

to the consideration of S. 2120 introduced earlier today.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 2120) to ensure regulatory equity between and among all dairy farmers and handlers for sales of packaged fluid milk in federally regulated milk marketing areas and into certain non-federally regulated milk marketing areas from federally regulated areas, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. REID. I ask unanimous consent the bill be read the third time and passed, the motion to reconsider be laid upon the table, and any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 2120) was read the third time and passed, as follows:

S. 2120

*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 "Milk Regulatory Equity Act of 2005".

**SEC. 2. MILK REGULATORY EQUITY.**

(a) **MINIMUM MILK PRICES FOR HANDLERS; EXEMPTION.**—Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following new subparagraphs:

“(M) **MINIMUM MILK PRICES FOR HANDLERS.**—

“(i) **APPLICATION OF MINIMUM PRICE REQUIREMENTS.**—Notwithstanding any other provision of this section, a milk handler described in clause (ii) shall be subject to all of the minimum and uniform price requirements of a Federal milk marketing order issued pursuant to this section applicable to the county in which the plant of the handler is located, at Federal order class prices, if the handler has packaged fluid milk product route dispositions, or sales of packaged fluid milk products to other plants, in a marketing area located in a State that requires handlers to pay minimum prices for raw milk purchases.

“(ii) **COVERED MILK HANDLERS.**—Except as provided in clause (iv), clause (i) applies to a handler of Class I milk products (including a producer-handler or producer operating as a handler) that—

“(I) operates a plant that is located within the boundaries of a Federal order milk marketing area (as those boundaries are in effect as of the date of the enactment of this subparagraph);

“(II) has packaged fluid milk product route dispositions, or sales of packaged fluid milk products to other plants, in a milk marketing area located in a State that requires handlers to pay minimum prices for raw milk purchases; and

“(III) is not otherwise obligated by a Federal milk marketing order, or a regulated milk pricing plan operated by a State, to pay minimum class prices for the raw milk that is used for such dispositions or sales.

“(iii) **OBLIGATION TO PAY MINIMUM CLASS PRICES.**—For purposes of clause (ii)(III), the Secretary may not consider a handler of Class I milk products to be obligated by a Federal milk marketing order to pay minimum class prices for raw milk unless the handler operates the plant as a fully regu-

lated fluid milk distributing plant under a Federal milk marketing order.

“(iv) **CERTAIN HANDLERS EXEMPTED.**—Clause (i) does not apply to—

“(I) a handler (otherwise described in clause (ii)) that operates a nonpool plant (as defined in section 1000.8(e) of title 7, Code of Federal Regulations, as in effect on the date of the enactment of this subparagraph);

“(II) a producer-handler (otherwise described in clause (ii) for any month during which the producer-handler has route dispositions, and sales to other plants, of packaged fluid milk products equaling less than 3,000,000 pounds of milk; or

“(III) a handler (otherwise described in clause (ii) for any month during which—

“(aa) less than 25 percent of the total quantity of fluid milk products physically received at the plant of the handler (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition or is transferred in the form of packaged fluid milk products to other plants; or

“(bb) less than 25 percent in aggregate of the route disposition or transfers are in a marketing area or areas located in one or more States that require handlers to pay minimum prices for raw milk purchases.

“(N) **EXEMPTION FOR CERTAIN MILK HANDLERS.**—Notwithstanding any other provision of this section, no handler with distribution of Class I milk products in the marketing area described in Order No. 131 shall be exempt during any month from any minimum price requirement established by the Secretary under this subsection if the total distribution of Class I products during the preceding month of any such handler's own farm production exceeds 3,000,000 pounds.

“(O) **RULE OF CONSTRUCTION REGARDING PRODUCER-HANDLERS.**—Subparagraphs (M) and (N) shall not be construed as affecting, expanding, or contracting the treatment of producer-handlers under this subsection except as provided in such subparagraphs.”.

(b) **EXCLUSION OF NEVADA FROM FEDERAL MILK MARKETING ORDERS.**—Section 8c(11) of the Agriculture Adjustment Act (7 U.S.C. 608c(11)), reenacted with amendments by the Agriculture Marketing Agreement Act of 1937, is amended—

(1) in subparagraph (C), by striking the last sentence; and

(2) by adding at the end the following new subparagraph:

“(D) In the case of milk and its products, no county or other political subdivision of the State of Nevada shall be within the marketing area definition of any order issued under this section.”.

(c) **RECORDS AND FACILITY REQUIREMENTS.**—Notwithstanding any other provision of this section, or the amendments made by this section, a milk handler (including a producer-handler or a producer operating as a handler) that is subject to regulation under this section or an amendment made by this section shall comply with the requirements of section 1000.27 of title 7, Code of Federal Regulations, or a successor regulation, relating to handler responsibility for records or facilities.

(d) **EFFECTIVE DATE AND IMPLEMENTATION.**—The amendments made by this section take effect on the first day of the first month beginning more than 15 days after the date of the enactment of this Act. To accomplish the expedited implementation of these amendments, effective on the date of the enactment of this Act, the Secretary of Agriculture shall include in the pool distributing plant provisions of each Federal milk marketing order issued under subparagraph (B) of section 8c(5) of the Agriculture Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing

Agreement Act of 1937, a provision that a handler described in subparagraph (M) of such section, as added by subsection (a) of this section, will be fully regulated by the order in which the handler's distributing plant is located. These amendments shall not be subject to a referendum under section 8c(19) of such Act (7 U.S.C. 608c(19)).

**GULF OPPORTUNITY ZONE ACT OF 2005**

Mr. LOTT. Mr. President, I ask unanimous consent the Senate proceed to immediate consideration of Calendar No. 328, H.R. 4440.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4440) to amend the Internal Revenue Code of 1986 to provide tax benefits for the Gulf Opportunity Zone and certain areas affected by Hurricanes Rita and Wilma, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. GRASSLEY. Mr. President, this amendment 2680 acts on our commitment to provide rebuilding assistance to areas of the country devastated by this year's relentless hurricane season. It will benefit residents of the gulf region, as well as more recently impacted areas of Texas and Florida, and provides much needed relief and resources for economic rebuilding to those areas.

As promised, we have made our best effort to marry up our compassion for displaced persons and damaged communities with attention to fiscal discipline and the best use of taxpayer dollars. This bill represents an effort to most efficiently and effectively use the tax code to assist in the rebuilding and revitalization of those regions. I will reiterate the guiding principles of our hurricane relief legislation. First, because market forces will be the driver in getting these regions back on their feet, our bill includes only provisions that encourage and incentivize redevelopment. Second, our package provides resources only to those who incurred uninsured losses and does not provide for a bailout of those who assumed risk as an insurer in our capitalist, free-market system. Third, we have focused our limited Federal resources on those most in need—like the many devastated small business employers who were the backbones of these economies and who will be the engines of their future growth and prosperity. The amendment provides front-loaded incentives on a timely basis to encourage people and businesses to return to the region as quickly as possible.

I want to show my appreciation to my colleagues in the Senate and in the House for working to get this legislation to the President as quickly as possible. Before we go home to spend time with our families, it is important for us to help the many families who have had their lives overturned by the recent hurricanes. Hopefully they will think of this holiday season as a time of rebuilding and opportunity.

The amendment also includes tax technical correction provisions related to the American Jobs Creation Act of 2004 and other tax legislation. Technical corrections measures are routine for major tax acts and are necessary to ensure that the provisions of the acts are working consistently with their original intent, or to provide clerical corrections. Because these measures carry out congressional intent, no revenue gain or loss is scored from them.

The process and test for technical corrections ensures that only provisions narrowly drawn to carry out Congressional intent are included. Technical corrections are derived from a deliberative and consultative process among the congressional and administration tax staffs. That means the Republican and Democratic staffs of the House Ways and Means and Senate Finance Committees are involved as is the Treasury department staff. All of this work is performed with the participation and guidance of the non-partisan Joint Committee on Taxation staff. A technical enters the list only if all staffs agree it is appropriate.

The Senate Finance Committee and the Committee on Ways and Means, in consultation with the Joint Committee on Taxation and the Department of the Treasury, are continuing to assess proposals for other technical corrections which may be needed to achieve congressional intent. On that point, no double benefit is intended under the railroad track maintenance credit of code section 45G. If the current basis adjustment rule is not serving to carry out that intent, the provision may need to be clarified. Such a clarification might provide that basis or tax attribute reduction applies to the taxpayer taking the credit. I would like to ask the staff to work on this.

In conclusion, this package will show those affected by Hurricanes Rita, Wilma, and Katrina that their needs have not been forgotten, and that we will continue to help them rebuild their homes, communities, and lives.

Mr. BAUCUS. Mr. President, shortly, we will complete legislative business and adjourn for the year. Senators will leave to spend the holidays with our families. Senators will travel to the comfort of our homes.

But there are still those in the gulf region who do not have homes.

Hurricane Katrina struck almost 4 months ago. We cannot, in good conscience, conclude our action for the year without passing tax relief for the gulf region.

The legislation before us today is a good bill. We must pass it today.

In September, I was pleased that Congress could come together and quickly pass emergency tax relief for victims of Hurricane Katrina.

Prior to passing that legislation, I promised that I would work with my colleagues to draft a long-term tax relief package. And that is what we did.

We worked to create legislation that would help rebuild homes and busi-

nesses. We worked to create legislation that would pump money into local economies. And we worked to create legislation that would help distressed working families.

We must come together again. We must pass this legislation today.

On November 18th, the Senate passed the tax reconciliation bill. We included Hurricane tax relief. We included Alternative Minimum Tax relief. And we included more than a dozen important tax provisions that expire on December 31st, including the Work Opportunity Tax Credit and the Research and Development Tax Credit.

With the help of many, Chairman GRASSLEY and I fit all of that legislation within the constraints of the budget resolution's instructions.

But the House did not take up our bill. Instead, the House passed hurricane relief and Alternative Minimum Tax relief outside of the budget reconciliation process. Then the next day, the House passed a tax reconciliation bill.

Why did the House need three bills to achieve what the Senate succeeded in passing in one bill?

The reason is simple. The reason is the capital gains and dividends tax cut.

I am disappointed in the House. I am disappointed that Congress could not pass all the important tax relief that the Senate did in one bill.

And that is why we have the legislation before us today, the House hurricane tax relief bill.

The amendment that Chairman GRASSLEY and I have crafted to this bill recognizes that to revitalize the gulf region, the region must have a strong economy. We must encourage individuals to return. And that means that there must be jobs for them to return to. This legislation gives businesses help to create those jobs.

We would provide bonus depreciation. We would increase small business expensing limits. We would also provide new authority for tax-favored private activity and mortgage bonds.

We would also extend to victims of Hurricanes Rita and Wilma some of the tax relief that we provided to victims of Hurricane Katrina in September. This includes penalty-free early tax-free withdrawals from pensions and IRAs. We would allow victims to fully deduct casualty losses. And we would remove the cap on allowable corporate charitable contributions made in response to the hurricanes.

And thanks to the hard work and persistence of the good Senators from Florida and Texas, we have been able to forge an agreement to provide extra low-income housing benefits for the Rita and Wilma hurricane zones. My good friend from Florida, Senator NELSON, has made the convincing case that these devastated areas need more assistance with low-income housing, and I am pleased to say this bill will be providing that very help.

The substitute that Senator GRASSLEY and I offer today provides \$8 billion

in tax relief for the gulf region. We take the House bill, but we provide additional tax relief for employers and students to encourage people to return to the gulf region.

One item of particular importance to me is tax relief to employers who continued to pay their workers after the hurricanes struck. Employers located in the Katrina, Rita, and Wilma disaster zones will be able to take up to a \$2,400 tax credit on wages paid to employees during the period the business was shut down. These business owners have tapped into their savings to help out their workers. They deserve tax relief. We provided this relief in our first bill, but it was limited to small employers. I have always felt and argued strongly that any employer that helps out their workers while the business is shut down deserves this assistance. I am very pleased that we were able to eliminate this cap, and extend this relief for the Rita and Wilma zones as well.

Another priority item for me is a provision to encourage students to return to the gulf region. Many colleges and universities were forced to shut down after Hurricane Katrina and students have been scattered across the country. To encourage these students, and new students as well, to come back to the gulf region, we double the Hope Scholarship and Lifetime Learning tax credits. Students from around the country would be able to take a credit up to \$4,000 for tuition, room and board, books, and fees for attending college in the areas affected by Hurricane Katrina. I was very pleased that we could include this benefit in our Senate version and that we have retained it in this substitute. I think it will be extremely valuable to the colleges and universities who have really suffered from this hurricane.

One further priority item for me is the additional \$1 billion in new markets tax credit authority for the Katrina zone. I fought to get this credit in our Senate version because I am convinced this program works. The program provides access to capital for small businesses through established community development entities. Entities with a significant mission of rebuilding in the hurricane zone may access these additional tax credits in order to help these struggling businesses rebuild. These businesses may not be able to utilize some of the other tax benefits in the bill, but access to capital will help many of them stay in business and stay in the zone.

One last item that I would like to highlight is an employer credit for providing housing for workers and their families. My good friend from Louisiana, Senator LANDRIEU, offered this provision during our floor debate last month. And if I could just take a moment to point out to our colleagues the tremendous work she has done on this bill. She has truly been our compass during these negotiations and has been essential in conveying the true plight of her constituents.

She has told me about the many hurricane victims who still do not have housing in the gulf region. Under her provision, workers and their families receiving housing from their employers could exclude up to \$600 a month from their income for tax purposes, plus the business can receive a partial credit for this expense. Business leaders have told us that they simply cannot get back to work unless their workers have housing. The Landrieu housing provision helps them immensely.

Finally, this bill provides that soldiers in Iraq and Afghanistan may include combat pay when calculating their earned income tax credit. This has been a priority item for our friend from Arkansas, Senator PRYOR, who championed this fix for our military families serving in combat last year. We extend the benefit for another year in this substitute and I commend Senator PRYOR for his tireless work on behalf of military families.

We have a good bill before us. It has been nearly 4 months. We are set to adjourn the Senate for the year. We need to come together and help those most in need. I urge my colleagues to pass this legislation today.

#### ANIMAL RACING

Mr. BUNNING. Mr. President, I thank the chairman for working with me on an issue of importance regarding the applicability of the animal racing facility limitation contained in the Senate amendment to H.R. 4440. I understand that the legislative language creates new section 1400N(p) of the Internal Revenue Code which indicates that property directly related to animal racing is not eligible for certain benefits contained in certain subsections of new section 1400N. My understanding is that items not directly related to the racing of animals or the viewing of such races, such as barns, stables, practice facilities, restaurants, some administrative offices, gift shops, and parking areas are eligible for these benefits.

Mr. GRASSLEY. I thank the Senator for that clarification. His description is correct.

#### EMPLOYEE RETENTION CREDIT—TAX-EXEMPT FINANCING

Mr. LOTT. Mr. President, because there is no committee report accompanying this legislation, I would like to engage Chairman GRASSLEY in a colloquy to clarify the intent of two provisions contained in this important legislation.

First, among the tax benefits contained in this package is the employee retention credit. This incentive will play a pivotal role in helping businesses retain their employees even if they are temporarily out of business while the gulf coast rebuilds. As I understand the committee's intent, the credit will apply both where a company is completely out of business, and where it did not suffer total devastation to its trade or business operations. For example, the credit would apply in cases where one part of the operation

in the designated zone was rendered "inoperable" while another location of that same business continued to operate. Is that correct?

Mr. GRASSLEY. I agree with Senator LOTT's interpretation of this provision of the bill.

Mr. LOTT. Another provision of H.R. 4440 would make eligible for tax-exempt financing the costs of nonresidential real property located in the Gulf Opportunity Zone. It is my understanding that the intent of this provision is that nonresidential real property includes any tangible property other than fixtures and equipment that are movable, without regard to the class life of such property or its use as part of manufacturing, production, or extraction, or of furnishing services or property.

Mr. GRASSLEY. I agree with Senator LOTT's interpretation of this provision of the bill.

Mr. SANTORUM. Mr. President, I rise today to raise an issue of concern with the Katrina tax relief bill, known as the Gulf Opportunity Zone. This bill quite rightly provides incentives to bring back businesses and capital to the devastated regions of the gulf coast. This package is needed legislation that will continue to drive redevelopment and provide encouragement for businesses and others to come back and rebuild, creating jobs in the rebuilding and jobs in the businesses themselves and providing much needed revenues for the local communities.

However, I have raised a concern to my colleague from Mississippi regarding providing incentives to certain industries such as casinos. I read with interest an article in the New York Times on December 14, 2005, regarding the return of casinos to the gulf coast. The article noted that while the storm damaged 9 out of 10 casinos in Biloxi, MS 3 of the 9 damaged would be open again before the new year. In fact "[a]ll 10 Biloxi casinos have told the city they will rebuild, and most plan larger, more elaborate facilities." Clearly, the casinos and gaming industry do not need Congress to give them tax breaks to entice them to reopen.

More importantly, there are significant concerns about the impact of gambling on communities and families. In 2000, the Government Accountability Office found that "individuals suffering from pathological gambling engaged in destructive family behavior, committed more crime than other citizens, and had higher suicide rates." It also found the "destructive family behavior" included domestic violence, divorce, and homelessness. Additionally, GAO "also reported that children of individuals suffering from pathological gambling are often prone to suffer abuse and neglect." As we look at soaring costs for social programs and ever-increasing needs, it is most troubling that this report noted that "lifetime pathological, problem, and at-risk gamblers are more likely than low-risk or nongamblers to have been alcohol or

drug dependent" and estimates that "15 million adults are at risk of becoming problem gamblers."

With the heartbreaking impact this industry has on some of our most vulnerable citizens, I am pleased that my colleague from Mississippi has recognized my concern and offered a package that ensures the necessary economic assistance for his State and communities without exacerbating the social toll on these already devastated communities and families.

I urge my colleagues to support the expeditious passage of this bill. I am hopeful our House colleagues will then adopt this bill and send it on to the President's desk so we can get this help out to these States, communities, businesses and families before the new year. Then hopefully the Congress can turn its attention back to the Tax Relief Act and enact its charitable incentives to help the countless nonprofits working day and night to heal the wounds in Katrina's wake. That element of the tax bill is critical, and we should move forward on this bill in short order.

#### EITC AND CTC FOR KATRINA VICTIMS

Mr. BAUCUS. As we consider this legislation to provide tax relief to respond to Katrina, it is particularly important that we recognize the impact of the hurricane on those struggling working families who are eligible for the earned income tax credit and the child tax credit. I am particularly concerned that the disruptions and displacement affecting these families in both their jobs and their homes may make it more difficult for them to receive these critical tax credits to which they are legally entitled—credits which they need more than ever. Some families will become eligible for these credits for the first time, yet may not be aware of these programs let alone how to apply for them. In addition, we have seen a tremendous outpouring of support for those hit by Katrina from families and friends of the victims, often at great cost. These relatives and friends may also qualify for assistance but find it more difficult to meet all the normal requirements.

For example, there are many families who have taken in nonrelative children displaced by the hurricane. They are essentially foster parents but may not be considered as such under current law. Due to the need to act quickly in response to Katrina, these foster children will not have been formally placed by an authorized agency but under current rules, such individuals could not claim these children for the EITC or the child tax credit. This would be true even if they continued to care for the children for more than 6 months in 2006 and thus meet the qualifying child residency requirement.

The only potential relief such individuals have is the \$500 additional exemption in 2005 for housing a Katrina survivor more than 60 days provided in the Hurricane Katrina Emergency Tax Relief Act, HKTRA. However, this is a

minimal support for a family taking in a child as a member of the family. In addition, the exemption is unavailable to low-income families with no income tax liability.

Taxpayers caring for such children may ultimately seek to formalize the arrangement with an authorized agency during 2006, but a placement decision may not be reached until later in the year. If only the time in residence with a child after the placement decision is considered for the purposes of meeting the residency test, the taxpayer may be unable to meet that test for the EITC and CTC. Some low-income taxpayers, unaware of the EITC or CTC rules, may simply continue to care for the child in their family and not pursue a formal arrangement until a later point and yet may be counting on the income from these credits.

Clearly the IRS needs to address this problem.

Mr. GRASSLEY. I share concern with the impact that Katrina will have on the ability of low wage working families who qualify for the child tax credit and the earned income tax credit to receive them for the 2005 tax year. In addition, I certainly agree that something must be done to address this problem for families who generously gave of themselves and took in a child displaced by Katrina but may lack the proper formal authorization that would prevent them from receiving the EITC they qualify for and would otherwise get.

To help address this problem, I would urge the IRS to accept a child placement decision by an authorized agency as being retroactive to the earliest point in 2006 when the taxpayer first took in the child. This would apply only to children who had resided in a hurricane disaster zone in 2005 as defined under HKTRA and under any subsequent legislation extending HKTRA provisions to Rita and Wilma survivors.

I have been advised that the IRS has the ability to adopt this approach under section 407 of HKTRA and any equivalent extension to Rita and Wilma survivors—that enables the Secretary to make adjustments in application of rules to ensure that hurricane survivors do not lose tax benefits. I know my colleague from Montana joins me in urging the IRS to use this authority to help these foster care families who so generously took in children displaced by Katrina.

Mr. BAUCUS. I wholeheartedly agree with my friend from Iowa.

I would like to raise another concern regarding these tax credits and the Katrina families.

As we approach the next filing season, there are so many families affected by the hurricane who previously received the EITC and the CTC but now face significant confusion about whether they will get the credit and how much they will receive. And, of course, some of the normal sources of taxpayer assistance in the gulf are not available

now. Accordingly, it is exceedingly important the IRS do everything it can to maximize information and assistance provided to the public to help those eligible secure these credits.

While we wrote section 406 and section 407 of the Hurricane Tax relief bill to help eligible hurricane survivors receive the benefits of the EITC and CTC, it is really up to the IRS to effectively inform taxpayers and the tax preparation community of how the provisions are being implemented. In particular, section 407 provides that the IRS "... may make such adjustments in the application of the internal revenue laws as may be necessary to ensure that taxpayers do not lose any deduction or credit or experience a change of filing status by reason of temporary relocation by reason of Hurricane Katrina."

I understand that the IRS is working to decide how this "adjustment authority" will be implemented and is preparing a new Publication 4492. However, low-income taxpayers and those who assist them in the preparation of their 2005 tax returns will need to understand the nature and limits of the adjustments IRS is willing to make so that returns are prepared properly. It will take a very thorough and comprehensive public education program to make sure that nontechnical information is made available through various means to help educate the public and those who help prepare tax returns. I am very concerned that the IRS take every possible step it can to make sure eligible low-income working families affected by Katrina know about special temporary adjustments to these credits and what they need to do to ensure they receive these credits.

Mr. GRASSLEY. I agree that many eligible hard-working families who qualify for the EITC and the child tax credit but whose lives have been sharply affected by the hurricane may face particular challenges and hurdles in applying for and receiving these credits. I also concur that is incumbent upon the IRS to take all steps it can to ensure that the public and the tax preparation community have clear, detailed, and understandable information about any adjustments and modifications it makes to help Katrina victims who qualify for the credits get them.

I believe that the IRS should report to Congress within the next couple of weeks the action it has taken to implement the provisions of section 406 and section 407 HKTRA, pertaining to the EITC and CTC, including outreach and communication efforts undertaken by IRS to inform taxpayers, tax practitioners, and volunteer tax preparation programs of these provisions, including the guidance provided to them by IRS on how the flexible authority to IRS in section 407 is being interpreted and implemented. IRS should publish such guidance, including typical questions and answers, in formats that are accessible to taxpayers, commercial tax practitioners, volunteer tax preparer organizations and low-income taxpayer

clinics, including but not limited to the IRS Web site.

Mr. BAUCUS. I thank the Chairman and join in his recommendations to the IRS.

Mr. KERRY. Mr. President, I commend Senate Finance Chairman GRASSLEY and Ranking Member BAUCUS for putting together a bipartisan bill that will provide tax relief to individuals and businesses who are struggling due to the aftermath of Hurricane Katrina. This legislation creates a gulf opportunity zone in those areas in Alabama, Louisiana, and Mississippi that were hardest hit by the hurricane. Businesses operating in this zone will be eligible for specified tax breaks. In addition, the legislation provides relief to help with housing and the cost of higher education.

I support providing businesses with the appropriate tax relief that will help them rebuild. However, I am concerned that this tax relief will not be helpful if we do not provide assistance to small businesses. If the assistance to small businesses continues at its present pace, tax relief will be somewhat meaningless. Currently, 74 percent of hurricane-related Small Business Administration, SBA, disaster business loan applications have not even been processed, and less than 10 percent of the approved business loans have been fully disbursed. I have introduced legislation that would allow the affected States to distribute \$450 million in bridge loans to help businesses that are waiting for an SBA loan to begin rebuilding immediately. If we do not provide businesses with loans, they will not be able to rebuild and benefit from these tax incentives.

I am pleased that this legislation includes a provision that would extend the current law provision that allows military personnel the option of treating certain combat pay as earned income for the purpose of computing the earned income tax credit, EITC, for 1 year. I have introduced legislation that strengthens the EITC. It includes a provision to allow permanently military personnel to elect to treat certain combat pay as income for purposes of calculating the EITC. During the debate on S. 2020, the Tax Relief Act of 2005, I along with Senator OBAMA offered an amendment on the EITC that would have extended this provision through 2007, but it was subject to a point of order because it included outlays.

This provision should be made permanent, but it is important that we are not allowing it to expire. It is a commonsense provision that would prevent members of the armed services from losing their EITC when they are mobilized and serving their country. Military families are often faced with increased expenses when a loved one is deployed. Thousands of reservists, for example, take a cut in pay when they are called to active duty.

Without this extension, several military families that are benefiting from

the EITC would not longer be eligible for the credit. Eligibility for the EITC is based on income, and certain combat pay does not count as income for tax purposes. The election included in this provision would allow military personnel to choose whether they want their combat zone pay to count as income for purposes of calculating the EITC.

This provision will help military families with some of their financial burdens. It does not repay the sacrifices that they are making for us, but it shows that we are supporting our troops at home as well as abroad.

Mr. LOTT. Mr. President, I would like to thank Chairman GRASSLEY and Senator BAUCUS for their commitment to enacting a long-overdue tax bill that will help get cash back into the pockets of businesses and individuals who are rebuilding their lives and their communities in the wake of hurricane's Katrina, Rita, and Wilma.

By significantly lowering the cost of capital for small, medium, and large businesses alike, the provisions in this legislation will spur business investment on the gulf coast, increase the supply of affordable housing, and put dislocated employees back to work.

Specifically, this legislation includes roughly \$8 billion in tax incentives to help the gulf coast. These provisions: 50 percent bonus depreciation for property acquired in the GO Zone; double small business expensing for small businesses in the Zone; increase the amount of tax-exempt bonds Mississippi is allowed to allocate by \$4.8 billion; allow for an additional advanced refunding for bonds previously issued by Mississippi and by all local issuers within the GO Zone; increase the amount low-income housing tax credits available to Mississippi; increase the allocation of new markets tax credits available for companies investing in Mississippi businesses and construction; allows for a 5-year net operation loss carryback for businesses in the zone; allows for a 10-year NOL for public utility disaster losses; allows public utility disaster losses to be carried back 5 years; increases reforestation expensing from \$10,000 to \$20,000 for expenses incurred in the Go Zone for 2006; allows small timber growers a 5 year NOL carryback for losses incurred in the zone; allows increased expensing for demolition and clean up costs through 2007; and makes the employees retention credit available to all employers in the zone.

We have been at this for several months now. My constituents have been patient, and deserve action now. This is a vitally important bill. It is critical that we pass it today and that it is sent to the President for his signature before we adjourn.

This amendment modifies recent legislation introduced by Chairman Grassley by making clear that the business tax incentives in this legislation do not apply to the construction of private or commercial golf courses, country

clubs, massage parlors, hot tub facilities or suntan facilities, racetracks or other facilities used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

However, it also makes clear that tax incentives do apply to the construction of hotels, restaurants, parking lots, and other attachments to gaming facilities.

I would have much preferred a clean bill, but in the interest of my constituents, I am offering this amended legislation today. I ask unanimous consent that the amendment be adopted.

Ms. LANDRIEU. Mr. President, the Senate has taken a big step forward in helping Louisiana and the other States affected by Hurricanes Katrina, Rita, and Wilma by passing H.R. 4440, the Gulf Opportunity Zone Act of 2005, also known as the GO Zone Act. I realize that there are a number of very important pieces of legislation pending before the Senate and the House of Representatives as we wind down this session. But I want my colleagues to know that I am grateful, and the people of Louisiana are grateful, for the Senate's passing this bill by unanimous consent. I must thank Chairman GRASSLEY and Ranking Member BAUCUS of the Finance Committee for their work on this legislation and for the tremendous support of their staffs.

The GO Zone Act contains a number of tax incentives to rebuild our economic infrastructure. Our State will be able to issue bonds to build housing, roads, bridges, and industrial plants. The bill increases the allocation of low-income housing tax credits in the GO Zone to \$18 per person—more than nine times the amount we are currently allocated—to build housing to allow all of our citizens to return home. Businesses will be able to get favorable depreciation and enhanced deductions for investing in plant and equipment in the devastated areas. These tax incentives are aimed at helping our businesses stay in business. We also included an expansion of the Hope scholarship and lifetime learning credit for students who return to the GO Zone to continue their educations.

The bill also contains a housing provision that I offered as a floor amendment when the Senate considered this legislation. The amendment, cosponsored by Senator VITTER, will create reward employers who have provided housing for workers and their families in the hurricane disaster area. These dedicated employers have made it possible for their workers to live on company property so that their business operations could get going again. They have rented or purchased trailers and put them on their property, all hooked up to utilities. Our business leaders recognized that they could not get back on their feet if their employees had no place to live near where they worked. FEMA has been incapable and incompetent in getting people into housing, so our businesses have stepped in to fill the void.

Under this provision, employees working at firms in the GO Zone may exclude up to \$600 per month from income for employer-provided housing assistance. Employers get a tax credit of up to 30 percent of assistance provided to employees. The provision is temporary, lasting only 6 months, but it was the right thing to do for companies that believe in Louisiana and the gulf as a great place to do business.

I must also note that the housing amendment had strong support from local and national business organizations, including the U.S. Chamber of Commerce, Greater New Orleans, Inc., and Michael Olivier, the Louisiana State Secretary for Economic Development. I ask unanimous consent that their letters of support be printed in the RECORD.

These tax incentives, however, are still only a beginning. Tax cuts will not build a levee, and without our levees, we will not rebuild New Orleans. I was pleased that the President recently announced his support for \$3 billion in additional funding to restore our levees to true Category 3 protection, along with a down payment to get us to Category 5 protection.

Now our focus must be on passing Chairman THAD COCHRAN's hurricane relief package, which adds to the President's \$17 billion request for Federal assistance another \$17.5 billion in aid to Louisiana and Mississippi, including funding for levee repairs. The chairman's leadership has built up support for the measure in the Senate, but we need to urge the White House and leadership in House of Representatives to follow suit and commit to giving a hand up to the people of the gulf coast. We should not go home for the holidays without taking this step for the thousands still left without homes to go home to.

Mr. President, with the passage of the GO Zone Act, the Senate has taken a key step toward helping the people of the gulf rebuild our communities. We must finish the job for this year in the gulf before we adjourn for the year.

I ask that my complete statement and the additional letters in support of the Landrieu amendment be printed in the RECORD.

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

CHAMBER OF COMMERCE OF THE  
UNITED STATES OF AMERICA,  
Washington, DC, December 14, 2005.

Hon. CHARLES GRASSLEY,  
Chairman, Committee on Finance,  
U.S. Senate, Washington, DC.

DEAR CHAIRMAN GRASSLEY: On behalf of the U.S. Chamber of Commerce, the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, I write to express our support for the Landrieu housing tax credit amendment included as part of the GO Zone tax incentive package in the Senate tax reconciliation bill (S. 2020). The proposal would give tax relief to employers in the Katrina disaster area who provide employees with housing so that they can return to work.

Many employers in Louisiana have made housing available to their employees in order to get their business operations up and running again. The tax reconciliation bill establishes a Gulf Opportunity Zone (GO Zone) with a number of additional tax incentive provisions to bring investment and to rebuild Louisiana and the Gulf Coast. The Landrieu amendment will encourage more employers to do the same.

The Landrieu amendment will allow employees to exclude up to \$600 per month in employer-provided housing from their income. An employee will be able to take advantage of this exclusion for housing provided to the employee, the employee's spouse, as well as any dependents. Employers who make housing available to employees in the Katrina GO Zone will be allowed a tax credit of up to 30 percent of the value of such housing. The maximum monthly credit will be \$180 per employee.

We urge you to include the Landrieu housing amendment in the final version of any hurricane tax relief bill that is voted on before Congress adjourns for the year.

Sincerely,

R. BRUCE JOSTEN,  
Executive Vice President,  
Government Affairs.

CHAMBER OF COMMERCE OF THE  
UNITED STATES OF AMERICA,  
Washington, DC, December 14, 2005.  
Hon. MAX BAUCUS,  
Ranking Member, Committee on Finance,  
U.S. Senate, Washington, DC.

DEAR RANKING MEMBER BAUCUS: On behalf of the U.S. Chamber of Commerce, the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, I write to express our support for the Landrieu housing tax credit amendment included as part of the GO Zone tax incentive package in the Senate tax reconciliation bill (S. 2020). The proposal would give tax relief to employers in the Katrina disaster area who provide employees with housing so that they can return to work.

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We urge you to include the Landrieu housing amendment in the final version of any hurricane tax relief bill that is voted on before Congress adjourns for the year.

Sincerely,

R. BRUCE JOSTEN,  
Executive Vice President,  
Government Affairs.

STATE OF LOUISIANA,  
LOUISIANA ECONOMIC DEVELOPMENT,  
Baton Rouge, LA, December 9, 2005.  
Hon. CHARLES GRASSLEY,  
Chairman, U.S. Senate Committee on Finance,  
Hart Senate Office Building, Washington,  
DC.

DEAR SENATOR GRASSLEY: Louisiana Economic Development strongly endorses Senator Mary Landrieu's Housing Tax Relief Amendment to the Senate Tax Reconciliation Bill. This amendment will give tax relief to employers who provide their employees with housing so that they can return to work. It is a necessary and important financial benefit to those Louisiana employers who have tirelessly worked to bring their work forces back to our state and to the communities damaged by the Katrina disaster.

In doing so, the proposed Landrieu Amendment provides relief to employers and their employees who return to work in rebuilding Louisiana from the catastrophic disaster that occurred. This is essential so that our businesses can resume operations, our workers can return to their communities, and both businesses and their employees can have a stake in the recovery of their communities. Your endorsement of and the ultimate passage of the Act fulfills these important goals.

Sincerely,

MICHAEL J. OLIVIER,  
Secretary.

STATE OF LOUISIANA,  
LOUISIANA ECONOMIC DEVELOPMENT,  
Baton Rouge, LA, December 9, 2005.  
Hon. MAX BAUCUS,  
Ranking Member, U.S. Senate Committee on Finance, Hart Senate Office Building, Washington, DC

DEAR SENATOR BAUCUS: Louisiana Economic Development strongly endorses Senator Mary Landrieu's Housing Tax Relief Amendment to the Senate Tax Reconciliation Bill. This amendment will give tax relief to employers who provide their employees with housing so that they can return to work. It is a necessary and important financial benefit to those Louisiana employers who have tirelessly worked to bring their work forces back to our state and to the communities damaged by the Katrina disaster.

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Sincerely,

MICHAEL J. OLIVIER,  
Secretary.

GREATER NEW ORLEANS, INC.,  
New Orleans, LA, December 9, 2005.  
DEAR CHAIRMAN GRASSLEY AND RANKING MEMBER BAUCUS: On behalf of Greater New Orleans, Inc., the regional economic development organization for Southeast Louisiana, I want to thank you for all of your efforts to assist the people of Louisiana and the City of New Orleans in our efforts to rebuild our communities and our economy after Hurricanes Katrina and Rita. Under your leadership, the Senate recently passed a tax reconciliation plan, S. 2020 that included \$7 billion in additional incentives for investment to rebuild the Gulf Coast. The House of Representatives has also passed a hurricane re-

lief package, similar to the provisions in the S. 2020. Both the House and Senate Katrina packages will greatly help the people in the Gulf rebuild homes, businesses and communities.

During the Senate's consideration of S. 2020, it adopted an amendment, sponsored by Senator Landrieu and cosponsored by Senator Vitter, to provide tax relief to employers in the Katrina affected areas who are providing housing for their employees. Under the amendment, employees will be able to exclude up to \$600 per month in the value of any housing assistance they receive from their employer. Employers will be eligible for a tax credit of 30 percent of the housing assistance they provide to their employees.

The lack of housing to bring back employees is one of the largest detriments in bringing back the local economy and serves as the base for establishing local commerce. The Landrieu-Vitter amendment addresses one of the most pressing needs in Louisiana, the need for housing while we rebuild our economy. Our employers would like to open up for business again, but their employees cannot return to work if they do not have a place to live. We have worked with hundreds of employers who have already taken steps to make housing available to their employees through trailers and temporary housing, but this amendment will encourage more employers to do the same. With their employees close by, our businesses can begin their operations helping to drive our economic rebuilding. The Landrieu-Vitter amendment will help give this growth a jumpstart.

We urge you to include the Landrieu-Vitter housing amendment in the final version of any hurricane tax relief bill before Congress adjourns for the year.

Sincerely,

MARK C. DRENNEN,  
President and CEO.

Mr. LOTT. I ask unanimous consent the substitute amendment at the desk be agreed to, the bill, as amended, be read the third time and passed, the motion to reconsider be laid upon the table, and any statements related to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2680), in the nature of a substitute, was agreed to.

(The amendment is printed in today's RECORD under "Text of Amendments.")

The bill (H.R. 4440), as amended, was read a third time and passed.

Mr. LOTT. Briefly, I express appreciation to Senator GRASSLEY, Senator BAUCUS, especially Senator REID for his efforts, my colleague from Mississippi, Senator COCHRAN, the input and the help and the determination of Senator LANDRIEU from Louisiana, and Senator VITTER, Senator HUTCHISON and Senator CORNYN. I will have my additional remarks. I thank all those involved. This is important legislation. This is almost \$8 billion in tax incentives and relief for the people in the hurricane areas. It means so much. Now we will be able to pass this back to the House, and hopefully they will take it up and send it directly to the President.

Mr. REID. This is not the time for a long statement. I especially extend my appreciation to the chairman and the ranking member of the Committee on Finance—it has been tough sledding—and, of course, the delegation from

Mississippi, that of the Senator from Louisiana.

I ask unanimous consent the Senator from Louisiana be recognized for 90 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. LANDRIEU. Mr. President, it will only take 90 seconds to thank Senator LOTT for his leadership and the two managers, Senator GRASSLEY and Senator BAUCUS, who have literally worked tirelessly on this piece of legislation to help the people along the gulf coast. This is part of a relief package that will help us to help ourselves, get our people back home, our businesses back to work, and the gulf coast on its feet, so we can continue to support the needs of this Nation through energy and commerce and trade.

I thank Senator LOTT particularly for the extra effort he has put into this bill. I thank the leadership for passing it this morning.

**USA PATRIOT AND TERRORISM PREVENTION REAUTHORIZATION ACT OF 2005—CONFERENCE REPORT—Continued**

Mr. LEAHY. I yield up to 3 minutes to the distinguished Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 3 minutes.

Mr. CRAIG. Mr. President, I thank the ranking member of the Judiciary Committee for yielding. Let me also thank the chairman of the Judiciary Committee. I thought he gave a thoughtful overview of the progression of time and thought that has gone into the conference report that is before the Senate at this moment.

Of all that we do this year that is lasting beyond tomorrow, clearly the PATRIOT Act is one of those pieces of legislation. I say that because it deals with fundamental constitutional rights in this country. At the same time, it deals with our right to protect ourselves against foreign interests that might intrude upon our shores.

The chairman has said so well, it is a very precarious balancing act between the right of the free citizen and a civil society that is protected by law. That is what we as Senators are about at this moment. That is what I have always been about, along with my colleagues. That is why some of us joined well over a year and a half ago to say that when it came time to reauthorize the PATRIOT Act, here were some provisions that stepped us back toward the right of free citizens to be protected by their Government, in fact, against their Government's law enforcement capability; while at the same time not hand-tying the ability of law enforcement and intelligence to come together to review, to investigate, and to determine whether someone's acts were terrorist in nature and might put free citizens of our country in jeopardy.

I cannot, nor will I, vote for cloture today because I am here to defend what the Senate has already done so well in such a bipartisan and in such a thoughtful way. We will not adjourn this session of this Congress without a PATRIOT Act in place, whether it is the 3-month extension we offered or whether it is the chairman, as he said, and the ranking member sitting down with the House to once again shape, in limited ways, those areas we think are critically necessary to make sure the balance the chairman so clearly spoke to is adhered to within a reauthorized PATRIOT Act.

So I would urge my colleagues' calmness and sensitivity to the fundamental civil liberties of our country, as we worked so hard to balance them against our country's and our Constitution's and our Government's primary responsibility; and that is to keep us safe and secure in a free environment.

I thank the ranking member for yielding, and I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Vermont.

Mr. LEAHY. Mr. President, we have only had 2½ hours of debate on this major matter. We have very little time. I yield up to 3 minutes to the distinguished senior Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 3 minutes.

Mr. KENNEDY. Mr. President, America deserves laws that protect both their security and their civil liberties. This conference report does not. After years of doubt about the PATRIOT Act, this morning Americans woke up to more startling reports. For the past 3 years, the administration has been eavesdropping on hundreds of calls without warrants or oversights. These are the newspapers: "Bush Authorized Domestic Spying." "Bush Lets U.S. Spy on Callers Without Courts."

Well, the administration is not responding to the article, but they tell us: Trust us. We follow the law. Give me a break. Across the country and across the political spectrum, no one is buying it anymore.

This administration feels it is above the law, and the American people and our Constitution pay the price. There is no accountability. There is no oversight. The President continues to ignore history.

In the 1970s, Big Brother spied on its citizens, and the American people stood up and said "no." President Nixon's program, the COINTELPRO, allowed broad spying on law-abiding American citizens. We stopped Big Brother then by establishing the FISA court to ensure proper oversight and protections. Now this administration believes it is above even those protections. This is Big Brother run amok. With these new developments, we must take a step back and not rush the PATRIOT Act, further risking our civil protections.

The entire world is watching to see how we strike the balance between intelligence gathering and the Constitution. We cannot protect our borders if we do not protect our ideals. We need a bipartisan consensus that protects both our security and our liberty while restoring the public trust.

Our country is at a new low. Not since Watergate has there been such a lack of openness and honesty in our Government. Americans deserve better. The leaking of a CIA agent's identity is the prime example. The President promised he would clean house of anyone in the White House who had anything to do with the leak in the Plame case or the coverup. It has been suggested that the President himself may know the identity of the source, and I urge him to set the record straight.

The President needs to answer three questions: One, what did he know and when did he know it? Two, did he tell the special prosecutor, Fitzgerald, the whole story? And, three, who else knows the facts? CHENEY? Gonzales? Ashcroft? If Novak knew and the President knew, then the American people should know, too.

Mr. President, answer these questions.

In the last few days, we have heard a lot about whether America will be safer if the Senate approves the PATRIOT Act conference report this week.

Let's set the record straight—our national security will not be 3 jeopardized—at all—if existing laws stay in place for 3 more months. These surveillance methods will expire only if the Republican leadership refuses to negotiate—even with Members of their own party.

We have unfinished business on the table. The conference report fails to do all we can to improve intelligence-gathering capabilities and legislative oversight.

Americans deserve a law that protects both their security and their liberties, and this bill does not.

We need to preserve the basic powers created by the PATRIOT Act, but we also need to improve the safeguards that are indispensable to our democracy. Civil liberty protections are a continuing source of our country's strength—not just fringe benefits to be abandoned in time of crisis.

We all agree on the need for law enforcement and intelligence officers to have strong powers to investigate terrorism, to prevent future attacks, and improve information-sharing between Federal, State and local law enforcement.

In the wake of the tragic events on September 11, Congress, the administration, and the country faced the urgent need to do everything possible to strengthen our national security and counterterrorism efforts, and the original PATRIOT Act was our response to that need.

Even at that time, many of us had concerns about whether the law went