAR.—For purposes of paragraph (2), the CPI for any calendar year is the average of the Consumer Price Index as of the close of the 12-month period ending on August 31 of such calendar year.

''(4) CONSUMER PRICE INDEX.—For purposes of paragraph (3), the term 'Consumer Price Index' means the last Consumer Price Index for all-urban consumers published by the Department of Labor. For purposes of the preceding sentence, the revision of the Consumer Price Index which is most consistent with the Consumer Price Index for calendar year 1986 shall be used.

''(5) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

''SEC. 3. DEDUCTION FOR CASH CHARITABLE CONTRIBUTIONS.

''(a) GENERAL RULE.—For purposes of this part, there shall be allowed as a deduction any charitable contribution (as defined in subsection (b)) not to exceed $2,500 ($1,250, in the case of a married individual filing a separate return), payment of which is made within the taxable year.

''(b) CHARITABLE CONTRIBUTION DEFINED.—For purposes of this section, the term 'charitable contribution' means a contribution or gift of cash or its equivalent to or for the use of the following:

''(1) A State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes.

''(2) A corporation, trust, or community chest, fund, or foundation—

''(A) created or organized in the United States or in any possession thereof, or under the law of the United States, any State, the District of Columbia, or any possession of the United States,

''(B) organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals,

''(C) no part of the net earnings of which inures to the benefit of any private shareholder or individual, and

''(D) which is not disqualified for tax exemption under section 501(c)(3) by reason of attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

A contribution or gift by a corporation to a trust, chest, fund, or foundation shall be deductible by reason of this paragraph only if it is to be used within the United States or any of its possessions exclusively for purposes specified in subparagraph (B). Rules similar to the rules of section 501(j) shall apply for purposes of this paragraph.

''(3) A post or organization of war veterans, or an auxiliary unit or society of, or trust or foundation for, any such post or organization—

''(A) organized in the United States or any of its possessions, and

''(B) no part of the net earnings of which inures to the benefit of any private shareholder or individual.

''(4) In the case of a contribution or gift by an individual, a domestic fraternal society, order, or association, operating under the lodge system, but only if such contribution or gift is to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.

''(5) A cemetery company owned and operated exclusively for the benefit of its members, or any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, if such company or corporation is not operated for profit and no part of the net earnings of such company or corporation inures to the benefit of any private shareholder or individual.

For purposes of this section, the term 'charitable contribution' also means an amount treated under subsection (d) as paid for the use of an organization described in paragraph (2), (3), or (4).

''(c) DISALLOWANCE OF DEDUCTION IN CERTAIN CASES AND SPECIAL RULES.—

''(1) SUBSTANTIATION REQUIREMENT FOR CERTAIN CONTRIBUTIONS.—

''(A) GENERAL RULE.—No deduction shall be allowed under subsection (a) for any contribution of $250 or more unless the taxpayer substantiates the contribution by a contemporaneous written acknowledgment of the contribution by the donee organization that meets the requirements of subparagraph (B).

''(B) CONTENT OF ACKNOWLEDGMENT.—An acknowledgment meets the requirements of this subparagraph if it includes the following information:

''(i) The amount of cash contributed.

''(ii) Whether the donee organization provided any goods or services in consideration, in whole or in part, for any contribution described in clause (i).

''(iii) A description and good faith estimate of the value of any goods or services referred to in clause (ii) or, if such goods or services consist solely of intangible religious benefits, a statement to that effect.

For purposes of this subparagraph, the term 'intangible religious benefit' means any intangible religious benefit which is provided by an organization organized exclusively for religious purposes and which generally is not sold in a commercial transaction outside the donative context.

''(C) CONTEMPORANEOUS.—For purposes of subparagraph (A), an acknowledgment shall be considered to be contemporaneous if the taxpayer obtains the acknowledgment on or before the earlier of—

''(i) the date on which the taxpayer files a return for the taxable year in which the contribution was made, or

''(ii) the due date (including extensions) for filing such return.

''(D) SUBSTANTIATION NOT REQUIRED FOR CONTRIBUTIONS REPORTED BY THE DONEE ORGANIZATION.—Subparagraph (A) shall not apply to a contribution if the donee organization files a return, on such form and in accordance with such regulations as the Secretary may prescribe, which includes the information described in subparagraph (B) with respect to the contribution.

''(E) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations that may provide that some or all of the requirements of this paragraph do not apply in appropriate cases.

''(2) DENIAL OF DEDUCTION WHERE CONTRIBUTION FOR LOBBYING ACTIVITIES.—No deduction shall be allowed under this section for a contribution to an organization which conducts activities to which section 11(d)(2)(C)(i) applies on matters of direct financial interest to the donor's trade or business, if a principal purpose of the contribution was to

avoid Federal income tax by securing a deduction for such activities under this section which would be disallowed by reason of section 11(d)(2)(C) if the donor had conducted such activities directly. No deduction shall be allowed under section 11(d) for any amount for which a deduction is disallowed under the preceding sentence.

''(d) AMOUNTS PAID TO MAINTAIN CERTAIN STUDENTS AS MEMBERS OF TAXPAYER'S HOUSEHOLD.—

''(1) IN GENERAL.—Subject to the limitations provided by paragraph (2), amounts paid by the taxpayer to maintain an individual (other than a dependent, as defined in section 5(d), or a relative of the taxpayer) as a member of such taxpayer's household during the period that such individual is—

''(A) a member of the taxpayer's household under a written agreement between the taxpayer and an organization described in paragraph (2), (3), or (4) of subsection (b) to implement a program of the organization to provide educational opportunities for pupils or students in private homes, and

''(B) a full-time pupil or student in the twelfth or any lower grade at an educational organization located in the United States which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on,

shall be treated as amounts paid for the use of the organization.

''(2) LIMITATIONS.—

''(A) AMOUNT.—Paragraph (1) shall apply to amounts paid within the taxable year only to the extent that such amounts do not exceed $50 multiplied by the number of full calendar months during the taxable year which fall within the period described in paragraph (1). For purposes of the preceding sentence, if 15 or more days of a calendar month fall within such period such month shall be considered as a full calendar month.

''(B) COMPENSATION OR REIMBURSEMENT.—Paragraph (1) shall not apply to any amount paid by the taxpayer within the taxable year if the taxpayer receives any money or other property as compensation or reimbursement for maintaining the individual in the taxpayer's household during the period described in paragraph (1).

''(3) RELATIVE DEFINED.—For purposes of paragraph (1), the term 'relative of the taxpayer' means an individual who, with respect to the taxpayer, bears any of the relationships described in subparagraphs (A) through (H) of section 5(d)(1).

''(4) NO OTHER AMOUNT ALLOWED AS DEDUCTION.—No deduction shall be allowed under subsection (a) for any amount paid by a taxpayer to maintain an individual as a member of the taxpayer's household under a program described in paragraph (1)(A) except as provided in this subsection.

''(e) DENIAL OF DEDUCTION FOR CERTAIN TRAVEL EXPENSES.—No deduction shall be allowed under this section for traveling expenses (including amounts expended for meals and lodging) while away from home, whether paid directly or by reimbursement, unless there is no significant element of personal pleasure, recreation, or vacation in such travel.

''(f) DISALLOWANCE OF DEDUCTIONS IN CERTAIN CASES.—For disallowance of deductions for contributions to or for the use of Communist controlled organizations, see section 11(a) of the Internal Security Act of 1950 (50 U.S.C. 790).

''(g) TREATMENT OF CERTAIN AMOUNTS PAID TO OR FOR THE BENEFIT OF INSTITUTIONS OF HIGHER EDUCATION.—

''(1) IN GENERAL.—For purposes of this section, 80 percent of any amount described in paragraph (2) shall be treated as a charitable contribution.

''(2) AMOUNT DESCRIBED.—For purposes of paragraph (1), an amount is described in this paragraph if—

''(A) the amount is paid by the taxpayer to or for the benefit of an educational organization—

''(i) which is described in subsection (d)(1)(B), and

''(ii) which is an institution of higher education (as defined in section 3304(f)), and

''(B) such amount would be allowable as a deduction under this section but for the fact that the taxpayer receives (directly or indirectly) as a result of paying such amount the right to purchase tickets for seating at an athletic event in an athletic stadium of such institution.

If any portion of a payment is for the purchase of such tickets, such portion and the remaining portion (if any) of such payment shall be treated as separate amounts for purposes of this subsection.

''(h) OTHER CROSS REFERENCES.—

''(1) For treatment of certain organizations providing child care, see section 501(k).

''(2) For charitable contributions of partners, see section 702.

''(3) For treatment of gifts for benefit of or use in connection with the Naval Academy as gifts to or for the use of the United States, see section 6973 of title 10, United States Code.

''(4) For treatment of gifts accepted by the Secretary of State, the Director of the International Communication Agency, or the Director of the United States International Development Cooperation Agency, as gifts to or for the use of the United States, see section 25 of the State Department Basic Authorities Act of 1956.

''(5) For treatment of gifts of money accepted by the Attorney General for credit to the 'Commissary Funds, Federal Prisons' as gifts to or for the use of the United States, see section 4043 of title 18, United States Code.

''(6) For charitable contributions to or for the use of Indian tribal governments (or subdivisions of such governments), see section 7871.

''SEC. 4. DEDUCTION FOR HOME ACQUISITION INDEBTEDNESS.

''(a) GENERAL RULE.—For purposes of this part, there shall be allowed as a deduction all qualified residence interest paid or accrued within the taxable year.

''(b) QUALIFIED RESIDENCE INTEREST DEFINED.—The term 'qualified residence interest' means any interest which is paid or accrued during the taxable year on acquisition indebtedness with respect to any qualified residence of the taxpayer. For purposes of the preceding sentence, the determination of whether any property is a qualified residence of the taxpayer shall be made as of the time the interest is accrued.

''(c) ACQUISITION INDEBTEDNESS.—

''(1) IN GENERAL.—The term 'acquisition indebtedness' means any indebtedness which—

''(A) is incurred in acquiring, constructing, or substantially improving any qualified residence of the taxpayer, and

''(B) is secured by such residence.

Such term also includes any indebtedness secured by such residence resulting from the refinancing of indebtedness meeting the requirements of the preceding sentence (or this sentence); but only to the extent the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness.

''(2) $100,000 LIMITATION.—The aggregate amount treated as acquisition indebtedness for any period shall not exceed $100,000 ($50,000 in the case of a married individual filing a separate return).

''(d) TREATMENT OF INDEBTEDNESS INCURRED ON OR BEFORE OCTOBER 13, 1987.—

''(1) IN GENERAL.—In the case of any pre-October 13, 1987, indebtedness—

''(A) such indebtedness shall be treated as acquisition indebtedness, and

''(B) the limitation of subsection (c)(2) shall not apply.

''(2) REDUCTION IN $100,000 LIMITATION.—The limitation of subsection (c)(2) shall be reduced (but not below zero) by the aggregate amount of outstanding pre-October 13, 1987, indebtedness.

''(3) PRE-OCTOBER 13, 1987, INDEBTEDNESS.—The term 'pre-October 13, 1987, indebtedness' means—

''(A) any indebtedness which was incurred on or before October 13, 1987, and which was secured by a qualified residence on October 13, 1987, and at all times thereafter before the interest is paid or accrued, or

''(B) any indebtedness which is secured by the qualified residence and was incurred after October 13, 1987, to refinance indebtedness described in subparagraph (A) (or refinanced indebtedness meeting the requirements of this subparagraph) to the extent (immediately after the refinancing) the principal amount of the indebtedness resulting from the refinancing does not exceed the principal amount of the refinanced indebtedness (immediately before the refinancing).

''(4) LIMITATION ON PERIOD OF REFINANCING.—Subparagraph (B) of paragraph (3) shall not apply to any indebtedness after—

''(A) the expiration of the term of the indebtedness described in paragraph (3)(A), or

''(B) if the principal of the indebtedness described in paragraph (3)(A) is not amortized over its term, the expiration of the term of the first refinancing of such indebtedness (or if earlier, the date which is 30 years after the date of such first refinancing).

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

''(1) QUALIFIED RESIDENCE.—For purposes of this subsection—

''(A) IN GENERAL.—Except as provided in subparagraph (C), the term 'qualified residence' means the principal residence of the taxpayer.

''(B) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If a married couple does not file a joint return for the taxable year—

''(i) such couple shall be treated as 1 taxpayer for purposes of subparagraph (A), and

''(ii) each individual shall be entitled to take into account ½ of the principal residence unless both individuals consent in writing to 1 individual taking into account the principal residence.

''(C) PRE-OCTOBER 13, 1987, INDEBTEDNESS.—In the case of any pre-October 13, 1987, indebtedness, the term 'qualified residence' has the meaning given that term in section 163(h)(4), as in effect on the day before the date of enactment of this subparagraph.

''(2) SPECIAL RULE FOR COOPERATIVE HOUSING CORPORATIONS.—Any indebtedness secured by stock held by the taxpayer as a tenant-stockholder in a cooperative housing corporation shall be treated as secured by the house or apartment which the taxpayer is entitled to occupy as such a tenant-stockholder. If stock described in the preceding sentence may not be used to secure indebtedness, indebtedness shall be treated as so secured if the taxpayer establishes to the satisfaction of the Secretary that such indebtedness was incurred to acquire such stock.

''(3) UNENFORCEABLE SECURITY INTERESTS.—Indebtedness shall not fail to be treated as secured by any property solely because, under any applicable State or local homestead or other debtor protection law in effect on August 16, 1986, the security interest is ineffective or the enforceability of the security interest is restricted.

''(4) SPECIAL RULES FOR ESTATES AND TRUSTS.—For purposes of determining whether any interest paid or accrued by an estate or trust is qualified residence interest, any residence held by such estate or trust shall be treated as a qualified residence of such estate or trust if such estate or trust establishes that such residence is a qualified residence of a beneficiary who has a present interest in such estate or trust or an interest in the residuary of such estate or trust.

''SEC. 5. DEFINITIONS AND SPECIAL RULES.

''(a) DEFINITION OF SURVIVING SPOUSE.—

''(1) IN GENERAL.—For purposes of this part, the term 'surviving spouse' means a taxpayer—

''(A) whose spouse died during either of the taxpayer's 2 taxable years immediately preceding the taxable year, and

''(B) who maintains as the taxpayer's home a household which constitutes for the taxable year the principal place of abode (as a member of such household) of a dependent—

''(i) who (within the meaning of subsection (d)) is a son, stepson, daughter, or stepdaughter of the taxpayer, and

''(ii) with respect to whom the taxpayer is entitled to a deduction for the taxable year under section 2.

For purposes of this paragraph, an individual shall be considered as maintaining a household only if over one-half of the cost of maintaining the household during the taxable year is furnished by such individual.

''(2) LIMITATIONS.—Notwithstanding paragraph (1), for purposes of this part a taxpayer shall not be considered to be a surviving spouse—

''(A) if the taxpayer has remarried at any time before the close of the taxable year, or

''(B) unless, for the taxpayer's taxable year during which the taxpayer's spouse died, a joint return could have been made under the provisions of section 6013 (without regard to subsection (a)(3) thereof).

''(3) SPECIAL RULE WHERE DECEASED SPOUSE WAS IN MISSING STATUS.—If an individual was in a missing status (within the meaning of section 6013(f)(3)) as a result of service in a combat zone and if such individual remains in such status until the date referred to in subparagraph (A) or (B), then, for purposes of paragraph (1)(A), the date on which such individual dies shall be treated as the earlier of the date determined under subparagraph (A) or the date determined under subparagraph (B):

''(A) The date on which the determination is made under section 556 of title 37 of the United States Code or under section 5566 of title 5 of such Code (whichever is applicable) that such individual died while in such missing status.

''(B) Except in the case of the combat zone designated for purposes of the Vietnam conflict, the date which is 2 years after the date designated as the date of termination of combatant activities in that zone.

''(b) DEFINITION OF HEAD OF HOUSEHOLD.—

''(1) IN GENERAL.—For purposes of this part, an individual shall be considered a head of a household if, and only if, such individual is not married at the close of such individual's taxable year, is not a surviving spouse (as defined in subsection (a)), and either—

''(A) maintains as such individual's home a household which constitutes for more than one-half of such taxable year the principal place of abode, as a member of such household, of—

''(i) a son, stepson, daughter, or stepdaughter of the taxpayer, or a descendant of a son or daughter of the taxpayer, but if such son, stepson, daughter, stepdaughter, or descendant is married at the close of the taxpayer's taxable year, only if the taxpayer is entitled to a deduction for the taxable year for such person under section 2 (or would be so entitled but for subparagraph (B) or (D) of subsection (d)(5)), or

''(ii) any other person who is a dependent of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such person under section 2, or

''(B) maintains a household which constitutes for such taxable year the principal place of abode of the father or mother of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such father or mother under section 2.

For purposes of this paragraph, an individual shall be considered as maintaining a household only if over one-half of the cost of maintaining the household during the taxable year is furnished by such individual.

''(2) DETERMINATION OF STATUS.—For purposes of this subsection—

''(A) a legally adopted child of a person shall be considered a child of such person by blood,

''(B) an individual who is legally separated from such individual's spouse under a decree of divorce or of separate maintenance shall not be considered as married,

''(C) a taxpayer shall be considered as not married at the close of such taxpayer's taxable year if at any time during the taxable year such taxpayer's spouse is a nonresident alien, and

''(D) a taxpayer shall be considered as married at the close of such taxpayer's taxable year if such taxpayer's spouse (other than a spouse described in subparagraph (C)) died during the taxable year.

''(3) LIMITATIONS.—Notwithstanding paragraph (1), for purposes of this part, a taxpayer shall not be considered to be a head of a household—

''(A) if at any time during the taxable year the taxpayer is a nonresident alien, or

''(B) by reason of an individual who would not be a dependent for the taxable year but for—

''(i) subparagraph (I) of subsection (d)(1), or

''(ii) paragraph (3) of subsection (d).

''(c) CERTAIN MARRIED INDIVIDUALS LIVING APART.—For purposes of this part, an individual shall be treated as not married at the close of the taxable year if such individual is so treated under the provisions of section 7703(b).

''(d) DEPENDENT DEFINED.—

''(1) GENERAL DEFINITION.—For purposes of this part, the term 'dependent' means any of the following individuals over one-half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer (or is treated under paragraph (3) or (5) as received from the taxpayer):

''(A) A son or daughter of the taxpayer, or a descendant of either.

''(B) A stepson or stepdaughter of the taxpayer.

''(C) A brother, sister, stepbrother, or stepsister of the taxpayer.

''(D) The father or mother of the taxpayer, or an ancestor of either.

''(E) A stepfather or stepmother of the taxpayer.

''(F) A son or daughter of a brother or sister of the taxpayer.

''(G) A brother or sister of the father or mother of the taxpayer.

''(H) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer.

''(I) An individual (other than an individual who at any time during the taxable year was the spouse, determined without regard to section 7703, of the taxpayer) who, for the taxable year of the taxpayer, has as such individual's principal place of abode the home of the taxpayer and is a member of the taxpayer's household.

''(2) RULES RELATING TO GENERAL DEFINITION.—For purposes of this section—

''(A) BROTHER; SISTER.—The terms 'brother' and 'sister' include a brother or sister by the halfblood.

''(B) CHILD.—In determining whether any of the relationships specified in paragraph (1) or subparagraph (A) of this paragraph exists, a legally adopted child of an individual (and a child who is a member of an individual's household, if placed with such individual by an authorized placement agency for legal adoption by such individual), or a foster child of an individual (if such child satisfies the requirements of paragraph (1)(I) with respect to such individual), shall be treated as a child of such individual by blood.

''(C) CITIZENSHIP.—The term 'dependent' does not include any individual who is not a citizen or national of the United States unless such individual is a resident of the United States or of a country contiguous to the United States. The preceding sentence shall not exclude from the definition of 'dependent' any child of the taxpayer legally adopted by such taxpayer, if, for the taxable year of the taxpayer, the child has as such child's principal place of abode the home of the taxpayer and is a member of the taxpayer's household, and if the taxpayer is a citizen or national of the United States.

''(D) ALIMONY, ETC.—A payment to a wife which is alimony or separate maintenance shall not be treated as a payment by the wife's husband for the support of any dependent.

''(E) UNLAWFUL ARRANGEMENTS.—An individual is not a member of the taxpayer's household if at any time during the taxable year of the taxpayer the relationship between such individual and the taxpayer is in violation of local law.

''(3) MULTIPLE SUPPORT AGREEMENTS.—For purposes of paragraph (1), over one-half of the support of an individual for a calendar year shall be treated as received from the taxpayer if—

''(A) no one person contributed over one-half of such support,

''(B) over one-half of such support was received from persons each of whom, but for the fact that such person did not contribute over one-half of such support, would have been entitled to claim such individual as a dependent for a taxable year beginning in such calendar year,

''(C) the taxpayer contributed over 10 percent of such support, and

''(D) each person described in subparagraph (B) (other than the taxpayer) who contributed over 10 percent of such support files a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such person will not claim such individual as a dependent for any taxable year beginning in such calendar year.

''(4) SPECIAL SUPPORT TEST IN CASE OF STUDENTS.—For purposes of paragraph (1), in the case of any individual who is—

''(A) a son, stepson, daughter, or stepdaughter of the taxpayer (within the meaning of this subsection), and

''(B) a student,

amounts received as scholarships for study at an educational organization described in section 3(d)(1)(B) shall not be taken into account in determining whether such individual received more than one-half of such individual's support from the taxpayer.

''(5) SUPPORT TEST IN CASE OF CHILD OF DIVORCED PARENTS, ETC.—

''(A) CUSTODIAL PARENT GETS EXEMPTION.—Except as otherwise provided in this paragraph, if—

''(i) a child receives over one-half of such child's support during the calendar year from such child's parents—

''(I) who are divorced or legally separated under a decree of divorce or separate maintenance,

''(II) who are separated under a written separation agreement, or

''(III) who live apart at all times during the last 6 months of the calendar year, and

''(ii) such child is in the custody of 1 or both of such child's parents for more than one-half of the calendar year,

such child shall be treated, for purposes of paragraph (1), as receiving over one-half of such child's support during the calendar year from the parent having custody for a greater portion of the calendar year (hereafter in this paragraph referred to as the 'custodial parent').

''(B) EXCEPTION WHERE CUSTODIAL PARENT RELEASES CLAIM TO EXEMPTION FOR THE YEAR.—A child of parents described in subparagraph (A) shall be treated as having received over one-half of such child's support during a calendar year from the noncustodial parent if—

''(i) the custodial parent signs a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such custodial parent will not claim such child as a dependent for any taxable year beginning in such calendar year, and

''(ii) the noncustodial parent attaches such written declaration to the noncustodial parent's return for the taxable year beginning during such calendar year.

For purposes of this paragraph, the term 'noncustodial parent' means the parent who is not the custodial parent.

''(C) EXCEPTION FOR MULTIPLE-SUPPORT AGREEMENT.—This paragraph shall not apply in any case where over one-half of the support of the child is treated as having been received from a taxpayer under the provisions of paragraph (3).

''(D) EXCEPTION FOR CERTAIN PRE-1985 INSTRUMENTS.—

''(i) IN GENERAL.—A child of parents described in subparagraph (A) shall be treated as having received over one-half such child's support during a calendar year from the noncustodial parent if—

''(I) a qualified pre-1985 instrument between the parents applicable to the taxable year beginning in such calendar year provides that the noncustodial parent shall be entitled to any deduction allowable under section 2 for such child, and

''(II) the noncustodial parent provides at least $600 for the support of such child during such calendar year.

For purposes of this clause, amounts expended for the support of a child or children shall be treated as received from the noncustodial parent to the extent that such parent provided amounts for such support.

''(ii) QUALIFIED PRE-1985 INSTRUMENT.—For purposes of this subparagraph, the term 'qualified pre-1985 instrument' means any decree of divorce or separate maintenance or written agreement—

''(I) which is executed before January 1, 1985,

''(II) which on such date contains the provision described in clause (i)(I), and

''(III) which is not modified on or after such date in a modification which expressly provides that this subparagraph shall not apply to such decree or agreement.

''(E) SPECIAL RULE FOR SUPPORT RECEIVED FROM NEW SPOUSE OF PARENT.—For purposes of this paragraph, in the case of the remarriage of a parent, support of a child received from the parent's spouse shall be treated as received from the parent.

''PART II—TAX ON BUSINESS ACTIVITIES

''Sec. 11. Tax imposed on business activities.

''SEC. 11. TAX IMPOSED ON BUSINESS ACTIVITIES.

''(a) TAX IMPOSED.—There is hereby imposed on every person engaged in a business activity located in the United States a tax equal to 20 percent of the business taxable income of such person.

''(b) LIABILITY FOR TAX.—The tax imposed by this section shall be paid by the person engaged in the business activity, whether such person is an individual, partnership, corporation, or otherwise.

''(c) BUSINESS TAXABLE INCOME.—

''(1) IN GENERAL.—For purposes of this section, the term 'business taxable income' means gross active income reduced by the deductions specified in subsection (d).

''(2) GROSS ACTIVE INCOME.—For purposes of paragraph (1), the term 'gross active income' means gross income other than investment income.

''(d) DEDUCTIONS.—

''(1) IN GENERAL.—The deductions specified in this subsection are—

''(A) the cost of business inputs for the business activity,

''(B) the compensation (including contributions to qualified retirement plans but not including other fringe benefits) paid for employees performing services in such activity, and

''(C) the cost of personal and real property used in such activity.

''(2) BUSINESS INPUTS.—

''(A) IN GENERAL.—For purposes of paragraph (1)(A), the term 'cost of business inputs' means—

''(i) the actual cost of goods, services, and materials, whether or not resold during the taxable year, and

''(ii) the actual cost, if reasonable, of travel and entertainment expenses for business purposes.

''(B) PURCHASES OF GOODS AND SERVICES EXCLUDED.—Such term shall not include purchases of goods and services provided to employees or owners.

''(C) CERTAIN LOBBYING AND POLITICAL EXPENDITURES EXCLUDED.—

''(i) IN GENERAL.—Such term shall not include any amount paid or incurred in connection with—

''(I) influencing legislation,

''(II) participation in, or intervention in, any political campaign on behalf of (or in opposition to) any candidate for public office,

''(III) any attempt to influence the general public, or segments thereof, with respect to elections, legislative matters, or referendums, or

''(IV) any direct communication with a covered executive branch official in an attempt to influence the official actions or positions of such official.

''(ii) EXCEPTION FOR LOCAL LEGISLATION.—In the case of any legislation of any local council or similar governing body—

''(I) clause (i)(I) shall not apply, and

''(II) such term shall include all ordinary and necessary expenses (including, but not limited to, traveling expenses described in subparagraph (A)(iii) and the cost of preparing testimony) paid or incurred during the taxable year in carrying on any trade or business—

''(aa) in direct connection with appearances before, submission of statements to, or sending communications to the committees, or individual members, of such council or body with respect to legislation or proposed legislation of direct interest to the taxpayer, or

''(bb) in direct connection with communication of information between the taxpayer and an organization of which the taxpayer is a member with respect to any such legislation or proposed legislation which is of direct interest to the taxpayer and to such organization, and that portion of the dues so paid or incurred with respect to any organization of which the taxpayer is a member which is attributable to the expenses of the activities carried on by such organization.

''(iii) APPLICATION TO DUES OF TAX-EXEMPT ORGANIZATIONS.—Such term shall include the portion of dues or other similar amounts paid by the taxpayer to an organization which is exempt from tax under this subtitle which the organization notifies the taxpayer under section 6033(e)(1)(A)(ii) is allocable to expenditures to which clause (i) applies.

''(iv) INFLUENCING LEGISLATION.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'influencing legislation' means any attempt to influence any legislation through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of legislation.

''(II) LEGISLATION.—The term 'legislation' has the meaning given that term in section 4911(e)(2).

''(v) OTHER SPECIAL RULES.—

''(I) EXCEPTION FOR CERTAIN TAXPAYERS.—In the case of any taxpayer engaged in the trade or business of conducting activities described in clause (i), clause (i) shall not apply to expenditures of the taxpayer in conducting such activities directly on behalf of another person (but shall apply to payments by such other person to the taxpayer for conducting such activities).

''(II) DE MINIMIS EXCEPTION.—

''(aa) IN GENERAL.—Clause (i) shall not apply to any in-house expenditures for any taxable year if such expenditures do not exceed $2,000. In determining whether a taxpayer exceeds the $2,000 limit, there shall not be taken into account overhead costs otherwise allocable to activities described in subclauses (I) and (IV) of clause (i).

''(bb) IN-HOUSE EXPENDITURES.—For purposes of provision (aa), the term 'in-house expenditures' means expenditures described in subclauses (I) and (IV) of clause (i) other than payments by the taxpayer to a person engaged in the trade or business of conducting activities described in clause (i) for the conduct of such activities on behalf of the taxpayer, or dues or other similar amounts paid or incurred by the taxpayer which are allocable to activities described in clause (i).

''(III) EXPENSES INCURRED IN CONNECTION WITH LOBBYING AND POLITICAL ACTIVITIES.—Any amount paid or incurred for research for, or preparation, planning, or coordination of, any activity described in clause (i) shall be treated as paid or incurred in connection with such activity.

''(vi) COVERED EXECUTIVE BRANCH OFFICIAL.—For purposes of this subparagraph, the term 'covered executive branch official' means—

''(I) the President,

''(II) the Vice President,

''(III) any officer or employee of the White House Office of the Executive Office of the President, and the 2 most senior level officers of each of the other agencies in such Executive Office, and

''(IV) any individual serving in a position in level I of the Executive Schedule under section 5312 of title 5, United States Code, any other individual designated by the President as having Cabinet level status, and any immediate deputy of such an individual.

''(vii) SPECIAL RULE FOR INDIAN TRIBAL GOVERNMENTS.—For purposes of this subparagraph, an Indian tribal government shall be treated in the same manner as a local council or similar governing body.

''(viii) CROSS REFERENCE.—

''For reporting requirements and alternative taxes related to this subsection, see section 6033(e).

"(e) CARRYOVER OF EXCESS DEDUCTIONS.—

"(1) IN GENERAL.—If the aggregate deductions for any taxable year exceed the gross active income for such taxable year, the amount of the deductions specified in subsection (d) for the succeeding taxable year (determined without regard to this subsection) shall be increased by the sum of—

"(A) such excess, plus

"(B) the product of such excess and the 3-month Treasury rate for the last month of such taxable year.

"(2) 3-MONTH TREASURY RATE.—For purposes of paragraph (1), the 3-month Treasury rate is the rate determined by the Secretary based on the average market yield (during any 1-month period selected by the Secretary and ending in the calendar month in which the determination is made) on outstanding marketable obligations of the United States with remaining periods to maturity of 3 months or less."

(b) CONFORMING REPEALS AND REDESIGNATIONS.—

(1) REPEALS.—The following subchapters of chapter 1 of subtitle A and the items relating to such subchapters in the table of subchapters for such chapter 1 are repealed:

(A) Subchapter B (relating to computation of taxable income).

(B) Subchapter C (relating to corporate distributions and adjustments).

(C) Subchapter D (relating to deferred compensation, etc.).

(D) Subchapter G (relating to corporations used to avoid income tax on shareholders).

(E) Subchapter H (relating to banking institutions).

(F) Subchapter I (relating to natural resources).

(G) Subchapter J (relating to estates, trusts, beneficiaries, and decedents).

(H) Subchapter L (relating to insurance companies).

(I) Subchapter M (relating to regulated investment companies and real estate investment trusts).

(J) Subchapter N (relating to tax based on income from sources within or without the United States).

(K) Subchapter O (relating to gain or loss on disposition of property).

(L) Subchapter P (relating to capital gains and losses).

(M) Subchapter Q (relating to readjustment of tax between years and special limitations).

(N) Subchapter S (relating to tax treatment of S corporations and their shareholders).

(O) Subchapter T (relating to cooperatives and their patrons).

(P) Subchapter U (relating to designation and treatment of empowerment zones, enterprise communities, and rural development investment areas).

(Q) Subchapter V (relating to title 11 cases).

(R) Subchapter W (relating to District of Columbia Enterprise Zone).

(2) REDESIGNATIONS.—The following subchapters of chapter 1 of subtitle A and the items relating to such subchapters in the table of subchapters for such chapter 1 are redesignated:

(A) Subchapter E (relating to accounting periods and methods of accounting) as subchapter B.

(B) Subchapter F (relating to exempt organizations) as subchapter C.

(C) Subchapter K (relating to partners and partnerships) as subchapter D.

SEC. 3. REPEAL OF ESTATE AND GIFT TAXES.

Subtitle B (relating to estate, gift, and generation-skipping taxes) and the item relating to such subtitle in the table of subtitles is repealed.

SEC. 4. ADDITIONAL REPEALS.

Subtitles H (relating to financing of presidential election campaigns) and J (relating to coal industry health benefits) and the items relating to such subtitles in the table of subtitles are repealed.

SEC. 5. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this Act apply to taxable years beginning after December 31, 2003.

(b) REPEAL OF ESTATE AND GIFT TAXES.—The repeal made by section 3 applies to estates of decedents dying, and transfers made, after December 31, 2003.

(c) TECHNICAL AND CONFORMING CHANGES.—The Secretary of the Treasury or the Secretary's delegate shall, as soon as practicable but in any event not later than 90 days after the date of enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a draft of any technical and conforming changes in the Internal Revenue Code of 1986 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

By Ms. COLLINS (for herself, Mr. DORGAN, Mr. SANTORUM, and Mr. CONRAD):

S. 908. A bill to establish the United States Consensus Council to provide for a consensus building process in addressing national public policy issues, and for other purposes; to the Committee on Governmental Affairs.

Ms. COLLINS. Mr. President, I am introducing legislation today that would create a United States Consensus Council. Designed to facilitate a consensus building process on important national issues, the U.S. Consensus Council is modeled upon similar entities that have operated successfully in several States. The council would be a nonprofit, private entity that would serve both the legislative and executive branches of government. Its role would be to build agreements among stakeholders on public policy issues where there are diverse and conflicting views and bring these agreements back to Congress or other decision-makers for action.

A good example of such a consensus council is the Montana Consensus Council. Established in 1994, this council has helped to facilities agreements on a range of contentious public issues. The Council, for example, facilitated development of a plan for the cleanup of hazardous waste sites that was overwhelmingly approved by the State legislature. It also helped mediate a dispute between recreationists and ranchers over water rights and, with the input of key stakeholders, an agreement was successfully reached.

The North Dakota Consensus Council, created in 1990, has helped build agreements on numerous local and State issues, including facilitating a five year effort to develop a strategic plan for the future of North Dakota and an economic development strategy to implement that plan.

The U.S. Consensus Council Act was introduced in the last Congress by Senator DORGAN and cosponsored by a bipartisan group of Senators. The Committee on Governmental Affairs favorably reported the bill last fall, but the full Senate did not have an opportunity to act on it before adjournment. I am pleased that Senator DORGAN, along with Senators SANTORUM and CONRAD, have joined me in reintroducing the legislation today.

The legislation would establish the U.S. Consensus Council as an independent nonprofit corporation under the District of Columbia Nonprofit Corporation Act. The Council would not be an agency or instrumentality of the United States. The Council's role would be to design and conduct processes that bring together key stakeholders and build agreements on complex public policy issues. The resulting recommendations would be advisory, subject to the normal legislative or regulatory processes.

The Council's powers would be vested in a 12-member part-time Board of Directors. Each of the leaders of the majority and minority in the House of Representatives and the Senate would appoint two board members, and the President would appoint four members. Members of the Board cannot be Federal officers or employees.

A President, selected by the Board, would be the chief executive officer of the Council.

Mr. DORGAN. Madam President, today I am pleased to join my colleague, Senator COLLINS, in introducing legislation that would create the United States Consensus Council. This council would be a nonprofit, quasi-governmental entity. Its role would be to build agreements among stakeholders on legislative issues where there are diverse and conflicting views and bring these agreements back to Congress or other decisionmakers for action.

We all talk about the benefit of working across party lines to develop consensus on a variety of policy issues. This bill would help to institutionalize this goal and provide ongoing support to Congress by bringing stakeholders to the table to resolve a wide range of difficult national issues.

The North Dakota Consensus Council in my home State serves as a model for this national proposal. In North Dakota, the Consensus Council has helped to find common ground on the use of grasslands in the western part of the State, the structure of judgeships across the State, and flood mitigation efforts in the Red River Valley. By bringing together all of the interested parties, the North Dakota Consensus Council was able to find solutions to problems that had previously seemed insurmountable. Washington, DC, is ripe with opportunity for the same kind of consensus building and mediation. We can not only build on the experience of consensus building in North Dakota, but similar successes in Montana, Florida, Oregon, and many other States.

The United States Consensus Council would bring people together and then

help to develop recommendations. These recommendations would be advisory and would not circumvent any of the normal legislative requirements or processes. The board of directors would be appointed by the President and the bipartisan congressional leadership. The council would remain neutral on substantive policy matters.

The council would focus on issues that are contentious or deadlocked, or they could be emerging issues where mediation could help to prevent later polarization.

The council's role will be to design and conduct processes that lead to common ground on effective public policy for a particular issue. The council could be called upon to convene key stakeholders in face-to-face meetings over time to build agreements on complex issues.

I have long been a supporter of building consensus and finding ways to reach compromise. I believe that this legislation could help the Congress and the administration to find that middle ground. There are so many important issues that get deadlocked in Washington, and this approach will help to break that logjam. I look forward to working with my colleagues on both sides of the aisle to move this bill through the process.

By Ms. SNOWE:

S. 909. A bill to provide State and local governments with flexibility in using funds made available for homeland security activities; to the Committee on Environment and Public Works.

Ms. SNOWE. Madam President, I rise today to introduce legislation that will provide State and local governments the flexibility they need for preparedness activities associated with the planning, procurement and training for homeland security and counter terrorism activities.

Quite simply, this legislation would permit State and local governments to use up to twenty percent of any funds provided for the procurement of new equipment to train first responders in the use of that equipment and secondly, allow State level Emergency Management personnel to conduct activities such as FEMA related strategic planning on behalf of smaller communities that may not otherwise have the resources to adequately perform that planning.

I became acutely aware of this need when I visited the Maine Emergency Management Agency and learned that, although they had been provided the funds to purchase new chemical and biological protection equipment, they had not received any funds to train personnel to use that equipment.

As we are all aware, homeland security needs at the State level vary widely. From State to State, there are varying degrees of risk, varying percentages of full-time versus volunteer responders, and different areas of strengths and weaknesses in the responder community. Any successful Federal program that seeks to improve response capability must therefore have flexible rules for implementation.

For example, in fiscal years 2000 through 2002, FEMA funded states for terrorism preparedness activities. The State of Maine received $246,000 annually for these activities and the funds were administered through the Emergency Management Performance Grant. Those funds were based on a strategic plan submitted by each State that outlined its most urgent needs, and the steps to be taken to meet those needs. If planning was the need, the State could put an emphasis on planning. If training or exercise was the need, they could stress that.

While there was no set quota for how much money had to go to local communities, States were required to track performance measures that showed how local communities were benefitting because in rural States such as Maine, it is often more efficient and cost-effective for States to sponsor programs for the benefit of local officials, rather than providing funds to communities that may not have the organizational infrastructure to plan and execute programs.

States were given wide authority to reimburse communities for time and equipment costs, purchase training materials, and contract for services—whatever was necessary to accomplish the ultimate goal of improved preparedness for responders. These dollars could also support basic emergency management activities, such as incident command training, emergency planning or exercise design, which supported the communities' overall all-hazard preparedness as well as their capability to react to a terrorist incident.

By contrast, let's go back and look at FEMA's FY2002 Supplemental Budget and the Office of Domestic Preparedness' funding for emergency response equipment for it was during this cycle that the previous flexibility began to be restricted. First, while the FEMA FY2002 Supplemental Budget supported emergency operations planning, Citizen Corps, Community Emergency Response Teams, CERT, and emergency operations center assessment and improvement, 75 percent of the funding for planning and for Citizen Corps and CERT efforts was required to be passed through to local communities, even if the capacity to administer those funds was generally lacking and the communities would have been better served by programs brought to them by the state.

In addition, planning dollars could not be spent on exercises to test plans, or training to support those plans. Funds for Citizen Corps and CERT programs, which are voluntary efforts, could not be used for any other preparedness purpose, even if no communities came forward desiring to participate in those programs. It is likely that Maine will return a portion of these funds because the local need for them does not exist. Furthermore, emergency operations center assessment funds could only be spent on assessment, even if a current assessment of facilities was in place.

The Office of Domestic Preparedness' funding for the procurement of equipment has been equally restrictive. The lion's share is of course for equipment, and only equipment that provides protection, detection, decontamination and communications could be procured.

Beyond the fact that it took two rounds of funding to build a critical mass of resources such that equipment purchases could begin in earnest, much of this equipment is highly technical in nature, and requires extensive training to operate safely and properly. However, of the funds provided for that equipment, none could be used for training. While there were some exercise funds, they were specifically targeted to weapons of mass destruction. With the FY2003 allocation, some funding has been allocated for training, which is a positive step but, again, it comes with very strict limits and dollars allocated for exercise cannot be used for training, or vice versa.

In the emergency management world, planning comes first, then training, then exercise.

If you need a plan, you can't substitute an exercise and get the same result. If you need an exercise, you can't substitute training. Even within the training and exercise grants, there are restrictions that make it extremely difficult for full-time departments, for example, to free up employee time to take needed training or participate in exercises. And with the focus on homeland security, the need for flexibility to improve basic response capability has also been overlooked. In communities that do not have the resources to create special response forces for every hazard—and that includes all towns in Maine—it is imperative to be able to build a base of planning and training for all hazards, on which one can build the capability to respond to a terrorist incident.

Our strategy in Maine has been to build a regional response capability. In some areas we could build that capability around existing response capacity, and in others we have had to build capability from the ground up.

For example, the Portland and South Portland fire departments have formed a regional response team and are undertaking training required to stand up a fully qualified hazardous materials response team. This entails 80 hours of training for each individual. But, I'm told the City of Portland is in the process of cutting 20 fire positions and some police officers because of budget constraints at the local level, as they are facing additional security requirements around the city. This makes it very difficult to free up responders for the required training, especially as there are no budget dollars for overtime, and no Federal grant currently

available will reimburse training costs to include overtime.

In other parts of the State, private paper companies have stepped up and volunteered their already-trained hazardous materials teams to respond off site. During the anthrax scare in the fall of 2001, these teams responded to any and all "suspicious package" calls, at a cost of $2,000 per hour to field a team of 22 people.

These companies have responded out of patriotism and a sense of civic responsibility, and despite challenging economic times in the paper industry. These teams are now faced with maintaining the full "level A" capability and further facing more than 20 hours of additional training to be fully WMD compliant. No grant monies currently available allow reimbursement for their response or for their training time.

In Maine, we have by necessity been flexible in our approach to each region, looking at the different needs in planning, training, exercise and equipment procurement. However, it is becoming increasingly difficult to practice flexibility when the Federal programs that provide the resources to build capability are becoming more and more rigid.

The events of September 11, 2001 and the subsequent anthrax attacks have brought our Nation to heightened level of awareness. Nowhere is this more evident than in Maine's hospitals, upon which we rely to respond quickly and effectively in the event of any disaster affecting our residents' health.

While hospitals have always had disaster plans in place, recent events have dramatically changed the definition of "disaster". Since September 11, 2001, hospitals have stepped up their readiness efforts to be better prepared in responding not only to conventional disasters, but also to the more concrete threat of previously unimaginable terrorist attacks using chemical, biological or radiologic agents that could lead to large-scale emergencies with mass casualties.

Hospitals have to change their mindset on established norms and standard ways of operating to embrace a broader spectrum of roles and responsibilities. The relationship between traditional first responders and the non-traditional role of hospitals in community-wide first response overall is moving closer, emphasizing the need for collaboration and compatibility.

No one doubts that in the event of a weapons of mass destruction event, hospitals are likely to see large numbers of potentially contaminated patients seeking treatment. The reality is that hospital emergency department staff and hospital providers in general are truly the new "first responders." Hospitals are critical elements of the community response system and if they are not prepared and protected, there will be serious gaps in the system that could cause it to break down completely.

One of the largest barriers to optimal emergency preparedness is staff education and training. To date, hospitals have had to absorb all these costs, as the limited funding assistance available to hospitals has not been permitted to be spent on education and training. The full costs of providing training is daunting, particularly in these lean economic times of declining reimbursement to hospitals.

The costs of the courses and/or instructors' fees pale in comparison to the staff time that must be paid to attend any given course. Staff time must essentially be paid twice—first to pay the staff person's on-duty time to attend the course or drill, and once again to pay another staff person's time to replace the worker being trained. The cost of staff time is significant, and even finding staff to replace the one attending training is especially costly due to the nursing shortage in hospitals. Consider the following facts: The vacancy rate for hospital staff nurses in Maine has been 8–9 percent. The average hourly rate for registered nurses in Maine is $21.67, and rising. Any staff training must be done on a large scale so that trained staff are available 24 hours a day, 7 days a week.

As just one example of training needed, Maine recognizes that hospitals need to be prepared to manage contaminated patients who come to their facility. The Maine Emergency Management Agency is working to provide hospitals with the necessary equipment, but the training necessary to competently use that equipment is extensive and currently underfunded.

According to Federal Occupational Safety and Health Administration regulations, staff must be trained to the hazardous material "operations" level in order to safely use the equipment. Meeting Federal Government standards for that level of training requires at least two full days of initial training, with refresher courses required annually. Conservatively speaking, if 35 Maine hospitals train 25 nurses to that level, the approximate cost of nursing staff time alone for the initial course would be $606,760. And remember, because six to eight staff members are required to man the decontamination line, the nursing costs are just the beginning.

The same staffing costs apply to sending staff to local and regional emergency drills and training sessions—which are absolutely critical components of Maine's disaster readiness. It is simply not possible for hospitals to absorb all of these costs, given the declining reimbursements. Hospital operating margins in Maine declined from an average of 2.3 percent in 2001 to 1.7 percent in 2002 and about one third of all Maine hospitals experienced zero or negative operating margins in 2002.

Yet, our hospitals continue their efforts to provide the best possible patient care while simultaneously increasing their level of emergency preparedness. Federal assistance with training funding would provide excellent support for hospitals, as they work to respond to any crisis and protect their staff so they can perform the critical functions of caring for the citizens of Maine in any crisis.

These are but a few examples of the burdens being experienced by State, local and private industry responders as they struggle to prepare themselves and the citizenry to prevent and respond to terrorist attacks and other crises. This legislation will provide some of the flexibility emergency management personnel require to be truly prepared. I urge my colleagues to support this much needed legislation.

By Mr. AKAKA (for himself, Mr. CARPER, and Mr. LAUTENBERG):

S. 910. A bill to ensure the continuation of non-homeland security functions of Federal agencies transferred to the Department of Homeland Security; to the Committee on Governmental Affairs.

Mr. AKAKA. Madam President, I rise today to introduce legislation to preserve important non-homeland security missions in the Department of Homeland Security. I am pleased to be joined by the Senator from Delaware, Senator CARPER, and the Senator from New Jersey, Senator LAUTENBERG, in this effort to guarantee the fulfillment of non-homeland security functions Americans rely on daily.

Many of these non-homeland security functions are especially important to the State of Hawaii. The Coast Guard provides essential search and rescue, fisheries enforcement, and protection of our coastline. The Animal and Plant Health Inspection Service protects the State's fragile ecosystem from invasive species. The Federal Emergency Management Agency assists municipalities in reducing the destructive effects of natural disasters, such as floods, hurricanes, and tidal waves.

To preserve these vital functions, the "Non-Homeland Security Mission Performance Act of 2003" would require the Department of Homeland Security to identify and report to Congress on the resources, personnel, and capabilities used to perform non-homeland security functions, as well as the management strategy needed to carry out these missions.

The measure would require the Department to include information on the performance of these functions in its annual performance report. Our legislation also calls for a General Accounting Office, GAO, evaluation of the performance of essential non-homeland security missions.

The establishment of the Department of Homeland Security created additional management challenges and has fueled growing concerns that the performance of core, non-homeland security functions will slip through the cracks. Just last week, the GAO testified before the House Committee on Transportation and Infrastructure that

the Coast Guard has experienced a substantial decline in the amount of time spent on core missions. Moreover, GAO found that the Coast Guard lacks the resources to reverse this trend. Coast Guard Commandant Thomas H. Collins is quoted as saying that his agency has more business than it has resources and is challenged like never before to do all that America wants it to do.

These same concerns extend to the entire Department of Homeland Security. The Department of Homeland Security's Bureau of Citizenship and Immigration services provides asylum for refugees and helps immigrants become American citizens. The Customs Service protects and monitors foreign trade so essential for a healthy American economy. And the Secret Service protects and monitors against identity theft, counterfeiting, and other financial crimes.

In fact, the General Accounting Office has added the transformation of and implementation of the Department to the GAO High Risk list, partially as the result of existing management challenges to fulfill non-homeland security missions.

The cost of creating a Department of Homeland Security should not come at the expense of these essential missions. Agencies should strike the proper balance between new homeland security responsibilities and their critical non-homeland security missions. Enhancing traditional missions also enhances domestic security which depends on sound management strategies that ensure adequate resources and personnel.

I urge my colleagues to support the ''Non-Homeland Security Mission Performance Act of 2003.'' Our bill takes important steps to ensure that Americans will not see a decline in non-homeland security services as a result of the creation of the Department of Homeland Security.

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. 910

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Non-Homeland Security Mission Performance Act of 2003''.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress makes the following findings:

(1) Federal agencies included in the Department of Homeland Security perform important non-homeland security functions on which all United States citizens rely, such as the protection of fisheries and agriculture, communication and transportation infrastructures, and medical supplies.

(2) Federal agencies included in the Department shall ensure the continuation of non-homeland security functions as new homeland security responsibilities are adopted.

(3) A strategy to address non-homeland security functions is needed to meet the daily needs of Americans and to preserve the security of the Nation.

(4) Non-homeland security functions are complementary to homeland security functions and often share personnel, resources, and assets. It is appropriate for each Under Secretary of the Department of Homeland Security to ensure that non-homeland security functions are performed.

(5) Agencies in the Department of Homeland Security perform essential non-homeland security functions Americans rely on everyday, including the following:

(A) The United States Coast Guard has vital non-homeland security functions, including search and rescue, fisheries enforcement, law enforcement, marine safety, and aids to navigation.

(B) The Department of Homeland Security Bureau of Citizenship and Immigration Services provides important immigration and citizenship services and benefits including processing and approving requests for citizenship, adjudicating asylum for refugees, and immigration benefits, such as refugee and intercountry adoptions.

(C) The Federal Emergency Management Agency (FEMA) assists local communities to prepare for and respond to floods, hurricanes, earthquakes, fires, tornadoes, and other natural disasters. The Federal Emergency Management Agency supplements State and local responses to natural disasters and the mitigation of damage, and prevention of disasters, such as earthquakes.

(D) The Animal and Plant Health Inspection Service and the Animal Research Service develop strategies to prevent and control foreign or emerging animal and plant disease epidemics vital to farmers, the economy, and the protection of the environment.

(E) The Secret Service is charged with safeguarding payment and financial systems by protecting against counterfeiting, identity theft, credit card fraud, cell phone fraud, computer and telecommunications fraud, money laundering, and other financial crimes.

(F) The United States Customs Service protects our free trade essential for a healthy economy by working to lower the cost of trade compliance, providing guidance on the conduct of legal trade, and monitoring imports to ensure compliance with public health and safety laws. Customs protects intellectual property and combats money laundering, child pornography, and drug trafficking.

(b) PURPOSES.—The purposes of this Act are to—

(1) ensure the continuation of non-homeland security functions of Federal agencies; and

(2) ensure that Federal agencies develop sound management strategies and allocate sufficient funding to carry out non-homeland security functions.

SEC. 3. NON-HOMELAND SECURITY FUNCTIONS PERFORMANCE.

(a) IN GENERAL.—For each entity in the Department of Homeland Security that performs non-homeland security functions, the Under Secretary with responsibility for that entity, in conjunction with the head of that entity, shall submit a report on the performance of the entity and all the functions of that entity, with a particular emphasis on examining the continuing level of performance of non-homeland security functions to—

(1) the Secretary of Homeland Security;

(2) the Committee on Governmental Affairs of the Senate;

(3) the Committee on Appropriations of the Senate;

(4) the Committee on Government Reform of the House of Representatives;

(5) the Select Committee on Homeland Security of the House of Representatives; and

(6) the Committee on Appropriations of the House of Representatives.

(b) CONTENTS.—The report referred to under subsection (a) shall—

(1) to the greatest extent possible, provide an inventory of the non-homeland security functions of the entity and identify the capabilities of the entity with respect to those functions, including—

(A) the number of employees carrying out those functions;

(B) the budget for those functions; and

(C) the flexibilities, personnel or otherwise, used to carry out those functions;

(2) contain information relating to the roles, responsibilities, organizational structure, capabilities, personnel assets, and annual budgets, specifically with respect to the capabilities of the entity to accomplish non-homeland security functions without any diminishment;

(3) contain information relating to whether any changes are required to the roles, responsibilities, functions, organizational structure, modernization programs, projects, activities, recruitment and retention programs, and annual fiscal resources to enable the entity to accomplish non-homeland security functions without diminishment; and

(4) contain the strategy the Department will use for the performance of non-homeland security functions and homeland security functions.

(c) SUBMISSION OF REPORTS.—During the 5-year period following the date of the transfer of an entity that performs non-homeland security functions to the Department of Homeland Security or the date of the establishment of an entity that performs non-homeland security functions within the Department of Homeland Security, the Under Secretary with responsibility for that entity shall submit an annual report described under subsection (a).

(d) ANNUAL EVALUATIONS.—

(1) IN GENERAL.—The Comptroller General of the United States shall monitor and evaluate the implementation of this section.

(2) REPORTS.—Not later than 60 days after the date of enactment of this Act and every year during the succeeding 5-year period, the Comptroller General of the United States shall submit a report to the Committee on Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives containing—

(A) an evaluation of the implementation progress reports submitted under this section;

(B) the findings and conclusions of the Comptroller General of the United States resulting from the monitoring and evaluation conducted under this subsection, including evaluations of how successfully the Department of Homeland Security is meeting the non-homeland security functions of the Department; and

(C) any recommendations for legislation or administrative action the Comptroller General of the United States considers appropriate.

(e) PERFORMANCE REPORTS.—In performance reports submitted under section 1116 of title 31, United States Code, the Department of Homeland Security shall—

(1) clarify homeland security and non-homeland security function performance; and

(2) fully describe and evaluate the performance of homeland and non-homeland security functions and goals to Congress.

By Ms. LANDRIEU (for herself and Mr. CORZINE):

S. 911. A bill to amend the Internal Revenue Code of 1986 to provide a rebate of up to $765 to individuals for

payroll taxes paid in 2001, to provide employers with an income tax credit of up to $765 for payroll taxes paid during the payroll tax holiday period, and for other purposes; to the Committee on Finance.

Ms. LANDRIEU. Mr. President, we are living in difficult economic times. Too many people are out of work and the economy is not growing enough to put them back to work permanently. The March unemployment rate was 5.8 percent and it has been holding around this mark for about a year. More bad news came just last week when the number of jobless claims soared to 445,000 for the week ending March 29. That is the highest number of weekly claims for unemployment benefits in almost a year.

While unemployment has been rising, other economic indicators are dropping. New orders for manufactured goods in February decreased $4.9 billion or 1.5 percent; shipments also fell 1.5 percent, the largest decrease since February of last year.

These cold, hard numbers cannot measure the unease and uncertainty many Americans feel today. The Conference Board Consumer Confidence Index fell 2 more points in March after a 3 point drop in February. When your neighbor is out of work and cannot find a job, you worry that you might be next. So you hold off on buying that new washing machine, the new car you need to get to work, or you put that dream vacation on hold. Americans have experienced losses in their pensions and 401(k) plans. When you combine all of this with the uncertainty surrounding the war against terrorism and the war with Iraq, you create a great drag on the economy.

I think all of my colleagues agree that the economy is not where we want it to be right now. We agree that it needs a booster shot. We have partisan disagreement over specifics and the size of the stimulus. But if we put aside our partisan differences, I believe we can come up with a bipartisan solution to help the economy in the short term.

We can accomplish this if we agree on a few, narrow principles for an economic stimulus plan. First, we should aim toward providing an immediate boost to the economy. We do not need tax cuts that will only begin to help several years downs the road. The economy needs help today. Second, the urgent need for the boost today means that the economic stimulus plan must be simple and easy to administer so that full effects can be felt right away. Third, I believe that a stimulus plan must be fiscally responsible. While the economy needs a boost today, that boost should not come at the expense of our ability to meet our needs tomorrow. And finally, the stimulus package must be equitable. It must be fair. It should touch all Americans, not just a select few.

Today, along with my colleague Senator CORZINE, I am introducing one idea for economic stimulus that meets all of these principles. We propose that all working Americans receive tax relief equivalent to the amount of payroll taxes paid on the first $10,000 of earnings—a total of $765. The rebate would be made in two installments. The first would come within 2 months of passage of the bill and the second would come by December 1st of this year. Employers would also receive an equivalent tax credit for their employees.

This plan meets the principles I have outlined. It is a short-term plan that will put spending money in the hands of working Americans. It will be simple to administer—rebate checks were a part of the tax cut we passed in 2001. The plan is fiscally responsible: the rebate checks will be paid out of general revenues and not from the Social Security trust fund. Finally, this plan is fair. Every working American will benefit.

Mr. President, I hope the Congress will act quickly to revive our economy. Today, Senator CORZINE and I are putting one idea forward. My colleagues have a variety of other ideas that they will put forward. The Senate should look at each and put together a final package that is simple, immediate, fair, and fiscally responsible.

Mr. CORZINE. Mr. President, I am proud to join with Senator LANDRIEU in introducing the Wage Tax Cut Act, legislation that would provide an immediate boost to America's economy by providing wage tax relief to all working Americans and to businesses.

In short, this proposal would give all working Americans a wage tax break of up to $765, equivalent to the payroll taxes they have paid on the first $10,000 of their earnings in the year 2001. Working couples would receive tax relief of up to $1,530. This is a 1-year proposal in which all payments and tax credits would come out of the General Treasury. The Social Security and Medicare trust funds would not be affected in any way.

Every working American and business-owner would benefit from our proposal. This $765 tax cut would help American families make ends meet and stimulate the economy. It would pay for 5 week's worth of groceries for a family of four; more than 2 months of child care; 3½ months of utility bills; and 7 months of gasoline.

The act would provide business-owners—small and large—a tax credit for up to $765 on the wages of each of their employees. The tax credit for businessowners would put more money in the hands of employers to spur investment in new people, plant, and equipment. By reducing payroll taxes, which amount to a tax on labor, we would encourage more employers to hire new personnel, and to keep those they now have.

That is why the Business Roundtable, which represents 150 of the country's largest corporations with over 10 million employees, has endorsed the concept of payroll-based tax relief that we are proposing today.

This is a simple, fair, and affordable economic stimulus plan that will get money in the hands of consumers and businesses that will be immediately reinvested in our economy.

Unlike the President's proposed tax plan, the Wage Tax Cut Act would provide immediate help to the economy, without being fiscally irresponsible. At $180 billion, its cost is only about 15 percent of the $1.3 trillion in tax cuts included in the conference report on the budget resolution.

At this important time in our Nation's history, when thousands of young men and women are bravely serving their country, we need to ensure that the America to which they return is vibrant and strong. This proposal would help create the jobs they need, and the prosperity they deserve.

In December 2001, when Senator BILL FRIST supported—in fact his own Web site articulated—the stimulative impact that payroll tax relief could have. It quoted the senator as saying:

> A payroll tax holiday is truly a stimulative, temporary tax cut that would be welcome news for most Americans, especially during the holiday season. As economic growth stagnates and unemployment numbers increase, putting additional money in consumers' pockets will provide a much needed economic boost.

Senator FRIST continued:

> The key is for Congress to respond and pass a stimulus bill now, and I believe that this proposal could provide us with a bipartisan solution.

Senator FRIST was right on the mark about the need, and stimulative impact, of payroll tax relief then. It is my hope that Majority Leader FRIST, and the rest of my colleagues, today will stand behind those words and support this proposal to help reinvigorate out economy.

By Mr. SMITH (for himself, Mr. BREAUX, and Mr. HATCH):

S. 914. A bill to amend the Internal Revenue Code of 1986 to apply look-thru rules for purposes of the foreign tax credit limitation to dividends from foreign corporations not controlled by a domestic corporation; to the Committee on Finance.

Mr. SMITH. Mr. President I rise today to introduce legislation to simplify an unnecessarily complex portion of the tax code that serves as an impediment to U.S. businesses attempting to compete in foreign markets. I am proud to be joined in this effort by my friends and colleagues Sens. BREAUX and HATCH. The Foreign Tax Credit, FTC, was designed to ensure that U.S. corporations were not subject to double taxation on foreign income. A number of limitations were placed on these credits in order to guard against attempts to reduce U.S. taxes on income earned here. Consequently, income earned abroad is sorted into separate ''baskets'' based on how the income is earned, also known as ''look-through'' treatment.

Unfortunately, income from certain corporate joint ventures has not always been afforded look-through treatment. In the past, income from a 10/50 company, a U.S. firm has substantial ownership, at least 10 percent but not a controlling interest 50 percent, was subject to different tax treatment. In 1997, Congress attempted to address disparity with legislation affording look-through treatment for dividends paid by 10/50 companies. However, the bill included vague transition rules that were complex and expensive for U.S. companies.

Our bill would resolve these transition issues by restoring parity in the tax treatment of joint-venture income to other income earned overseas by U.S. companies. Everyone, from the Joint Committee on Taxation in the 2001 simplification study to the Clinton Administration in its budget documents, has called for simplification in this area.

Legal and political realities in foreign markets often necessitate the use of corporate joint ventures with local firms. U.S. international tax rules should not penalize companies with overly complicated and costly limitations purely because they choose or are forced to do business in a certain form. The 10/50 transition rules didn't allow the full use of foreign tax credits, thus over-taxing income generated from these business ventures. We need to eliminate the last vestiges of the 10/50 regime in order to level the international playing field for U.S. companies.

I ask that all my colleagues consider and support this important legislation. I ask unanimous consent that the text of this bill be printed in the RECORD.

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

S. 914

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

SECTION 1. LOOK-THRU RULES TO APPLY TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.

(a) IN GENERAL.—Paragraph (4) of section 904(d) of the Internal Revenue Code of 1986 (relating to separate application of section with respect to certain categories of income) is amended to read as follows:

''(4) LOOK-THRU APPLIES TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.—

''(A) IN GENERAL.—For purposes of this subsection, any dividend from a noncontrolled section 902 corporation with respect to the taxpayer shall be treated as income in a separate category in proportion to the ratio of—

''(i) the portion of earnings and profits attributable to income in such category, to

''(ii) the total amount of earnings and profits.

''(B) SPECIAL RULES.—For purposes of this paragraph—

''(i) IN GENERAL.—Rules similar to the rules of paragraph (3)(F) shall apply.

''(ii) EARNINGS AND PROFITS.—

''(I) IN GENERAL.—The rules of section 316 shall apply.

''(II) REGULATIONS.—The Secretary may prescribe regulations regarding the treatment of distributions out of earnings and profits for periods before the taxpayer's acquisition of the stock to which the distributions relate.

''(iii) DIVIDENDS NOT ALLOCABLE TO SEPARATE CATEGORY.—The portion of any dividend from a noncontrolled section 902 corporation which is not treated as income in a separate category under subparagraph (A) shall be treated as a dividend to which subparagraph (A) does not apply.

''(iv) LOOK-THRU WITH RESPECT TO CARRYFORWARDS OF CREDIT.—Rules similar to the rules of subparagraph (A) also shall apply to any carryforward under subsection (c) from a taxable year beginning before January 1, 2003, of tax allocable to a dividend from a noncontrolled section 902 corporation with respect to the taxpayer.''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (E) of section 904(d)(1) of the Internal Revenue Code of 1986, as in effect both before and after the amendments made by section 1105 of the Taxpayer Relief Act of 1997, is hereby repealed.

(2) Section 904(d)(2)(C)(iii) of such Code, as so in effect, is amended by striking subclause (II) and by redesignating subclause (III) as subclause (II).

(3) The last sentence of section 904(d)(2)(D) of such Code, as so in effect, is amended to read as follows: ''Such term does not include any financial services income.''.

(4) Section 904(d)(2)(E) of such Code is amended—

(A) by inserting ''or (4)'' after ''paragraph (3)'' in clause (i), and

(B) by striking clauses (ii) and (iv) and by redesignating clause (iii) as clause (ii).

(5) Section 904(d)(3)(F) of such Code is amended by striking ''(D), or (E)'' and inserting ''or (D)''.

(6) Section 864(d)(5)(A)(i) of such Code is amended by striking ''(C)(iii)(III)'' and inserting ''(C)(iii)(II)''.

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

By Mr. ALEXANDER (for himself, Mr. LEVIN, Mr. WARNER, and Mr. BINGAMAN):

S. 915. A bill to authorize appropriations of fiscal years 2004, 2005, 2006, 2007, and 2008 for the Department of Energy Office of Science, to ensure that the United States is the world leader in key scientific fields by restoring a healthy balance of science funding, to ensure maximum use of the national user facilities, and to secure the Nation's supply of scientists for the 21st century, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. ALEXANDER. Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

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

S. 915

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Energy and Science Research Investment Act of 2003''.

SEC. 2. FINDINGS.

Congress finds that—

(1) the Office of Science of the Department of Energy is the largest Federal sponsor of civilian research in the physical sciences and plays a major role in supporting interdisciplinary research that contributes to other scientific fields, including the life sciences, mathematics, computer science, engineering, and the environmental sciences;

(2)(A) Department of Energy laboratories have scientific capabilities that are unmatched in typical academic or industrial institutions;

(B) scientific teams of the laboratories are capable of developing integrated approaches to grand scientific challenges that are often beyond the reach of individual experimenters; and

(C) the Human Genome Project exemplifies that capability;

(3) the facilities at the Department of Energy laboratories are invaluable to scientists across disciplines, including those from academia, industry, and government;

(4)(A) for more than half a century, science research has had an extraordinary impact on the economy, national security, medicine, energy, life sciences, and the environment; and

(B) in the economic arena, studies show that about half of all United States post-World War II economic growth is a direct result of technological innovation stemming from scientific research;

(5) the Office of Science programs, in constant dollars, have been flat funded for more than a decade, placing the scientific leadership of the United States in jeopardy and limiting the generation of ideas that will enhance the security of the United States and drive future economic growth;

(6)(A) because the cost of conducting research increases at a faster rate than the Consumer Price Index, flat funding for the Office of Science has led to a decline in the number of grants awarded, students trained, and scientists supported; and

(B) flat and erratic funding has also led to an underuse of the facilities that the United States has invested hundreds of millions of dollars to construct; and

(7) higher funding levels for the Office of Science will provide more opportunities to support graduate students in research at universities in the fields of mathematics, engineering, and the physical sciences, helping to alleviate an increasing over-reliance on foreign talent in these fields.

SEC. 3. AUTHORIZATION OF APPROPRIATIONS FOR SCIENCE PROGRAMS.

(a) PROGRAM DIRECTION.—The Secretary of Energy, acting through the Office of Science, shall—

(1) conduct a comprehensive program of fundamental research, including research on chemical sciences, physics, materials sciences, biological and environmental sciences, geosciences, engineering sciences, plasma sciences, mathematics, and advanced scientific computing;

(2) maintain, upgrade, and expand the scientific user facilities maintained by the Office of Science and ensure that the facilities are an integral part of the departmental mission for exploring the frontiers of fundamental science;

(3) maintain a leading-edge research capability in the energy-related aspects of nanoscience and nanotechnology, advanced scientific computing and genome research;

(4) ensure that the fundamental science programs of the Department of Energy, as appropriate, help inform the applied research and development programs of the Department; and

(5) ensure that Department of Energy research programs support sufficient numbers of graduate students to maintain the pipeline of scientists and engineers that is critical for the future vitality of Federal laboratories and overall United States science leadership.

(b) AUTHORITIES OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) for fiscal year 2004, $3,785,000,000;

(2) for fiscal year 2005, $4,153,000,000;

(3) for fiscal year 2006, $4,586,000,000;

(4) for fiscal year 2007, $5,000,000,000; and

(5) for fiscal year 2008, $5,400,000,000.

Mr. LEVIN. Madam President, today I am pleased to introduce, with Senators ALEXANDER, BINGAMAN and WARNER, legislation that would authorize increased funding for the Department of Energy's, DoE, Office of Science. For two decades, funding for the Office of Science has remained stagnant while the cost of conducting cutting-edge research has continued to rise. Inadequate funding levels for the Office of Science, one of our Nation's leading sources of funding for research in the physical sciences, threatens our Nation's leadership in all sciences and thus also our economic well-being and our security. In the past fifty years, roughly one-half of the Nation's economic growth has been derived from investments in science and technology.

The DoE's Office of Science portfolio is extensive. It is the chief sponsor of major research and user facilities benefitting researchers in the life sciences, physics, chemistry, environmental sciences, mathematics, computer science, and engineering. Among these disciplines, the Office of Science possesses primary responsibility for research in fusion energy physics, nuclear physics, and high energy physics. Taken together, this research supports the DoE's responsibilities for energy security and defense.

While much of this work is conducted by scientists and researchers at our world-class national labs, university-based research is greatly enhanced by DoE Office of Science funds. Over one-fifth of its budget is directed to university research, with 49 States receiving funding. This funding plays a central role in supporting significant, long-term, peer-reviewed basic research. Such on-campus research helps attract motivated students to the physical sciences. By stimulating the curiosity of talented students, and giving them a chance to engage in quality scientific work, the Office of Science expands our knowledge base while training the next generation of scientists and engineers.

The University of Rochester's Laboratory for Laser Energetics shows the value that is posed by DoE's efforts to support on campus research be it through the DoE's Office of Science or other DoE programs. Since its founding in 1970, this lab has helped produce 161 Ph.D.'s. Currently 57 students are pursuing their doctorates while working at this facility. Additionally, the lab employs dozens of undergraduates and helps bring high school students to the facility each summer. By supporting nearly 2000 researchers at more than 250 universities and institutions in cutting edge research areas such as physics, nanotechnology, materials, genomics, and superconductivity, the Office of Science is able to help draw students to the sciences.

It is the creation of the next generation of scientists that will fuel our nation's economic development and staff our nation's critical DoE facilities. According to the DoE Inspector General the ''Department has been unable to recruit and retain critical scientific and technical staff in a manner sufficient to meet identified mission requirements. . . . [I]f this trend continues, the Department could face a shortage of nearly 40 percent in these classifications within five years.''

If we do not increase funding for the DoE's Office of Science: maintenance backlogs will increase even further at major DoE facilities, major construction initiatives will lapse and even fewer research grants will be funded. As a result, our Nation's leadership in overall science and technology will be threatened since the physical sciences provide much of the core knowledge and instrumentation that fuel advances in many other critical fields of knowledge.

Increasing funds for the DoE's Office of Science will support research in exciting fields such as: nanotechnology, high energy physics, genomics and supercomputing. By investing in the Office of Science, we can help scientists and engineers as they expand our knowledge of the universe and inform our interactions with it.

By Mr. BENNETT:

S. 916. A bill to establish the National Mormon Pioneer Heritage Area in the State of Utah, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. BENNETT. Madam President, I rise today to introduce the ''National Mormon Pioneer Heritage Area Act of 2003.''

The story behind and about the Mormon pioneers' 1400 mile trek from Illinois to the Great Salt Lake Valley is one of the most compelling and captivating in our Nation's history. This legislation would designate as a National Heritage Area an area that spans some 250 miles along Highway 89 and encompasses outstanding examples of historical, cultural, and natural resources that demonstrate the colonization of the western United States, and the experience and influence of the Mormon pioneers in furthering that colonization.

The landscape, architecture, artisan skills, and events along Highway 89 convey in a very real way the legacy of the Mormon pioneers' achievements. The community of Panquitch for example, has an annual Quilt Day celebration to commemorate the sacrifice and fortitude of its pioneers whose efforts saved the community from starvation in 1864. The celebration is in remembrance of the Quilt Walk, a walk in which a group of men from Panquitch used quilts to form a path that would bear their weight across the snow. This quilt walk enabled these men to cross over the mountains to procure food for their community, which was facing starvation as it experienced its first winter in Utah.

Another example of the tenacity of pioneers can be seen today at the Hole-in-the-Rock. Here, in 1880, a group of 250 people, 80 wagons, and 1000 head of cattle upon the Colorado River Gorge. Finding no pathways down to the river, the pioneers decided to use a narrow crevice leading down to the bottom of the gorge. To make the crevice big enough to accommodate wagons, the pioneers spent six weeks enlarging the crevice by hand, using hammers, chisels, and blasting powder. They then attached large ropes to the wagons as they began their descent down the steep incline. It is because of such tenacity and innovation on the part of pioneers that the western United States was shaped the way it was and much of that has contributed to the way of life and landscape still found in the West today.

The National Mormon Pioneer Heritage Area will serve as a special recognition of the people and places that have contributed greatly to our nation's development. It will allow for the conservation of historical and cultural resources, the establishment of interpretive exhibits, will increase public awareness of the surviving skills and crafts of those living along Highway 89, and specifically allows for the preservation of historic buildings. In light of the benefits associated with preserving the rich heritage of the founding of many of the communities along Highway 89, my legislation has broad support from Sanpete, Sevier, Piute, Garfield, and Kane counties and is a locally based, locally supported undertaking.

I believe this legislation will provide an exciting platform from which a significant part of our Nation's history can be highlighted. The Senate passed this legislation last year as part of a larger national heritage area package. While the overall package was not considered by the other body before the last Congress adjourned, I look forward to working with my colleagues in the Senate and the administration to pass this legislation during this session.

By Ms. MURKOWSKI:

S. 917. A bill to amend title 23, United States Code, to require the use of a certain minimum amount of funds for winter motorized access trails; to the Committee on Environment and Public Works.

Ms. MURKOWSKI. Madam President, I rise to introduce a bill with great significance for snowmachine and snowmobile advocates both in Alaska and nationwide.

As many of my colleagues know, the use of snowmobiles is growing as a form of recreation. There are an estimated 1.64 million snowmobiles currently in use. In my State of Alaska, and in other northern States, travel by snowmobile goes beyond recreation. In many areas it is a regular form of transportation when snow prevents

people from traveling any other way. Snowmobiles are used regularly to visit neighbors, to hunt for a family's food supply, to carry people who are sick or injured to a place they can receive care. In many parts of Alaska, snowmobiles are as common as cars.

Unfortunately, there is no existing program to provide for the proper marking of snowmobile trails, to maintain trails, or even to encourage safe use of these machines. The bill I am introducing today is intended to correct that situation.

First, my bill directs the Secretary of Transportation to establish a snowmobile education program. Second, the bill directs the Secretary, working with the snowmobile industry and others, to estimate the amount of fuel tax attributable to snowmobile use in each State, and provides that at least the same dollar amount be dedicated to the acquisition, design, planning, construction and maintenance of snowmobile trails.

At present, 30 percent of the Recreational Trails program funding is reserved for motorized uses, which may be combined with money for other uses, to establish multiple-use trails and associated facilities. However, although a portion of this funding comes from the tax paid for fuel used in snowmobiles, there is no guarantee that any of that money actually is used to benefit snowmobile activities.

My bill takes nothing away from any other part of the Recreational Trails program—it simply ensures that each State spends on snowmobiles what is collected from snowmobiles. That is simple fairness.

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

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

S. 917

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

SECTION 1. WINTER MOTORIZED ACCESS TRAILS.

Section 206 of title 23, United States Code, is amended—

(1) in subsection (a), by adding at the end the following:

''(3) SNOWMACHINE.—The term 'snow machine' means a motorized off-road vehicle intended to operate on snow, and which is propelled by means of a revolving track or tracks.''; and

(2) in subsection (d), by adding at the end the following:

''(5) WINTER MOTORIZED ACCESS TRAILS.—

''(A) USE OF FUNDS.—

''(i) DETERMINATION BY THE SECRETARY.—The Secretary shall annually estimate revenues to the Highway Trust Fund derived from fuel purchased in each State for use in snowmachines, using information submitted by—

''(I) the Department of Commerce;

''(II) the Department of the Treasury;

''(III) the International Snowmobile Manufacturers Association; and

''(IV) any other appropriate sources.

''(ii) USE OF FUNDS.—

''(I) IN GENERAL.—Of amounts made available to a State for motorized access under the recreational trails program, not less than the amount that is equal to the revenues derived from fuel purchased for use in the State by snowmachines, as estimated by the Secretary under clause (i), shall be used for activities that enhance winter motorized recreational trails, including—

''(aa) trails on Bureau of Land Management or National Forest land where such uses are not prohibited by law; and

''(bb) trails designed for diverse uses in other seasons.

''(II) ACTIVITIES.—A State may use funds under subclause (I) to—

''(aa) locate, survey, and map winter motorized-use or multiple-use trails;

''(bb) document or secure public rights-of-way for trails;

''(cc) reroute trails where necessary;

''(dd) design and construct new trail routes;

''(ee) link existing trail systems;

''(ff) build trailhead facilities;

''(gg) improve trails for safe travel and multiple uses;

''(hh) establish safety caches of first aid and emergency gear;

''(ii) sign and mark trails;

''(jj) purchase trail building and grooming equipment; and

''(kk) mobilize trail volunteers as maintenance crews, safety patrols, and trail ambassadors.

''(B) PUBLIC INFORMATION CAMPAIGNS.—

''(i) IN GENERAL.—Of the sums available to the Secretary for the administration of and research and technical assistance under the recreational trails program and for administration of the National Recreational Trails Advisory Committee, $50,000 shall be used for each fiscal year for public information campaigns educating the public about, and encouraging, the safe use of snowmachines.

''(ii) CONTENT.—In designing the content of public information campaigns under clause (i), the Secretary shall consult with—

''(I) representatives of snowmachine manufacturers and users; and

''(II) the Advertising Council.''.

By Mr. FEINGOLD (for himself, Mr. LEAHY, Mr. REID, Mr. HAGEL, Mr. JOHNSON, Mr. LIEBERMAN, Mr. SARBANES, Mr. DODD, Mr. KOHL, and Mr. JEFFORDS):

S. 918. A bill to require the Secretary of Defense to implement fully by September 30, 2004, requirements for additional Weapons of Mass Destruction Civil Support Teams; to the Committee on Armed Services.

Mr. FEINGOLD. Mr. President, the tragic events of September 11, 2001, and the ongoing military action in Iraq have changed the way that our country thinks about defense policy, including about how we protect our citizens here at home.

For that reason, it is vitally important that we fully implement section 1403 of Public Law 107–314, the Bob Stump National Authorization Act for Fiscal Year 2003, which requires the Secretary of Defense to establish an additional 23 Weapons of Mass Destruction Civil Support Teams, WMD–CSTs, and that at least one team be located in each State and territory of the United States.

WMD–CSTs are made up of 22 full-time National Guard personnel who are specially trained and equipped to deploy and assess suspected nuclear, chemical, biological, or other threats in support of local first responders. There are currently 32 full-time and 23 part-time WMD–CSTs across the country.

Chemical, biological, and other threats present new challenges to our military and to local responders. The WMD–CSTs play a vital role in assisting local first responders in investigating and combating these new threats. The September 11 terrorist attacks, and the terror alerts issued by the Department of Homeland Security, emphasize the need to have full-time WMD–CSTs in each State.

As the events of September 11 so clearly and tragically demonstrated, local first responders are on the front lines of combating terrorism and responding to other large-scale incidents. As we rethink the security needs of our country, we should support the creation of an additional 23 full-time WMD–CSTs as soon as possible. Establishing these additional full-time teams will improve the overall capability of Wisconsin and the other 18 States and 4 territories with part-time teams to prepare for and respond to potential threats to the future.

In light of the tragic events of September 11, the ongoing threat of terrorist activities, and the military action in Iraq, the presence of at least one WMD–CST in each State is all the more imperative.

The provisions included in last year's Defense authorization bill represent an important step forward in the effort to establish WMD–CSTs in each State and territory. My bill would build on this progress by including a deadline by which these teams have to be established and providing the resources necessary to staff, equip, train, and operate these teams.

The legislation that I introduce today, the Weapons of Mass Destruction Civil Support Team Implementation Act of 2003, would require the Secretary of Defense to fully implement section 1403 by September 30, 2004. The costs associated with setting up these new teams would be paid for by an across-the-board cut to the fiscal year 2004 procurement account.

I am pleased to be joined in this effort by the Senator from Vermont, Mr. LEAHY, the Senator from Nevada, Mr. REID, the Senator from Nebraska, Mr. HAGEL, the Senator from South Dakota, Mr. JOHNSON, the Senator from Connecticut, Mr. LIEBERMAN, the Senator from Maryland, Mr. SARBANES, the Senator from Connecticut, Mr. DODD, the Senior Senator from Wisconsin, Mr. KOHL, and the Senator from Vermont, Mr. JEFFORDS.

The terrorist attacks and the subsequent mobilization of tens of thousands of National Guardsmen and reservists, and the activation of hundreds of thousands of guardsmen and reservists for the military campaign in Iraq, also underscore the need to provide adequate resources for and to ensure full-time manning of the National Guard. As we

move to establish at least one 22-member WMD–CST in each State, we should also allocate the necessary resources to ensure adequate National Guard personnel end-strengths to provide for full-time manning and for the additional personnel necessary for these new teams.

For that reason, our bill would also authorize an additional 506 full-time National Guard positions to man these new teams.

Given the important role that the men and women of the National Guard play in our ongoing missions at home and abroad, we should ensure that the establishment of these important teams does not put at risk full-time manning in other vital areas of the National Guard's mission.

It is important that the additional WMD–CSTs are established as soon as possible.

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

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

S. 918

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Weapons of Mass Destruction Civil Support Teams Implementation Act of 2003''.

SEC. 2. FULL IMPLEMENTATION OF REQUIREMENTS FOR ADDITIONAL WEAPONS OF MASS DESTRUCTION CIVIL SUPPORT TEAMS.

(a) DEADLINE FOR FULL IMPLEMENTATION.—The Secretary of Defense shall fully implement the requirements regarding the establishment and number of Weapons of Mass Destruction Civil Support Teams under section 1403(a) of the Bob Stump National Defense Authorization Act for Fiscal Year 2003 (Public Law 107–314; 116 Stat. 2676; 10 U.S.C. 12310 note) not later than September 30, 2004.

(b) PERSONNEL.—In order to meet the requirement in subsection (a), the authorized end strengths for members of the National Guard serving on full-time National Guard duty as of September 30, 2004, shall be increased over the number of such members otherwise authorized by law by the number of such members as follows:

(1) For the Army National Guard of the United States, 414 members of the National Guard.

(2) For the Air National Guard of the United States, 92 members of the National Guard.

(c) FUNDING.—(1) From the aggregate amount authorized to be appropriated for procurement for the Armed Forces by title I of the National Defense Authorization Act for Fiscal Year 2004, there shall be available (and may be transferred to other authorizations of appropriations, as appropriate) such sums as the Secretary considers appropriate to meet the requirement in subsection (a) in accordance with this section.

(2) The Secretary shall allocate among the accounts for procurement for the Armed Forces for fiscal year 2004 the reduction in amounts available for such procurement under title I of that Act by reason of the availability of funds under paragraph (1) to meet the requirement in subsection (a).

By Mr. BURNS (for himself, Mr. ROCKEFELLER, Mr. DORGAN, Mr. CRAIG, Mr. BAUCUS, Mr. COLEMAN, and Mr. JOHNSON):

S. 919. A bill to amend title 49, United States Code, to enhance competition among and between rail carriers in order to ensure efficient rail service and reasonable rail rates, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. ROCKEFELLER, Mr. President, I am proud today to join a bipartisan and geographically diverse group of Senators to introduce the Railroad Competition Act of 2003. When enacted, the Railroad Competition Act will benefits rail shippers, retail shoppers, and, I believe, the railroad industry itself, by promoting real competition in the nation's freight rail transportation sector.

I am especially proud to be working on this issue alongside two of my colleagues, Senators DORGAN and BURNS, with whom I have shared this effort for many years. This is an issue I have been dealing with since my first days as Governor of West Virginia. I cosponsored similar bipartisan legislation during my first year as a United States Senator. Including today's introduction. I have sponsored legislation in six different Congresses going back to 1985 to try to instill competition in the freight rail market to invigorate an industry that is essential to the commerce of this Nation. This is the fourth straight Congress in which Senators BURNS and DORGAN have joined me to fight for fairness for shippers in our states and throughout the country.

I frequently say that I have worked on this for my entire Senate career, and with little discernible success. Still, I am not dissuaded from pursuing this legislation again because I know our cause is right. What this bill does is really very simple. We seek nothing more than a freight rail industry governed by the principles of capitalism—competition, service, fair prices, and the ability of sophisticated actors to conduct arms-length negotiations for these things. We also seek a return—not to the regulated industry that predates the Staggers Act—but to the competitive freight rail industry envisioned by the Congress that passed it.

If we are successful in this effort, it will mean a newly level playing field for shippers and railroads. It will mean goods being picked up on time and being delivered on time. It will mean products traveling short distances will not be priced per mile at a price that is almost usuriously higher than products traveling great distances. Shippers moving small amounts of product will not be unduly disadvantaged by railroads who answer to no person or governmental entity. What this bill will not do, is re-regulate the railroads.

The Railroad Competition Act will do the following: clarify that the STB shall promote effective competition among rail carriers, helping to maintain both reasonable freight rail rates and consistent and efficient rail service; create a system if ''final offer'' arbitration for matters before the STB; authorize the STB to remove so-called ''paper barriers'' in place for ten years or more that prevent short-line and regional railroads from providing improved service to shippers; remove the requirement for shippers to demonstrate ''Anti-Competitive Conduct'' on the part of railroads—retains statutory authority for STB to act in the ''public interest''; cap filing fees for STB rate cases at the level of Federal district courts, reducing filing fee from approximately $65,000; require railroads to quote rates to their customers; call for a Department of Transportation, DOT, study of rail competition; allow States to petition the STB for declarations of ''areas of inadequate rail competition,'' and creates applicable remedies; create position of Rail Customer Advocate at U.S. Department of Agriculture (USDA).

Perhaps the most striking aspect of the freight rail industry that the authors of the Staggers Act sought to create, and to which we hope to give new life with this bill, is really fairly mundane. Upon enactment of this legislation, shippers weighing their transportation options will be able to get railroads to do the most basic thing that occurs in business relationships—quote a price for the service requested. In other words, railroads will tell shippers how much it is going to cost to move a certain amount of product from Point A to Point B. Hardly remarkable, hardly earth-shattering, but that very simple, everyday aspect of business negotiations is so rare in the freight rail sector today that it is hardly ever seen.

How can this be? How can railroads get away with not telling their customers how much they are going to be charged for a service? Railroads can carry out this bizarre practice, as well as other amazingly anti-competitive business practices, because they are one of the last unfettered monopolies in our economy. The Staggers Act only partially deregulated our freight rail industry, and provided for a government entity to protect competition for shippers. That authority fell then to the now-defunct Interstate Commerce Commission, ICC, and the power should now be exercised by the Surface Transportation Board, STB. The ICC did not do a very good job of protecting competition, and the STB has fairly consistently chosen not to.

This has resulted in a freight rail market in which customers have no power. In real-world terms, this means that electricity produced from coal, and virtually everything you buy in the store—food, medicines, paper products, plastics, and anything made from any number of basic chemical products—is more expensive than it should be because railroads abuse their monopoly power to keep rail rates artificially high.

In fact, even back in the bad, old days of the ICC-regulated rail sector,

many railroads enjoyed ''natural'' monopolies over portions of their network. In most cases, this fact could usually be balanced by the number of railroads providing service. In the twenty-three years since Congress passed the Staggers Act, however, the previous number of Class I freight railroads—more than 40—has dwindled down to an all-powerful few. This has expanded a handful of scattered ''natural'' monopolies to basically four regional monopolies—two in the eastern United States, and two in the West (with the smallest of the Class I railroads operating its small network of track along the Mississippi). There is no balance in the system; there is only the railroad industry charging its take-it-or-leave-it prices and providing woefully bad service.

I would conclude by saying to my colleagues that this legislation has laudable goals, but it is not revolutionary. We have seen how competition in other industries has strengthened the players willing and able to compete. It is not the reactionary, re-regulatory vehicle the freight rail industry will try to tell you it is. It is nothing more and nothing less than an attempt to implement fairness where it has been lacking. The viability of so many of our industries—the railroads included—depends on this legislation becoming law.

Mr. DORGAN. Madam President, I rise today to speak about a bill, the Railroad Competition Act of 2003, which, along with Senators BURNS, ROCKEFELLER, CRAIG, BAUCUS, COLEMAN, and JOHNSON, I hope will introduce a bit of competition and better service in our railroad industry. The truth is that our rail system is completely broken; deregulation has only led to a system dominated by regional monopolies and both shippers and consumers are paying the price.

Since the supposed deregulation of the rail industry in 1980, the number of major Class I railroads has been allowed to decline from approximately 42 to only 4 major U.S. railroads today. Four mega-railroads overwhelmingly dominate railroad traffic, generating 95 percent of the gross ton-miles and 94 percent of the revenues, controlling 90 percent of all U.S. coal movement; 70 percent of all grain movement and 88 percent of all originated chemical movement. This drastic level of consolidation has left rail customers with only two major carriers operating in the East and two in the West, and has far exceeded the industry's need to minimize unit operating costs.

But consolidation has not happened in a vacuum. Over the years, regulators have systematically adopted policies that so narrowly interpret the procompetitive provisions of the 1980 statute that railroads are essentially protected from ever having to compete with each other. As a consequence rail users to have no power to choose among carriers either in terminal areas where switching infrastructure makes such choices feasible, nor can rail users even get a rate quoted to them over a ''bottleneck'' segment of the monopoly system.

The negative results of this approach have been astonishing in North Dakota. It costs $2,600 to move one rail car of wheat to Minneapolis, approximately 400 miles. Yet for a similar 400 mile move between Minneapolis and Chicago, it costs only $918 to deliver that car. Not only is that totally unfair to the captive farmer, but in the long run it is unsustainable.

It is actually $500 per car cheaper to ship a carload of corn from Iowa to the PNW, through North Dakota, than it is if that carload were to originate in North Dakota. The farmer in Iowa pays $2,900, while the farmer in North Dakota is charged $3,400.

The same pattern is true with shipments going to the Gulf of Mexico. Minot, ND is 1,732 miles from the gulf whereas the distance to the gulf from Herman, MN is 1,430 miles, a difference of only 332 miles. But when it comes to paying the shipping costs the farmer in Minot pays $1,630 more per car because Minot is just isolated enough that it cannot take advantage of trucks and barges the way Herman, MN, can meaning the price of being captive is $1,600 per carload from central North Dakota.

Another example is Hastings, NE. Hastings is 1,700 miles from the Pacific Northwest, PNW, grain markets in Portland, OR. But, if an elevator from Hastings wants to ship a carload of wheat to the PNW they will pay $4,316. Meanwhile, Minot, ND, is 1,300 miles from Portland, 450 miles closer than Hastings, NE, yet the farmer in Minot will have to pay $4,442 to ship the same carload of wheat to the PNW, a surcharge of $126 for a shipment that is shorter by 400 miles.

How has this happened? Since the deregulation of the railroad industry, it has been the responsibility of the Interstate Commerce Commission, later renamed, the Surface Transportation Board, to make sure that the pro-competitive intent of the law was being upheld. It is the STBs charge to protect captive shippers through ''regulated competition.''

In 1999 the GAO reported on how complicated it is for a shipper to get rate relief under the ''regulated competition'' approach at the STB. The GAO found that this process takes up to 500 days to decide, and costs hundreds of thousands of dollars. That is hardly a rate relief process, but it is the only relief shippers have under the law.

According to the North Dakota Public Service Commission ''while the Staggers Rail Act uses a revenue-to-variable cost ratio of 180 percent as a benchmark for reasonableness, North Dakota's rail rates on wheat often generate ratios of 270 to 400 percent. On an annual basis, North Dakota's farmers and grain shippers pay $50 to $100 million in excess freight rates [each year].''

The Railroad Competition Act of 2003 will seek to improve things by reaffirming the strong role the STB should play in protecting shippers by: clarifying national rail policy; requiring railroads to quote a rate of any given segment; facilitating terminal access and the ability to transfer goods among railroads in terminal areas; removing paper barriers to competition; capping filing fees; creating a Rail Customer Advocacy Office in the Department of Agriculture; designating Areas of Inadequate Rail Competition; and by making the rate relief process cheaper, faster and easier through a streamlined arbitration process.

All Americans, whether they are farmers who need to ship their crops to market, businesses shipping factory goods, or consumers that buy the finished product, deserve to have a rail transportation system with prices that are fair. It is time for Congress to stand up for farmers, businesses, and consumers by making it very clear that the STB has to be a more aggressive defender of competition and reasonable rates.

By Mr. HATCH:

S. 920. A bill to provide for the appointment of additional Federal circuit and district judges, and for other purposes; to the Committee on the Judiciary.

Mr. HATCH. Mr. President, it is my pleasure to introduce today the Federal Judgeship Act of 2003. This bill will alleviate some of the strain on the vastly overburdened Federal courts by creating a total of 57 new judgeships: Eleven new circuit judgeships and 46 new district judgeships. It also converts five existing temporary judgeships to permanent positions. In addition, the bill confers Article III status on the judgeships authorized for the Northern Mariana Islands and the Virgin Islands.

The Judicial Conference of the United States endorses the provisions in this bill. I hope that my colleagues will join me in supporting it.

By Mr. LAUTENBERG (for himself, Mrs. CLINTON, Mr. CORZINE, Mr. DASCHLE, Mr. LEAHY, Ms. MIKULSKI, Mr. SARBANES, and Mr. SCHUMER):

S. 921. A bill to authorize the Secretary of Homeland Security to make grants to reimburse State and local governments and Indian tribes for certain costs relating to the mobilization of Reserves who are first responder personnel of such governments or tribes; to the Committee on the Judiciary.

Mr. LAUTENBERG. Mr. President, I rise to introduce the ''State and Local Reservist First Responders Assistance Act of 2003.'' My bill would reimburse State and local governments for the additional costs they incur when their first responders who also serve in the National Guard or the Reserves are called to active duty for 6 or more months.

I am pleased to have as original cosponsors of my bill Senators CLINTON, CORZINE, DASCHLE, LEAHY, MIKULSKI, SARBANES, and SCHUMER.

The 1.2 million men and women who serve in the Guard and the Reserves are a crucial component of our military. They account for just 8.3 percent of the Defense budget but give us the capability, if necessary, or nearly doubling our Armed Forces personnel.

Not surprisingly, many police, fire, rescue, emergency medical service, and emergency hazardous material disposal personnel serve in the Guard and the Reserves. More and more of these men and women are being called to active duty for longer and longer tours, especially now because of the war with Iraq.

It's critical that we bolster our military capabilities here and abroad. But we must not do it at the expense of our safety and security at home.

Increasingly, I am hearing from State and local officials who are concerned about the toll that Guard and Reserve call-ups are taking on emergency preparedness.

It can be a major problem in smaller towns where just a few call-ups can decimate a local fire or police department. The Town of Ridgewood, for instance, had a patrolman called up who also headed the EMS, emergency medical services. It is costing the town $200,000 to replace him.

Because of the recession that began in March 2001 and the effects of 9–11, State and local governments are financially strapped. We shouldn't leave them ''holding the bag'' when their first responders get called to active duty for months at a time.

My bill would establish a grant program to be administered by the U.S. Department of Homeland Security, DHS. State and local units of government could apply for grants to cover the unanticipated costs associated with replacing a first responder called to active duty for 6 months or more.

Reimbursable costs could include the salary and benefits associated with hiring a temporary replacement or the overtime paid to other emergency personnel who ''fill in'' for the first responder called to active duty.

If a jurisdiction does not pay its reservist and uses the savings to hire a temporary replacement or pay others overtime, those ''costs'' would not be reimbursable. Only net additional costs would be reimbursable.

My bill will help communities in my home State of New Jersey and across the country maintain their ability to respond to terrorist attacks, natural disasters, and other emergencies.

A logical question to ask regarding my bill is, ''How much does it cost?'' The candid answer is, ''I don't know.''

The bill authorizes the appropriation of ''such sums as may be necessary.''

The stipulation in the bill that the first responders must be called to active duty for 6 or more consecutive months is meant to keep the costs of the bill under control and to ensure that the grant program is administratively feasible.

I have tried, so far unsuccessfully, to get a handle on how many first responders have been called to active duty, and for how long. It appears that no one is really keeping track.

The anecdotal evidence of the need for my bill, however, is overwhelming.

According to the Department of Defense, there are a total of 221,186 Reservists and National Guardsmen and women on active duty right now. Many of them, obviously, are first responders.

According to the Police Executive Research Forum, PERF, 452 of 1002 law enforcement agencies and departments across the country surveyed so far have lost personnel to call-ups.

The Democratic Leadership Council, DLC, has determined that 27 of the 44 police departments it has surveyed are experiencing personnel shortfalls caused, in part, by military call-ups.

Of the remaining 17 departments, 15 are in danger of being hurt by call-ups.

According to the DLC, ''About 5 percent of the officers in these departments are reservists or members of the National Guard—and many are already being called up for service in the wars against terrorism, Afghanistan, and Iraq. On average, the activation of only 30 percent of these reserves would cause a personnel shortage in these departments.''

The DLC report, entitled ''Cop Crunch'' and previewed in the March/April issue of Blueprint, lists the following ten jurisdictions as most vulnerable to military call-ups: 1. Fresno, which has about 100 reservists who make up 14.4 percent of the force; 2. Virginia Beach, which has 90 reservists who make up 12.1 percent of the force; 3. Milwaukee, which has 110 reservists who make up 8.2 percent of the force; 4. Miami, which has 86 reservists who make up 8.0 percent of the force; 5. Memphis, which has 143 reservists who make up 7.5 percent of the force; 6. San Antonio, which has 151 reservists who make up 7.4 percent of the force; 7. Los Angeles, which has 650 reservists who make up 7.3 percent of the force; 8. Oklahoma City, which has 70 reservists who make up 6.8 percent of the force; 9. Wichita, which has 41 reservists who make up 6.7 percent of the force; and 10. New Orleans, which has 109 reservists who make up 6.7 percent of the force.

The DLC report also highlighted Baltimore's police department. The City has lost the equivalent of an entire police district, 150 officers, to active duty call-ups.

So, the need for my bill is obvious. State and local governments desperately need our help. We shouldn't put our own communities, our own citizens, at risk to win the war with Iraq.

By Mr. REID (for himself, Mr. KENNEDY, Mr. DURBIN, Mr. BROWNBACK, Mr. COLEMAN, Mr. MCCAIN, Mr. SCHUMER, Mrs. BOXER, Mr. LEAHY, and Mr. HAGEL):

S. 922. A bill to change the requirements for naturalization through service in the Armed Forces of the United States, to extend naturalization benefits to members of the Selected Reserve of the Ready Reserve of a reserve component of the Armed Forces, to extend posthumous benefits to surviving spouses, children, and parents, and for other purposes; to the Committee on the Judiciary.

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

Mr. REID. Mr. President, I rise today for myself, Senator KENNEDY, Senator DURBIN, Senator BROWNBACK, Senator COLEMAN, Senator MCCAIN, Senator SCHUMER, Senator BOXER, Senator LEAHY, and Senator HAGEL to introduce this bill, the Naturalization and Family Protection for Military Members Act of 2003, which will expedite the naturalization process for noncitizen soldiers serving in active duty and in the select reserves and enact safeguards to protect noncitizen immediate relatives of American soldiers who are killed in action.

More than 48,900 noncitizens are currently serving in the United States military and hundreds are serving from the State of Nevada. They place their lives on the line for our country every day. In recognition and appreciation of their service, they deserve a naturalization process that does not unnecessarily delay the grant of citizenship or impose other restraints because they are stationed in another country.

These noncitizen soldiers love America so much they are willing to make great sacrifices to protect us and promote our values and even defend the Constitution—although they do not fully enjoy its protections. They deserve better treatment than they currently receive. Like many Americans, I was moved by the story of Corporal Jose Angel Garibay, who came to the United States from Mexico at the age of two months in the arms of a stranger because the trip was too rough for his mother to carry him through the hills near Tijuana herself. At the age of 11 he announced to his brother that he planned to join the United States military. Although a noncitizen, he believed anything was possible in this land of opportunity and hoped to become a police officer. The proudest day for the Garibay family was the day Jose joined the Marines. Sadly, on March 23, at the young age of 21, he died near Nasirivah, Iraq. Who can say that Corporal Garibay, citizen or not, is any less of a hero? Our noncitizen soldiers deserve a system that does not drop current applications or disallow eligible applications for legal permanent residency by their immediate relatives.

This Act will provide necessary relief to current noncitizens serving in active

duty and the ready reserves within the United States military by setting forth an expedited process of naturalization. This Act will also provide protections for noncitizen spouses, unmarried children, and parents of citizen and noncitizen soldiers who are killed as a result of their service to file or preserve their application for lawful permanent residence.

I rise today in support of action that will recognize and honor current noncitizen soldiers in the United States armed forces and will honor the legacy of all of our soldiers who have been killed in action by providing fair and sympathetic treatment of their immediate relatives seeking legal permanent residency.

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

S. 922

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Naturalization and Family Protection for Military Members Act of 2003''.

SEC. 2. REQUIREMENTS FOR NATURALIZATION THROUGH SERVICE IN THE ARMED FORCES OF THE UNITED STATES.

(a) REDUCTION OF PERIOD FOR REQUIRED SERVICE.—Section 328(a) of the Immigration and Nationality Act (8 U.S.C. 1439(a)) is amended by striking ''three years'' and inserting ''2 years''.

(b) PROHIBITION ON IMPOSITION OF FEES RELATING TO NATURALIZATION.—Title III of the Immigration and Nationality Act (8 U.S.C. 1401 et seq.) is amended—

(1) in section 328(b)—

(A) in paragraph (3)—

(i) by striking ''honorable. The'' and inserting ''honorable (the''; and

(ii) by striking ''discharge.'' and inserting ''discharge); and''; and

(B) by adding at the end the following:

''(4) notwithstanding any other provision of law, no fee shall be charged or collected from the applicant for filing a petition for naturalization or for the issuance of a certificate of naturalization upon citizenship being granted to the applicant, and no clerk of any State court shall charge or collect any fee for such services unless the laws of the State require such charge to be made, in which case nothing more than the portion of the fee required to be paid to the State shall be charged or collected.''; and

(2) in section 329(b)—

(A) in paragraph (2), by striking ''and'' at the end;

(B) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(4) notwithstanding any other provision of law, no fee shall be charged or collected from the applicant for filing a petition for naturalization or for the issuance of a certificate of naturalization upon citizenship being granted to the applicant, and no clerk of any State court shall charge or collect any fee for such services unless the laws of the State require such charge to be made, in which case nothing more than the portion of the fee required to be paid to the State shall be charged or collected.''.

(c) NATURALIZATION PROCEEDINGS OVERSEAS FOR MEMBERS OF THE ARMED FORCES.—Notwithstanding any other provision of law, the Secretary of Homeland Security, the Secretary of State, and the Secretary of Defense shall ensure that any applications, interviews, filings, oaths, ceremonies, or other proceedings under title III of the Immigration and Nationality Act (8 U.S.C. 1401 et seq.) relating to naturalization of members of the Armed Forces are available through United States embassies, consulates, and as practicable, United States military installations overseas.

(d) TECHNICAL AND CONFORMING AMENDMENT.—Section 328(b)(3) of the Immigration and Nationality Act (8 U.S.C. 1439(b)(3)) is amended by striking ''Attorney General'' and inserting ''Secretary of Homeland Security''.

SEC. 3. NATURALIZATION BENEFITS FOR MEMBERS OF THE SELECTED RESERVE OF THE READY RESERVE.

Section 329(a) of the Immigration and Nationality Act (8 U.S.C. 1440(a)) is amended by inserting ''as a member of the Selected Reserve of the Ready Reserve or'' after ''has served honorably''.

SEC. 4. EXTENSION OF POSTHUMOUS BENEFITS TO SURVIVING SPOUSES, CHILDREN, AND PARENTS.

(a) TREATMENT AS IMMEDIATE RELATIVES.—

(1) SPOUSES.—Notwithstanding the second sentence of section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)), in the case of an alien who was the spouse of a citizen of the United States at the time of the citizen's death and was not legally separated from the citizen at the time of the citizen's death, if the citizen served honorably in an active duty status in the military, air, or naval forces of the United States and died as a result of injury or disease incurred in or aggravated by that service, the alien (and each child of the alien) shall be considered, for purposes of section 201(b) of such Act, to remain an immediate relative after the date of the citizen's death, but only if the alien files a petition under section 204(a)(1)(A)(ii) of such Act within 2 years after such date and only until the date the alien remarries. For purposes of such section 204(a)(1)(A)(ii), an alien granted relief under the preceding sentence shall be considered an alien spouse described in the second sentence of section 201(b)(2)(A)(i) of such Act.

(2) CHILDREN.—

(A) IN GENERAL.—In the case of an alien who was the child of a citizen of the United States at the time of the citizen's death, if the citizen served honorably in an active duty status in the military, air, or naval forces of the United States and died as a result of injury or disease incurred in or aggravated by that service, the alien shall be considered, for purposes of section 201(b) of the Immigration and Nationality Act (8 U.S.C. 1151(b)), to remain an immediate relative after the date of the citizen's death (regardless of changes in age or marital status thereafter), but only if the alien files a petition under subparagraph (B) within 2 years after such date.

(B) PETITIONS.—An alien described in subparagraph (A) may file a petition with the Secretary of Homeland Security for classification of the alien under section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)). For purposes of such Act, such a petition shall be considered a petition filed under section 204(a)(1)(A) of such Act (8 U.S.C. 1154(a)(1)(A)).

(3) PARENTS.—

(A) IN GENERAL.—In the case of an alien who was the parent of a citizen of the United States at the time of the citizen's death, if the citizen served honorably in an active duty status in the military, air, or naval forces of the United States and died as a result of injury or disease incurred in or aggravated by that service, the alien shall be considered, for purposes of section 201(b) of the Immigration and Nationality Act (8 U.S.C. 1151(b)), to remain an immediate relative after the date of the citizen's death (regardless of changes in age or marital status thereafter), but only if the alien files a petition under subparagraph (B) within 2 years after such date.

(B) PETITIONS.—An alien described in subparagraph (A) may file a petition with the Secretary of Homeland Security for classification of the alien under section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)). For purposes of such Act, such a petition shall be considered a petition filed under section 204(a)(1)(A) of such Act (8 U.S.C. 1154(a)(1)(A)).

(C) EXCEPTION.—Notwithstanding section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)), for purposes of this paragraph, a citizen described in subparagraph (A) does not have to be 21 years of age for a parent to benefit under this paragraph.

(b) APPLICATIONS FOR ADJUSTMENT OF STATUS BY SURVIVING SPOUSES, CHILDREN, AND PARENTS.—

(1) IN GENERAL.—Notwithstanding subsections (a) and (c) of section 245 of the Immigration and Nationality Act (8 U.S.C. 1255), any alien who was the spouse, child, or parent of an alien described in paragraph (2), and who applied for adjustment of status prior to the death described in paragraph (2)(B), may have such application adjudicated as if such death had not occurred.

(2) ALIEN DESCRIBED.—An alien is described in this paragraph if the alien—

(A) served honorably in an active duty status in the military, air, or naval forces of the United States;

(B) died as a result of injury or disease incurred in or aggravated by that service; and

(C) was granted posthumous citizenship under section 329A of the Immigration and Nationality Act (8 U.S.C. 1440–1).

(c) SPOUSES AND CHILDREN OF LAWFUL PERMANENT RESIDENT ALIENS.—

(1) TREATMENT AS IMMEDIATE RELATIVES.—

(A) IN GENERAL.—A spouse or child of an alien described in paragraph (3) who is included in a petition for classification as a family-sponsored immigrant under section 203(a)(2) of the Immigration and Nationality Act (8 U.S.C. 1153(a)(2)) that was filed by such alien, shall be considered (if the spouse or child has not been admitted or approved for lawful permanent residence by such date) a valid petitioner for immediate relative status under section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)). Such spouse or child shall be eligible for deferred action, advance parole, and work authorization.

(B) PETITIONS.—An alien spouse or child described in subparagraph (A) may file a petition with the Secretary of Homeland Security for classification of the alien under section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)). For purposes of such Act, such a petition shall be considered a petition filed under section 204(a)(1)(A) of such Act (8 U.S.C. 1154(a)(1)(A)).

(2) SELF-PETITIONS.—Any spouse or child of an alien described in paragraph (3) who is not a beneficiary of a petition for classification as a family-sponsored immigrant may file a petition for such classification under section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)) with the Secretary of Homeland Security, but only if the spouse or child files a petition within 2 years after such date. Such spouse or child shall be eligible for deferred action, advance parole, and work authorization.

(3) ALIEN DESCRIBED.—An alien is described in this paragraph if the alien—

(A) served honorably in an active duty status in the military, air, or naval forces of the United States;

(B) died as a result of injury or disease incurred in or aggravated by that service; and

(C) was granted posthumous citizenship under section 329A of the Immigration and Nationality Act (8 U.S.C. 1440–1).

(d) PARENTS OF LAWFUL PERMANENT RESIDENT ALIENS.—

(1) SELF-PETITIONS.—Any parent of an alien described in paragraph (2) may file a petition for classification under section 201(b)(2)(A)(i) of the Immigration and Nationality Act (8 U.S.C. 1151(b)(2)(A)(i)), but only if the parent files a petition within 2 years after such date. For purposes of such Act, such petition shall be considered a petition filed under section 204(a)(1)(A) of such Act (8 U.S.C. 1154(a)(1)(A)). Such parent shall be eligible for deferred action, advance parole, and work authorization.

(2) ALIEN DESCRIBED.—An alien is described in this paragraph if the alien—

(A) served honorably in an active duty status in the military, air, or naval forces of the United States;

(B) died as a result of injury or disease incurred in or aggravated by that service; and

(C) was granted posthumous citizenship under section 329A of the Immigration and Nationality Act (8 U.S.C. 1440–1).

(e) ADJUSTMENT OF STATUS.—Notwithstanding subsections (a) and (c) of section 245 of the Immigration and Nationality Act (8 U.S.C. 1255), an alien physically present in the United States who is the beneficiary of a petition under paragraph (1), (2)(B), or (3)(B) of subsection (a), paragraph (1)(B) or (2) of subsection (c), or subsection (d)(1) of this section, may apply to the Secretary of Homeland Security for adjustment of status to that of an alien lawfully admitted for permanent residence.

(f) WAIVER OF CERTAIN GROUNDS OF INADMISSIBILITY.—In determining the admissibility of any alien accorded an immigration benefit under this section, the grounds for inadmissibility specified in paragraphs (4), (6), (7), and (9) of section 212(a) of the Immigration and Nationality Act (8 U.S.C. 1182(a)) shall not apply.

(g) BENEFITS TO SURVIVORS; TECHNICAL AMENDMENT.—Section 329A of the Immigration and Nationality Act (8 U.S.C. 1440–1) is amended—

(1) by striking subsection (e); and

(2) by striking ''Attorney General'' each place that term appears and inserting ''Secretary of Homeland Security''.

(h) TECHNICAL AND CONFORMING AMENDMENTS.—Section 319(d) of the Immigration and Nationality Act (8 U.S.C. 1430(d)) is amended—

(1) by inserting '', child, or parent'' after ''surviving spouse'';

(2) by inserting '', parent, or child'' after ''whose citizen spouse''; and

(3) by striking ''who was living'' and inserting ''who, in the case of a surviving spouse, was living''.

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect as if enacted on September 11, 2001.

Mr. KENNEDY. Mr. President, today, my colleagues and I are introducing legislation to recognize the enormous contributions of immigrants in the military. The Naturalization and Family Protection for Military Members Act of 2003 will enable immigrant men and women of our Armed Forces to obtain easier access to naturalization, and it will establish immigration protections for their families if they are killed in action.

In all our wars throughout our history, immigrants have fought side by side and have given their lives to defend America's freedom and ideals. One out of every five recipients of the Congressional Medal of Honor, the highest honor our Nation bestows on our war heroes, have been immigrants. Their bravery is unequivocal proof that immigrants are as dedicated as any other Americans to defend our country.

Today, 37,000 men and women have the status of permanent residents, who are not yet citizens, but are serving in the Army, Navy, Marine, Air Force, and Coast Guard. Another 20,000 permanent residents are serving in the Reserves and the National Guard. Since the war in Iraq began two and a half weeks ago, eight of the dead, two of the missing, and two prisoners of war are immigrants to the United States. Only four were naturalized U.S. citizens.

Granting these men and women posthumous citizenship is the right thing to do, but we must do more. This bill gives members of the armed services who are already lawful permanent residents, easier access to naturalization. It gives certain immigration benefits to their immediate family members in the event of their death. It would amend immigration laws: to allow lawful permanent resident military personnel to naturalize after serving 2 years in the military. They can participate in naturalization interviews and oath ceremonies abroad at U.S. embassies, consulates, and overseas military installations. Naturalization fees would be waived.

Recruiting needs are immediate in wartime and readiness is essential. As the war in Iraq goes on and our commitment to ending global terrorism continues, more and more of these brave men and women are being called to active duty. Many of them are members of the Selected Reserve—Reserve and National Guard members subject to recall to active duty during a war or other national emergency. Many reservists have already been activated, and many more expect to be called up at a moment's notice to defend our country and assist in the war effort. They too deserve special recognition for their bravery and sacrifice. Our bill does just that. Lawful permanent residents who are members of the Selected Reserve will have naturalization benefits similar to those conferred on members of the regular forces on duty. They will have expedited naturalization during times of war or hostile military operations.

Finally, our bill will protect the immigration status of immediate family members who were dependent upon their citizen or noncitizen's relative, if the relative was honorably serving in the military and was killed as a result of the service. We know the tragic losses endured by these families for the sacrifices their sons and daughters have made. It is unfair that they should have to lose their immigration status as well.

Our legislation will amend the immigration laws to ensure that grieving immediate family members are given the opportunity to legalize their immigration status and not be threatened with deportation. Specifically, these family members—noncitizen spouses, children, parents of citizens and parents of noncitizens serving in the military who are killed as a result of their service—will be able to file or preserve their application for lawful permanent residence.

The Naturalization and Family Protection for Military Members Act is a tribute to the sacrifices that these future Americans are already making now for their adopted country. They deserve this important benefit, and we urge the Senate to approve it.

Mr. DURBIN. Mr. President, the American people are united in support of our service members, many of whom are serving today in Iraq, Afghanistan, and elsewhere abroad. We have the finest Armed Forces in the world, and we have asked them to bear a heavy burden. The Senate has justly expressed our support for the troops, but we have an obligation to do more than just pass resolutions. We have to back up our words with actions.

That is why I recently introduced an amendment, which the Senate unanimously approved, to raise combat pay and increase family support for our service members. That is why I joined several of my distinguished colleagues today in introducing a bill that would help immigrant soldiers and their families. The Naturalization and Family Protection for Military Members Act of 2003 would expedite naturalization for legal permanent residents in the military and preserve the rights of noncitizen family members of deceased service members.

There are over 37,000 legal permanent residents on active duty and over 20,000 on reserve duty. These brave men and women have willingly put themselves in harm's way to defend our country. They are living proof that immigration is good for our country.

On the battlefield, there is no distinction between American citizens and noncitizens—everyone is an American service member sworn to defend our Nation. We owe a debt of gratitude to all service members, whether citizen or noncitizen, who have put their lives on the line to keep us all safe and free.

But legal resident service members, who have voluntarily taken on a burden that many Americans will never know, face unnecessary hurdles on the path to citizenship. Even more tragically, if, God forbid, they are killed in combat, the law can prevent their immediate family members from naturalizing. This is a cruel and unjust manner in which to treat the families of legal immigrants who gave their lives for our country.

The sacrifices of these immigrant service members are a poignant reminder that too often our immigration law treats immigrants callously and unfairly, ignoring the tremendous contributions that they make to American society. While preserving the integrity of our naturalization process, we should do everything we can to correct legal technicalities that make it difficult for immigrant soldiers to become citizens and prevent their surviving family member from naturalizing.

It is important to note that this bill would not in any way compromise the naturalization process or national security. It would not automatically confer citizenship. Service members and their families would still be required to petition for naturalization, at which time they would be subjected to a full background check.

For legal permanent residents in military service, the bill would reduce the required period of military service to apply for naturalization during peacetime from 3 years to 2 years. The bill would also allow them to naturalize overseas, and waive the filing fee for their naturalization applications. For service members who are posted overseas for long periods and are struggling to make ends meet, these provisions are vitally important.

Currently, immediate family members of service members who are killed in the line of duty lose their right to file for citizenship. It is wrong and unjust to penalize people because their spouse, parent, or child made the ultimate sacrifice for our country. The bill would preserve the rights to petition for citizenship of noncitizen spouses, unmarried children, and parents of citizen soldiers who are killed as a result of such service.

Passing this bill is the least that we can do to honor and support the brave immigrant men and women who are serving our country during these dangerous times. I urge the Senate to approve it.

Mr. BROWNBACK. Mr. President, I am pleased to join Senator KENNEDY today in introducing legislation to honor the contributions of immigrants who have shown their dedication both to this country and to creating a better future for themselves by joining the military. The Naturalization and Family Protection for Military Members Act of 2003 will do two important things: it will offer easier access to naturalization for immigrant men and women of our Armed Forces, and it will establish immigration protections for their families if they are killed in action.

In this time of war, it is especially important to recognize those who are fighting as we speak to preserve our freedom and our way of life. This is particularly true for those immigrants who have too often given their lives to defend our principles. In fact, after just 2½ weeks of our current conflict, of the 71 U.S. service members killed, seven missing and seven captured, eight of those killed, two of the missing, and two of the captured are immigrants. Most important, only four of the immigrants were U.S. citizens when the war began.

There are more than 30,000 noncitizens on active duty in the U.S. military—approximately 2 percent of the total U.S. forces. In the Reserves and the National guard are another 20,000 noncitizens. These immigrants have proven a dedication to our country by joining the military or the Reserves or National Guard, a dedication which should be recognized and rewarded.

The bill we are introducing will do that. First, it provides easier access to naturalization to members of the armed service who are already lawful permanent residents. Currently, being a member of the armed service allows a permanent legal resident to reduce their wait time for naturalization from 5 years to 3 years—our legislation would reduce the time to only 2 years. It would also ease this process by allowing naturalization interviews and oath ceremonies abroad at U.S. embassies, consulates, and overseas military installations, and by waiving naturalization fees.

In addition, the bill provides for the immediate families of immigrant service personnel killed in action by either giving them the opportunity to legalize their immigration status or by allowing them to proceed with their own applications for naturalization as if the death had not happened. By protecting their immigration status, this element provides critical acknowledgment of the sacrifices that the families of our military members make as well.

Finally, the bill also remembers those courageous men and women who ensure that in times of war or hostility, our country is ready and our recruiting needs are met. While we have seen success in Iraq in recent days, this war is not yet over—in fact, we have truly only reached the beginning of the end, not the end. As such, we must keep in mind that more and more Reserve and National Guard units are being called to active duty. Therefore, we have not forgotten the bravery of those who have immigrated and filled our ranks. Our legislation says that naturalization benefits similar to those conferred on members of the regular forces on duty will also apply to lawful permanent residents who are members of the Reserves or National Guard. In other words, they will have expedited naturalization during times of war or hostile military operations.

This Nation has long reserved the Congressional Medal of Honor for those select war heroes of unsurpassed courage. It is our highest honor and our greatest praise—and one out of every five recipients of this honor have been immigrants. This accounting of the bravery and spirit of the immigrants in our Armed Forces speaks to the fact that they are as dedicated and as willing to sacrifice on our Nation's behalf.

The Naturalization and Family Protection for Military Members Act is an important piece of legislation that both honors and rewards immigrants to this Nation. They are already legal permanent residents—this simply ensures that they have the opportunity to truly become a part of this country through citizenship. I urge the Senate to give its full consideration to this bill and to lend its support.

By Mr. KENNEDY (for himself, Mr. SMITH, Mr. DASCHLE, Mrs. CLINTON, Mr. REED, Mr. DURBIN, Mr. SARBANES, Mr. BINGAMAN, Mr. ROCKEFELLER, Mr. DODD, Mr. LEVIN, Mrs. MURRAY, Mr. HARKIN, Ms. MIKULSKI, Ms. CANTWELL, and Mr. SCHUMER):

S. 923. A bill to provide for additional weeks of temporary extended unemployment compensation, to provide for a program of temporary enhanced regular unemployment compensation, and for other purposes; to the Committee on Finance.

Mr. KENNEDY. The economy continues to falter. Hundreds of thousands of hard-working men and women have lost their jobs, and consumer confidence is the lowest in 9 years. Americans are suffering. College graduates can't find jobs. Americans who have worked all their lives are out of work. Their unemployment benefits are running out. They are losing their savings, and watching their 401(k) plans plummet. They are being forced to take desperate measures—selling their homes, moving back in with their parents, or cashing in their retirement savings.

Our first domestic priority should be to get America back to work. Democrats have a plan to do just that. The Senate Democratic proposal for economic growth will create more than 1 million jobs next year, three times as many as President Bush's plan. It will provide fiscal relief to states to avoid further lay-offs and make vital investments in the economy to achieve growth.

But out-of-work Americans also need help and they need it now. The Economic Security Act I am introducing today will extend temporary Federal unemployment benefits for 6 months past the May expiration date. It will provide additional weeks of benefits as in past recessions and provide extended benefits to the more than 1 million Americans who have run out of benefits but still cannot find work. It will also give states the option to use Federal funds to extend coverage to part-time workers and low-wage workers. This bill will help more than 4 million workers, including 150,000 in Massachusetts.

The unemployment rate remains high at 5.8 percent, with 8.4 million Americans out of work, and those numbers don't include discouraged workers, who have dropped out of the labor force, or those working part-time because they can't find a full-time job. When these workers are included, the true unemployment rate is 10.4 percent.

Over the last two months, the economy has lost nearly half a million jobs. More than 330,000 jobs have been lost in Massachusetts, including 20,000 in Boston and 23,000 in Worcester. Such severe, persistent loss of jobs 2 years after the beginning of a recession is unheard of since the Great Depression.

Richard Wilcox of Canton, MA has taken to standing on a street corner holding up a sign that says ''I need a job . . . 36 years experience: Insurance/ Management.'' Thirty-six years of experience, and he has had only two interviews after a year of sending out hundreds of resumes.

Mr. Wilcox is not alone. The crisis in our labor market has continued to worsen under the current administration's watch. Two and a half million more Americans have lost their jobs since the Bush administration took office, and the number of long-term unemployed has nearly tripled.

The economy is still not showing clear signs of recovery, and the number of unemployed continues to grow. The administration's own budget predicts an average of 5.7 percent unemployment for this year. The Congressional Budget Office estimates that it will be 5.9 percent.

In this bleak condition, unemployed workers deserve to be able to count on a further extension of benefits when the current one expires at the end of May. In the last recession, we enacted an extension of benefits five times with overwhelming bipartisan support. Now as then, out-of-work Americans need our help.

In the last recession we also made sure that workers who ran out of Federal benefits but still could not find work were not left in the cold. Today, one in five unemployed workers has been out of work for more than 6 months. One million of these long-term unemployed are without jobs and without any safety net. With three unemployed workers vying for every job, workers across the county are losing hope.

The current unemployment insurance system clearly needs to be modernized to cover today's workers. Two glaring defects stand out. In 1975, 75 percent of unemployed workers were eligible for unemployment benefits, compared to only half of such workers last year. Many of the unemployed who fail to receive benefits are part-time and low-wage workers. Only eight States provide benefits to unemployed residents seeking part-time work on the same basis as the benefits they provide to full-time workers. In addition, in all but a handful of States, low-wage workers are ineligible for benefits because their most recent earnings are not counted. Part-time and low-wage workers pay into the system, and they should be able to rely on it while searching for a new job.

We must pass another extension of unemployment benefits before the current one expires at the end of May. We must not allow a repeat of last year, when Democrats asked eight times for an extension and eight times were told no. Ultimately, we were able to work on a bipartisan basis to provide benefits for out-of-work Americans, and I hope we can do so again this time. I look forward to working with my colleagues to see that Americans here at home who've been hit by these troubled economic times receive the support they need and deserve.

Mr. SARBANES. Mr. President, I rise today in support of The Unemployment Benefits Extension Act of which I am a proud cosponsor. The purpose of this bill is to extend the Temporary Extended Unemployment Compensation, TEUC, program, for an additional 6 months through the end of November. Currently, extended umeployment insurance benefits are scheduled to expire at the end of May. Beginning June first, individuals whose regular unemployment benefits expire will no longer be eligible for extended benefits.

Extending the existing unemployment insurance benefits program for an additional 6 months is estimated to provide assistance to between 2 to 2.5 million working Americans who have lost their jobs through no fault of their own. This legislation also provides an additional 13 weeks of benefits to unemployed workers who have already exhausted their extended benefits prior to enactment and remain unable to find work. The bill also provides tempory Federal funding, through July 2004, for States to implement alternative base periods, which could a worker's most recent wages when determining eligibility, and to allow displaced part-income workers to seek part-time employment while receiving unemployment insurance workers. Improving the unemployment insurance system for part-time workers is important. A recent op-ed in the Baltimore Sun makes the point that:

> The old rationale for excluding part-time workers from unemployment insurance eligibility was that part-time workers were not working to support their families. But this is not true today.

I am convinced that we are going to still be in very difficult shape when the current extension of unemployment insurance benefits expires at the end of May. There is little chance that the labor market will significantly improve for unemployed workers between now and then. There is growing evidence that the labor market is still in fact deteriorating. The Federal Open Markets Committee's most recent statement on interest rates concluded that, ''recent labor market indicators have proven disappointing.''

That is an understatement. Last month the economy lost 108,000 jobs in addition to losing 357,000 jobs in February. There are 1.8 million workers who have been out of work for more than 26 weeks and are looking for work but cannot find a job. The unemployment rate at 5.8 percent is higher today than when extended benefits were first enacted in March, 2002. Over 3.48 million Americans are currently drawing unemployment benefits. We have lost 2.6 million private sector jobs since President Bush took office. No President in over 50 years has failed to create jobs during a 4-year term in office, let alone lose jobs during an administration. But it would take private sector job creation of over 100,000 per month, every month, for the next 2 years, in order for the economy to dig out of the jobs deficit created during this administration.

Yet instead of abandoning the economic policies which have failed, the administration continues to pursue the same fundamental policy—large tax cuts which primarily benefit the wealthiest Americans. The administration, whose budget contained nothing to further extend the unemployment benefits program, remains out of touch with today's economic realities. Over 8.5 million Americans are unemployed and looking for work but cannot find a job because there are no jobs to be had. In situations like this the Congress has always provided extended unemployment benefits. In the last recession these benefits were provided for 29 months. During the recession before that, they lasted for 33 months. In both of those recessions extended benefits were discontinued only after a pronounced strengthening in the labor market.

Today these benefits are set to expire after only 15 months, well before the labor market has improved. If this happens it will mark not only a departure from prudent fiscal policy that has been implemented in a bipartisan fashion in the past but will also harm economic growth and hurt millions of Americans. Extended unemployment insurance benefits, already enacted by the Congress, have assisted 4.7 million workers and provided $12 billion of stimulus into the economy. Federal Reserve Chairman Greenspan has testified that, ''extended unemployment insurance provided a timely boost to disposable income.''

This legislation also allows for all Americans who qualify to receive an additional 13 weeks of benefits. This would include the 1 million workers who have already exhausted their extended benefits. These workers need help. They want to find work but cannot find a job because there are simply no jobs to be had.

I know that some of my colleagues oppose providing extended benefits for more than 13 weeks to anyone. I have a differing viewpoint. I point out that at this stage of the last recession, a minimum of 20 weeks of additional Federal benefits were provided for all Americans in every State. In the previous recession and jobless recovery extended unemployment insurance benefits lasted for 29 months and for much of that time provided benefits for 26 to 33 weeks. In this recession and jobless recovery, benefits are scheduled to expire only after 15 months and have provided only 13 weeks of extended benefits to the vast majority of Americans.

Under normal circumstances with a growing labor market there is a case to be made that providing too long of a duration of unemployment insurance benefits would be harmful. However, in times when the labor market is weak and the job base is shrinking, the situation is very different. Even Fed Chairman Greenspan acknowledged this in testimony before the Joint Economic Committee, stating: "in periods like this [a shrinking labor market], that the economic restraints on the unemployment insurance system almost surely ought to be eased." Unfortunately, many are forecasting continued weaknesses in the labor market.

Today's Washington Post reports that the International Monetary Fund is forecasting economic growth of only 2.2 percent for the United States in 2003, which the IMF's chief economist, Kenneth Rogoff noted is "not yet enough to make a meaningful dent in unemployment." The article goes on to state that: "the jobless rate stood last month at 5.8 percent, and the IMF projected that it will average 6.2 percent this year." Considering the weak labor market that we face today and the troubling forecasts for the remainder of the year, it appears to me that we most certainly are in such a period as described by Chairman Greenspan and that the restraints on the unemployment insurance system ought to be eased. This legislation accomplishes this goal in a fiscally responsible manner with an estimated cost of $16 billion, which is below the unemployment insurance trust funds current surplus of $20 billion.

Last year this issue was not properly dealt with, and as a result millions of Americans suffered through the holiday season believing that their benefits were going to expire. Yet when Congress reconvened, extended benefits were retroactively restored, 11 days after they had expired. Let's not put these people through this again. I urge my colleagues to support this legislation and to work expeditiously and prudently to enact it before the current program expires, less than 8 weeks from today.

By Ms. MURKOWSKI:

S. 924. A bill to authorize the exchange of lands between an Alaska Native Village Corporation and the Department of the Interior, and for other purposes; to the Committee on Energy and Natural Resources.

Ms. MURKOWSKI. Mr. President, I come to the floor today to speak about a small community in the southwestern part of my State of Alaska.

Newtok, a Village with about 300 Yupik Alaska Native residents, is located in the Yukon-Kuskokwim Delta near the Ninglick River. Erosion from the Ninglick is slowly threatening Newtok, and the Village will be under water in less than a decade and the Village airstrip in less time. Once the Village airstrip—Newtok's only connection with the outside world—is flooded, the Village will not be able to survive.

The Village is surrounded by land owned by the Federal Government in the Yukon Delta Wildlife Refuge. In 1997 the Newtok Native Corporation attempted to exchange land on higher ground with the Fish and Wildlife Service, administratively, but these negotiations failed. Therefore, action by Congress is required to ensure the future of Newtok and its residents.

Today I am introducing legislation to begin the process of moving Newtok to a location that is not threatened by erosion or flooding. The Newtok Native Corporation has identified a 10,943 acre tract of land on Nelson Island for the location of the new Village. Newtok Native Corporation is willing to accept this land in the Yukon Delta Wildlife Refuge from the Fish and Wildlife Service in exchange for a 996 acre piece of land on Baird Inlet Island and another 11,105 acre plot northeast of the present location of Newtok.

The Fish and Wildlife Service desires the Newtok owned land for ecological reasons and Newtok needs the Federal land because of its geology that keeps it safe from erosion. Both parties win in this exchange; the Federal Government improves the Yukon Delta Wildlife Refuge for the benefit of the American people, and villagers of Newtok have the opportunity to move to a safe location and see that their culture and community endure.

Newtok needs to be moved before it is too late, and my bill is an important first step in the process of protecting this community.

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

S. 924

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

SECTION 1. FINDINGS.

Congress finds that:

(1) The continued existence of the village of Newtok, Alaska is threatened by the eroding banks of the Ninglick River.

(2) A relocation of the village will become necessary for the health and safety of the residents of Newtok within the next 8 years.

(3) Lands previously conveyed to the Newtok Native Corporation contain habitat of high value for waterfowl.

(4) An opportunity exists for an exchange of lands between the Newtok Native Corporation and the Yukon Delta National Wildlife Refuge that would address the relocation needs of the village while enhancing the quality of waterfowl habitat within the boundaries of the Refuge.

(5) An exchange of lands between Newtok and the United States on an other than equal value basis pursuant to the terms of this Act is in the public interest.

SEC. 2. DEFINITIONS.

For the purposes of this Act, the term—

(1) "ANCSA" means the Alaska Native Claims Settlement Act of 1971 (43 U.S.C. 1601 et seq.);

(2) "ANILCA" means the Alaska National Interest Lands Conservation Act of 1980 (16 USC 410hh–3233, 43 USC 1602 et seq.);

(3) "Calista" means the Calista Corporation, an Alaska Native Regional Corporation established pursuant to ANCSA;

(4) "Identified Lands" means approximately 10,943 acres of lands (including surface and subsurface) designated as "Proposed Village Site" upon a map entitled "Proposed Newtok Exchange," dated September, 2002, and available for inspection in the Anchorage office of the United States Fish and Wildlife Service;

(5) "limited warranty deed" means a warranty deed which is, with respect to its warranties, limited to that portion of the chain of title from the moment of conveyance from the United States to Newtok to and including the moment at which such title is validly reconveyed to the United States of America and its assigns;

(6) "Newtok" means the Newtok Native Corporation, an Alaska Native Village Corporation established pursuant to ANCSA;

(7) "Newtok lands" means approximately 12,101 acres of surface estate comprising conveyed lands and selected lands identified as Aknerkochik on the map referred to in paragraph (4) and that surface estate selected by Newtok on Baird Inlet Island as shown on said map; and

(8) "Secretary" means the Secretary of the Interior.

SEC. 3. LANDS TO BE EXCHANGED.

(a) LANDS EXCHANGED TO THE UNITED STATES.—If, within 180 days after the date of enactment of this Act, Newtok expresses to the Secretary in writing its intent to enter into a land exchange with the United States, the Secretary shall accept from Newtok a valid, unencumbered conveyance, by limited warranty deed, of the Newtok lands previously conveyed to Newtok. The Secretary shall also accept from Newtok a relinquishment of irrevocable prioritized selections for approximately 4,956 acres for those validly selected lands not yet conveyed to Newtok. The reconveyance of lands by Newtok to the United States and the prioritized, relinquished selections shall be 1.1 times the number of acres conveyed to Newtok under this Act. The number of acres reconveyed to the United States and the prioritized, relinquished selections shall be charged to the entitlement of Newtok.

(b) LANDS EXCHANGED TO NEWTOK.—In exchange for the Newtok lands conveyed and selections relinquished under subsection (a), the Secretary shall, subject to valid existing rights and notwithstanding section 14(f) of ANCSA, convey to Newtok the surface and subsurface estate of the Identified Lands. The conveyance shall be by interim conveyance. Subsequent to the interim conveyance, the Secretary shall survey the Identified Lands at no cost to Newtok and issue a patent to the Identified Lands subject to the provisions of ANCSA and this Act. At the time of survey the charge against Newtok's entitlement for acres conveyed or irrevocable priorities relinquished by Newtok may be adjusted to conform to the standard of 1.1 acres relinquished by Newtok for each one acre received.

SEC. 4. CONVEYANCE.

(a) TIMING.—The Secretary shall issue interim conveyances pursuant to subsection 3(b) at the earliest possible time after acceptance of the Newtok conveyance and relinquishment of selections under subsection 3(a).

(b) RELATIONSHIP TO ANCSA.—Lands conveyed to Newtok under this Act shall be deemed to have been conveyed under the provisions of ANCSA, except that the provisions of 14(c) of ANCSA shall not apply to these lands, and to the extent that section 22(g) of ANCSA would otherwise be applicable to these lands, the provisions of 22(g) of ANCSA shall also not apply to these lands. Consistent with section 103(c) of ANILCA, these lands shall not be deemed to be included as a portion of the Yukon National Wildlife Refuge and shall not be subject to regulations applicable solely to public lands within this Conservation System Unit.

(c) EFFECT ON ENTITLEMENT.—Nothing in this Act shall be construed to change the total acreage of land to which Newtok is entitled under ANCSA.

(d) EFFECT ON NEWTOK LANDS.—The Newtok Lands shall be included in the Yukon Delta National Wildlife Refuge as of the date of acceptance of the conveyance of those lands from Newtok, except that residents of the Village of Newtok, Alaska, shall retain access rights to subsistence resources on those public lands as guaranteed under ANILCA section 811 (16 U.S.C. 3121), and to subsistence uses, such as traditional subsistence fishing, hunting and gathering, consistent with ANILCA section 803 (16 U.S.C. 3113).

(e) ADJUSTMENT TO CALISTA CORPORATION ANCSA ENTITLEMENT FOR RELINQUISHED NEWTOK SELECTIONS.—To the extent that Calista subsurface rights are affected by this Act, Calista shall be entitled to an equivalent acreage of in-lieu subsurface entitlement for the Newtok selections relinquished in the exchange as set forth in subsection 3(a) of this Act. This additional entitlement shall come from subsurface lands already selected by Calista, but which have not been conveyed. If Calista does not have sufficient subsurface selections to accommodate this additional entitlement, Calista Corporation is hereby authorized to make an additional in lieu selection for the deficient acreage.

(f) ADJUSTMENT TO EXCHANGE.—If requested by Newtok, the Secretary is authorized to consider and make adjustments to the original exchange to meet the purposes of this Act, subject to all the same terms and conditions of this Act.

By Mr. SARBANES (for himself and Ms. MIKULSKI):

S.J. Res. 12. A joint resolution recognizing the Dr. Samuel D. Harris National Museum of Dentistry located at 31 South Greene Street in Baltimore, Maryland, as the official national museum of dentistry in the United States; to the Committee on Rules and Administration.

Mr. SARBANES. Mr. President, today I am introducing legislation, together with Senator MIKULSKI, to recognize the Dr. Samuel D. Harris National Museum of Dentistry, in Baltimore, as the official national museum of dentistry in the United States.

The principal purpose of this legislation is to help educate the public about the critical importance of oral health to the overall health of all Americans. Three years ago, United States Surgeon General David Satcher issued a comprehensive report entitled ''Oral Health in America,'' which identified the problem of dental and oral disease as a ''silent epidemic'' facing the country. The report found that tooth decay is the most common chronic childhood disease, which often interferes with vital functions such as eating, swallowing, and speech. Children around the country miss an estimated 51 million hours of school each year due to dental illness. Despite Federal law mandating that children eligible for Medicaid be given access to dental services, fewer than one in five of these children actually receive dental care. In addition, close to one in four Americans between the ages of 65 and 74 were found to suffer from periodontal disease, and over 8,000 men and women die from oral and pharyngeal cancers each year.

The report called for the development of a National Oral Health Plan, and recommended that actions be taken to ''change perceptions regarding oral health and disease so that oral health becomes an accepted component of general health.'' By designating an official national museum and learning center dedicated to dentistry, this legislation takes an important step toward the achievement of this goal.

The Dr. Samuel D. Harris National museum of Dentistry is the largest and most comprehensive museum of dentistry in this country, and, indeed, the world. An affiliate of the Smithsonian Institution, the Museum sits on the grounds of the Baltimore College of Dental Surgery, founded in 1840 as the world's first dental college. Many of the museum's permanent exhibits come directly from the College's vast historical collections. Housed in a building that served as the University of Maryland Dental Department from 1904 to 1929, the Museum is located directly adjacent to historic Davidge Hall, the Western Hemisphere's oldest medical building in continuous use.

In 1992, a retired pediatric dentist, Dr. Samuel D. Harris of Detroit, contributed $1 million of his personal funds toward the development of the Museum. He has since made further considerable gifts to the Museum's endowment, reaffirming his belief that education is the hallmark of preventive oral care. The Museum's name honors both his generosity and his mission.

With over 7,000 square feet of exhibit space, the Museum showcases the people, objects, and events that created and defined the dental profession, including one of George Washington's famed ivory dentures. The Museum's vast archives also act as an important resource for research and serious academic study of dentistry's past, with a unique collection of historical dental journals and other one-of-a-kind documents. Included in these collections are the first known dental degree and dental license.

While its informative presentation of dentistry's history constitutes an important part of the Museum's exhibitions, its mission extends much further, with the ultimate goal of educating the public about the critical importance of oral health. The Museum's interactive exhibits make it particularly effective in this regard, and over 26,000 students have benefited from the Museum's vigorous educational programs since its opening in 1996.

By designating the Samuel D. Harris National Museum of Dentistry as the official national museum of dentistry, we will not only recognize the critical role that dentists and oral health professionals have played in the history of our Nation's health care system, but enhance awareness and understanding of the importance of dentistry to public health.

The Samuel D. Harris National Museum of Dentistry has been endorsed by the American Dental Association, the American Association of Dental Schools, Oral Health America, the Pierre Fauchard Academy, the American College of Dentists, the International College of Dentists, and the American Academy of the History of Dentistry. I ask unanimous consent that the text of a letter from the American Dental Association in support of this legislation be printed in the RECORD.

I urge my colleagues to support this legislation.

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

AMERICAN DENTAL ASSOCIATION
Washington, DC, March 12, 2003.

Hon. PAUL SARBANES,
U.S. Senate, Washington, DC.

DEAR SENATOR SARBANES: On behalf of the 147,000 members of the American Dental Association, we write to express our strong support for your resolution to recognize the Dr. Samuel D. Harris National Museum of Dentistry, located in Baltimore, Maryland, as the official national museum of dentistry in the United States.

As the most comprehensive dental museum in the world, it is a national and international resource whose primary mission is to educate people, especially children, about the history of dentistry and the importance of good oral hygiene. The museum uses state-of-the-art, interactive exhibitions and expert presentations to deliver the message that oral health is important to achieve overall health. Currently, the museum is displaying an exhibit entitled, ''The Future is Now! African Americans in Dentistry.''

The museum is affiliated with the University of Maryland at Baltimore, home of the world's first dental school, founded in 1840. it contains hundreds of interesting and significant dental artifacts, not the least of which is George Washington's dentures. It also serves as a national center of learning with an extensive library from which scholars may study the evolution of dental treatment and learn of the numerous accomplishments of the dental profession over the years.

The museum is endorsed by the American Dental Association, National Dental Association, American Dental Education Association, American College of Dentists, International College of Dentists, and the American Academy of the History of Dentistry among others.

Thank you for recognizing the museum, which is truly a national treasure.

Sincerely,

T. HOWARD JONES, D.M.D.,
President.
JAMES B. BRAMSON, D.D.S.,
Executive Director.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 121—HONORING THE LIFE OF WASHINGTON POST COLUMNIST AND ATLANTIC MONTHLY EDITOR MICHAEL KELLY, AND EXPRESSING THE DEEPEST CONDOLENCES OF THE SENATE TO HIS FAMILY ON HIS DEATH

Mr. MCCONNELL submitted the following resolution; which was considered and agreed to: