

Second, the bill would authorize the Secretary of the Treasury to adopt regulations governing how to calculate the deduction for stock options in unusual circumstances, such as when a parent corporation issues options on its shares to the employee of a subsidiary or another corporation in a consolidated group, or when one corporation issues options on its shares to employees of a joint venture.

Finally, the bill contains a transition rule for applying the new Section 162(q) stock option tax deduction to existing and future stock option grants. Essentially, this transition rule would ensure that stock options issued prior to the enactment date of the legislation would remain tax deductible and ensure all corporations can start deducting stock option expenses on a yearly schedule.

The transition rule has three parts. First, it would allow the old Section 83 deduction rules to apply to any option which was vested prior to the effective date of the new stock option accounting rule, FAS 123R, and exercised after the date of enactment of the bill. The effective date of FAS 123R is June 15, 2005 for most corporations, and December 31, 2005 for most small businesses. Prior to the effective date of FAS 123R, most corporations would have shown a zero expense on their books for the stock options issued to their executives and, thus, would be unable to claim a tax deduction under the new Section 162(q). For that reason, the bill would allow these corporations to continue to use Section 83 to claim stock option deductions on their tax returns.

For stock options that vested after the effective date of FAS 123R and were exercised after the date of enactment, the bill takes another tack. Under FAS 123R, these corporations would have had to show the appropriate stock option expense on their books, but would have been unable to take a tax deduction until the executive actually exercised the option. For those options, the bill would allow corporations to take an immediate tax deduction—in the first year that the bill is in effect—for all of the expenses shown on their books with respect to these options. This “catch-up deduction” in the first year after enactment would enable corporations, in the following years, to begin with a clean slate so that their tax returns the next year would reflect their actual stock option book expenses for that same year.

After that catch-up year, all stock option expenses incurred by a company each year would be reflected in their annual tax deductions under the new Section 162(q).

This transition rule is a generous one, but even with it, the Joint Committee on Taxation has estimated that closing the corporate stock option tax deduction loophole would produce \$24.6 billion in corporate tax revenues over 10 years.

Over the last 5 years, the stock option book-tax gap has ranged from \$12

billion to \$61 billion per year, generating deductions far in excess of corporate expenses. Corporations have avoided paying their fair share to Uncle Sam by simply giving their executives the right to tap huge sums of money from the stock market. It is a tax policy that forces ordinary taxpayers to subsidize outsized executive compensation and that favors corporations doling out stock options over paying their executives in cash.

Right now, stock options are the only compensation expense where the tax code allows companies to deduct more than their book expense. In these times of financial distress, we cannot afford this multi-billion dollar loss to the Treasury, not only because of the need to reduce the deficit, but also because the stock option tax deduction contributes to the anger and social disruption caused by the ever deepening chasm between the pay of executives and the pay of average workers.

The Obama administration has pledged itself to closing unfair corporate tax loopholes and to returning sanity to executive pay. It should start with supporting an end to excessive stock option corporate deductions. I urge my colleagues to include this legislation in any deficit reduction package this year, or to pass it separately.

#### AMENDMENTS SUBMITTED AND PROPOSED

SA 553. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes.

SA 554. Mr. SESSIONS (for himself, Mr. CORNYN, Mr. VITTER, Mr. HATCH, and Mr. CORKER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 555. Mr. TESTER (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 556. Mr. JOHNSON of South Dakota (for himself and Mr. KIRK) proposed an amendment to the bill H.R. 2055, supra.

SA 557. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 558. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

#### TEXT OF AMENDMENTS

SA 553. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; as follows:

On page 64, line 24, strike “\$3,380,917,000” and insert “\$3,370,917,000”.

SA 554. Mr. SESSIONS (for himself, Mr. CORNYN, Mr. VITTER, Mr. HATCH,

and Mr. CORKER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

At the end, insert the following:

#### SEC. \_\_\_\_ NO BUDGET—NO APPROPRIATIONS.

(a) SUPERMAJORITY.—Section 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 note) is amended—

(1) in subsection (c)(1), by inserting after “Sections” the following: “303(c).”; and

(2) in subsection (d)(2), by inserting after “sections” the following: “303(c).”.

(b) APPLICATION TO RECONCILIATION.—Section 303(c)(2) of the Congressional Budget Act of 1974 (2 U.S.C. 634(c)(2)) is amended by inserting at the end the following: “Paragraph (1) shall not apply to any legislation reported pursuant to reconciliation directions contained in a concurrent resolution on the budget.”.

SA 555. Mr. TESTER (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title I, add the following:

SEC. 127. None of the amounts appropriated or otherwise made available by this title may be obligated or expended to carry out the Combat Air Forces Restructuring Plan of the Air Force until the Secretary of the Air Force certifies to Congress that the Air Force has completed all environmental reviews required in connection with the movement or relocation of any aircraft under the Restructuring Plan.

SA 556. Mr. JOHNSON of South Dakota (for himself and Mr. KIRK) proposed an amendment to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; as follows:

On Page 114 between lines 18 and 19, insert the following:

SEC. 301. Not later than 90 days after enactment of this Act, the Executive Director of Arlington National Cemetery shall provide a report to the Committees on Appropriations of the Senate and the House of Representatives detailing the strategic plan and timetable to modernize the Cemetery's Information Technology system, including electronic burial records.

SA 557. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

On page 84, between lines 5 and 6, insert the following:

SEC. 127. None of the funds appropriated or otherwise made available by this title may

be obligated or expended for road improvements at Naval Station Mayport, Florida.

**SA 558.** Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

On page 84, between lines 5 and 6, insert the following:

SEC. 127. None of the funds appropriated or otherwise made available by this title may be obligated or expended for architectural and engineering services and construction design of any military construction project necessary to establish a homeport for a nuclear-powered aircraft carrier at Naval Station Mayport, Florida.

## NOTICES OF HEARINGS

### COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. HARKIN. Mr. President, I wish to announce that the Committee on Health, Education, Labor, and Pensions will meet in executive session on Wednesday, July 20, 2011, at 10 a.m. in SD-430 to mark up the following: S. 958, the Children's Hospital GME Support Reauthorization Act of 2011; S. 1094, the Combating Autism Reauthorization Act; S. \_\_\_\_, the Workforce Investment Act Reauthorization Act of 2011; and, any nominations cleared for action.

For further information regarding this meeting, please contact the committee on (202) 224-5375.

### COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce that the Committee on Energy and Natural Resources will hold a business meeting on Thursday, July 21, 2011, at 10 a.m., in room SD-366 of the Dirksen Senate Office Building.

The purpose of the business meeting is to consider S. 916, the Oil and Gas Facilitation Act of 2011, and S. 917, the Outer Continental Shelf Reform Act of 2011.

For further information, please contact Sam Fowler at (202) 224-7571 or Alison Seyferth at (202) 224-4905.

### COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. HARKIN. Mr. President, I wish to announce that the Committee on Health, Education, Labor, and Pensions will meet in open session on Thursday, July 21, 2011, at 2 p.m. to conduct an oversight roundtable hearing entitled "Improving For-Profit Higher Education: A Roundtable Discussion of Policy Solutions."

For further information regarding this meeting, please contact Beth Stein on (202) 224-6403.

## AUTHORITY FOR COMMITTEES TO MEET

### COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on July 14, 2011, at 9:30 a.m. in room G50 of the Dirksen Senate Office Building.

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

### COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on July 14, 2011, at 10 a.m. to conduct a committee hearing entitled "The Semiannual Monetary Policy Report to Congress."

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

### COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on July 14, 2011, at 10 a.m., in room 366 of the Dirksen Senate Office Building.

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

### COMMITTEE ON FOREIGN RELATIONS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on July 14, 2011, at 10:30 a.m., to hold a hearing entitled, "Two New Sudans: A Roadmap Forward."

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

### COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet, during the session of the Senate, to conduct a hearing entitled "Lessons from the Field: Learning From What Works for Employment for Persons with Disabilities" on July 14, 2011, at 10 a.m. in room 430 of the Dirksen Senate Office Building.

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

### COMMITTEE ON INDIAN AFFAIRS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized to meet during the session of the Senate on July 14, 2011, at 2:15 p.m. in room 628 of the Dirksen Senate Office Building.

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

### COMMITTEE ON THE JUDICIARY

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Sen-

ate, on July 14, 2011, at 10 a.m., in SD-226 of the Dirksen Senate Office Building, to conduct an executive business meeting.

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

### COMMITTEE ON VETERANS' AFFAIRS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Veterans' Affairs be authorized to meet during the session on July 14, 2011, in room 418 of the Russell Senate Office Building beginning at 10 a.m.

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

### SELECT COMMITTEE ON INTELLIGENCE

Mr. CARDIN. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on July 14, 2011, at 2:30 p.m.

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

### SUBCOMMITTEE ON SCIENCE AND SPACE

Mr. CARDIN. Mr. President, I ask unanimous consent that the Subcommittee on Science and Space of the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on July 14, 2011, at 10 a.m. in room 253 of the Russell Senate Office Building. The Committee will hold a hearing entitled, "The National Nanotechnology Investment: Manufacturing, Commercialization, and Job Creation."

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

## PRIVILEGES OF THE FLOOR

Mr. REID. Mr. President, I ask unanimous consent that CPT Michael K. Lynch, a U.S. Army Aviation officer, who is currently serving as my defense legislative fellow this year, be granted floor privileges for the duration of H.R. 2055.

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

Mr. JOHNSON of South Dakota. Mr. President, I ask unanimous consent that Michael Barrie Rhemann, an intern with the Senate Appropriations Committee, be accorded floor privileges during consideration of H.R. 2055.

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

Mr. HARKIN. Mr. President, I ask unanimous consent that Jordana Signer, Adi Sehic, and Tyler Smith of my staff be granted floor privileges for the duration of today's proceedings.

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

Mr. MENENDEZ. Mr. President, on behalf of Senator LEAHY, I ask unanimous consent that a law clerk on his staff, Brendan Forbes, be granted floor privileges for the week of July 18, 2011.

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

## MEASURE READ THE FIRST TIME—H.R. 2018

Mr. SCHUMER. Mr. President, I understand there is a bill at the desk. I ask for its first reading.