the Environmental Protection Agency to issue achievable standards for industrial, commercial, and institutional boilers, process heaters, and incinerators, and for other purposes.

S. 1395

At the request of Mr. THUNE, his name was added as a cosponsor of S. 1395, a bill to ensure that all Americans have access to waivers from the Patient Protection and Affordable Care Act.

S. 1420

At the request of Mr. TOOMEY, the name of the Senator from North Carolina (Mr. BURR) was added as a cosponsor of S. 1420, a bill to require that the United States Government prioritize all obligations on the debt held by the public, Social Security benefits, and military pay in the event that the debt limit is reached, and for other purposes.

S. 1433

At the request of Mr. ROCKEFELLER, the name of the Senator from Virginia (Mr. WEBB) was added as a cosponsor of S. 1433, a bill to pay personnel compensation and benefits for employees of the Federal Aviation Administration.

S. 1449

At the request of Mr. PRYOR, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 1449, a bill to authorize the appropriation of funds for highway safety programs and for other purposes.

S. 1450

At the request of Ms. SNOWE, the name of the Senator from Minnesota (Ms. KLOBUCHAR) was added as a cosponsor of S. 1450, a bill to amend title 23, United States Code, to provide for the establishment of a commercial truck safety program, and for other purposes.

S. 1457

At the request of Mrs. GILLIBRAND, the name of the Senator from Delaware (Mr. COONS) was added as a cosponsor of S. 1457, a bill to direct the Secretary of Commerce to establish a Made In America Block Grant Program, and for other purposes.

S. RES. 80

At the request of Mr. KIRK, the names of the Senator from Montana (Mr. BAUCUS) and the Senator from Colorado (Mr. BENNET) were added as cosponsors of S. Res. 80, a resolution condemning the Government of Iran for its state-sponsored persecution of its Baha'i minority and its continued violation of the International Covenants on Human Rights.

S. RES. 132

At the request of Mr. NELSON of Nebraska, the name of the Senator from Montana (Mr. TESTER) was added as a cosponsor of S. Res. 132, a resolution recognizing and honoring the zoos and aquariums of the United States.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. GILLIBRAND (for herself and Mr. HATCH):

S. 1469. A bill to require reporting on the capacity of foreign countries to combat cybercrime, to develop action plans to improve the capacity of certain countries to combat cybercrime, and for other purposes; to the Committee on Foreign Relations.

Mr. HATCH. Mr. President, I rise today to reintroduce the International Cybercrime Reporting and Cooperation Act with Senator KIRSTEN GILLIBRAND, which if enacted, will establish a framework for global cooperation on the fight against cybercrime. As the United States continues to work on combating cybercrime here at home, we must simultaneously direct our attention to the international arena. With bipartisan support and valued input from affected industry, we have worked together on drafting a bill that encompasses reporting measures, action plans, and multilateral efforts in support of government cooperation to dismantle this global threat.

This bill increases the U.S. Government's focus on combating cybercrime internationally by requiring the President, or his designee, to annually report to Congress on the assessment of the cybercrime fighting efforts of the countries chosen by key federal agencies in consultation with private sector stakeholders. The countries to be reviewed are those with a significant role in efforts to combat cybercrime impacting U.S. Government, entities and persons, or disrupting U.S. electronic commerce or intellectual property interests.

Cyberspace remains borderless, with no single proprietor. Accordingly, the United States must take the lead on maintaining the openness of the Internet, while securing accountability. If a country is a haven for cybercrime, or simply has demonstrated a pattern of uncooperative behavior with efforts to combat cybercrime, that nation must be held accountable. The government of each country must conduct criminal investigations and prosecute criminals when there is credible evidence of cybercrime incidents against the U.S. government, our private entities or our people.

With so many U.S. companies doing business overseas, we must do our part to safeguard their employees, their jobs, and their clients from cyber attacks. Our objective is simple: We need international cooperation to increase assistance and prevention efforts of cybercrime from those countries deemed to be of cyber concern. Without international cooperation, our economy, security, and people will continue to be under threat.

Cybercrime is a tangible threat to the security of our global economy, which is why we need to coordinate our fight worldwide. Until countries begin to take the necessary steps to fight criminals within their borders, cybercrime havens will continue to flourish. Countries that knowingly permit cybercriminals to attack within their borders will now know that the United States is watching, the global community is watching, and there will be consequences for not acting.

By Mr. HATCH (for himself and Mr. COBURN):

S. 1476. A bill to reduce the size of the Federal workforce and Federal employee cost relating to pay, bonuses, and travel; to the Committee on Homeland Security and Governmental Affairs.

Mr. HATCH. Mr. President, after a contentious several months navigating the increase in the debt ceiling, Congress will be returning home in the next few days. I think many of us are anxious to go back to the States, where we will hear from our fellow citizens about their thoughts on what we are doing well and where we are falling short.

Getting out of Washington and returning to our States will be a relief, but I am fully aware that after this brief respite, we will come back to Washington in the fall with many more contentious issues still on our plates.

Our Nation is still on an unsustainable fiscal path, even with today's temporary resolution of the issues surrounding the debt ceiling. In addition, we have a government that has grown far too large and has taken on far too many obligations.

Today, with all these concerns in mind, I am joined by Senator TOM COBURN in introducing the Federal Workforce Reduction and Reform Act of 2011. If enacted, this bill will go a long way toward reducing the size of the Federal Government and helping to get our Nation's fiscal house in order.

Specifically, our bill would extend the current pay freeze for Federal civilian employees for another 3 years. Bonuses paid Federal employees would also be frozen during that time. Currently, Federal workers receive an automatic cost-of-living adjustment every year and are eligible for relocation, retention, and performance bonuses as well.

While I don't begrudge government employees their compensation, these automatic increases come with significant costs and far outpace those typically offered in the private sector. By simply extending the current pay freeze for another 3 years, we will save the Federal Government roughly $140 billion over 10 years.

In addition, our bill would require the President, in consultation with the Office of Management and Budget and the Office of Personnel Management, to reduce the size of the Federal workforce by 15 percent—roughly 300,000 employees—over the next 10 years. This could easily be accomplished through attrition and would save taxpayers over $225 billion over that time.

The bill would require a similar reduction in the Federal contract workforce as well. We have nothing against Federal agencies contracting services out to private venders. However, the significant increase in this practice

over the last several years has masked the size of the Federal Government. Indeed, when you include the contract workforce, the Federal Government is even larger than it appears.

Our bill would require that the President work with OMB and OPM to count the number of employees working on Federal contracts and reduce that number by 15 percent over the next 10 years. This would provide an even greater reduction in the size of the Federal Government and save taxpayers another $230 billion over the next decade.

Finally, this bill would reduce the travel budgets of Federal agencies by 75 percent over time. All told, the Federal Government spends over $15 billion a year on travel expenses. Most businesses respond to difficult financial times by reducing or eliminating unnecessary expenses. Most private sector leaders would tell you that travel expenses are one of the first things on the chopping block. Furthermore, improvements in teleconferencing technology and web-based communication have made much of the government-sponsored travel that was required in the past unnecessary.

Our bill would cut Federal travel expenses in half for the first 2 years, and then by three quarters thereafter. This will save American taxpayers something in the neighborhood of $40 billion over 10 years.

Mr. President, our Nation is currently in the midst of a fundamental debate over the constitutional limits on the Federal Government. The President and his allies see no bounds for a living Constitution, while conservatives like myself believe that Federal power has far exceeded the Founders' limits and is a genuine threat to personal liberty.

While this debate will likely not be resolved anytime soon, most of us can agree that we need to take immediate steps to address our Nation's looming fiscal crisis. The deal that was approved today was a step in the right direction, but it was only one step. We must do more, and we can do more, to right our fiscal ship. Some may see things differently, but I don't see any way that we can restore the integrity of the Nation's fiscal position without significantly reducing the size and cost of the Federal Government. The bill we are introducing today would be an important and measurable step toward that goal.

According to the numbers and methodology used by the National Commission on Fiscal Responsibility and Reform, these changes combined will save American taxpayers more than $600 billion over 10 years. These are significant numbers. They represent more than half of the deficit reduction required in the first part of the deal agreed to today, and they could easily be realized if we enact this small handful of relatively simple reforms.

I want to thank Senator COBURN—who continues to be a leader in the fight to bring us back to fiscal sanity—for his help and support on this bill. His has been a tireless voice against government excess and I am proud to join with him in this fight.

I urge all my colleagues to support the Federal Workforce Reduction and Reform Act of 2011.

By Mr. LEVIN (for himself and Mr. GRASSLEY):

S. 1483. A bill to ensure that persons who form corporations in the United States disclose the beneficial owners of those corporations, in order to prevent wrongdoers from exploiting United States corporations in ways that threaten homeland security, to assist law enforcement in detecting, preventing, and punishing terrorism, money laundering, and other misconduct involving United States corporations, and for other purposes; to the Committee on Homeland Security and Governmental Affairs.

Mr. LEVIN. Today, I along with my colleague, Senator GRASSLEY, am re-introducing the Incorporation Transparency and Law Enforcement Assistance Act, a bill designed to combat terrorism, money laundering, tax evasion, and other wrongdoing facilitated by U.S. corporations with hidden owners. This commonsense bill would end the practice of our States forming over about 2 million new corporations each year for unidentified persons, and instead require the States to ask for the identities of the persons establishing those corporations. With those names on record, U.S. law enforcement faced with corporate misconduct would then have a trail to chase instead of what today is too often a dead end.

Our bill is supported by key law enforcement organizations, including the Federal Law Enforcement Officers Association, the Fraternal Order of Police, the National Association of Assistant United States Attorneys, the National Narcotic Officers' Associations Coalition, the United States Marshals Service Association, the Society of Former Special Agents of the Federal Bureau of Investigation, and the Association of Former ATF Agents. It is also endorsed by a number of small business and public interest groups, including the Main Street Alliance, Sustainable Business Network of Washington, Global Financial Integrity, Global Witness, Public Interest Research Group, Project on Government Oversight, Jubilee USA, Citizens for Tax Justice, Tax Justice Network USA, and the FACT Coalition.

This is the third time this bill has been introduced. In the 110th Congress, when the bill was introduced for the first time and he was a member of the U.S. Senate, President Obama served as an original cosponsor. It's an issue that has become more urgent with time.

Right now, it takes more information to get a drivers license or open a U.S. bank account than to form a U.S. corporation. Under current law, U.S. corporations can be established anonymously, by hidden owners who don't reveal their identity. Our bill would change that by requiring any State that accepts anti-terrorism funding from DHS to add a new question to their existing incorporation forms asking applicants who want to set up a new U.S. corporation or limited liability company to answer a simple but important question: who are the actual owners?

That is it. One new question on an existing form. It is not a complicated question, yet the answer could play a key role in helping law enforcement do their job. Our bill would not require States to verify the information, but penalties would apply to persons who submit false information. States, or licensed formation agents if a State has delegated the task to them, would supply the ownership information to law enforcement upon receipt of a subpoena or summons.

We have all seen the news reports about U.S. corporations involved in wrongdoing, from facilitating terrorism to money laundering, financial fraud, tax evasion, corruption, and more. Let me give you a few examples.

We now know that some terrorists use U.S. shell corporations to carry out their activities. Viktor Bout, an arms dealer who has been indicted and incarcerated in the United States for conspiracy to kill U.S. nationals, used shell corporations around the world in his work, including a dozen formed in Texas, Delaware, and Florida. Mr. Bout was recently extradited from Thailand to answer for his conduct at which time Attorney General Eric Holder stated: ''Long considered one of the world's most prolific arms traffickers, Mr. Bout will now appear in federal court in Manhattan to answer to charges of conspiring to sell millions of dollars worth of weapons to a terrorist organization for use in trying to kill Americans.'' It is unacceptable that Mr. Bout was able to set up shell corporations in three of our States and use them in illicit activities without ever being asked who owned those corporations.

In another case, a New York company called the Assa Corporation owned a Manhattan skyscraper and, in 2007, wire transferred about $4.5 million in rental payments to a bank in Iran. U.S. law enforcement tracking the funds had no idea who was behind that shell corporation, until another government disclosed that it was owned by the Alavi Foundation which was known to have ties to the Iranian military. In other words, a New York corporation was being used to ship millions of U.S. dollars to Iran, a notorious supporter of terrorism.

U.S. corporations with hidden owners have also been involved in financial crimes. In 2011, a former Russian military officer, Victor Kaganov, pled guilty to operating an illegal money transmitter business from his home in

Oregon, and using Oregon shell corporations to wire more than $150 million around the world on behalf of Russian clients. U.S. Attorney Dwight Holton of the District of Oregon used stark language when describing the case: ''When shell corporations are illegally manipulated in the shadows to hide the flow of tens of millions of dollars overseas, it threatens the integrity of our financial system.''

Another recent case involves Florida attorney Scott Rothstein who, in 2010, pled guilty to fraud and money laundering in connection with a $1.2 billion Ponzi investment scheme, in which he used 85 U.S. limited liability companies to conceal his participation or ownership stake in various real estate and business ventures.

Tax evasion is another type of misconduct which all too often involves the use of U.S. corporations with hidden owners. In 2006, for example, the Subcommittee showed how Kurt Greaves, a Michigan businessman, worked with Terry Neal, an offshore promoter, to form shell corporations in Nevada, Canada, and offshore secrecy jurisdictions, to hide more than $400,000 in untaxed business income. In 2004, both Mr. Greaves and Mr. Neal pled guilty to Federal tax evasion. Also in 2006, the Subcommittee showed how two brothers from Texas, Sam and Charles Wyly, created a network of 58 trusts and shell corporations to dodge the payment of U.S. taxes, including using a set of Nevada corporations to move offshore over $190 million in stock options without paying any taxes on that compensation.

Still another area of abuse involves the misuse of U.S. corporations in handling corruption proceeds. One example involves Teodoro Obiang, who is the son of the President of Equatorial Guinea, holds office in that country, and is currently under investigation by the U.S. Justice Department, along with his father, for corruption and other misconduct. Between 2004 and 2008, Mr. Obiang used U.S. lawyers to form multiple California shell corporations with names like Beautiful Vision, Unlimited Horizon, and Sweet Pink; open bank accounts in the names of those corporations; and move millions of dollars in suspect funds through those and other U.S. banks.

One last example involves 800 U.S. corporations whose hidden owners have stumped U.S. law enforcement which, as a result, has given up investigating their suspect conduct. In October 2004, the Homeland Security Department's division of Immigration and Customs Enforcement or ICE identified a single Utah corporation that had engaged in $150 million in suspicious transactions. ICE found that the corporation had been formed in Utah and was owned by two Panama entities which, in turn, were owned by a group of Panama holding corporations, all located in the same Panama City office. By 2005, ICE had located 800 additional U.S. corporations in nearly all 50 states associated with the same shadowy group in Panama, but was unable to obtain the name of a single natural person who owned one of the corporations. ICE learned that those corporations were associated with multiple investigations into tax fraud and other wrongdoing, but no one had been able to find the corporate owners. The trail went cold, and ICE closed the case. Yet it may be that many of those U.S. corporations are still operative.

These examples of U.S. corporations with hidden owners involved in or facilitating terrorism, financial crime, tax evasion, corruption, or other misconduct provide ample evidence of the need for legislation to address the problem.

The Federal Law Enforcement Officers Association or FLEOA, which represents more than 26,000 federal law enforcement officers and is a strong supporter of the bill, has stated that ''the unfortunate lax attitude demonstrated by certain states has enabled large criminal enterprises to exploit those State's flawed filing systems.'' FLEOA has stated further: ''[W]hile all Americans are inspired by the spirit of free enterprise, our membership does not want to see the United States adopt the financial hideaway image of Switzerland. We regard corporate ownership in the same manner as we do vehicle ownership. Requiring the driver of a vehicle to have a registration and insurance card is not a violation of their privacy. This information does not need to be published in a Yellow Pages, but it should be available to law enforcement officers who make legally authorized requests pursuant to official investigations.''

The National Association of Assistant United States Attorneys which represents more than 1,500 federal prosecutors, urges Congress to take legislative action to remedy inadequate state incorporation practices. NAAUSA has written: ''[M]indful of the ease with which criminals establish 'front organizations' to assist in money laundering, terrorist financing, tax evasion and other misconduct, it is shocking and unacceptable that many State laws permit the creation of corporations without asking for the identity of the corporation's beneficial owners. Your legislation will guard against that from happening, and no longer permit criminals to exploit the lack of transparency in the registration of corporations.''

Just last week, the Administration released a new Strategy to Combat Transnational Organized Crime that focused, in part, on the problem of corporations with hidden owners. It stated that transnational organized criminal networks ''rely on industry experts, both witting and unwitting, to facilitate corrupt transactions and to create the necessary infrastructure to pursue their illicit schemes, such as creating shell corporations, opening offshore bank accounts in the shell corporation's name, and creating front businesses for their illegal activity and money laundering.'' The Strategy established as one of its action plans to ''[w]ork with Congress to enact legislation to require disclosure of beneficial ownership information of legal entities at the time of company formation in order to enhance transparency for law enforcement and other purposes.''

We need legislation not only to stop the abuses being committed by U.S. corporations with hidden owners, but also to meet our international commitments. In 2006, the leading international anti-money laundering body in the world, the Financial Action Task Force on Money Laundering, known as FATF, issued a report criticizing the United States for its failure to comply with a FATF standard requiring countries to obtain beneficial ownership information for the corporations formed under their laws. This standard is one of 40 FATF standards that this country has publicly committed itself to implementing as part of its efforts to promote strong anti-money laundering laws around the world.

FATF gave the United States two years, until 2008, to make progress toward coming into compliance with the FATF standard on beneficial ownership information. That deadline passed three years ago, and we have yet to make any real progress. Enacting the bill we are introducing today would bring the United States into compliance with the FATF standard by requiring the States to obtain beneficial ownership information for the corporations formed under their laws. It would ensure that the United States meets its international commitment to comply with FATF anti-money laundering standards.

The bill being introduced today is the product of years of work by the Senate Permanent Subcommittee on Investigations, which I chair. Over ten years ago, in 2000, the Government Accountability Office, at my request, conducted an investigation and released a report entitled, ''Suspicious Banking Activities: Possible Money Laundering by U.S. Corporations Formed for Russian Entities.'' That report revealed that one person was able to set up more than 2,000 Delaware shell corporations and, without disclosing the identity of the beneficial owners, open U.S. bank accounts for those corporations, which then collectively moved about $1.4 billion through the accounts. It is one of the earliest government reports to give some sense of the law enforcement problems caused by U.S. corporations with hidden owners. The alarm it sounded years ago is still ringing.

In April 2006, in response to a second Subcommittee request, GAO released a report entitled, ''Corporation Formations: Minimal Ownership Information Is Collected and Available,'' which reviewed the corporate formation laws in all 50 States. GAO disclosed that the

vast majority of the States do not collect any information at all on the beneficial owners of the corporations and limited liability companies, or LLCs, formed under their laws. The report also found that several States have established automated procedures that allow a person to form a new corporation or LLC in the State within 24 hours of filing an online application without any prior review of that application by State personnel. In exchange for a substantial fee, at least two States will form a corporation or LLC within one hour of a request. After examining these State incorporation practices, the GAO report described the problems that the lack of beneficial ownership information has caused for a range of law enforcement investigations.

In November 2006, our Subcommittee held a hearing on the problem. At that hearing, representatives of the U.S. Department of Justice, the Internal Revenue Service, and the Department of Treasury's Financial Crimes Enforcement Network or FinCEN testified that the failure of States to collect adequate information on the beneficial owners of the legal entities they form had impeded federal efforts to investigate and prosecute criminal acts such as terrorism, money laundering, securities fraud, and tax evasion. At the hearing, the Justice Department testified: ''We had allegations of corrupt foreign officials using these [U.S.] shell accounts to launder money, but were unable—due to lack of identifying information in the corporate records—to fully investigate this area.'' The IRS testified: ''Within our own borders, the laws of some states regarding the formation of legal entities have significant transparency gaps which may even rival the secrecy afforded in the most attractive tax havens.'' As part of its testimony, FinCEN described identifying 768 incidents of suspicious international wire transfer activity involving U.S. shell corporations.

The next year, in 2007, in a ''Dirty Dozen'' list of tax scams active that year, the IRS highlighted shell corporations with hidden owners as number four on the list. It wrote:

> 4. Disguised Corporate Ownership: Domestic shell corporations and other entities are being formed and operated in certain states for the purpose of disguising the ownership of the business or financial activity. Once formed, these anonymous entities can be, and are being, used to facilitate underreporting of income, non-filing of tax returns, listed transactions, money laundering, financial crimes and possibly terrorist financing. The IRS is working with state authorities to identify these entities and to bring their owners into compliance.

It was also in 2007, that we first introduced our bipartisan legislation, which was S. 2956 back then, to stop the formation of U.S. corporations with hidden owners. It was a Levin-Coleman-Obama bill. When asked about the bill in 2008, then DHS Secretary Michael Chertoff wrote: ''In countless investigations, where the criminal targets utilize shell corporations, the lack of law enforcement's ability to gain access to true beneficial ownership information slows, confuses or impedes the efforts by investigators to follow criminal proceeds.''

In 2009, the Senate Homeland Security and Governmental Affairs Committee held two hearings which examined not only the problem, but also possible solutions, including our by then revised bill, S. 569. At the first hearing entitled, ''Examining State Business Incorporation Practices: A Discussion of the Incorporation Transparency and Law Enforcement Assistance Act,'' held in June 2009, DHS testified that ''shell corporations established in the United States have been utilized to commit crimes against individuals around the world.'' The Manhattan District Attorney's office testified: ''For those of us in law enforcement, these issues with shell corporations are not some abstract idea. This is what we do and deal with every day. We see these shell corporations being used by criminal organizations, and the record is replete with examples of their use for money laundering, for their use in tax evasion, and for their use in securities fraud.''

At the second hearing, ''Business Formation and Financial Crime: Finding a Legislative Solution,'' held in November 2009, the Justice Department again testified about criminals using U.S. shell corporations. It also noted that ''each of these examples involves the relatively rare instance in which law enforcement was able to identify the perpetrator misusing U.S. shell corporations. Far too often, we are unable to do so.'' The Treasury Department testified that ''the ability of illicit actors to form corporations in the United States without disclosing their true identity presents a serious vulnerability and there is ample evidence that criminal organizations and others who threaten our national security exploit this vulnerability.''

The 2009 hearings also presented evidence of dozens of Internet websites advertising corporate formation services that highlighted the ability of corporations to be formed in the United States without asking for the identity of the beneficial owners. These websites explicitly pointed to anonymous ownership as a reason to incorporate within the United States, and often listed certain States alongside notorious offshore jurisdictions as preferred locations in which to form new corporations, essentially providing an open invitation for wrongdoers to form entities within the United States.

One website, for example, set up by an international incorporation firm, advocated setting up corporations in Delaware by saying: ''DELAWARE—An Offshore Tax Haven for Non US Residents.'' It cited as one of Delaware's advantages that: ''Owners' names are not disclosed to the state.'' Another website, from a U.K. firm called ''formacorporation-offshore.com,'' listed the advantages to incorporating in Nevada. Those advantages included: ''Stockholders are not on Public Record allowing complete anonymity.''

During the 2009 hearings, I presented evidence of how one Wyoming outfit was selling so-called shelf corporations—corporations formed and then left ''on the shelf'' for later sale to purchasers who could then pretend the corporations had been in operation for years. More recently, a June 2011 Reuters news article wrote a detailed expose of how that same outfit, called Wyoming Corporate Services, has formed thousands of U.S. corporations all across the country, all with hidden owners. The article quoted the website as follows: ''A corporation is a legal person created by state statute that can be used as a fall guy, a servant, a good friend or a decoy. A person you control . . . yet cannot be held accountable for its actions. Imagine the possibilities!''

The article described a small house in Cheyenne, Wyoming, which Wyoming Corporate Services used to provide a U.S. address for more than 2,000 corporations that it had helped to form. The article described ''the walls of the main room'' as ''covered floor to ceiling with numbered mailboxes labeled as corporate suites.'' The article reported that among the corporations using the address was a shell corporation controlled by a former Ukranian prime minister, Pavlo Lazarenko, who had been convicted of money laundering and extortion; a corporation indicted for helping online-poker operators evade a U.S. ban on Internet gambling; and two corporations barred from U.S. federal contracting for selling counterfeit truck parts to the Pentagon. The article observed that Wyoming Corporate Services continued to sell shelf corporations that existed solely on paper but could show a history of regulatory and tax filings, despite having had no real U.S. operations. That's what is going on right now, here in our own backyard, with respect to U.S. corporations.

Despite the evidence of U.S. corporations being misused by organized crime, terrorists, tax evaders, and other wrongdoers, and despite years of law enforcement complaints, many of our States are reluctant to admit there is a problem in establishing U.S. corporations and LLCs with hidden owners. Too many of our States are eager to explain how quick and easy it is to set up corporations within their borders, without acknowledging that those same quick and easy procedures enable wrongdoers to utilize U.S. corporations in a variety of crimes and tax dodges both here and abroad.

Beginning in 2006, the Subcommittee worked with the States to encourage them to recognize the homeland security problem they'd created and to come up with their own solution. After the Subcommittee's 2006 hearing on this issue, for example, the National Association of Secretaries of State or

NASS convened a 2007 task force to examine state incorporation practices. At the request of NASS and several States, I delayed introducing legislation while they worked on a proposal to require the collection of beneficial ownership information. My Subcommittee staff participated in multiple conferences, telephone calls, and meetings; suggested key principles; and provided comments to the Task Force.

In July 2007, the NASS task force issued a proposal. Rather than cure the problem, however, the proposal had many deficiencies, leading the Treasury Department to state in a letter that the NASS proposal ''falls short'' and ''does not fully address the problem of legal entities masking the identity of criminals.''

Among other shortcomings, the NASS proposal would not require States to obtain the names of the natural individuals who would be the beneficial owners of a U.S. corporation or LLC. Instead, it would allow States to obtain a list of a corporation's ''owners of record'' who can be, and often are, offshore corporations or trusts. The NASS proposal also did not require the States themselves to maintain the beneficial ownership information, or to supply it to law enforcement upon receipt of a subpoena or summons. Instead, law enforcement would have to get the information from the suspect corporation or one of its agents, thereby tipping off the corporation to the investigation. The proposal also failed to require the beneficial ownership information to be updated over time. These and other flaws in the proposal were identified by the Treasury Department, the Department of Justice, and others, but NASS decided to continue on the same course.

NASS enlisted the help of the National Conference of Commissioners on Uniform State Laws or NCCUSL, which produced a proposed model law for States that wanted to adopt the NASS approach. NCCUSL presented its proposal at the Homeland Security and Governmental Affairs Committee's June 2009 hearing, where it was subjected to significant criticism. The Manhattan District Attorney's office, for example, testified: ''I say without hesitation or reservation—that from a law enforcement perspective, the bill proposed by NCCUSL would be worse than no bill at all. And there are two very basic reasons for this. It eliminates the ability of law enforcement to get corporate information without alerting the target of the investigation that the investigation is ongoing. That is the primary reason. It also sets up a system that is time-consuming and complicated.''

The Department of Justice testified: ''Senator, I would submit to you that in a criminal organization everyone knows who is in control and this will not be an issue of determining who is in control. What we are concerned about here from the law enforcement perspective are the criminals and the criminal organizations and so what we are asking is that when criminals use shell companies, they provide the name of the beneficial owner. That is the person who is in control, the criminal in control, as opposed to the NCCUSL proposal where they are suggesting that instead two nominees are provided—two nominees between law enforcement and the criminal in control.''

Despite these criticisms, NCCUSL finalized its model law in July 2009, issuing it under the title, ''Uniform Law Enforcement Access to Entity Information Act.'' At the November 2009 hearing, law enforcement again criticized the NCCUSL model law. At the hearing, Senator Levin asked: ''Now the NCCUSL, in their proposal just requires a records contact and that records contact could simply be an owner of record, which could be a shell corporation, putting us right back into a circle which leads absolutely nowhere in terms of finding the beneficial owners. Would you agree that the approach of NCCUSL in this regard is not acceptable, Ms. Shasky?'' The Justice Department representative, Jennifer Shasky, responded: ''Yes, Senator. To allow companies to provide anything less than the beneficial owner information merely provides criminals with an opportunity to evade responsibility and put nominees between themselves and the true perpetrator.'' With regard to NCCUSL's proposal, the Treasury representative, David Cohen, testified: ''[T]here is not an obligation for that live person to not be a nominee. And what I think is important in the legislation is that we get at the true beneficial owner and not someone who may be a nominee.''

In addition to its flaws, the NCCUSL model law has proven unpopular with the States for whom it was written. Despite the effort and fanfare attached to this uniform law, after two years of sitting on the books, not a single State has adopted it or given any indication of doing so.

It is deeply disappointing that the States, despite the passage of five years since FATF first called upon the United States to meet its commitment to collect beneficial ownership information, have been unable to devise an effective proposal. Part of the difficulty is that the States have a wide range of practices, differ on the extent to which they rely on incorporation fees as a major source of revenue, and differ on the extent to which they attract non-U.S. persons as incorporators. In addition, the States are competing against each other to attract persons who want to set up U.S. corporations, and that competition creates pressure for each individual State to favor procedures that allow quick and easy incorporations, with no questions asked. It's a classic case of competition causing a race to the bottom, making it difficult for any one State to do the right thing and request the identity of the persons behind the incorporation efforts.

That is why Federal legislation in this area is critical. Federal legislation is needed to level the playing field among the States, set minimum standards for obtaining beneficial ownership information, put an end to the practice of States forming millions of legal entities each year without knowing who is behind them, and bring the United States into compliance with its international commitments.

The bill's provisions would require the States to obtain from incorporation applicants a list of the beneficial owners of each corporation or LLC formed under their laws, to maintain this information for a period of years after a corporation is terminated, and to provide the information to law enforcement upon receipt of a subpoena or summons. The bill would also require corporations and LLCs to update their beneficial ownership information on a regular basis. The ownership information would be kept by the State or, if a State maintains a formation agent licensing system and delegates this task, by a State's licensed formation agents.

The particular information that would have to be provided for each beneficial owner is the owner's name, address, and unique identifying number from a State drivers license or U.S. passport. The bill would not require States or their licensed formation agents to verify this information, but penalties would apply to persons who submitted false information.

In the case of U.S. corporations formed by individuals who do not possess a drivers license or passport from the United States, the bill would require the incorporation application to include a written certification from a formation agent residing within the State attesting to the fact that the agent had obtained and verified the identity of the non-U.S. beneficial owners of the corporation, by obtaining their names, addresses, and identifying information from a non-expired non-U.S. passport. The formation agent would be required to retain this information in the State for a specified period of time and produce it upon receipt of a subpoena or summons from law enforcement.

To ensure that its provisions are tightly targeted, the bill would exempt a wide range of corporations from the disclosure obligation. It would exempt, for example, virtually all highly regulated corporations, because we already know who owns them. That includes all publicly-traded corporations, banks, broker-dealers, commodity brokers, registered investment funds, registered accounting firms, insurers, utilities, and charities that file returns with the IRS. The bill would also exempt corporations with a substantial U.S. presence, including at least 20 employees physically located in the United States, since those individuals could provide law enforcement with the leads needed to trace a corporation's true owners. In addition, the bill would exempt corporations whose beneficial

ownership information would not benefit the public interest or assist law enforcement. These exemptions dramatically reduce the number of corporations who would be required to provide beneficial ownership information to ensure that the bill's disclosure obligation is focused on only those whose owners' identities are currently hidden.

The bill does not take a position on the issue of whether the States should make the beneficial ownership information available to the public. Instead, the bill leaves it entirely up to the States to decide whether, under what circumstances, and to what extent to make beneficial ownership information available to the public. The bill explicitly permits the States to place restrictions on providing beneficial ownership information to persons other than government officials. The bill focuses instead on ensuring that law enforcement with a subpoena or summons is given ready access to the beneficial ownership information.

Relative to the costs of compliance, the bill provides States with access to two separate funding sources, neither of which involves appropriated funds. For the first three years after the bill's enactment, the bill directs both the Treasury and Justice Departments to make funds available from their individual forfeiture programs to States seeking to comply with the requirements of the Act. These forfeiture funds are not appropriated taxpayer dollars; instead they are the proceeds of forfeiture actions taken against persons involved in money laundering, drug trafficking, or other wrongdoing. The two forfeiture funds typically contain between $300 and $500 million at a time. The bill would direct a total of $30 million over three years to be provided to the States from the two funds to carry out the Act. These provisions would ensure that States have adequate funds for the modest compliance costs involved with adding a new question to their incorporation forms requesting the names of the covered corporations' beneficial owners.

It is common for bills establishing minimum Federal standards to seek to ensure State action by making some Federal funding dependent upon a State's meeting the specified standards. Our bill, however, states explicitly that nothing in its provisions authorizes DHS to withhold funds from a State for failing to modify its incorporation practices to meet the beneficial ownership information requirements in the Act. Instead, the bill calls for a GAO report in 2015 to identify which States, if any, have failed to strengthen their incorporation practices as required by the Act. After getting this status report, a future Congress can decide what steps to take, including whether to reduce any funding going to noncompliant States.

The bill also contains a provision that would require corporations bidding on Federal contracts to provide the same beneficial ownership information to the Federal Government as provided to the relevant State. The Subcommittee has become aware of instances in which the Federal Government has found itself doing business with U.S. corporations whose owners are hidden. It's important that when the Federal Government contracts to do business with someone, it knows who it is dealing with.

Finally, the bill would require the Treasury Department to issue a rule requiring U.S. formation agents to establish anti-money laundering programs to ensure they are not forming U.S. corporations or LLCs for wrongdoers. The bill requires the programs to be risk based so that formation agents can target their preventative efforts toward persons who pose a high risk of being involved with money laundering. GAO would also be asked to conduct a study of existing State formation procedures for partnerships, trusts, and charitable organizations.

We have worked with the Departments of Homeland Security, Treasury, and Justice to craft a bill that would address, in a fair and reasonable way, the homeland security problems created by States allowing the formation of millions of U.S. corporations and LLCs with hidden owners. What the bill comes down to is a simple requirement that States change their incorporation applications to add a single question requesting identifying information for the true owners of the corporations they form. That is not too much to ask to protect this country and the international community from wrongdoers seeking to misuse U.S. corporations.

For those who say that, if the United States tightens its incorporation rules, new corporations will be formed elsewhere, it is appropriate to ask exactly where they will go. Every country in the European Union is already required to have their formation agents collect beneficial information for the corporations formed by those agents. Most offshore jurisdictions also already require request this information to be collected, including the Bahamas, Cayman Islands, and the Channel Islands. Countries around the world already request beneficial ownership information, in part because of their commitment to FATF's international anti-money laundering standards. Our 50 States should be asking for the same ownership information, but there is no indication that they will any time in the near future, unless required to do so.

I wish Federal legislation weren't necessary. I wish the States could solve this homeland security problem on their own, but ongoing competitive pressures make it unlikely that the States will do the right thing. It is been more than five years since our 2006 hearing on this issue and more than two years since the States came up with a model law on the subject, with no progress to speak of, despite repeated pleas from law enforcement.

Federal legislation is necessary to reduce the vulnerability of the United States to wrongdoing by U.S. corporations with hidden owners, to protect interstate and international commerce from criminals misusing U.S. corporations, to strengthen the ability of law enforcement to investigate suspect U.S. corporations, to level the playing field among the States, and to bring the United States into compliance with its international anti-money laundering obligations.

There is also an issue of consistency. For years, I have been fighting offshore corporate secrecy laws and practices that enable wrongdoers to secretly control offshore corporations involved in money laundering, tax evasion, and other misconduct. I have pointed out on more than one occasion that corporations were not created to hide ownership, but to protect owners from personal liability for corporate acts. Unfortunately, today, the corporate form has too often been corrupted into serving those who wish to conceal their identities. It is past time to stop this misuse of the corporate form. But if we want to stop inappropriate corporate secrecy offshore, we need to stop it here at home as well.

For these reasons, I urge my colleagues to join us in supporting this legislation and putting an end to incorporation practices that promote corporate secrecy and render the United States and other countries vulnerable to abuse by U.S. corporations with hidden owners.

Mr. President, I ask unanimous consent that a bill summary be printed in the RECORD.

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

SUMMARY OF INCORPORATION TRANSPARENCY AND LAW ENFORCEMENT ASSISTANCE ACT

August 2, 2011

To protect the United States from U.S. corporations being misused to support terrorism, money laundering, tax evasion, or other misconduct, the Levin-Grassley Incorporation Transparency and Law Enforcement Assistance Act would:

Beneficial Ownership Information. Require the States directly or through licensed formation agents to obtain the names of beneficial owners of corporations or limited liability companies (LLCs) formed under a State's laws, ensure this information is updated, and provide the information to law enforcement upon receipt of a subpoena or summons.

Identifying Information. Require corporations to provide beneficial owners' names, addresses, and a U.S. drivers license or passport number; or if the owners do not have either a U.S. drivers license nor passport, information from their non-U.S. passports.

Federal Contractors. Require corporations bidding on federal contracts to provide the same beneficial ownership information to the federal government.

Shelf Corporations. Require formation agents selling ''shelf corporations''—companies formed for later sale to a third party—to identify the beneficial owners of those corporations.

Penalties for False Information. Establish penalties for persons who knowingly provide false information, or willfully fail to provide required information, on beneficial ownership.

Exemptions. Exempt from the disclosure obligation regulated corporations, including publicly traded companies, banks, broker-dealers, insurers, registered investment funds, and charities; corporations with a substantial U.S. presence; and corporations whose beneficial ownership information would not benefit the public interest or assist law enforcement.

Funding. Provide $30 million over three years to States from existing Treasury and Justice Department forfeiture funds to pay for the costs of complying with the Act.

State Compliance Report. Specify that nothing in the Act authorizes funds to be withheld from any State for failure to comply with the Act, but also require a GAO report by 2015 identifying which States are not in compliance so a future Congress can determine what steps to take.

Transition Period. Give the State' s three years, until October 2014, to require beneficial ownership information for corporations and LLCs formed under their laws.

Anti-Money Laundering Safeguards. Require paid formation agents to establish anti-money laundering programs to guard against supplying U.S. corporations or LLCs that facilitate misconduct. Attorneys using paid formation agents would be exempt from this requirement.

GAO Study. Require GAO to complete a study of State beneficial ownership information requirements for partnerships, charities, and trusts.

By Mr. UDALL of New Mexico (for himself, Mr. HELLER, Mr. BINGAMAN, and Mrs. FEINSTEIN):

S. 1485. A bill to amend the Tariff Act of 1930 to include ultralight vehicles under the definition of aircraft for purposes of the aviation smuggling provisions under that Act, and for other purposes; to the Committee on Finance.

Mr. UDALL of New Mexico. Mr. President, today I rise to introduce the Ultralight Aircraft Smuggling Prevention Act, legislation that will crack down on smugglers who use ultralight aircraft, also known as ULAs, to bring drugs across the U.S.-Mexico border. I am pleased to be working on this in a bipartisan manner with Senator HELLER, who introduced a very similar bill last year in the House with Congresswoman GABRIELLE GIFFORDS. That bill passed overwhelmingly by a 412–3 vote. I hope we can have a similar bipartisan result here in the Senate.

ULAs are single-pilot aircraft capable of flying low, landing and taking off quickly, and are typically used for sport or for recreation. However, because of increased detection and interdiction of more traditional smuggling conveyances, ULAs have increasingly been employed along the Southwest border by Mexican drug trafficking organizations to smuggle drugs into the United States.

The use of ULAs by drug smugglers presents a unique challenge for Border Patrol and prosecutors. Every year hundreds of ULAs are flown across the Southwest border and each one can carry hundreds of pounds of narcotics. Under existing law, ULAs are not categorized as aircraft by the Federal Aviation Administration, so they do not fall under the aviation smuggling provisions of the Tariff Act of 1930. This means that a drug smuggler piloting a small airplane is subject to much stronger criminal penalties than a smuggler who pilots a ULA.

Our bill will close this unintended loophole and establish the same penalties if convicted—a maximum sentence of 20 years in prison and a $25,000 fine—for smuggling drugs on ULAs as currently exist for smuggling on airplanes or in automobiles. This is a common sense solution that will give our law enforcement agencies and prosecutors additional tools they need to combat drug smuggling.

The bill would also add an attempt and conspiracy provision to the aviation smuggling law to allow prosecutors to charge people other than the pilot who are involved in aviation smuggling. This would give them a new tool to prosecute the ground crews who aid the pilots as well as those who pick up the drug loads that are dropped from ULAs in the U.S. Finally, the bill directs the Department of Defense and Department of Homeland Security to collaborate in identifying equipment and technology used by DOD that could be used by U.S. Customs and Border Protection to detect ULAs.

In addition to Senator HELLER, I am pleased to be joined by Senators BINGAMAN and FEINSTEIN in introducing this legislation. I urge my colleagues to support the Ultralight Aircraft Smuggling Prevention Act.

Mr. President, I ask unanimous consent that the text of the bill and an article be printed in the RECORD.

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

S. 1485

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 ''Ultralight Aircraft Smuggling Prevention Act of 2011''.

SEC. 2. AMENDMENTS TO THE AVIATION SMUGGLING PROVISIONS OF THE TARIFF ACT OF 1930.

(a) IN GENERAL.—Section 590 of the Tariff Act of 1930 (19 U.S.C. 1590) is amended—

(1) by redesignating subsection (g) as subsection (h); and

(2) by inserting after subsection (f) the following:

''(g) DEFINITION OF AIRCRAFT.—As used in this section, the term 'aircraft' includes an ultralight vehicle, as defined by the Administrator of the Federal Aviation Administration.''.

(b) CRIMINAL PENALTIES.—Subsection (d) of section 590 of the Tariff Act of 1930 (19 U.S.C. 1590(d)) is amended in the matter preceding paragraph (1), by inserting '', or attempts or conspires to commit,'' after ''commits''.

(c) EFFECTIVE DATE.—The amendments made by this section apply with respect to violations of any provision of section 590 of the Tariff Act of 1930 on or after the 30th day after the date of the enactment of this Act.

SEC. 3. INTERAGENCY COLLABORATION.

The Assistant Secretary of Defense for Research and Engineering shall, in consultation with the Under Secretary for Science and Technology of the Department of Homeland Security, identify equipment and technology used by the Department of Defense that could also be used by U.S. Customs and Border Protection to detect and track the illicit use of ultralight aircraft near the international border between the United States and Mexico.

[From the Los Angeles Times, May 19, 2011]

ULTRALIGHT AIRCRAFT NOW FERRYING DRUGS ACROSS U.S.-MEXICO BORDER

MEXICAN ORGANIZED CRIME GROUPS ARE USING ULTRALIGHT AIRCRAFT TO DROP MARIJUANA BUNDLES IN AGRICULTURAL FIELDS AND DESERT SCRUB ACROSS THE U.S. BORDER. THE INCURSIONS ARE HARD TO DETECT AND ARE ON THE UPSWING.

(By Richard Marosi)

They fly low and slow over the border, their wings painted black and motors humming faintly under moonlit skies. The pilots, some armed in the open cockpits, steer the horizontal control bar with one hand and pull a latch with the other, releasing 250-pound payloads that land with a thud, leaving only craters as evidence of another successful smuggling run.

Mexican organized crime groups, increasingly stymied by stepped-up enforcement on land, have dug tunnels and captained boats to get drugs across the U.S.-Mexico border. Now they are taking to the skies, using ultralight aircraft that resemble motorized hang gliders to drop marijuana bundles in agricultural fields and desert scrub across the Southwest border.

What began with a few flights in Arizona in 2008 is now common from Texas to California's Imperial Valley and, mostly recently, San Diego, where at least two ultralights suspected of carrying drugs have been detected flying over Interstate 8, according to U.S. border authorities.

The number of incursions by ultralights reached 228 in the last federal fiscal year ending Sept. 30, almost double from the previous year. Seventy-one have been detected in this fiscal year through April, according to border authorities.

Flying at night with lights out, and zipping back across the border in minutes, ultralight aircraft sightings are rare, but often dramatic. At least two have been chased out of Arizona skies by Black Hawk Customs and Border Protection helicopters and F–16 jet fighters. Last month, a pair of visiting British helicopter pilots almost crashed into an ultralight during training exercises over the Imperial Valley.

The smuggling work is fraught with danger. High winds can flip the light aircraft. Moonlight provides illumination, but some pilots wear night-vision goggles. Others fly over major roads to orient themselves. Drop zones are illuminated by ground crews using strobe lights or glow sticks. There is little room for error.

At least one pilot has been paralyzed; another died in a crash.

In Calexico, Det. Mario Salinas was walking to his car one morning last year when he heard something buzzing over the Police Department on 5th Street. ''I hear this weird noise, like a lawn mower. I look up and I see this small plane,'' said Salinas, who pursued the aircraft before it eluded him as it flew over the desert.

The ultralight activity is seen as strong evidence that smugglers are having an increasingly difficult time getting marijuana over land crossings. Authorities noticed a surge in flights in Imperial County after newly erected fencing along California's southeast corner blocked smugglers from crossing desert dunes in all-terrain vehicles.

U.S. Border Patrol agents, accustomed to scouring for footprints and tracks in the sand, have had to adapt. They are now instructed to turn off their engines and roll

down their windows so they can listen for incursions by air.

''We're trained to look down and at the fence. Now we have to look up for tell-tale signs of ultralight traffic,'' said Roy D. Villarreal, deputy chief patrol agent of the El Centro sector in the Imperial Valley.

Although the new trend poses serious challenges, authorities point out that ultralights are a decidedly inefficient way of getting drugs across the border. Traffickers who once moved thousands of pounds of drugs across the border now appear to be packing their loads by the pound, not the ton, authorities say.

The ultralights—lightweight planes typically used as recreational aircraft—are customized for smuggling purposes. All-terrain wheels are added for bumpy landings. Second seats are ripped out to add fuel capacity. Drugs are loaded onto metal baskets affixed to the bottom of the framing. From 150 to 250 pounds of marijuana are generally carried, depending on the weight of the pilot. Some ultralights are shrouded in black paint, with even the plastic tarp covers for the marijuana blackened for stealth entries.

Radar operators at Riverside County's Air and Marine Operations Center, where general aviation air traffic across the country is monitored, have trouble detecting the aircraft.

Flying as low as 500 feet, their small frames are hard to distinguish from trucks. Many appear, then disappear from radar screens. Others never appear at all, and the ultralight trend has prompted border authorities to develop new radar technologies specifically designed to detect the aircraft.

''There are indications of larger amounts of activity,'' said Tony Crowder, director of the Air and Marine Operations Center, which is housed at March Air Reserve Base.

The close cooperation among radar operators, helicopter pilots and agents on the ground has resulted in some successes.

Ultralight pilots no longer land on U.S. soil after authorities began responding quickly to offloading sites. The Mexican Army has seized four ultralights around Baja California in recent weeks after being tipped off by U.S. authorities.

By Mr. ROBERTS (for himself, Mr. NELSON of Florida, Mr. CRAPO, Mr. WYDEN, Mr. TOOMEY, and Mr. HELLER):

S. 1486. A bill to amend title XVIII of the Social Security Act to clarify and expand on criteria applicable to patient admission to and care furnished in long-term care hospitals participating in the Medicare program, and for other purposes; to the Committee on Finance.

Mr. ROBERTS. Mr. President, I rise today to introduce the Long-Term Care Hospital Improvement Act of 2011, with the support of my colleague Mr. NELSON of Florida. This legislation develops new federal standards and certification criteria for Long Term Acute Care Hospitals, LTCHs.

We are also joined by Senators CRAPO, WYDEN, TOOMEY and HELLER, in introducing this bill. We hope to get the support of many more of our colleagues.

This legislation has the support of the major hospital associations, including the American Hospital Association, AHA, the Federation of American Hospitals, FAH, and the Acute Long Term Hospital Association, ALTHA.

As many of you know, Long-Term Acute Care Hospitals, referred to as LTCHs, specialize in treating medically complex patients who need longer than usual hospital stays, on average 25 days. By comparison, the average stay for a patient in a general acute hospital is only 5–6 days.

LTCHs, like rehabilitation hospitals and nursing homes, often care for patients who are discharged from a general hospital. Because of that, LTCHs are sometimes referred to as post-acute care providers. However, LTCHs are fully licensed and certified as acute care hospitals. There are approximately 425 LTCHs in the nation, compared to approximately 12,000 nursing homes and 1,400 rehabilitation hospitals. LTCH patients are very ill, with many suffering from complex respiratory issues, including those who are ventilator dependent, or other complex medical issues. LTCHs account for about of Medicare spending.

The bill that I am introducing today implements a comprehensive set of federal criteria that will supplement existing Medicare classification criteria for LTCHs. These criteria are designed to ensure that LTCHs are treating high acuity patients who need extended hospital stays. Analysis by the Moran Company estimates that these criteria could generate approximately $374 million over 5 years and $2.7 billion over 10 years. The bill is expected to result in a net savings of $500 million over 10 years. I plan to work with CBO to confirm that estimate.

This legislation will generate savings for the Medicare program; promote patients being cared for in the most appropriate setting; and, protect access to LTCH care for medically acute beneficiaries who need extended stays due to their complex condition.

This is not a new concept and the American Hospital Association has been working on this issue for years. In August 2010, the AHA initiated a workgroup representing a cross section of the nation' LTCHs and larger general hospital systems including Geisinger Medical System, Pennsylvania, and Partners HealthCare System, Inc., Boston. The goals of the AHA workgroup were to develop policy recommendations for uniform LTCH patient and facility criteria; distinguish LTCH hospitals from general acute hospitals and all post-acute settings; assess fiscal impact, with goal of showing overall Medicare savings; develop consensus among AHA's LTCH members; and achieve relief from the LTCH ''25 percent Rule.''

We believe that we have accomplished these goals with my legislation. Additionally, for a body that just voted on a debt ceiling increase, this bill has the potential to achieve significant savings.

I hope that my colleagues will agree with me and that this legislation is something that they can support. I urge my colleagues to join me in cosponsoring the Long-Term Care Hospital Improvement Act of 2011.

By Mr. WYDEN:

S. 1491. A bill to amend the Public Utility Regulatory Policies Act of 1978 to expand the electric rate-setting authority of States; to the Committee on Energy and Natural Resources.

Mr. WYDEN. Mr. President, today I rise to introduce the PURPA PLUS Act.

In my home State we have numerous emerging small renewable energy technologies, such as wave energy buoys, hydropower turbines in irrigation canals, biomass burning cogeneration facilities and rooftop solar installations. Like Oregon, many States have sought to advance new electricity technologies by providing these kinds of projects with higher power purchase rates for their power than utility companies normally pay for electricity. These incentive rates allow individuals and small businesses to recover money they invest in solar panels or other electricity generation projects over a reasonable period of time.

The PURPA PLUS Act simply provides States the clear legal authority to set these incentive rates for small renewable energy projects. Currently, the Federal Energy Regulatory Commission, FERC, has exclusive jurisdiction over wholesale energy prices. Under the Public Utility Regulatory Policies Act, PURPA, FERC regulates the price that utility companies pay for electricity from small, independent power providers and that rate can be no higher than what it would normally cost a utility company to buy additional power, known as ''avoided cost''. My bill would transfer the authority for setting power purchase rates for small power projects of less than 2 megawatts from FERC to the States. This transfer is voluntary. If a State chose to exercise this authority to promote small wind energy development, or solar, or cogeneration projects, it could. If a State chose not to use this authority, FERC would continue to regulate these projects as before. By capping the project size at 2 megawatts, the bill only extends this new authority for small projects that are providing very small amounts of power to the local utility company. It would leave regulation of large wind farms, hydroprojects and other large renewable energy projects that often sell their power to out-of-state customers unchanged. Conversely, it shouldn't be necessary for the Federal Government to get involved in setting rates for solar panels on top of a house or apartment building.

At a time when both State legislatures and the Federal Government are tightening their purse strings on grants, loans and tax incentives for the development of renewable energy projects, this legislation would give State public utility commissions another tool to promote small renewable resources. In Oregon, the State legislature and State utility commission have already established a pilot program to spur residential rooftop solar projects.

Oregon's utility commission also has a program that allows net metering of renewable customer-produced energy where customers are charged for the extra energy they buy from the utility company minus the amount of electricity produced themselves. This bill will simply provide these programs stronger legal footing, and allow States to expand these sorts of programs if they wish.

While I acknowledge that the power from these small projects may be more expensive than a large central generation station powered by coal or gas, I believe that States should be able to consider the associated benefits of small renewable power and set higher prices when the benefits outweigh the costs if they choose. Benefits of small renewable energy projects include local job creation, less investment in high-voltage transmission lines, diversity in an area's power generation portfolio, and the environmental benefits of green energy.

The bill has the support of the National Association of Regulatory Utility Commissioners, which represents the individual State commissions, as well as the Solar Energy Industry Association, the Distributed Wind Energy Association, the Clean Coalition and the Oregon Public Utility Commission. I am very pleased to be introducing this bill with my colleague on the Energy and Natural Resources Committee, Senator COONS. I hope that many of our colleagues will join us in supporting this bill.

By Mr. REID (for himself and Mr. HELLER):

S. 1492. A bill to provide for the conveyance of certain Federal land in Clark County, Nevada, for the environmental remediation and reclamation of the Three Kids Mine Project Site, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. REID. Mr. President, I rise today to introduce the Three Kids Mine Reclamation Act of 2011. My legislation transfers approximately 900 acres of federal land to the city of Henderson to facilitate the remediation and redevelopment of a dangerous abandoned mine site near Lake Mead.

The Three Kids mine was originally developed during World War I to provide manganese needed to harden steel used by the U.S. military. The mine and mill continued to support the building of warships and tanks through 1961 after which it was mostly abandoned and used occasionally as a storage site for federal manganese reserves. The Three Kids site was forgotten for decades until the population explosion in southern Nevada put the mine right in people's backyards.

The Three Kids Mine site is littered with hazards that include three large mine pits that are hundreds of feet deep, ruins from the mine facility, and a sludge pool of mine tailings made up of arsenic, lead, and diesel fuel. As a result of how the mine was developed and managed, approximately 75 percent of the area is federal land managed by the Bureau of Land Management, BLM, and the Bureau of Reclamation, while part of the site is privately owned. Unfortunately, because of the complicated land ownership pattern and the immense cost of clean-up, the Federal Government was never able to initiate the reclamation process.

To turn the Three Kids Mine site into a job-creating opportunity while also cleaning up this public health and safety hazard, my legislation directs the BLM to convey the Federal portions of the site to the Henderson Redevelopment Agency for the fair market value after taking into consideration the cost of cleanup for the whole mine site. The city of Henderson will then be able to take advantage of Nevada redevelopment laws and work with local developers to finance and implement a plan to remediate the abandoned toxic mine site. Local officials and developers will finally be able to turn this wasteland into safe, productive land for the local community. The project will take decades from start to finish, but the city and the developers are committed to the effort and worked hard to put together a viable plan to fix this old problem without costing taxpayers a dime for cleanup.

Keeping our communities safe, healthy, and livable is critical. Removing this physical and environmental hazard from southern Nevada is a high priority for the city of Henderson and our delegation. I appreciate your help and I look forward to working with the Senate Energy Committee to move this legislation forward in the near future.

Mr. President, 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. 1492

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 ''Three Kids Mine Remediation and Reclamation Act''.

SEC. 2. DEFINITIONS.

In this Act:

(1) FEDERAL LAND.—The term ''Federal land'' means the approximately 948 acres of Bureau of Reclamation and Bureau of Land Management land within the Three Kids Mine Project site, as depicted on the map.

(2) HAZARDOUS SUBSTANCE; POLLUTANT OR CONTAMINANT; RELEASE; REMEDY; RESPONSE.—The terms ''hazardous substance'', ''pollutant or contaminant'', ''release'', ''remedy'', and ''response'' have the meanings given those terms in section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601).

(3) HENDERSON REDEVELOPMENT AGENCY.—The term ''Henderson Redevelopment Agency'' means the redevelopment agency of the City of Henderson, Nevada, established and authorized to transact business and exercise the powers of the agency in accordance with the Nevada Community Redevelopment Law (Nev. Rev. Stat. 279.382 to 279.685).

(4) MAP.—The term ''map'' means the map entitled ''Three Kids Mine Project Area'' and dated August 2, 2011.

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

(6) STATE.—The term ''State'' means the State of Nevada.

(7) THREE KIDS MINE PROJECT SITE.—The term ''Three Kids Mine Project Site'' means the approximately 1,262 acres of land that is—

(A) comprised of—

(i) the Federal land; and

(ii) the approximately 314 acres of adjacent non-Federal land; and

(B) depicted as the ''Three Kids Mine Project Site'' on the map.

SEC. 3. LAND CONVEYANCE.

(a) IN GENERAL.—Notwithstanding sections 202 and 203 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712, 1713) and section 120 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9620), and any other provision of law, as soon as practicable after the conditions described in subsection (b) have been met, and subject to valid existing rights, the Secretary shall convey to the Henderson Redevelopment Agency all right, title, and interest of the United States in and to the Federal land.

(b) CONDITIONS.—

(1) APPRAISAL; FAIR MARKET VALUE.—

(A) IN GENERAL.—As consideration for the conveyance under subsection (a), the Henderson Redevelopment Agency shall pay the fair market value of the Federal land, if any, as determined under subparagraph (B) and as adjusted under subparagraph (E).

(B) APPRAISAL.—The Secretary shall determine the fair market value of the Federal land based on an appraisal—

(i) that is conducted in accordance with nationally recognized appraisal standards, including—

(I) the Uniform Appraisal Standards for Federal Land Acquisitions; and

(II) the Uniform Standards of Professional Appraisal Practice; and

(ii) that does not take into account any existing contamination associated with historical mining on the Federal land.

(C) REMEDIATION AND RECLAMATION COSTS.—

(i) IN GENERAL.—The Secretary shall prepare a reasonable estimate of the costs to assess, remediate, and reclaim the Three Kids Mine Project Site.

(ii) CONSIDERATIONS.—The estimate prepared under clause (i) shall be—

(I) based on the results of a comprehensive Phase II environmental site assessment of the Three Kids Mine Project Site prepared by the Henderson Redevelopment Agency or a designee that has been approved by the State; and

(II) prepared in accordance with the current version of the ASTM International Standard E–2137–06 entitled ''Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters.''

(iii) ASSESSMENT REQUIREMENTS.—The Phase II environmental site assessment prepared under clause (ii)(I) shall, without limiting any additional requirements that may be required by the State, be conducted in accordance with the procedures of—

(I) the most recent version of ASTM International Standard E–1527–05 entitled ''Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process''; and

(II) ASTM International Standard E–1903–97entitled ''Standard Guide for Environmental Site Assessments: Phase II Environmental Site Assessment Process'' (2002).

(iv) REVIEW OF CERTAIN INFORMATION.—

(I) IN GENERAL.—The Secretary shall review and consider cost information proffered

by the Henderson Redevelopment Agency and the State in the preparation of the estimate under this subparagraph.

(II) FINAL DETERMINATION.—If there is a disagreement among the Secretary, Henderson Redevelopment Agency, and the State over the reasonable estimate of costs under this subparagraph, the parties shall jointly select 1 or more experts to assist the Secretary in making the final estimate of the costs.

(D) DEADLINE.—Not later than 30 days after the date of enactment of this Act, the Secretary shall begin the appraisal and cost estimates under subparagraphs (B) and (C), respectively.

(E) ADJUSTMENT.—The Secretary shall administratively adjust the fair market value of the Federal land, as determined under subparagraph (B), based on the estimate of remediation, and reclamation costs, as determined under subparagraph (C).

(2) MINE REMEDIATION AND RECLAMATION AGREEMENT EXECUTED.—

(A) IN GENERAL.—The conveyance under subsection (a) shall be contingent on the Secretary receiving from the State written notification that a mine remediation and reclamation agreement has been executed in accordance with subparagraph (B).

(B) REQUIREMENTS.—The mine remediation and reclamation agreement required under subparagraph (A) shall be an enforceable consent order or agreement administered by the State that—

(i) obligates a party to perform the remediation and reclamation work at the Three Kids Mine Project Site necessary to complete a permanent and appropriately protective remedy to existing environmental contamination and hazardous conditions; and

(ii) contains provisions determined to be necessary by the State, including financial assurance provisions to ensure the completion of the remedy.

(3) NOTIFICATION FROM AGENCY.—As a condition of the conveyance under subsection (a), the Secretary shall receive from the Henderson Redevelopment Agency written notification that the Henderson Redevelopment Agency is prepared to accept conveyance of the Federal land under that subsection.

SEC. 4. WITHDRAWAL.

(a) IN GENERAL.—Subject to valid existing rights, for the 10-year period beginning on the earlier of the date of enactment of this Act or the date of the conveyance required by this Act, the Federal land is withdrawn from all forms of—

(1) entry, appropriation, operation, or disposal under the public land laws;

(2) location, entry, and patent under the mining laws; and

(3) disposition under the mineral leasing, mineral materials, and the geothermal leasing laws.

(b) EXISTING RECLAMATION WITHDRAWALS.—Subject to valid existing rights, any withdrawal under the public land laws that includes all or any portion of the Federal land for which the Bureau of Reclamation has determined that the Bureau of Reclamation has no further need under applicable law is relinquished and revoked solely to the extent necessary—

(1) to exclude from the withdrawal the property that is no longer needed; and

(2) to allow for the immediate conveyance of the Federal land as required under this Act.

SEC. 5. ACEC BOUNDARY ADJUSTMENT.

Notwithstanding section 203 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1713), the boundary of the River Mountains Area of Critical Environmental Concern (NVN 76884) is adjusted to exclude any portion of the Three Kids Mine Project Site consistent with the map.

SEC. 6. RELEASE OF THE UNITED STATES.

Upon making the conveyance under section 3, notwithstanding any other provision of law, the United States is released from any and all liabilities or claims of any kind or nature arising from the presence, release, or threat of release of any hazardous substance, pollutant, contaminant, petroleum product (or derivative of a petroleum product of any kind), solid waste, mine materials or mining-related features (including tailings, overburden, waste rock, mill remnants, pits, or other hazards resulting from the presence of mining related features) at the Three Kids Mine Project Site in existence on or before the date of the conveyance.

By Ms. MURKOWSKI:

S. 1495. A bill to amend the school dropout prevention program in the Elementary and Secondary Education Act of 1965; to the Committee on Health, Education, Labor, and Pensions.

Ms. MURKOWSKI. Mr. President, I rise today to introduce Early Intervention for Graduation Success Authorization Act. This legislation would, if enacted, amend the current School Dropout Prevention provisions of the Elementary and Secondary Education Act. It would focus attention on identifying and helping students who are at risk to not graduate from high school as early as pre-kindergarten and through elementary and middle school.

Some may ask, ''Why are you concentrating on toddlers and elementary school children when you are trying to solve the high school dropout crisis facing our Nation? Why not focus attention and our Nation's scarce resources on high school students, or even middle school students?''

The reason is simple. Early on is when children's troubles in school begin, and an ounce of prevention is worth a pound of cure. High school and middle school students do not just wake up one day and say, ''I think I'll drop out of school today.'' Twenty-five years of research tells us that dropping out is a long process of frustration, alienation, and even boredom, it is not a sudden decision. We know that students with disabilities, minority and poor children, and students whose home lives are, in all sorts of ways, difficult have lower graduation rates than their peers. The challenges children face today are all too prevalent, and we know the factors that make it harder for them to succeed in school. We know this.

It only makes sense that we re-work the program that is intended to help schools increase their graduation rates so that it actually helps schools help children when we can make the most difference. We need to act before these children have fought for years just to stay afloat, and before they are too tired, frustrated, alienated, and angry to fight anymore.

Factors that have been shown to present a significant risk factor even in elementary school include: low achievement, grade retention, poor attendance, misbehavior and aggression, and low socioeconomic status. Family background characteristics play a role as well, such as family disruption, not living with parents, and parents' low educational attainment. Even low birth weight has been shown by numerous studies to be linked with poor educational outcomes.

My ''Early Intervention for Graduation Success'' bill would focus Federal funds on states that have the lowest graduation rates. State education agencies would be required to develop or update their plans to increase graduation rates. They would also be required to work with health, social services, juvenile justice, and other relevant state agencies to help school districts and early childhood education providers better identify which of their students have research-based risk factors. In turn, schools and early learning providers would be required to develop and update individual learning plans for these students and ensure that the next school of enrollment has the child's plan.

My bill also gives States and partnerships a menu of research-based activities from which to choose to improve services to students, including professional development, program quality improvement, curriculum alignment, community integration and support services, and setting high expectations for academic achievement.

In short, my bill helps States and schools to give students the support they need to achieve their dreams, and inspires them to dream big, right from the very start.

We can continue to spend millions of dollars every year on intensive services for teenagers who are far behind in school, who are frustrated beyond all measure, and who gave up on success long ago. We may even have some limited success helping some young people get back on track and graduate from high school. Or, we can start at the beginning, making sure that the children who already have challenges get the help they need to succeed.

I look forward to passage of this bill or incorporating it into the reauthorization of the Elementary and Secondary Education Act.

By Ms. COLLINS (for herself, Mr. LIEBERMAN, and Mr. BEGICH):

S. 1496. A bill to amend title 46, United States Code, to prohibit the delegation by the United States of inspection, certification, and related services to a foreign classification society that provides comparable services to Iran, North Korea, North Sudan, or Syria, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Ms. COLLINS. Mr. President, I rise to introduce the Ethical Shipping Inspections Act of 2011. This bill would prohibit the Secretary of Homeland Security and U.S. Coast Guard from delegating vessel inspection and certification authority to a foreign-based classification society that also provides these services on behalf of the governments of Iran, North Korea, North Sudan, or Syria.

I am joined in the effort to close this critical loophole by my colleagues, Senators LIEBERMAN and BEGICH. With the introduction of the Ethical Shipping Inspections Act of 2011, we seek to end U.S. relationships with foreign-based classification societies that also represent nations like the Islamic Republic of Iran.

Each year, non-governmental classification societies conduct more than 4,500 statutory inspections of U.S. flagged vessels to verify that these vessels meet international maritime conventions and national regulatory requirements. World-wide, more than 100 governments have established relationships with classification societies. In addition, the vast majority of commercial ships are built to and surveyed for compliance with the standards developed by classification societies.

The relationship between classification societies and the U.S. Government was established in statute in the Merchant Marine Act of 1920, when the Secretary of the Department overseeing the U.S. Coast Guard was granted the authority to delegate certain inspection and certification services to the American Bureau of Shipping, ABS, or another recognized Class Society. In 1996 Congress expanded this program to allow foreign-based classification societies to also serve on behalf of the U.S. Government in this capacity. Today, there are four foreign-based classification societies that have established Memorandums of Understanding with the U.S. Coast Guard to conduct these inspections on the Coast Guard's behalf.

While this act would allow this relationship between the U.S. Government and foreign-based classification societies to continue, it would eliminate a loophole in the law that allows the foreign-based classification societies that represent the United States to also represent the governments of Iran, North Korea, North Sudan, or Syria. Ironically, the current law provides more latitude to foreign-based societies than we allow the American Bureau of Shipping. As a U.S.-based non-profit, non-governmental organization, ABS is restricted from providing such services in Iran under existing Iranian Transaction Regulations. Yet, the Iran Sanctions Act of 1996, as amended by the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, does not prevent foreign-based classification societies from representing both the U.S. and Iranian governments.

With this in mind, my colleagues and I have introduced this legislation to prohibit the U.S. from obtaining vessel inspection, certification, and related services from a foreign-based class society that also provides these services on behalf of the Iranian, North Korean, North Sudanese, or Syrian governments. For the United States to maintain such relationships runs directly contrary to the spirit of United States policy.

It is important that we all understand the special nature of the relationship between classification societies and our Government and take action to ensure that our Government is represented by classification societies in a manner befitting of our nation's values and consistent with U.S. foreign policy. For these reasons, my colleagues and I believe it is imperative that we amend the law to prohibit this activity, and we urge our colleagues to support this important legislation.

Mr. President, 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. 1496

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 ''Ethical Shipping Inspections Act of 2011''.

SEC. 2. LIMITATION ON DELEGATION OF INSPECTION, CERTIFICATION, AND RELATED SERVICES.

Section 3316 of title 46, United States Code, is amended by adding at the end the following new subsection:

''(e) The Secretary may not make a delegation, and shall revoke an existing delegation made, to a foreign classification society pursuant to subsection (b) or (d) to provide inspection, certification, or related services if the Secretary of State determines that the foreign classification society provides comparable services—

''(1) in Iran, North Korea, North Sudan, or Syria; or

''(2) for the government of Iran, North Korea, North Sudan, or Syria.''.

By Mr. AKAKA (for himself, Mr. INOUYE, and Mr. BINGAMAN):

S. 1504. A bill to restore Medicaid eligibility for citizens of the Freely Associated States; to the Committee on Finance.

Mr. AKAKA. Mr. President, I rise today to introduce the Medicaid Restoration for Citizens of Freely Associated States Act of 2011. This bill would reinstate eligibility for critical Federal health benefits for citizens of certain Pacific Island nations who have been invited by the Federal Government to live in the United States, but for whom the costs of services have fallen to individual states, Hawaii in particular. I would like to thank Senators INOUYE and BINGAMAN for joining me in introducing this bill.

The Freely Associated States, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, are island nations that have a unique political relationship with the United States.

At the end of World War II, the United Nations established the ''Trust Territory of the Pacific Islands,'' which was administered by the United States between 1947 and 1986. It included the islands that now make up the FAS nations, as well as other Pacific islands liberated from Japan after World War II.

This U.S. Trusteeship presented the Federal Government with new strategic and military opportunities, allowing the United States to establish military bases and station forces in the Trust Territory and close off areas for security reasons. It also bestowed upon the United States the responsibility to promote economic development and self-reliance for the territory.

In the 1980s, the United States entered into a new phase in its relationship with the FAS through the Compact of Free Association and the Palau Compact of Free Association. The Compacts allow FAS citizens to freely enter, reside, and work in the United States and authorize their participation in certain Federal programs.

As a part of the Compacts, FAS citizens were extended Medicaid eligibility.

Unfortunately, when the Personal Responsibility and Work Opportunity Act of 1996 was enacted, FAS citizens lost many of their public benefits, including Medicaid coverage.

Subsequently, state and territorial governments have been the sole sources of funding for meeting the social service and public health needs of this ever growing population. And FAS migrants to Hawaii often arrive with serious medical needs, requiring costly health care services such as dialysis and chemotherapy.

These costs will continue to rise, even as the State's resources are increasingly constrained.

Restoration of Medicaid eligibility for these individuals is crucial for states where many FAS citizens reside. In the Pacific, this includes Hawaii, Guam, and the Northern Mariana Islands.

In the continental U.S., this includes California, Oregon, Washington, and Arkansas. Health care providers that operate in areas with high rates of uninsured are having difficulties meeting the health care needs of their communities. Uninsured FAS citizens who seek health care services contribute to the uncompensated costs that are creating an ever-greater burden on health care providers.

I ask my colleagues for their support of the Medicaid Restoration for Citizens of Freely Associated States Act of 2011. The decision to allow citizens of the Freely Associated States to come to the United States was a federal decision, with national benefits.

That we also accept the cost of that decision is a matter of fairness and responsibility.

Mr. President, 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. 1504

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 ''Medicaid Restoration for Citizens of Freely Associated States Act of 2011''.

SEC. 2. MEDICAID ELIGIBILITY FOR CITIZENS OF FREELY ASSOCIATED STATES.

(a) IN GENERAL.—Section 402(b)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(b)(2)) is amended by adding at the end the following:

''(G) MEDICAID EXCEPTION FOR CITIZENS OF FREELY ASSOCIATED STATES.—With respect to eligibility for benefits for the program defined in paragraph (3)(C) (relating to medicaid), paragraph (1) shall not apply to any individual who lawfully resides in the United States (including territories and possessions of the United States) in accordance with—

''(i) section 141 of the Compact of Free Association between the Government of the United States and the Government of the Federated States of Micronesia, approved by Congress in the Compact of Free Association Amendments Act of 2003;

''(ii) section 141 of the Compact of Free Association between the Government of the United States and the Government of the Republic of the Marshall Islands, approved by Congress in the Compact of Free Association Amendments Act of 2003; or

''(iii) section 141 of the Compact of Free Association between the Government of the United States and the Government of Palau, approved by Congress in Public Law 99–658 (100 Stat. 3672).''.

(b) EXCEPTION TO 5-YEAR LIMITED ELIGIBILITY.—Section 403(d) of such Act (8 U.S.C. 1613(d)) is amended—

(1) in paragraph (1), by striking ''or'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following new paragraph:

''(3) an individual described in section 402(b)(2)(G), but only with respect to the designated Federal program defined in section 402(b)(3)(C).''.

(c) DEFINITION OF QUALIFIED ALIEN.—Section 431(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641(b)) is amended—

(1) in paragraph (6), by striking ''or'' at the end;

(2) in paragraph (7), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(8) an individual who lawfully resides in the United States (including territories and possessions of the United States) in accordance with a Compact of Free Association referred to in section 402(b)(2)(G).''.

(d) CONFORMING AMENDMENTS.—Section 1108 of the Social Security Act (42 U.S.C. 1308) is amended—

(1) in subsection (f), in the matter preceding paragraph (1), by striking ''subsection (g)'' and inserting ''subsections (g) and (h)''; and

(2) by adding at the end the following:

''(h) The limitations of subsections (f) and (g) shall not apply with respect to medical assistance provided to an individual described in section 431(b)(8) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.''.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act and apply to benefits for items and services furnished on or after that date.

By Mr. HATCH (for himself, Mr. BURR, Mr. MCCAIN, and Mr. GRAHAM):

S. 1507. A bill to provide protections from workers with respect to their right to select or refrain from selecting representation by a labor organization; to the Committee on Health, Education, Labor, and Pensions.

Mr. HATCH. Mr. President, today I have introduced the Employee Rights Act, a comprehensive workers' rights bill that would address many issues plaguing America's workers.

Our Nation's labor laws were designed to preserve the rights of employees to join labor unions and engage in collective bargaining. Contrary to what some may think, I am not anti-union and I do not want to stand in the way of unionization if the decision to unionize is truly the will of the employees. However, I believe that the right not to join a union is equally important. It is this right that far too often goes overlooked under our current laws, and particularly under policies implemented by unelected bureaucrats at various administrative agencies.

I am under no illusions that this legislation will be noncontroversial. There will most certainly be opposition. Indeed, I fully expect the unions and their supporters to come out against the Employee Rights Act, and characterize it as a radical, anti-union bill.

But, that just isn't the case. There is not a single provision in this bill that will empower employers at the expense of the union. The only parties whose position will be improved by the Employee Rights Act are employees. Anyone whose real concern is preserving the rights of individual workers should support this bill.

Let me take a few minutes to go over the specific provisions.

First, the bill would conform and equalize unfair labor practices by unions with those of employers under the National Labor Relations Act. Currently, under Section 8 of the NLRA, employers face penalties if they ''interfere with, restrain, or coerce employees'' in the exercise of their rights under the Act. The same section punishes labor organizations only if they ''restrain or coerce'' employees in the exercise of those same rights.

There is no reasonable or logical justification for this difference, and workers should have the benefit of equal protection against abuse from both sides. That is why, under the Employee Rights Act, both sides will be held to the higher standard.

Next, my bill would ensure that employees are guaranteed a right to a federally supervised, secret ballot vote before a union can be certified. According to the NLRB, 38 percent of all unions certified in 2009 did not have to go through a secret ballot election. Instead, these unions were able to use card checks to unionize employees. True enough, in such cases, employers voluntarily opted to recognize the union without demanding a secret ballot election. But what about the workers who wanted a secret ballot vote?

There is, of course, a long-standing debate over the integrity and appropriateness of card check elections. But even the most committed union supporter must admit that the card check process is unregulated and less reliable than a secret ballot vote. Indeed, that's exactly why the unions prefer it. Anyone who claims otherwise is either lacking in common sense, on a union's payroll, or both.

We have all heard the accounts of unions obtaining signatures through deception and intimidation. And, we've all heard about union organizing campaigns and boycotts that have all but forced employers to give up their right to demand a secret ballot vote. Well, Mr. President, under the Employee Rights Act, that right will belong to the employees, and it will be guaranteed.

For the record, the American people agree with me on this issue. Earlier this year, the Opinion Research Corporation conducted a poll of 1,000 adults that addressed a number of these issues. All told, 75 percent—three out of every four—were somewhere between strongly supportive and somewhat supportive of a rule requiring that all employees be given the right to a secret ballot election when deciding whether to join a union.

There is no way around it. If you are pro-worker, and not just pro-union, you have to support the right to a secret ballot.

Next, my bill would require every unionized workplace to conduct a secret ballot election every three years to determine whether a majority of employees still want to be represented by the union.

According to the Bureau of Labor Statistics, less than 10 percent of current union members voted for the union at their workplace. Most union members simply took jobs at sites that were already unionized, many of which require union membership as a condition of employment.

Under current law, if any of these employees want to decertify a union, they must go through an arduous process. It is a nearly impossible task. In addition to overcoming the many procedural hurdles provided by laws and regulations, they are required to speak out publicly against the union and subject themselves to public criticism, if not outright intimidation. Not surprisingly, very few even make the effort.

As a result, millions of American workers belong to unions they never voted for and will never get to vote for. No one who claims to support the rights of workers can argue that this is a good thing. Every citizen is guaranteed an opportunity to vote out their representatives in State, local, and Federal Government. Yet, a union, once certified, is in place for perpetuity. This just shouldn't be the case.

Once again, I am not alone in my thinking. In the same survey I cited earlier, 75 percent, again, 3/4 of those polled, supported a change that would require unions to be periodically recertified.

This proposal is not outlandish or punitive. It is simply common sense. It is fair to both employers and unions, and,

far more importantly, it is fair to workers.

Another provision of the bill would put a stop to the NLRB's current proposal to shorten the required length of time between the filing of a union certification petition and an election, commonly referred to as the quickie or snap election proposal.

With this proposed rule, which is set to be finalized later this year, the pro-union NLRB hopes to help unions catch unwitting employers unprepared. Although there is no specific timeline in the proposal, experts have concluded that, if the regulation is finalized, union elections could occur within 7 days of a union filing a petition. Even worse, the proposal would eliminate many of the pre-election opportunities to appeal the petition and to resolve fundamental issues, like the size and scope of the bargaining unit.

There is no need for this new rule. According to the NLRB, the average time between the filing of a petition and an election is 39 days. This gives both the union and the employer an opportunity to communicate their perspective on union membership to employees and ensures that workers are able to make informed decisions.

Though the current rule is eminently reasonable and appears to be working well for everyone, including the unions who already win the majority of elections, the Obama Administration can't risk losing the support of Big Labor. Richard Trumka, President of the AFL–CIO, recently remarked that this and other similar so-called reforms are effectively consolation prizes for the Democrats' loss in the fight to pass the deceptively-named Employee Free Choice Act.

Indeed, the Obama administration, for obvious reasons, has consistently been all too eager to stack the deck in favor of the unions. Since they haven't been able to do it through the legislative process, they're trying to do so via regulation.

Sadly, employees are caught in the middle. The NLRB doesn't care if they have enough time to consider all their options. They simply want to make sure the unions win more elections. To combat this, the Employee Rights Act would preserve substantive and procedural protections in the election process and ensure that workers have an opportunity to make informed decisions.

The bill would also prevent a union from ordering a strike or work stoppage unless it obtains the consent of a majority of the affected workforce through a secret ballot vote.

This is important because the rules governing when and how a union can order a strike are not uniform. They are determined by each union's constitution. There is no federal rule whatsoever requiring that unions obtain majority support before they can force members into unemployment and possible replacement.

Many would be surprised to learn that union strike funds, kept to provide financial assistance for striking union members, rarely pay more than 20 percent of an employee's salary during a work stoppage. And, more often than not, a member cannot receive any compensation for lost wages unless they participate on a picket line.

Isn't it only fair to give workers an opportunity to weigh in before a union orders a strike? Most people seem to think so. According to the same poll I mentioned earlier, 74 percent of Americans support this proposal.

Another provision of the Employee Rights Act would prevent an employee's union dues or fees from being used for purposes unrelated to the union's collective bargaining functions—including political contributions and expenditures—without that member's written consent.

Exit polls have shown that America's union members are almost evenly split between Democrats and Republicans, yet more than 90 percent of union political contributions go to Democrats. This is, not to put too fine a point on it, the reason why I expect strong opposition to this bill.

However I would like anyone who would oppose this provision to explain to me why it is fair to force workers to contribute to political campaigns at all, regardless of the party on the receiving end. Once again, the only people who would object to empowering individual workers in this way are those who have a vested interest in the status quo.

When asked about this issue, 78 percent of those polled agreed with this idea.

The Employee Rights Act would do several more things. It would make unions liable for lost wages, unlawfully collected union dues, and even liquidated damages if they coerce, intimidate, or discipline workers for exercising their rights under the NLRA, including the right to file a decertification petition. Any union found to have unlawfully interfered with the filing of a decertification petition would be barred from filing objections to the subsequent decertification vote.

The bill would also strengthen prohibitions on the use or threat of violence to achieve union goals, overturning an egregious Supreme Court decision that all but exempted unions from Federal racketeering statutes.

It would allow all affected workers, union and non-union alike, the same rights as union members to vote to ratify a collective bargaining agreement or to begin a strike.

These are not outlandish proposals. They would simply introduce some long-overdue common sense into our labor laws. Not surprisingly, polls have demonstrated that each of these ideas has broad support among the public.

We have had many fierce debates in this chamber about the role of labor unions in our nation's economy. In fact, I have been on the floor several times in the last week decrying the steps taken by the Obama Administration when it comes to helping out Big Labor.

But truthfully, I'm not interested in stopping unions from organizing or preventing collective bargaining. I simply want to protect the rights of individual workers and ensure that, if they do opt for union representation, that choice is freely made and fairly determined.

For too long, American workers have been treated by union leaders as little more than human ATMs. They claim to be progressives, supportive of equality and democracy and the working man. This bill is consistent with those principles, providing working men and women with a real and meaningful voice in decisions regarding unionization. It is supported by the National Right to Work Committee, and I am proud to have Congressman TIM SCOTT of South Carolina introducing companion legislation in the House.

I urge all of my colleagues to support the Employee Rights Act.

By Mr. WYDEN:

S. 1509. A bill to provide incentives for States to improve the well-being of children in the child welfare system through systemic reforms and innovations, increased collaboration between State agencies, and incorporation of higher standards of accountability; to the Committee on Finance.

Mr. WYDEN. Mr. President, I am pleased today to introduce the Promoting Accountability and Excellence in Child Welfare Act, a bill that would pave the way for new innovations that improve the lives and well-being of vulnerable children and their families.

The Federal government spends roughly ten times as much money on foster care as it does on preventative services, when foster care is, in nearly every case, the worst possible outcome for a child. The Promoting Accountability and Excellence in Child Welfare Act would establish a 5-year grant program to give States and localities greater flexibility to implement comprehensive reforms to existing child welfare programs provided they can demonstrate success in improving child well-being. This flexibility would allow States to use early-intervention techniques to prevent youth from entering foster care, heightened reunification or adoption practices to decrease a child's time in care, and strengthened support services to ensure that children and youth do not fall behind their peers while they remain in foster care. Importantly, this act establishes strong performance measures that allow successful practices to serve as scalable models.

Children and families that come into contact with the child welfare system are often served through multiple local, State, and Federal agencies including the Department of Health and Human Services, the Department of Justice, the Department of Education, the Department of Labor and the Department of Housing and Urban Development. Too often, these agencies operate in silos, with the effects playing

out at the State, local, and even individual level. This act promotes collaboration by requiring an inter-agency working group to identify existing Federal resources and streamline them to reduce duplication and allow grantees to access additional services and funding streams.

States and localities have proven their ability to save money through innovation while also working to promote the best interest of children and families and the Federal government often turns to state best practices to improve national laws. The history of subsidized guardianship serves as one such example. Due to an all-time high in the number of children in State foster care, in 1996 Illinois was granted the authority to allow grandparents, aunts, uncles and other adult relatives to receive Federal foster care payments if they opened their homes permanently to their relative children in foster care. Raising a child is expensive and these modest payments gave relatives the financial means to care for their kin.

Allowing children and youth to remain with relatives is not only a compassionate way to prevent unnecessary disruptions in a child's life and keep families together, it also saves money. The Illinois demonstration proved that children and youth did better living with relative caregivers than they did when they remained in foster care. In addition, offering guardianship assistance to relatives actually increased the odds that they would be adopted. Due to the success of kinship care in Illinois and other States, the Federal government now realizes a cost savings by reimbursing States for a portion of the cost of offering guardianship assistance. The Promoting Accountability and Excellence in Child Welfare Act would further enable such innovations and savings while improving child well-being.

Furthermore, the legislation directs the Secretary of Health and Human Services to report to Congress with recommendations on how to update Federal foster care financing. Under current law, eligibility for Federal foster care assistance remains tied to the obsolete AFDC program, meaning each year fewer children in foster care are eligible for Federal funding. As a result, States are required to take on an ever-increasing share of foster care financing. This structure forces States to compensate by drawing funds from other programs such as Temporary Assistance to Needy Families, TANF, and the Social Security Block Grant, SSBG, to provide for children in care.

As a country, we cannot afford to let children fall through the cracks of the many systems that exist to serve them. By targeting our resources, improving collaboration, spurring innovation, and, above all, holding ourselves accountable, we can systemically serve the best interest of at-risk children, their families and communities, and the Nation as a whole.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 250—EXPRESSING THE SENSE OF THE SENATE THAT THE MEMORIAL PARK ON HERO STREET USA, IN SILVIS, ILLINOIS, SHOULD BE RECOGNIZED AS HERO STREET MEMORIAL PARK AND SHOULD CONTINUE TO BE SUPPORTED AS A PARK BY THE TOWN OF SILVIS AT NO COST TO UNITED STATES TAXPAYERS

Mr. KIRK submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 250

Whereas in the small town of Silvis, Illinois, there is a street that is only one and a half blocks long;

Whereas formerly known as Second Street, today it is officially known as Hero Street USA;

Whereas from this short street, brave men and women of Hispanic ancestry have served in the United States Armed Forces;

Whereas today, young men and women from Hero Street USA, valiantly join the United States Armed Forces to defend the Nation;

Whereas the memorial on Hero Street USA is located near the intersection of Highway 84 and 2nd Street;

Whereas on the east side of Hero Street USA, the memorial will honor the personal sacrifice of eight young men from Hero Street USA, who were killed in defense of the United States, including six during World War II, PFC Joseph H. Sandoval, PFC Frank H. Sandoval, PFC William L. Sandoval, Sgt. Tony Lopez Pompa, SSG Claro Soliz, and PFC Peter Perez Masias, and two men during the Korean War, PFC John S. Munos and PFC Joseph Gomez;

Whereas the memorial will pay fitting tribute to these gallant eight men who made the ultimate and selfless sacrifice in the defense of liberty, not only for their loved ones and their country, but for people everywhere around the world who hope to breathe free;

Whereas these eight men gave their lives so that those of us that gather here at this memorial park can do so free to speak and think;

Whereas additionally, these men died so that those who follow in their footsteps can be secure in the knowledge that the United States Constitution which they swore to uphold and defend stands firm;

Whereas the Hero Street Memorial Park symbolizes the devotion to duty and personal sacrifice in the cause of liberty and freedom these eight men displayed that was instrumental in the triumph of the United States and its allies during World War II and the Korean War; and

Whereas the citizens of the United States have a continuing obligation to educate future generations about this small street in Silvis, Illinois, whose sons and daughters have given so much in the defense of liberty of the United States: Now, therefore, be it

Resolved, That it is the sense of the Senate that the memorial park on Hero Street USA, in Silvis, Illinois, should be recognized as Hero Street Memorial Park and should continue to be supported as a park by the Town of Silvis at no cost to United States taxpayers.

Mr. KIRK. Mr. President, I rise today in honor of the fallen soldiers from Hero Street USA in Silvis, Illinois and ask that the Senate recognize the memorial park on Hero Street as Hero Street Memorial Park.

In 1967, 2nd Street in Silvis, Illinois was renamed ''Hero Street USA'' in recognition of the fallen soldiers and their families who grew up on that street. When World War II and the Korean Wars broke out, 78 young Mexican-American men, who lived on Hero Street, bravely went to war to serve our Nation and defend our freedoms in battle. Six soldiers lost their lives during World War II and two others lost their lives during battle in the Korean War.

Located halfway down the block on the east side of Hero Street USA there is a neighborhood park that was redesigned to honor these fallen soldiers in 1971. This memorial park honors the story that brought these families together and brave sacrifices these men made to defend of our freedom and to uphold liberty and the principles of the Constitution of the United States.

Recognizing Hero Street Memorial Park will tell the story of these fallen soldiers for future generations and will honor the bravery and selfless sacrifice of those who gave so much for their country.

SENATE RESOLUTION 251—EXPRESSING SUPPORT FOR IMPROVEMENT IN THE COLLECTION, PROCESSING, AND CONSUMPTION OF RECYCLABLE MATERIALS THROUGHOUT THE UNITED STATES

Mr. CARPER (for himself, Ms. SNOWE, Mrs. MURRAY, Mr. LIEBERMAN, Mr. BLUMENTHAL, Mr. BAUCUS, Ms. STABENOW, Mr. CASEY, Mr. GRASSLEY, Mrs. GILLIBRAND, Mr. TESTER, Mr. WHITEHOUSE, Mr. COONS, and Mr. MERKLEY) submitted the following resolution; which was referred to the Committee on Environment and Public Works:

S. RES. 251

Whereas maximizing the recycling economy in the United States will create and sustain additional well-paying jobs in the United States, further stimulate the economy of the United States, save energy, and conserve valuable natural resources;

Whereas recycling is an important action that people in the United States can take to be environmental stewards;

Whereas municipal recycling rates in the United States steadily increased from 6.6 percent in 1970 to 28.6 percent in 2000, but since 2000, the rate of increase has slowed considerably;

Whereas a decline in manufacturing in the United States has reduced both the supply of and demand for recycled materials;

Whereas recycling allows the United States to recover the critical materials necessary to sustain the recycling economy and protect national security interests in the United States;

Whereas recycling plays an integral role in the sustainable management of materials throughout the life-cycle of a product;

Whereas 46 States have laws promoting the recycling of materials that would otherwise be incinerated or sent to a landfill;

Whereas more than 10,000 communities in the United States have residential recycling and drop-off programs that collect a wide variety of recyclable materials, including