providers who are gagged, they do not have a choice with regard to their health plan, that they are being harmed in some cases by the decisions that a clerk someplace, not a health care professional, not themselves, but a clerk somewhere who might get a bonus by denying them health care makes.

I would say that, in the waning days of this Congress, which has done so little to right the wrongs of the American people, that the President ought to say to the Congress, you cannot go home until you right the wrongs that have been done to the American people with reference to health care.

Let us see some meaningful reform of the way these managed care organizations work, the way they interfere in the doctor-patient relationship. Let us see something done to help the problems that the ordinary American family faces. Let us not go home until the job is completed. I hope the President will speak out on this issue.

CONFERENCE REPORT ON H.R. 3150, BANKRUPTCY REFORM ACT of 1998

Mr. LINDER. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 586 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 586

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 3150) to amend title 11 of the United States Code, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

Mr. LINDER. Madam Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. SLAUGHTER), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Madam Speaker, House Resolution 586 is a typical rule for conference reports and will permit House consideration of H.R. 3150, the Bankruptcy Reform Act of 1998, a bill that is designed to improve bankruptcy practices and restore personal responsibility and integrity to the bankruptcy process.

H. Res. 56 waives all points of order against the conference report and against its consideration. The resolution also provides that the conference report will be considered as read.

The rules of the House provide for 1 hour of general debate equally divided between the chairman and ranking minority member of the Committee on the Judiciary. In addition, House rules provide for one motion to recommit with or without instructions, as is the right of the minority.

Madam Speaker, the statistics of U.S. bankruptcy filings are frightening. Bankruptcies have increased more than 400 percent since 1980, and we expect over 1.4 million bankruptcies in 1998. In the past, it was possible to blame many bankruptcies on a recession or a poor economic situation. Today, however, we face record numbers of bankruptcy filings at a time of economic growth and low unemployment.

If we take these factors into account, we can realistically come to only one conclusion, bankruptcy of convenience has provided a loophole for those who are financially able to pay their debts, but simply have found a way to avoid personal responsibility and escape their financial responsibilities.

Since the beginning of the 104th Congress in January of 1995, we have worked to advance the values of personal responsibility. In the welfare bill, we thought that helping the poor escape the welfare trap, restoring the dignity of work, and reviving the individual responsibility would help people rise from generation after generation of despair. We were, of course, attacked as heartless and cruel.

Today we know that people are relishing personal responsibility and are moving from welfare to work in record numbers. In fact, in early 1996, simply the prospect of the passage of a welfare reform bill resulted in people moving from welfare to work.

This bankruptcy bill is the Congress' next step in cultivating personal responsibility on accountability. I expect we will hear more hollow charges that we are being heartless and cruel. Nonetheless, the abusers of bankruptcy laws need to receive a message that Federal bankruptcy laws are not a haven of personal fiscal irresponsibility.

If a debtor has the ability to pay the debts that have been accumulated, then they must be held accountable. We believe strongly that individual responsibility is a fundamental norm that Americans should accept.

For the average American who believes that these bankruptcies of convenience do not affect them, we should note that the abusers of the bankruptcy laws are punishing responsible consumers through increased prices and higher credit card fees.

We have to ask ourselves whether the American laborer who works 9:00 to 5:00, or longer, and pays his or her bills on time should have to pay the penalty for those who abuse our current bankruptcy laws. The answer is no.

We know that many people reach the point where they cannot dig themselves out of the financial hole they are in. We know layoffs can hit families at any time. We know that an unexpected medical emergency can undermine the best laid plans. Under this bill, effective and compassionate bankruptcy relief will continue to be available for Americans who need it.

What we cannot condone, however, are those who file for bankruptcy relief under Chapter 7 and have the capacity to pay at least some of their debts. In order to ensure that those who can pay actually do pay, this legislation set in motion a needs-based mechanism.

If the debtor has the ability to pay, the case would be dismissed by the bankruptcy court or guided toward the more appropriate Chapter 13 where they can repay all or some of the debt.

The gentleman from Pennsylvania (Mr. GEKAS), the bill's author, informed us in the Committee on Rules last evening that the conference report adopts the Senate's provisions for a post bankruptcy petition judicial review and includes the House standard for determining the debtor's ability to repay debts.

It is important to note that this bill is not simply about stopping the abuses in the system. It is also about protecting consumers and providing help for those who have found themselves in financial straits.

H.R. 3150 guarantees consumer credit counseling and personal financial management education before being discharged from bankruptcy. It cracks down on misleading credit advertisements and contains consumer disclosure requirements.

H.R. 3150 also recognizes that American farmers face unique challenges, and the conference report ensures that bankruptcy laws protect farmers from the cyclical risks encountered in the agriculture sector.

I am also pleased that H.R. 3150 ensures the priority treatment accorded to child support claims, and in fact improves current law by raising child support and alimony payments to first priority. These are important protections that are supported by the National Association of Attorneys General and by child support agencies across the Nation. This bill also gives priority to the payment of judgments against drunk drivers and drug users.

Madam Speaker, in conclusion, I admit that I am disappointed that, in the face of a bankruptcy crisis that threatens to undermine our economy, I have heard that the President has vowed to veto this common sense legislation. Congress has done its legislative duty in crafting a bill that ensures the debtor's right to a fresh start and protects the system from flagrant abuses from those who can pay their bills.

We have an opportunity to equalize the needs of the debtor and the rights of the creditor, and I hope the President will not follow through on his veto threat.

Madam Speaker, I urge my colleagues to support this rule so we can pass this important legislation and send it to the President for his signature as soon as possible.

Madam Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Madam Speaker, I thank the gentleman for Georgia (Mr. LINDER) for yielding me the customary 30 minutes.

Madam Speaker, I yield myself such time as I may consume.

(Ms. SLAUGHTER asked and was given permission to revise and extend her remarks.)

Ms. SLAUGHTER. Madam Speaker, I rise in strong opposition to this rule. I oppose the hasty process the rule embraces. I oppose the damage to America's children that the rule does not allow us to challenge. I oppose the fact that the minority party was shut out of the process.

Last year, more than a million American families went through bankruptcy, leaving millions of creditors without full payment for their goods and services. Is the record number of bankruptcies a serious problem? Absolutely. Is this conference report a real answer to that problem? Absolutely not.

This rule waives clause 2(d)(6) of rule XXVIII that requires the availability of conference reports 3 days before their consideration. The House rule allows Members time to read and study the report before they cast their votes. Since this conference report has been available to most Members for less than 24 hours, I have grave doubts that most Members have any real knowledge of what it includes.

The rule also waives House rules that will ensure that the conferees stayed within the framework of the bills passed by each chamber, an obviously important rule. But under this rule, the conferees had carte blanche and rewrote a new bill. Unfortunately, they used the freedom to craft a creditor-slanted bill and gut consumer protections against predatory practices.

Despite a more than 200-year-old tradition of carefully weighing creditors' rights against a new start for the debtor, this rewrite of the bankruptcy code has been rushed and partisan. The Committee on the Judiciary's markup was so rushed that germane amendments offered by committee members were not even considered. In June, the House considered the bill under the rule that allowed fewer than one-third of the amendments that Members wanted to offer.

Now we learn that the conference committee, the minority, and some Members of the majority were left out of the process. In the one public meeting of the conference, no substantive discussion or proposals were even allowed.

So today, after this closed process, what do we know about the provisions of the conference report, legislation that will affect the lives of millions of families filing for bankruptcy and millions of creditors, many of them small businesses needing relief? We know that this legislation does nothing to address a major cause of bankruptcy, the profligate lending of irresponsible creditors.

Madam Speaker, I submit that every American gets three or four applications for credit cards a week regardless of their credit standing. But we did not address that.

We know that the conference report ignores the votes of a majority of both the House and the Senate that credit card companies should not be able to charge extra fees to those customers who use their credit cards responsibly. Indeed, if we pay all of our credit card bill, they will drop us as a customer.

We know the conference report does virtually nothing to address the problems of the enormous variations in State laws regarding the treatments of personal residences. We know that the conference report has not remedied a major fault to the House-passed bill; the devastating impact on the legislation will have on 125,000 children owed child support from a parent who declared bankruptcy.

Just 4 years ago, I introduced the Spousal Equity in Bankruptcy Amendments. So, Madam Speaker, that provision was my own. I feel pretty seriously about that. But it gave priority to child and spousal support payments and bankruptcy proceedings. That legislation became law as part of the Bankruptcy Reform Act of 1994. Thanks to those amendments and other enforcement reforms, child support collections have increased by 68 percent since 1992. This conference report will reverse that progress.

By making large amounts of unsecured consumer dealt non-dischargeable in bankruptcy, this legislation would place money owed on credit card at the same level as alimony and child support obligations. Under this bill, after a debtor goes through bankruptcy proceedings, he or she will still have credit card and other types of consumer debt left to pay. Those debts will compete with child support and alimony for the limited resources of the post bankruptcy debtor.

While proponents of this legislation claim that they have repaired the damage the bill does to child support and alimony, those repairs are only cosmetic.

□ 0930

They ignore the reality that when aggressive credit card collection agencies are calling, it will be easier for the debtor to pay them rather than the former spouse or the powerless child.

For these and other reasons, the legislation continues to be opposed by consumer groups. One of the original Senate sponsors has promised a filibuster in the Senate and the administration will veto the bill if it is sent to the President in its current form.

While I support efforts to truly reform our bankruptcy laws, this conference report is severely lacking, and we can and should do better.

Madam Speaker, I urge my colleagues to oppose this rule and this unfair bill.

Mr. LINDER. Madam Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Madam Speaker, I yield 7 minutes to the gentleman from New York (Mr. NADLER).

(Mr. NADLER asked and was given permission to revise and extend his remarks.)

Mr. NADLER. Madam Speaker, I thank the gentlewoman for yielding me this time.

Madam Speaker, this special interest legislation should not even be considered by the House today. It is being brought forward at the eleventh hour from a secret, closed-door conference for which the House minority was virtually excluded.

This secret, rushed and closed conference report was written by and for the special interests, perhaps best symbolizing everything that has gone wrong in this 105th Congress. The majority has ignored the needs of the American people in favor of the special interests, acting with recklessness and haste. That is what has happened for the last 2 years, and perhaps it is fitting that the majority chooses to finish this Congress with this bill true to form.

There was exactly one meeting of the staff of all of the conferees of the House and the Senate. There was only one pro forma meeting of the conferees. Members were not given the opportunity to deal or even to make any motions dealing with any of the substantive issues at that meeting. And then there was never another meeting of the conferees and there was never another meeting of the conferees' staff.

The House minority was resolutely excluded from whatever meetings did occur. In the final stages of the conference, it was strictly a majority event.

The extent to which this conference has failed even to pay lip service to including the minority in the discussions is staggering and reflects an unprecedented arrogance and contempt for the views of the minority and of the Americans whom we represent.

This legislation has been written by and for the big banks, the credit card industry, and other special interest groups. Its sole purpose, everything else being window-dressing, is to take large amounts of money from middle income and low-income people in a time of distress of personal bankruptcy and give it to the big banks and the credit card companies. Everything else is window-dressing.

All provisions which protected consumers from predatory practices have been either dropped or gutted. Any provisions which held wealthy debtors of big corporations accountable for their actions have been either dropped or gutted.

For example, the conference report includes a provision which would make judgments from the drunken operation of a watercraft nondischargeable in bankruptcy. Legislation of this type has already passed the House and I was proud to support it.

Curiously, however, an amendment accepted by the House Committee on the Judiciary on a voice vote which would hold tobacco companies accountable for the debt and injury they have caused with their product and for the death and injury they have caused by misleading the American people about the dangers of smoking, that was dropped early in the conference.

Thanks to that change, the big tobacco companies, if sued successfully, will be able to evade responsibility for their wrongdoing, if that is proven in court, but they will still evade responsibility by filing for bankruptcy protection.

Another provision which was gutted in conference was one which the majority in this House, including 100 members of the majority party and the distinguished Chairman of the Committee on the Judiciary, supported on a motion to instruct conferees. Section 405 of the Senate bill which would prohibit a credit card company from discriminating against the most responsible borrowers, those who pay their bills in full every month.

Now, we have heard, and I am sure there will be more rhetoric from the Republican side of the aisle, talking about how people have to be responsible, how debtors have to be responsible, how they are escaping in bankruptcy, how we are going to curb the abuses of the dead-beat debtors. But here we are permitting the banks to punish debtors for being responsible. If one pays their bills on time, that is terrible. We are going to punish you by discriminatory fees or by cancelling your credit card. The conferees would allow credit card companies to cancel these cards in a discriminatory manner at the end of the term and entirely delete the prohibition against discriminatory fees for those who have the nerve to pay their bills in full and on time since the credit card companies do not get the interest fees, they only get the activity fees.

This bill still threatens parents attempting to collect child support, and crime victims seeking compensation from their victimizers, favoring banks and big government in collection of limited assets. This problem has not been fixed, despite the careful placement of several transparent fig leaves.

While the majority fiddles, out there American communities are suffering from inaction in those aspects of the bankruptcy legislative agenda which would offer real relief. Chapter 12, which protects family farmers in crisis, lapsed on September 30. Although we have been urging for more than a year that this noncontroversial legislation be moved through this House independently, that has not happened. Now we are in the middle of a farm crisis, there is no chapter 12 protection, the farm belt is in crisis, and still the Majority has not acted. America's family farmers are being held hostage to the agenda of the big banks and the special interests. If chapter 12 is going to be renewed, it will be done only in this bill to try to get the agenda of the big banks. And we know that the President has threatened, has promised us he will veto this bill, so chapter 12 is being made veto bait in the hope that maybe it could help save the profits of the big banks.

Similarly, our bankruptcy courts have needed additional judges for years. We moved a freestanding bill in the House last year, but nothing has happened. Congress could well leave town with that job undone for yet another Congress, causing more delays in cases at great cost to all parties in these cases. We could enact the UNCITRAL Model Law on Cross Border Insolvencies on which there is general agreement and which might just come in handy now that there is a global economic crisis, but that has not happened. We could have taken these noncontroversial steps to modernize the code and stabilize the financial markets, but that entire agenda is being held hostage because we must serve the interests of the big banks.

Madam Speaker, this is a flawed bill that will destroy families and small businesses and make it harder for small creditors, including custodial parents seeking child support payments from debtors, to collect what is their due. It still retains the unworkable, one-size-fits-all means test which bankruptcy judges, trustees, practitioners, academics and the nation's leading experts have told us time and again will not work. It fails to balance the responsibilities of debtors with basic requirements that creditors conduct their businesses in an honest and fair manner. It also lets wealthy debtors avoid their responsibilities by preserving loopholes, like unlimited homestead exemptions, for the very rich.

Now we are going to vote on this special interest legislation handed out in secret and behind closed doors. This rule even waives the 3-day layover rule, even though we only received a hard copy of this 300 page bill Wednesday night and the electronic version was not available to Members and the public until yesterday. The legislative language runs 301 pages dealing with some of the most controversial and complex issues of bankruptcy law. I realize we are late in the session, but that is no reason to act with this kind of haste and ignorance. I urge my colleagues to vote ''no'' on this rule and maybe we will redo this bill and get a less obnoxious product.

Mr. LINDER. Madam Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Madam Speaker, I yield 7 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Madam Speaker, I thank the gentlewoman from New York for her work, and I thank very much the ranking member for his work.

I had hoped that we would have had a better result today. I voted initially against this bankruptcy resolution or this bankruptcy legislation when it came to the floor. However, I had good faith and good hope that even as the bill was not as I would have wanted it as it left the House, that we would have an opportunity in a collaborative and working manner of good men and women working together for what is a positive idea of balancing the needs of creditors and debtors, that we would have the opportunity to put before this body a reasonable, a reasonable bankruptcy reform legislation.

In our Committee on the Judiciary meetings and subcommittee, I worked extremely hard, and I really appreciate the leadership of the ranking member, the gentleman from New York (Mr. NADLER), for working equally hard and for his leadership on issues dealing with balancing the needs and the burdens of creditors and debtors. Unfortunately, our voices were not heard, our constituencies were not heard, and this legislation is simply bad.

This legislation is not bankruptcy reform, it is bankruptcy recession. Webster's dictionary defines recession as ''the act of withdrawing and going back.'' That is what this conference report does. It takes several steps back.

First of all, in order for there to be a conference report, a conference should first be convened. This conference committee meeting was a sham. After meeting for a couple of minutes, maybe an hour or so, listening to our respective opening statements, there was no discussion about how we could bring about compromise. I thought our constituents sent us to this body to deliberate, to collaborate, to compromise, to give exchange and interchange. None of that occurred in the conference committee. I was appalled as a second-year Member to find out that this is what represents or is represented to the American people as work.

There was no consideration of any of our concerns, no considerations of 2 motions that I intended to offer, and I was gaveled down in the conference committee. What a sham and an outrage.

As we met for opening statements, we did not attempt at that time to reconcile our opening or our concerns about the bill. The conferees were never afforded the opportunity to deal with the substantive issues. This again is not bankruptcy reform, it is bankruptcy recession.

I was pleased that the homestead exemption capital, $100,000 that was in the Senate version of the bill, is not in the conference report. However, I was not pleased to learn that a residency requirement was added into the conference report that require people in my home State of Texas to live in Texas for at least 2 years or own a home for at least 2 years before getting a homestead exemption. This is contrary to our Texas State Constitution, and it would not serve our State well. Any suggestions that people rove into the State of Texas and buy big expensive homes just in order to avoid the process of listing them or having them counted in bankruptcy is an outrage on the citizens of Texas, and we should be left to our own ways under our own Constitution on this issue.

The conference report does not contain certain provisions for the rights of families and children, as well as the right to a fresh start for honest debtors. Any bankruptcy legislation that is

enacted should ensure that the obligations to pay child support and to compensate victims of wrongdoing are protected, and that eliminates abuse of the bankruptcy system by both debtors and creditors, and does not tilt what is ultimately a fair and well run system to an unfair advantage of particular interest groups. I heard from so many mothers who receive child support and also heard from those who have to pay child support. These debts need to be protected.

I truly believe that without these basic protections, the conference report would merit a presidential veto and that the veto would be sustained. I am very concerned with the House version passed with child support and alimony. I offered an amendment that would put child support and alimony not only as a priority, but would have them paid first before any secured creditors. One cannot put a mother seeking child support in competition with those credit card companies who are trying to get paid. It is an unequal, unequal fight.

This conference report does not do that. It does not list or make sure that those who need to receive their child support do not have to fight the other nondechargeable debts like credit card debt. I oppose creating new nondechargeable debt that could pit post-bankruptcy credit card debt against child support, alimony, education loans and taxes. The conference report has not fixed that problem.

This conference report has the language that child support and alimony would have first priority, but yet still, this debt must still compete with the nondechargeable debt of secured creditors. The fact that this provision is in the conference report is outrageous and still makes the bill nonviable. Again, this is not bankruptcy reform, this is bankruptcy recession.

I had hoped that we could agree on a conference report that would avoid taking indiscriminate aim at debtors and fails to address some troubling practices of creditors. The only indisputable evidence in this debate is that Americans have significantly more debt than they have ever had before. The average bankruptcy filer last year had a debt-to-income ratio of 1.25 to 1, as opposed to .74 to 1, 74 percent of their income, a few short years ago.

According to bankruptcy law professor Elizabeth Warren of the Harvard Law School, the debtors that enter bankruptcy are usually experiencing turbulent times. Sixty percent of bankruptcy filers have been unemployed within a 2-year span prior to their filing.

□ 0945

Twenty percent of filers have had to cope with an uninsurable medical expense. Over one out of three filers, both male and female, are recently divorced.

The premise of this bankruptcy conference report is that bankrupt people are deadbeats, that they are trying to avoid the system, that they are going in and abusing the system. Madam Speaker, this is not true. If we had had a conference committee working relationship, we would have been able to present to this body one deeming or deserving of their consideration.

I think the idea of forcing bankruptcy filers into Chapter 7 versus Chapter 11 is too harsh and too extreme. The damage of trying to accomplish this goal through a means test might be irreparable. The National Bankruptcy Review Commission rejected the means test formula. This is the main reason why there can be no fair bright line to divide the irresponsible and fraudulent from the needy and the disadvantaged.

Again, this is not reform, this is bankruptcy recession. The means test is rigid and arbitrary for determining whether a debtor can use Chapter 7. In addition, it is very difficult for me to see why those small businesses who may want to be in a Chapter 11 are forced into a Chapter 7, all their goods taken.

Madam Speaker, this is not a good conference committee report. It is not deserving of the House. It should be vetoed. We should vote it down.

Ms. SLAUGHTER. Madam Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. LINDER. Madam Speaker, I urge passage of the rule, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. GEKAS. Madam Speaker, pursuant to House Resolution 586, I call up the conference report the bill (H.R. 3150) to amend title 11 of the United States Code, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mrs. EMERSON). Pursuant to House Resolution 586, the conference report is considered as having been read.

(For conference report and statement, see Proceedings of the House of October 7, 1998, at page H9954).

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. GEKAS) and the gentleman from New York (Mr. NADLER) each will control 30 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GEKAS).

Mr. GEKAS. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, this is an important time in the 3-year saga that has preceded the moment at hand. That is, for 3 years we have been attempting, in one way or another, to fine-tune the bankruptcy system, and, moreover, in the latter stages of that 3-year process, to directly confront the escalating number of filings that have brought our economic system to the edge of complete chaos in the bankruptcy system, over 1.5 million bankruptcies just in one year, 1997.

That alone prompted action on the part of the various communities involved in the bankruptcy system, and particularly did it cause the Committee on the Judiciary to entertain hearings and to review the Bankruptcy Commission report, and to consult on a daily basis with our Senate colleagues and with everyone concerned in this vast problem.

The final product that the House produced matched the Senate in many different ways, but in those ways in which there was room for negotiation and compromise, that, too, was accomplished.

I want to give one example to the gentleman from New York (Mr. NADLER), if he will give me his attention. The House bill went out of its way, pursuant to the testimony we received at hearings, primarily out of the State of New York about the tax provisions that finally ended up in the House version.

It was largely because of these special interests to which the gentleman refers, like the taxing authorities in New York, that we were able to put into place language that reflected their concerns over the years in a weak bankruptcy code that did not give them the opportunity to recoup monies from bankrupts.

Here is another example, the same thing.

Mr. NADLER. Madam Speaker, will the gentleman yield?

Mr. GEKAS. I yield to the gentleman from New York.

Mr. NADLER. Madam Speaker, I just want to observe that I was elected to represent 600,000 citizens or residents of the city of New York, not to represent the city government of New York, which is interested in squeezing money out of people it should not be able to squeeze money out of.

Mr. GEKAS. Reclaiming my time, Madam Speaker, no one accused the gentleman of anything. I am pointing out how we compromised on this matter.

The gentleman forgets, in his apology to his constituents, not his apology but his standing up for his constituents, that when the taxing authorities in New York or in any other State have a difficult time in recouping what is due the taxing authorities, every other one of the gentleman's constituents has to make up the difference in what is lost in tax revenue. That is the important point there.

I am simply outlining that we in the House were able to adopt these tax provisions because of the hearings that we held, the testimony we received, and the concerns that were uttered across the Nation.

Then, in the spirit of compromise, the Senate, which also had taken up that particular provision, even had stronger language which we were able to adopt in the compromise. That is the important feature of what I am discussing here today about how we compromised on a great number of issues.

Especially did that occur in the means testing. We heard right from the

beginning that our means test entry formula was too rigid. This was the cry from the opposition, that it forced too many people to go from Chapter 7 to Chapter 13, meaning it was too much to take to force people who could pay some of their debt back over a period of 5 years, it was too much for them to take that they would have to do it over a period of 5 years, even though it only rose to a small percentage of that debt.

So what did we do? We worked with the Senate and we came up with a compromise, which is now in this conference report, whereby the 707(b), that is, that portion of the Senate bill that dealt with abuse, being the vehicle for the final compromise in the conference report.

This, I want to say to the Chair, was a bipartisan effort, notwithstanding the rhetoric that we are being pummeled with. The results in both the Senate and the House of those separate bills indicate that.

I want the RECORD to show that in the House, the vote was 306 to 118. That is pretty bipartisan. On the Senate side it was 97 to 1, even a greater proportion of bipartisanship that approved their version of the bankruptcy reform.

Madam Speaker, here we are in a conference report that includes some of the best ideas in a generation for bankruptcy, including a Bill of Rights for debtors, a whole panoply of avenues of betterment of the plight of the debtor who has to go into bankruptcy and to seek a fresh start.

There is not one poor person or unemployed person in this country, who by reason of their plight are overburdened with their financial situation, who cannot seek and cannot gain a fresh start. We guarantee a fresh start to the poor person, to the person overwhelmed with debt. We are not even talking about them in the reforms and fine-tuning that we did.

What we are addressing is the situation of those people over the median income of our Nation who have a steady income and assets beyond the poor person or the unemployed person who have an ability to repay.

This conference report, this entire system that we have created here, would accommodate the repayment of some of that debt over a period of years. That is the strength of this report and that is the target of the report, not the person who requires and needs a fresh start. That will always be the backbone and the heart of bankruptcy. What we are trying to do is to make sure that that portion is not abused.

In addition to the consumer rights we build into this, I want to say to the Chair that we also have absolute ironclad guarantees, both from the Senate version and our version and in the conference report, for child support on both ends of the spectrum.

That is, we make sure that the person who owes child support will not be able to discharge that debt. That no matter what straits he finds himself in, he must pay that child support. Moreover, we even go as far as making sure that the arrearages that might have piled up are also protected for the purpose of the family that needs that support, and we prioritize child support in such a way that it cannot be misread in any way that the family is being destroyed, which is the rhetoric that we hear; but rather, we have extraordinary ironclad guarantees of the priority of support payments. That is in our bill.

On the homestead exemption, to which reference has been made primarily by our colleagues from Texas and Florida, which have a unique situation, we believe that the conference report meets the needs, and we will be able to discuss that as the gentlemen seek time.

When they are recognized, I would be glad to engage in colloquies with them so that we can firm up the record with respect to the homestead exemption, so we are satisfied that we work diligently to provide a solution, and, I might say to my colleagues from Texas, to ward off those kinds of provisions that would have harmed, I believe, the autonomy of the Texas positions on homestead exemption.

There were many other points that were of contention, and as I think of them, I will regain some of my time. I will consult with my staff as we go along. In the meantime, I want to say one other thing. I think the gentleman from New York, and by the way, I want to personally thank the gentleman from New York for staying in the Chamber last night, as he dutifully did, to shepherd through the Potomac compact.

We were misinformed somehow. We were here. The gentleman from Maryland, Mr. BARTLETT, and I remained on the floor, expecting that the bill would come up, and then by some miscommunication we were advised that it would not come up last night and that it would come up today.

The gentleman from New York (Mr. NADLER) stayed on the floor, and I commend him for that. I am grateful that he was able to help put the final touches on that important piece of legislation.

By the way, upon the adoption of the conference report, and we also have advised the minority, I will bring up a concurrent resolution on unanimous consent that directs the Clerk to make a purely technical revision to the conference reports' effective date provision.

Today marks a major epoch in the history of bankruptcy legislation reform. The Conference Committee Report on H.R. 3150, the Bankruptcy Reform Act of 1998, makes substantial and long-needed reforms to bankruptcy law and practice. The scope and extent of these reforms, it should be noted, have not been undertaken by Congress since the enactment of the Bankruptcy Code in 1978, twenty years ago.

The Conference Report reflects the guiding principles of both the House and Senate's legislative reforms: to restore personal responsibility and integrity in the bankruptcy system and to ensure that it is fair for both debtors and creditors.

We adhered to these principles for one simple reason: the overwhelming mandate that accompanied each bill. In the House, there was a thoroughly bipartisan vote of 306 to 118 for H.R. 3150. In the Senate, again, there was a resounding 97 to 1 vote in favor of S. 1301, the Senate counterpart to our bill. In recognition of these mandates, the Conference Report retains many of the best provisions from each bill and, when necessary, appropriate compromises.

We must also not forget that this Conference Report marks the culmination of more than three years of careful analysis and review of our nation's current bankruptcy system. Both the House and the Senate held numerous hearings and heard from many witnesses, representing a broad cross-section of interests and constituencies in the bankruptcy community. Every major organization having an interest in bankruptcy reform participated in these hearings.

With regard to consumer bankruptcy, the Conference Report contains comprehensive reform measures. Why do we need these reforms? The answers are not only easy, but obvious. Last year, bankruptcy filings topped 1.4 million and even exceeded the number of people who graduated college in that same year. Nevertheless, literally thousands of people who have the ability to repay their debts are simply filing for bankruptcy relief and walking away from those debts without paying their creditors a single penny under the current system.

The Conference Report combines some of the best aspects of both the House and Senate approaches to ensure debtors who have the ability to repay their debts are steered into Chapter 13, a form of bankruptcy relief whereby debtors repay all or a portion of their debts. It accomplishes this objective by adopting the Senate's provisions for post bankruptcy petition judicial review and incorporates the House's standards for determining repayment capacity to provide greater guidance and predictability.

The Conference Report offers a balanced approach to reform with regard to consumer debtors. It creates a debtor's ''bill of rights'' with regard to the services and notice that a consumer should receive from those that render assistance in connection with the filing of bankruptcy cases. Through misleading advertising and deceptive practices, ''Petition mills'' deceive consumers about the benefits and detriments of bankruptcy. The Conference Report responds to this problem by instituting mandatory disclosure and advertising requirements as well as enforcement mechanisms.

Most importantly, the Conference bill contains a panoply of heightened protections especially with regard to the treatment of domestic support obligations. These claims are accorded the highest priority to these obligations. This ensures that they will be paid before all other unsecured creditors, including claims of attorneys and other professionals. It also requires a Chapter 13 debtor, as a condition of obtaining a discharge, to pay outstanding arrearages on these obligations.

The Conference Report also incorporates provisions from both the House and Senate bills to stem abuse in the consumer bankruptcy system. These include provisions

broadening the category of debts that a consumer debtor must repay notwithstanding his or her bankruptcy filing. It addresses the problem of abusive use of credit on the eve of filing and protects secured creditors from having their claims rendered unsecured by Chapter 13 debtors for purchases of personal property made within five years prior to bankruptcy.

In addition, the Conference bill clarifies the grounds for dismissing Chapter 7 cases for abuse. While protecting a debtor's homestead exemption and preserving states' rights, the Conference bill prevents manipulation of the system by those who seek to take advantage of this provision to the detriment of their creditors.

Besides consumer bankruptcy reform, the Conference Report creates a new bankruptcy chapter designed to deal with the special concerns presented by international insolvencies, a timely and very much needed reform. It contains sorely needed provisions requiring the collection of statistics about bankruptcy cases and the implementation of various studies.

In sum, this Conference Report is a comprehensive restatement of bankruptcy law that will re-introduce personal responsibility and integrity into the bankruptcy system while protecting the right of debtors to a financial ''fresh start.''

I commend my fellow Conferees and the dedicated staff members who have worked so tirelessly to perfect this legislation. And, I urge my fellow Colleagues to vote in support of this Conference Report.

Upon its adoption, I will offer a concurrent resolution on unanimous consent that directs the clerk to make a purely technical revision to the Conference Report's effective date provision.

Mr. Speaker, I reserve the balance of my time.

Mr. NADLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, that the process of the conference report was not open we addressed during a debate in the Committee on Rules. I am not going to go back through that.

Let me start by making several general observations about this bill. This bill deals with a phony crisis, concocted with a $40 million lobbying and propaganda campaign of the big banks and credit card companies. It does so by seeking in 30 or 40 different ways to take large sums of money, in toto, from middle-income and low-income American families in times of personal crisis, personally bankruptcy, to enrich the big banks and credit card companies. This bill has no other purpose, all the window dressing and fig leaves to the contrary notwithstanding.

Mr. Speaker, we are told that the need for this bill is that the number of personal bankruptcy filings has increased greatly over the last 15 years, and that it has gone up to 1.4 million filings last year. We are told that the reason for this is that Americans are basically deadbeats. Americans are basically deadbeats. That is a slander on the American people.

We are told that a couple of generations ago we had moral people in this country, and they would not go bankrupt and seek a discharge of their debts unless they were really in an extreme position, unless they had no other choice, and there was a moral stigma attached to bankruptcy.

Now, in this era today, nobody cares about morality anymore. There is no more moral stigma. Therefore, people go bankrupt, they declare bankruptcy as a financial planning option, or at the first sign of difficulty, instead of in the last resort. They are deadbeats.

Mr. Speaker, as I said, this is a slander on the American people. It is total nonsense. In fact, if we look at the statistics we see what nonsense it is. In 1983, 15 years ago, the average Chapter 7 filer seeking a discharge of debts in bankruptcy had debts equal to 74 percent of his annual income.

□ 1000

Today, the average Chapter 7 filer has debts equal to 125 percent of his annual income. In other words, people are much more reluctant today to file for bankruptcy than they were 15 years ago. They do not file for bankruptcy when they have their debts equal to 74 or 75 percent of their income. They wait, they struggle, they work to resolve their financial situation until they get to 125 percent debt, 125 percent of their income, and only then do they file for bankruptcy. They are a lot more queasy about bankruptcy than they were 15 years ago. They are a lot more reluctant to enter into bankruptcy than they were 15 years ago, to the contrary of the arguments of the proponents of this bill.

We are told those who file for bankruptcies, who can pay their debts but are not because they are given discharges, that this costs every American family $400; and if we pass this bill, Americans will get $400 more money, or will save $400 a year in lower interest rates on their credit cards. This is self-evident nonsense.

We all know what has happened since credit cards were deregulated, since interest rates were deregulated in the early 1980s. They shot up to an average of 17, 18, 19 percent, which in an era of 17 percent inflation in 1980 may have been okay; the banks had to charge at least the inflation rate. We were told when the inflation rate and the cost of money went down that the interest rates would come down. Well, the cost of money has come way down, mortgage interest rates have come down, bank loan rates have come down, the prime rate has come down, everything has come down, but not interest rates on credit cards. They are still averaging 17.7 percent.

Yes, we can find some small-town banks that will give us much better interest rates, but 90 percent of the credit cards, 90–95 percent of the credit cards' credit comes from the big banks, which can do the marketing and the advertising on television, and those rates are way up. If this bill passes, they are not going to lower those rates. They will just have bigger profits.

The fact is that the profit rates of banks, which vary between 1 and 2 percent of assets, the profit rates of the credit card departments are between 4 and 5 percent of assets. In 1983, before credit card interest rates were deregulated, and before the ''bankruptcy crisis'' started, the profitability of the credit card departments was slightly higher than the profitability of the banks as a whole. Now, it is four times higher.

In fact, if we want to know the cause of the ''bankruptcy crisis'', of the increase in filings, we do not have far to look. The increase in bankruptcy filings tracks directly year-to-year with the increase in the ratio of debt-to-income in society as a whole. In other words, people are getting more in debt. They are being lulled by the credit card companies to take more and more credit cards, get more in debt, more in over their heads, and the result is not a surprise.

Mr. Speaker, let me outline just some of the problems with this bill, very briefly. We are told there is a means test. Before we can get a Chapter 7 bankruptcy, which now is allowed on request, unless it is abusive, we will have to pass this means test. A means test means that we should look at the ability of the borrower to repay his debts. What is his income; what are his real expenses.

But we are not going to look at real expenses in this bill. We are going to let that wonderful agency the Internal Revenue Agency say what the average rent expense is in the northeast United States. Who cares? The question is what is his or her rent expenses. We are going to look at the average costs for everything else. It does not matter, the real cost is what are his or her expenses. If an individual has a major medical problem on an ongoing basis, it does not matter what the average family spends on medical expenses, it matters what that individual spends on medical expenses.

Mr. Speaker, this bill expands the nondischargeability of credit card debts so that they will compete with child support obligations. It gives creditors powerful new leverage to coerce reaffirmation agreements, which will compete with child support after bankruptcy. It requires diversion of family income in chapter 13 to defend meritless claims of fraud. It adopts a restrictive definition of household goods so that more household goods will be repossessed, household goods of little value to the creditors but which are needed by debtors. It eviscerates all the Senate's consumer protection provisions. It adds new provisions eliminating punitive damages and class actions for intentional violations of the bankruptcy stay. It allows wealthy debtors to plan bankruptcy cases in advance so none of the bill's provisions will affect them.

In other words, for the rich, they can still use bankruptcy abusively, but for the low-income and middle-income people, this bill says we are going to take a lot of their money, we are going to

evade their chance to get it, we are going to eliminate or restrict their chance to get a new start, which is the purpose of the bankruptcy laws, because the big banks must be served.

Mr. Speaker, this bill is one of the worst bills I have ever seen. It serves only the big banks against the interests of middle- and low-income Americans. The President, thankfully, has pledged to veto the bill, and so, ultimately, this bill will do no harm except to our reputations.

Mr. Speaker, I reserve the balance of my time.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume to repeat that the vote on the House was 300-something to 118, an overwhelming bipartisan approval of the language of the bill.

Mr. Speaker, I yield 4 minutes to the gentleman from Tennessee (Mr. BRYANT), a member of our committee.

(Mr. BRYANT asked and was given permission to revise and extend his remarks.)

Mr. BRYANT. Mr. Speaker, I do rise in strong support of this conference report on the Bankruptcy Reform Act of 1998. I come to this floor as someone who has practiced in the bankruptcy court for a number of years and I realize that bankruptcy is good for America. We have always been a country that is willing to give people a second chance, and certainly that is what the bankruptcy code is about, to help people who are financially distressed in a genuine situation to have a second chance.

However, over the years, this process, like so many other processes and so many other laws, gets out of focus, perhaps gets a little out of balance, and at this time I think the bankruptcy reform that we have worked so hard on in this Congress is very appropriate to try to bring the process back into balance; allow the courthouse doors to remain open to those people who genuinely and sincerely need bankruptcy relief, but yet give that balance to the creditors out there who, along with the American citizens, bear the cost of bankruptcy abuse.

There are many reasons for this, and I will not begin to get into a great discussion about those, but it seems to me what will be heard today on the floor and what has already been said is probably, in large part, true. There is enough blame to go around for everyone in terms of why there are so many bankruptcies. But what I wanted to see done in this bill was to find this proper balance, to work it through the process of the House bill, the Senate bill, which were very different, and then go into conference and work together and come out with a bill that was more uniform and one that was more consistent, that could be applied across this country, and perhaps taking out some of the discretion, some of the discretion, not all of the discretion, that exists in the current bankruptcy code.

Mr. Speaker, after countless hours of debate and disagreements in this conference between the Senators and the Members of the House, we conferees have emerged from our negotiation with a good and a serious compromise, a bill which, on all sides, has found a workable agreement in helping solve the endless complications associated with our bankruptcy system.

What this compromise bill creates is a needs-based bankruptcy system which will determine the type of relief. Not that an individual cannot file, but determines the type of relief that a debtor needs. It talks about the type of relief that a debtor needs and will require people to fairly repay what they can.

This legislation also removes loopholes that have allowed some debtors to abuse the system over the years. Our reform puts a greater priority on child support and alimony payments that are made through bankruptcy proceedings. But one of the main strengths and one of the main concerns I have in my district is how the legislation affects Chapter 12 bankruptcies.

Chapter 12 bankruptcy will expire this year, and this bill extends that particular provision of the code permanently. This is the provision that allows our farmers to reorganize when they are in a disastrous situation; to be able to reorganize and pay back their debtors and keep those family farms in operation.

We have seen a number of terrible disasters this year, especially in the south, in my home State of Tennessee, and we expect something in the nature of some 50 farmers that may have to face the possibility of some sort of reorganization this year. But given the willingness of our compromise as a whole within this legislation, this particular provision will help our family farms have more say in their reorganization plans.

I do urge my colleagues on both sides of the aisle to pass this legislation as it is and to give the President the opportunity to sign it into law. This is not a time to turn our back on the farmers and a reasonable and an appropriate revamping of the bankruptcy code. This bill shifts responsibility to the debtors for the first time in a long while, in a reasonable fashion, while making adequate protections for those who really need it.

Mr. Speaker, I urge the bill's passage.

Mr. NADLER. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. CONYERS), the distinguished ranking member of the Committee on the Judiciary.

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. CONYERS. Mr. Speaker, were it not for the gentleman from New York (Mr. JERRY NADLER), this bill, one of the worst anti-people bills I have ever seen in the Judiciary, would be quietly going through this body. The President of the United States, I say to the gentleman from Pennsylvania (Mr. GEKAS), has pledged he will reward the majority with a veto for not listening to the senior ranking member and going off on the deep end. He will veto this bill. And even if it is put in an omnibus bill, he will veto it. So we are talking serious defects.

I want to address the distinguished chairman, the gentleman from Pennsylvania. He and I have toiled in the Judiciary vineyards together for so long. How could the gentleman put a provision in, first of all, that takes out the few good provisions that we had? The bill was bad enough on its own, but then he gutted the provision, which passed with over 100 of his Republican colleagues, that would have ended the practice of credit card companies cutting off accounts. Why?

Why would the gentleman drop the provisions that would prevent the horrible tobacco companies, the bad guys of American industry, from using bankruptcy to get out of their judgments? Why would he endanger youth? I know he is a pro-family man, like me, pro-family values. Why would he endanger child support, alimony payments, in a bill coming out of the committee with his name on it?

Why would the gentleman harm small businesses? We represent the little guys. And now he is putting them in very precarious positions. And then the gentleman dropped the consumer protection and fair credit amendments that were in the Senate bill.

Now, these were the things the gentleman took out of the bill. But before he did that, the bill was a nightmare anyway.

This was the most partisan of anything the Republicans have ever done in the Committee on Judiciary. And without consulting me, the gentleman has been hurried and partisan and, really, the whole process was not the kind that we want.

By the way, the gentleman mentioned how many people voted for the bill. How many people voted for the open-ended, no-scope inquiry yesterday? The American people do not want that, and they do not want a bill like this. The House makes mistakes all the time. Our job is to correct them. And so I wanted to just outline some of these things, and I refer the gentleman to the report that we filed of dissenting views that is in this matter.

I thank the ranking member of the subcommittee, the gentleman from New York (Mr. JERRY NADLER) for according me so much time.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume to say that I like the gentleman from Michigan (Mr. JOHN CONYERS), and sometimes, even when he makes sense, he goes to the point of the issue at hand. Here, though, he has overlooked the fact that the final conference report, which may or may not have had some of the provisions which are near and dear to his heart, was the subject of the compromise that always occurs between the two bodies when each have passed a similar bill and which then

converge to a compromise level at the conference level.

□ 1015

So his disappointment, which heartfelt, should not be visited at the chairman who has gone to great lengths to try to amalgamate the best interests of our body, as the gentleman from Michigan knows. But I will take his words and consult with him later in a private manner in which we will dispose of our differences.

Mr. Speaker, I yield 1½ minutes to the gentleman from Michigan (Mr. KNOLLENBERG) who from the very start has had a special interest in the best sense of the word in bankruptcy reform.

Mr. KNOLLENBERG. Mr. Speaker, I rise in strong support of this bill and I thank the gentleman from Pennsylvania (Mr. GEKAS) for including this provision in this bill. This injustice stems from a last-minute decision back in the 103rd Congress which placed an arbitrary $4 million ceiling on the single asset provisions of the bankruptcy reform bill. The effect has been to render investors helpless in foreclosures on single assets valued at over $4 million.

While in Chapter 11, and I want to talk just briefly, H.R. 3150 provides relief to victims by eliminating this arbitrary ceiling. Under this law, Chapter 11 of the Bankruptcy Code serves as a legal shield for the debtor. Upon the investor's filing to foreclose, the debtor preemptively files for Chapter 11 protection which postpones foreclosure indefinitely.

While in Chapter 11, the debtor will continue to collect the rents on the commercial asset. However, the commercial property will typically be left to deteriorate and the property taxes go unpaid. When the investor finally recovers the property through the delayed foreclosure, they owe an enormous amount in back taxes, they receive a commercial property left in deterioration which has a lower rent value and resale value, and meanwhile the rent for all the months or years they were trying to retain the property went to an uncollectible debtor.

H.R. 3150 does not leave the debtor without protection. First, the investor brings a foreclosure against a debtor only as a last resort. It should be noted, however, that single asset reorganizations are typically a false hope since the owner of a single asset does not have other properties from which he can recapitalize his business.

Mr. Speaker, H.R. 3150 is a good bill. I urge my colleagues to support it.

Mr. NADLER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I would actually like to speak to my colleagues who with their best judgment made the determination to vote for what was initially presented to us as an attempt to rid ourselves of those people who would abuse the bankruptcy system. Many of my colleagues came to the floor of the House with good intentions and seeking to respond to the accusations made by the credit card industry. I speak to them today because I think they have been sorely disappointed and their good intentions have been misused. In fact, the distinguished gentleman from Pennsylvania (Mr. GEKAS) notes that the Senate voted for this bill 97–1. The reason was that Democrats joined with Republicans in a bipartisan vote. Why? Because there had been the inclusion of a sizable portion of consumer protections in this bill, providing for consumer education and counseling. Yet in the dark of night, these good provisions that would protect you have been deleted. Frankly it is interesting that this bill uses IRS standards to determine whether a hardworking American who has fallen upon hard times with catastrophic illnesses and other tragedies in their family now can go into the bankruptcy court. It ignores that most bankrupt persons may have been recently divorced, or they may have been elderly persons with catastrophic illnesses falling again upon hard times. It ignores frankly the idea that the credit card industry themselves admitted that really only 4 percent of the debt in America paid by Americans for credit cards is defaulted. So where is the problem? Ninety-six percent of the debt that you owe to credit card companies is paid and paid and paid and paid. In fact, you all realize that you pay three times more, or more, for the item by the time you get through paying. Yet the credit card companies have said to us, ''We need relief.''

Frankly I am concerned about this means test because important items like child care payments, health care costs, the costs of taking care of ill parents, educational expenses, are those kind of expenses that may keep you out of the bankruptcy court or you may have to prove that they were in fact necessary. Would you imagine that this legislation also takes good, hardworking businesses, small businesses who likewise may have come upon hard times but want to keep their doors open by filing Chapter 11 in order to pay off their debts, it forces them into Chapter 7 which takes away everything that they own.

Mr. Speaker, this is a bill that needs to be voted down. There are so many problems with the bill.

Mr. Speaker, I support Bankruptcy Reform legislation, but not this bankruptcy conference report. This is not bankruptcy reform—this is bankruptcy recession. Webster's Dictionary defines recession as ''the act of withdrawing and going back.'' That's what this conference report does. It takes several steps back. First of all in order for there to be a Conference Report, a conference should first be convened. This conference committee was a sham. We met one time to read opening statements and the democrats were not able to offer any input to reconcile the differences between the House and the Senate versions of the bill. The conferees were never afforded the opportunity to deal with the substantive issues.

This is not bankruptcy reform—this is bankruptcy recession.

I was pleased that the Homestead Exemption cap of $100,000 that was in the Senate version of the bill is not in the conference report. However, I was not pleased to learn that a residency requirement was added into the conference report that would require people in my home state of Texas to live in Texas for at least two years or own a home for at least two years before getting a homestead exemption. This is contrary to our Texas state Constitution and would not serve my state well.

The conference report does not contain certain provisions for the rights of families, children, as well as the right to a fresh start for honest debtors. Any bankruptcy legislation that is enacted should ensure that obligations to pay child support and to compensate victims of wrongdoing are protected, eliminates abuse of the bankruptcy system by both debtors and creditors, and does not tilt what is ultimately a fair and well run system to the unfair advantage of particular interest groups. I truly believe that without these basic protections, the conference report would merit a Presidential veto and that veto would be sustained.

I am very concerned with what the House version passed with child support and alimony. I offered an amendment that would put child support and alimony not only as a priority, but would have them paid first before any secured creditors. This conference report does not do that. I oppose creating new, nondischargeable debts that could pit post-bankruptcy, credit card debt against child support, alimony, educational loans, and taxes. The conference report has not fixed that problem.

This conference report has the language that child support and alimony would have first priority, but yet still this debt must still compete with the non-dischargeable debt of secured creditors. The fact that this provision is in the conference report is outrageous and still makes the bill non-viable. This is not bankruptcy reform—this is bankruptcy recession.

I hoped that we can agree on a conference report that would avoid taking indiscriminate aim at debtors and fails to address some troubling practices of creditors. The only indisputable evidence in this debate is that Americans have significantly more debt today, than they have ever had before. The average bankruptcy filer last year had a debt to income ratio of 1.25 to 1 (125% of their income) as opposed to just .74 to 1 (74% of their income) a few short years ago.

According to Bankruptcy Law Professor Elizabeth Warren of the Harvard Law School, the debtors that enter bankruptcy are usually experiencing turbulent times. Sixty percent of bankruptcy filers have been unemployed within a two year span prior to their filing. Twenty percent of filers have had to cope within an uninsurable medical expense. Over 1 out of 3 filers, both male and female are recently divorced.

The version of the bill that passed the House was unacceptable to me, and I voted against it. I think the idea of forcing bankruptcy filers into Chapter 13 versus Chapter 7 is too harsh and two extreme. The damage of trying to accomplish this goal through a means test might be irreparable. The National Bankruptcy Review Commission rejected the

means test formula, and this is the main reason why: there can be no fair brightline to divide the irresponsible and fraudulent from the needy and disadvantaged.

This is not bankruptcy reform, this is bankruptcy recession.

I strongly oppose a ''means test'' that includes a rigid and arbitrary approach to determining whether a debtor can use Chapter 7 only to those who genuinely have the capacity to repay a portion of their debts successfully under a Chapter 13 plan. Bankruptcy courts must have discretion to consider the specific circumstances of a debtor in bankruptcy, and the thresholds they consider should be high enough to ensure that only those with a strong likelihood of success are affected. If we deny access to Chapter 7 to the wrong debtors, and those debtors fail to complete required repayment plans, they will return to Chapter 7 with a diminished capacity to repay their nondischarged debt—including child support and alimony.

I am also very concerned that some Americans who have small businesses will be forced into Chapter 7 instead of having a chance to repay their debts under Chapter 11. Small business owners should not be allowed to escape their debts unnecessarily, but they should be given an opportunity for a fresh start.

In our House Judiciary Committee Mark-up, I supported an amendment that passed by voice vote which would hold tobacco companies liable for the death and injury that resulted from the use of their deadly products. The conference report changed this ''reform,'' and now the tobacco conglomerates will be able to shield themselves from liability by filing for bankruptcy protection.

This is not bankruptcy reform, this is bankruptcy recession.

There should also be language in the Final Report that addresses consumer and debt education. It should be the responsibility of the credit card companies to give more and better information so that they can understand and better manage their debts. Debtors need to be protected against predatory creditor tactics to coerce inappropriate and unwise reaffirmations of unsecured debt and secured debts. The Consumer education provisions are conspicuous by their absence in this conference report.

Mr. Speaker, this is not Bankruptcy reform, this is Bankruptcy recession. This bill pits creditors over families, conglomerates over women and children, offers no provisions for the farmers of our nation, and provides loopholes for the wealthy. This so-called Bankruptcy reform is D.O.A. (dead on arrival) at the White House. This is not bankruptcy reform, this is bankruptcy recession. I urge you to vote no on this conference report.

Mr. GEKAS. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. SMITH).

Mr. SMITH of Michigan. Mr. Speaker, it is common sense in my areas of Michigan, that if you make it too easy to file bankruptcy and discharge your debts, a lot of those lenders are going to have to jack up their interest rates on everybody else to compensate for the money they lose when that debt is discharged. This legislation provides a better balance, a golden mean. I would hope both sides could work together to find compromize so that we don't end up with harder to get loans and higher interest rates as a result of existing law that makes it easy to declare bankruptcy and discharging those debts.

I have two bills that are now incorporated in this bankruptcy bill. One is H.R. 4672, the extension of the Section 12 provision for farmers and agriculture; the other is a provision suggested to me by an Eaton County Michigan probate Court official, Tom Robinson. That section does not allow the discharge of debt for child care that would be owed to a local court or municipality.

I thank Chairman GEKAS for yielding me time and for his perseverance in developing needed reform to our bankruptcy law.

Mr. NADLER. Mr. Speaker, I yield 4 minutes to the gentleman from Virginia (Mr. BOUCHER).

(Mr. BOUCHER asked and was given permission to revise and extend his remarks.)

Mr. BOUCHER. Mr. Speaker, I want to thank the gentleman from New York (Mr. NADLER) for yielding this time to me. It is a very generous amount of time, particularly in view of the fact that my perspective on this issue differs from his. I want to thank him for recognizing me this morning.

Mr. Speaker, I am pleased to rise in support of the conference report on the bankruptcy reform measure and urge its approval by the House of Representatives. In recent years, the bankruptcy laws have been subjected to growing misuse by debtors who can repay a substantial part of what they owe but elect instead to file for the complete discharge and complete liquidation provisions of Chapter 7 of the bankruptcy laws.

In the past year, more than 1.4 million bankruptcy petitions were filed, and that was a 25 percent increase over the prior year's level. That dramatic increase occurred at a time when we had the strongest national economy and the lowest unemployment that our Nation has experienced in decades. Each year, more than $40 billion in consumer debt is wiped out through bankruptcy discharges, a cost that is passed along to borrowers and passed along to the purchasers of all goods and services. That cost amounts to a hidden tax of approximately $400 per year on the typical American family.

The reform legislation that we consider this morning is a positive step toward ensuring that individuals with high incomes who need bankruptcy protection but who can repay a substantial part of their debts use the debt repayment plan of Chapter 13, rather than the complete liquidation provisions of Chapter 7. That will ensure that more of the debt is paid. That will ensure that the $400 tax that is imposed on the typical family because of increased charges for credit and the increased prices for goods and services is, to some extent, reduced and lowered.

By combining the best elements of the House and Senate bankruptcy reform measures, the conference agreement encourages personal responsibility in the use of credit in a manner that is fair to debtors and creditors alike and promotes the interests of all consumers.

It makes a number of other useful changes. Child support and alimony payments that today have the seventh priority in the distribution of a bankrupt's estate will be moved to the very first priority. That is a very significant change. I would note that for people whose concerns have been expressed with regard to the condition of the single parent. In Chapter 13 cases, a court under this legislation can require that all child support and alimony be paid before any other obligations, and a debtor will not receive discharge of his debts in bankruptcy until child support and alimony payments have been made.

The legislation also protects consumers. All credit card users will benefit from mandatory provisions requiring credit card companies to disclose on customer statements the effect that only making the minimum monthly payment will have on the length of time it will take to pay the balance that is due and also on the overall finance charges that must be paid. Credit card companies will also be prohibited from terminating a customer's account because that individual elects to pay his bills on time and, therefore, is not incurring finance charges.

The measure also enhances debtor protections. The conference report addresses the unscrupulous practices of some debt relief agencies by requiring full disclosure to consumers about the bankruptcy process and about related fees. Reaffirmations by debtors of wholly unsecured debt must comply with strict new disclosure requirements that are imposed on creditors, and reaffirmations will also be subjected to review by a bankruptcy judge.

I urge support for the conference agreement.

Mr. Speaker, I rise in support of the conference report on the bankruptcy reform measure and urge its approval by the House.

In recent years, the bankruptcy laws have been subjected to growing misuse by debtors who can repay a substantial part of what they owe, but elect to file for a complete discharge of all of the debts under Chapter 7.

In the past year more than 1.4 million bankruptcy petitions were filed, an increase of more than 25% over the prior year's level. And this dramatic increase has occurred during the strongest economy, with the lowest unemployment the nation has experienced in decades.

Each year, more than $40 billion in consumer debt is wiped out through bankruptcy discharges, a cost which is passed along to borrowers and to the purchasers of all goods and services. This cost amounts to a hidden tax of $400 per year on the typical American family.

The reform legislation is a positive step toward ensuring that individuals with high incomes who need bankruptcy protection but who can repay a substantial portion of their debts use the debt repayment plan of Chapter

13 rather than the complete liquidation provisions of Chapter 7.

By combining the best elements of the House and Senate bankruptcy reform measures, the Conference Agreement encourages personal responsibility in the use of credit in a way which is fair to debtor and creditors alike and promotes the interests of all consumers.

It makes other useful changes: Child support and alimony payments will become the first priority in bankruptcy proceedings, a major change from the seventh priority in current law. In Chapter 13 cases, a court can require that all child support and alimony be paid before any other obligations. And, a debtor will not receive a discharge of debts in bankruptcy until child support and alimony payments are made current.

The legislation protects consumers: All credit card users will benefit from mandatory provision requiring credit card companies to disclose on customer statements the effect of only making the minimum monthly payments on the overall finance charges paid and on the length of time required to repay the balance. Credit card companies will also be prohibited from terminating a customer's account solely because the customer has not incurred finance charges on the account.

The measure enhances debtor protections: The conference report addresses unscrupulous practices of some debt relief agencies by requiring full disclosures to consumers about the bankruptcy process and related fees. Reaffirmations by debtors of wholly unsecured debt must comply with strict new disclosure requirements imposed on creditors and reaffirmations will be subject to review by a bankruptcy judge.

The House passage of this legislation was supported by ¾ of the membership and by approximately ½ of the Democrats. I encourage colleagues on both sides to approve this conference report, and to my Democratic colleagues I would point out that the conference agreement is somewhat less favorable to the credit industry and somewhat more favorable to financially hard-pressed debtors than was the House bill. Therefore, it is my hope that an even larger number of my Democratic colleagues will support the conference agreement than supported the original legislation.

In summary, the conference report on H.R. 3150 protects consumers, reduces abuses of the bankruptcy system by creditors and debtors, and ensures that an effective ''fresh start'' is available to those who truly need it. Mr. Speaker, H.R. 3150 is a balanced and responsible reform of the bankruptcy law.

Mr. GEKAS. Mr. Speaker, I yield 1½ minutes to the gentleman from Florida (Mr. SHAW) who has been very helpful in the consultations along the road to this moment.

Mr. SHAW. I thank the gentleman for yielding me this time. Mr. Speaker, I would like to congratulate the chairman and all on the Judiciary Committee who took on a most neglected portion of the law which has been racked by abuse in the last years and has really brought us a very, very good bill. I intend to support this bill, but I must express my disappointment as to a provision that was dropped in the conference which I feel is very, very important. As the gentleman from Virginia (Mr. BOUCHER) has just stated, bringing up child support from down at a lower level on priorities right up to the top was a very, very good thing. In order to further implement this, I offered an amendment which was accepted by the House during the passage of this legislation which put a mechanism for enforcement of this very important provision in place. I felt it was very reasonable and I felt also it was very necessary because so many times a mother receiving child support does not know the ins and outs and legalities of being able to enforce her particular priority. I would hope should this bill come back to the House for any reason whatsoever either because of action of the Senate or action of the President that they will reconsider the Shaw amendment and place it back in the bill as a very reasonable enforcement tool for those millions of American women who are struggling to raise their children and are in desperate need of the funds they receive each month in the form of child support.

□ 1030

Mr. NADLER. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. BENTSEN).

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, if I could, I would like to engage the chairman of the subcommittee in a colloquy with respect to sections 126 and 127 of the conference report.

First, if I might, in understanding, does the 2-year residency requirement mean that once residency is met the debtor enjoys the benefit of the State's homestead law for so long as he or she is a resident of that State even if they move from one homestead to another within that State? And, furthermore, does this same residency apply to military personnel and expatriates who maintain their residency within that State but may well be domiciled in another State or another country?

Mr. GEKAS. Mr. Speaker, will the gentleman yield?

Mr. BENTSEN. I yield to the gentleman from Pennsylvania.

Mr. GEKAS. It is a yes-yes to the gentleman's inquiries. It allows Texas to set and to keep its homestead exemption theories and laws in place subject to the 2-year limitation that we place in the bill.

Mr. BENTSEN. So once I have established the 2-year residency, I can claim homestead on the house I am in now. The house, if I sell that house and buy another house, that house and each house thereafter, so long as I maintain the initial 2-year residence.

Mr. GEKAS. That is my interpretation.

Mr. BENTSEN. Would a gain on the sale of a residence once residency is obtained which is then rolled over into a new residence be considered an exempt asset or a nonexempt asset?

Mr. GEKAS. I have not thought that through, but it is my impression that that would be protected because, by then, the exemption has already been created.

Mr. BENTSEN. And under Section 127, would a routine prepayment within the 730-day period; as my colleague knows, with one's mortgage statement they can have a routine prepayment on top of their annual mortgage payment or a home equity payment, for that matter, which is carried out within the 730 day period. Would that be considered routine, or would that be something where the debtor would have to fight in court to determine that that is not a fraudulent transfer?

Mr. GEKAS. My impression would be that it would be routine.

Mr. GEKAS. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia (Mr. GOODLATTE).

(Mr. GOODLATTE asked and was given permission to revise and extend his remarks.)

Mr. GOODLATTE. Mr. Speaker, I thank the gentleman for yielding me this time and for his strong leadership on this issue.

Mr. Speaker, I rise today in support of the conference report. This important legislation is an honest compromise between the House and Senate passed bills, and while I have serious concerns about the retention of certain provisions of the Senate passed bill, the overall conference report is a strong agreement that is pro personal responsibility and anti bankruptcy abuse. With a record high 1.4 million bankruptcies filings last year, every American must pay more for credit, goods and services when others go bankrupt. I cosponsored and voted for House passage of H.R. 3150 because it is high time that we relieve consumers from the burden of paying for the debts of others. The Bankruptcy Reform Act restores personal responsibility, fairness and accountability to our bankruptcy laws and will be of great benefit to consumers.

For too long our bankruptcy laws have allowed individuals to walk away from their debts even though many are able to repay them. That is not fair to millions of hard-working families who pay their bills, mortgages, car loans, student loans and credit card bills every month. The loopholes in our bankruptcy laws have led to a 400 percent increase in personal bankruptcy filings since 1980 at a cost of $40 billion per year. These losses have been passed directly to consumers, costing every household that pays its bills an average $400 per year in a hidden tax in the form of increased costs of goods that are passed on by those who are defaulted upon with credit. In real terms that is a year's supply of diapers or 20 tanks of gas.

The conference agreement retains the strong needs-based formula included in the House passed version of the bill but would preserve the right of a debtor in bankruptcy to have a judge review his or her case. This judicial review would preserve the means test

that is so necessary for successful bankruptcy reform while allowing a debtor's unique circumstances to be taken into account.

Under the current system, some irresponsible people filing for bankruptcy run up their credit card debt immediately prior to filing knowing that their debts will soon be wiped away. These debts, however, do not just disappear. They are passed along to hard-working folks who play by the rules and pay their own bills on time. The Bankruptcy Reform Act ends this practice by requiring bankruptcy filers to pay back nondischargeable debts made in the 90 days preceding their filing. In addition, new debts incurred within 90 days of bankruptcy for luxury goods over $250 in value would be presumed nondischargeable.

While ending the abuses of our bankruptcy laws, the Bankruptcy Reform Act is strongly pro consumer in other ways as well. This legislation, for example, helps children by strengthening protections in the law that prioritize child support and alimony payments.

Thank you, Mr. Speaker. I rise today in support of the conference report on H.R. 3150, the Bankruptcy Reform Act of 1998. This important legislation is an honest compromise between the House- and Senate-passed bills, and while I have serious concerns about the retention of certain provisions of the Senate-passed bill, the overall conference report is a strong agreement that is pro-personal responsibility and anti-bankruptcy abuse.

With a record-high 1.4 million bankruptcy filings last year, every American must pay more for credit, goods, and services when others go bankrupt. I cosponsored and voted for House passage of H.R. 3150 because it is high time that we relieve consumers from the burden of paying for the debts of others. The Bankruptcy Reform Act restores personal responsibility, fairness, and accountability to our bankruptcy laws, and will be of great benefit to consumers.

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The conference agreement retains the strong needs-based formula included in the House-passed version of the bill, but would preserve the right of a debtor in bankruptcy to have a judge review his or her case. This judicial review would preserve the means test that is so necessary for successful bankruptcy reform while allowing a debtor's unique circumstances to be taken into account.

Under the current system, some irresponsible people filing for bankruptcy run up their credit card debt immediately prior to filing, knowing that their debts will soon be wiped away. These debts, however, do not just disappear—they are passed along to hard-working folks who play by the rules and pay their own bills on time. The Bankruptcy Reform Act ends this practice by requiring bankruptcy filers to pay back nondischargeable debts made in the 90 days preceding their filing. In addition, new debts incurred within 90 days of bankruptcy for luxury goods over $250 in value would be presumed non-dischargeable.

While ending the abuses of our bankruptcy laws, the Bankruptcy Reform Act is strongly pro-consumer in other ways as well. This legislation, for example, helps children by strengthening protections in the law that prioritize child support and alimony payments. Additionally, H.R. 3150 protects consumers from ''bankruptcy mills'' that encourage folks to file for bankruptcy without fully informing them of their rights and the potential harms that bankruptcy can cause.

I think that my friends on the other side of the aisle would agree with me that none of the parties involved in this debate got everything that they wanted in this bill, nor would any of us claim to support all of the provisions included in this bill. I know I certainly do not. But that is the essence of compromise. On the whole, however, this bill is a giant step in the right direction and means real reform for our nation's bankruptcy laws.

Bankruptcy should remain available to folks who truly need it, but those who can afford to repay their debts should not be able to stick other folks with the tab. Enactment of this conference report will send a big signal toward those who would abuse our bankruptcy system that the free ride is over. I urge my colleagues to support this fair and reasonable compromise. Thank you.

Mr. NADLER. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Beware, senior citizens; beware, middle class working families; beware, hard-working farmers and ranchers. This bill, if enacted into law, could put them into debt for the rest of their life.

Mr. Speaker, this is a perfect example of a good idea, the idea of personal responsibility, being turned into a horrible bill in the last hours of this Congress behind closed doors by special interests who simply went too far.

Three points:

First of all, these were the words my Republican colleagues used about the Internal Revenue Service this year: dictatorial, unfair, arbitrary. And yet, incredibly, in this bill our Republican friends turn over the definition of necessary expenses, they turn over to the IRS the ability to put people in debt for the rest of their lives. They turn over to that IRS that they have been berating all year long. Incredibly, under this bill, the Internal Revenue Service could deny hard-working families the right to use their hard-earned money to pay for child care for their children, to pay for health care or other living expenses for their parents that live in their home. Our Republicans would allow the IRS under circumstances to exclude major health care expenses.

So, a hard-working family, a responsible family that has a $100,000 health care bill, could be determined by the IRS, be forced into bankruptcy, actually forced into debt rather, for the rest of their lives.

Mr. CONYERS. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS. I yield to the gentleman from Michigan.

Mr. CONYERS. The gentleman from Texas is absolutely correct, and our hearing supported that. The gentleman from New York (Mr. NADLER), our ranking member, brought in witnesses to point this out without any shadow of a doubt. Anybody that tries to claim that child support payments are enhanced by the provisions in this bill really do not understand it.

Mr. EDWARDS. Absolutely.

This is a bad bill, Members. Vote no.

Mr. GEKAS. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I rise in opposition to the provision on the child support concerns in this bill.

Mr. Speaker, I rise in opposition to this legislation and to associate my position with the position of Representative CLAY SHAW and the admirable work he has done on child support enforcement.

I want to register my opposition to the dropping in conference, which would have provided additional protection for a parent trying to recover child support monies by giving proper notification to the claimant parent.

While this conference agreement does state that ''nothing shall prevent the payments of priority child support obligations,'' an additional provision, offered by Representative CLAY SHAW of Florida, would have required the bankruptcy ''Master'' to notify a claimant parent. I am sorry to see that this provision has been dropped.

I have a long history of standing up for child support enforcement, having been a pioneer on child support reforms and having served on the U.S. commission for Inter-State Child Support Enforcement.

It's a national disgrace that our child support enforcement system continues to allow so many parents who can afford to pay for their children's support to shirk these obligations. The so-called ''enforcement gap''—the difference between how much child support could be collected and how much child support is collected—has been estimated at $34 billion!

If this bill passes, I will continue to press for reforms legislation to ensure that claimant parents are not left out of the loop when it comes to being able to recover in child support cases. Mr. SHAWS reforms should be pursued. This bill seriously erodes that effott.

Mr. Speaker, I will cast my protest vote against this bill.

GENERAL LEAVE

Mr. GEKAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation here under consideration.

The SPEAKER pro tempore (Mr. SHIMKUS) Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GEKAS. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. MCCOLLUM).

Mr. MCCOLLUM. Mr. Speaker, I thank the gentleman for yielding this time to me, and I want to compliment the gentleman from Pennsylvania (Mr. GEKAS) for all hard work in bringing about this conference report.

Much of what was in the original McCollum-Boucher bill and then later the McCollum-Gekas-Boucher-whatever bill, 3150, is in this report. The most important portion of it is the needs-based test. Granted, we have adopted a certain compromise to the Senate that allows for the judge to have a say over this, but there is a presumption that if somebody can repay their debt after following the formula that was in the House bill, to see if they can afford to repay their debt and have enough money left over to do it after deducting their expenses for secured credit items and for real living expenses and for child support and so forth, if once they have done that, then there is a presumption that they are not eligible for Chapter 7 if they have greater than the median family income, which is about $52,000 a year for a family of four, and they will have to file in Chapter 13 where they have to work out a repayment plan. I think that is an enormous reform of very great monument in this.

Also, the bill contains reforms to reduce repeat filings to prevent the gaming of the bankruptcy system such as running credit bills right before the filing for bankruptcy or filing and dismissing bankruptcies cases as a stalling tactic.

A crucial part of the conference report addresses the recent crisis in the financial markets. Title 10 accepts the Senate provision that deals with the so-called cross product netting provisions that is based on H.R. 4393 as it passed the House Committee on Banking and Financial Services. The bankruptcy code and the banking laws contain provisions that allow market participants to close out net and set off certain types of contracts when a counter party becomes insolvent. This feature allows us to reduce the opportunity for the failure of one entity to infect others. It also encourages market participants to engage in transactions that add market liquidity which leads to lower cost of capital.

I have a letter, Mr. Speaker, that is from the Secretary of the Treasury endorsing this provision. I would like to have it inserted in the RECORD at this time.

DEPARTMENT OF THE TREASURY,
Washington, DC, September 30, 1998.

Hon. GEORGE W. GEKAS,
Chairman, Subcommittee on Commercial and Administrative Law, Committee on the Judiciary, House of Representatives, Washington, DC.

DEAR MR. GEKAS: I am writing to share the Administration's views on certain bankruptcy provisions in S. 1301, the bankruptcy reform bill before the conference committee, and related provisions in H.R. 4393, the ''Financial Contract Netting Improvement Act of 1998.''

The Administration supports the financial contract netting provisions in S. 1301. These provisions are based on a proposal from the President's Working Group on Financial Markets, which was the result of an intensive, multi-year interagency effort to improve the regime governing the recognition of netting of certain financial contracts in insolvency situations. As I noted when we transmitted our recommendations to Congress, the proposed legislation would reduce systemic risk in our financial markets, reducing the risk that a failure of a single firm would cause significant disruption and danger to our financial markets. In particular, this proposal will help to reduce systemic risk arising out of activities in the derivatives market.

The Administration also encourages the conferees to include similar provisions amending the bank insolvency laws, which are contained in H.R. 4393 as approved by the House Banking Committee. One of the goals of the Working Group effort was to harmonize, where appropriate, provisions under the Bankruptcy Code and the bank insolvency laws. The bank insolvency provisions in H.R. 4393 would accomplish that harmonization and would also clarify the power of the Federal Deposit Insurance Corporation to transfer qualified financial contracts to another financial institution. This clarification will help ensure that the resolution of a failed depository institution can be accomplished at the lowest possible cost to the deposit insurance funds administered by the FDIC.

We look forward to working with the conferees to enact these desirable reforms, in conjunction with moderate and balanced consumer bankruptcy reform legislation.

Sincerely,

ROBERT E. RUBIN,
Secretary of the Treasury.

The conferees struck a good balance between the House and Senate bills, I think, and I would like to also comment particularly on homestead exemption.

This conference report doubles the protections that were in the House bill. The new protection against abusive use of the exemption includes the requirement of a debtor to reside in a State for 2 years before they can take advantage of the State's exemptions, but there is no cap on the exemption, which is very important to States like Florida and Texas.

In addition, the conference report prohibits the conversion of nonexempt assets into exempt homestead property with the intent to defraud, which I think is also important to note, within 2 years of filing for bankruptcy. The bankruptcy exemptions should not be used as a means of hiding assets, and this provision would prevent such an abuse.

It has become clear that reform of the existing bankruptcy system is sorely in need. We know we have doubled the number of bankruptcies in the United States in the 10 years preceding this, and actually last year we had a 25 percent increase, or thereabouts, in the number of personal bankruptcies. Most people believe that is because people were taking advantage of Chapter 7 and filing pure bankruptcies in greater numbers than ever, and this conference report will solve that with a needs based test. I encourage the adoption of it, again commend the chairman again for his hard work.

Mr. NADLER. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. GREEN).

(Mr. GREEN. Asked and was given permission to revise and extend his remarks.)

Mr. GREEN. Mr. Speaker, I thank my colleague from New York for yielding this time for me and allowing me to speak in opposition to this ill-advised bill.

I want to support bankruptcy reform, but not this conference committee report. There are several provisions in this bill that prevent it from meeting its intended goal, and we have heard that from lots of Members, particularly Members from Texas, the homestead protection concerns we have, how it is affecting military personnel. But, worst of all, however, is that it is doing nothing to slow the growing trend of young people who have to file for bankruptcy each year. We are stopping or hindering the filing of bankruptcy on the inside, but we are not helping the front end. They change the law on bad business practices that allow the loose availabilty of credit to young people.

Let me give some examples. Big banks and credit card companies target teenagers and college students with little or no income, they get maxed out on their credit cards, and then they only pay the minimum balance. And so, with 15 or 18 percent interest, they are getting ready to graduate from college with that huge amount, and when we add in their student loans that they owe, and that is bad business practices.

And I know that personally because I have two college students that have very little income, but they get blank checks in the mail from their credit card companies. Just sign up. Most of their friends in college are maxed out on their credit cards because they are having to do it. They have credit availability easy.

Let us make sure we have a bankruptcy farm bill, but let us also make the people who are making it available and making these young people graduate from college with such a debt load, they owe a responsibility to this bill, too, and it is not in this conference committee report.

We should not put that burden on the people who are the next generation of people who are going to be leading our country.

☐ 1045

Mr. GEKAS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Iowa (Mr. LEACH) who is the chairman of the Committee on Banking and Financial Services, but also he is the savior of this particular chairman. Last night, he saved us on the floor and, together with the gentleman from New York (Mr. NADLER), was able to pass the responsibility to

the Committee on the Judiciary, which, by miscommunication, I was not able to handle.

(Mr. LEACH asked and was given permission to revise and extend his remarks.)

Mr. LEACH. Mr. Speaker, I would like to just comment briefly on several provisions of this conference report that relate to items under the jurisdiction of the Committee on Banking and Financial Services.

The conference report contains an amendment to the Truth In Lending Act designed to protect consumers from having their credit lines revoked because they fully pay their outstanding debt in a timely manner. I support this change in law. It is individually counterintuitive and socially counterproductive that lenders establish incentives to pull credit from individuals who pay their debt on time.

The Senate, however, originally coupled this provision with a prohibition against creditors charging any type of fee with regard to an extension of credit in which no finance charge has been incurred.

While perhaps well-intended, this latter provision amounted to a public sector dictate and how the private sector should charge to goods and services. This price fixing provision would have frustrated responsible free market precepts and would have, if it had been enacted, resulted in reduction of credit provided to consumers.

Because of concern for this prohibition, many of us voted last week against a construction of conferees. It also included the earlier described issue. Now that the conferees have appropriately agreed to accept the first part of that instruction but not the second, I and many others who voted against this instruction enthusiastically support this provision.

In summary, let me just express again my appreciation to the gentleman from Pennsylvania (Chairman GEKAS) as well as the gentleman from Illinois (Chairman HYDE) and the rest of the conferees for their willingness to take the Committee on Banking and Financial Services' perspectives into consideration on the parts of the bill that rested within the jurisdiction of the Committee on Banking and Financial Services which, frankly, is not a major part of the bill.

Let me just stress that financial netting section which we worked out with the administration is of signal significance in this time of economic turmoil. This is a provision of the bill that is bipartisanly supported and strongly endorsed by the administration, and it is a signal reason that this bill should be considered at this particular very dicy period of time.

Mr. NADLER. Mr. Speaker, how much time do we have remaining on both sides?

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from New York (Mr. NADLER) has 5½ minutes remaining. The gentleman from Pennsylvania (Mr. GEKAS) has 3 minutes remaining.

Mr. NADLER. Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. LEACH).

Mr. Speaker, will the gentleman yield?

Mr. LEACH. I am delighted to yield to the gentleman from New York.

Mr. NADLER. Mr. Speaker, on the provision that this House voted on the instructions to conferees, we said that the bank should not be able to cancel the credit card for the sin of the cardholder having paid on time, and they should not be able to charge an extra fee for that reason.

The gentleman stated correctly that the conference report eliminated the second provision, they can still charge an extra fee. But my understanding is that the conference report says that they can also cancel the card, albeit only at the end of the term, which is generally a year or two.

So what is left of this provision to not to penalize responsible borrowers?

Mr. LEACH. Mr. Speaker, reclaiming my time, the only basis for canceling the card is if the card would not be in use for better than a 3-month period. That is a fairly common sense circumstance. So a financial institution does not have to carry the cost of dealing with people who do not use their card.

Mr. NADLER. Mr. Speaker, if the gentleman will yield further, if the card was used but the bill is paid on time and with no interest, they could not cancel it?

Mr. LEACH. Mr. Speaker, reclaiming my time, that is correct. If the card is in actual use. It is only if the individual did not use the card could an institution pull it.

Mr. GEKAS. Mr. Speaker, I do not know where we stand parliamentarily.

The SPEAKER pro tempore. The gentleman from New York (Mr. NADLER) had the time. The gentleman from New York yielded to the gentleman from Iowa (Mr. LEACH).

Mr. GEKAS. Mr. Speaker, are we to close?

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. GEKAS) has the right to close.

Mr. GEKAS. Mr. Speaker, has the minority time expired?

The SPEAKER pro tempore. The gentleman from New York (Mr. NADLER) has 4½ minutes remaining.

Mr. GEKAS. Mr. Speaker, I yield 2½ minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Speaker, I rise in strong support of bankruptcy reform. I am a lead sponsor of this measure because the system is broken, and it is up to us to fix it.

What was once the option of last resort is becoming the preferred option of choice. A legislative fix is vital to distinguish between those who truly need a fresh start and those who want to game the system for personal advantage, those capable of assuming greater responsibility and making good on at least some of what they owe.

Mr. Speaker, unless we take the steps now to reform the bankruptcy system, while the economic times are good, we will not have the political resolve to fix it when they are not so good.

Trapped in a broken bankruptcy system where they lack the confidence that individual borrowers will be able to honor their payment commitments, lenders and creditors will have no choice but to restrict credit. We cannot let that happen.

Restricting credit during a downturn in the economy is exactly the opposite of what should happen. It is exactly the opposite in the national interest. It only deepens the severity of any recession and delays the eventual recovery.

Despite this country's strong economy, the rate of personal bankruptcy filings has increased dramatically. Last year, personal bankruptcy filings rose nearly 20 percent. They reached a record high of 1,400,000 filings. Think about it. More people filed for personal bankruptcy than graduated from college last year. What does that say about our country in a time of such prosperity?

We can vilify creditors and lenders and mortgage companies and credit card industry. I am glad to see the Truth in Lending Act was modified to include an important pro-consumer provision that I tried to offer here in the House. That provision will disclose the full consequences of paying only the minimum monthly balance.

But while many of us would like to blame the credit cards industry for the sharp increase of bankruptcy filings, it is important to note that the credit card industry is not the impetus of the bankruptcy crisis.

The vast majority of individuals recognize their personal responsibility they take in using the credit card. More than 96 percent of credit card holders pay their bills as agreed to and only 1 percent ever end up in bankruptcy.

This is not an issue about credit cards trying to rip off people. Sure there is some unfairness, but that is not what we are having to deal with. Regardless about how one feels about yesterday's or today's creditors, the key issue before us is that many borrowers capable of repaying some or all of their obligations are not acting responsibly. That is what this is about. It is the principle of moral responsibility and personal obligation. That is why this legislation should pass.

Mr. NADLER. Mr. Speaker, I yield 15 seconds to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Mr. Speaker, in my continuing education program for the gentleman from Virginia, who is a dear friend of mine, the fact that more are going into bankruptcy is no proof that the bankruptcy laws are being abused. It is really evidence that the credit card industry is enticing millions into debt that the should not be, I say to

the gentleman from Virginia (Mr. MORAN).

Mr. NADLER. Mr. Speaker, I yield 30 seconds to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I have many good friends in this chamber, and I would simply like to say, if the credit card companies would stop sending unsolicited questionnaires and applications to people who are now deceased and otherwise, we would not have this problem.

On the issue of child support, let me make it perfectly clear, the credit card debt now becomes nondischargeable. It survives after bankruptcy. It competes with that poor working parent who needs that child support for that child. Tell me, Mr. Speaker, who can survive the beating and repossession abilities of the credit card company over the child support. This is a bad bill.

Mr. NADLER. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from New York (Mr. NADLER) has 3¼ minutes remaining. The gentleman from Pennsylvania (Mr. GEKAS) has 30 seconds remaining. The gentleman from Pennsylvania has the right to close.

Mr. NADLER. Mr. Speaker I yield myself such time as I may consume.

Mr. Speaker, a couple of comments. First, the gentleman from Virginia said that, if this bill does not pass, if we continue to have a bankruptcy crisis, the credit card companies, the banks are going to restrict credit to people who need it.

I suppose the fact that they will feel the need to restrict credit is evidenced by the fact that they are inundating people, inundating college students with credit card solicitations. I suppose the grave crisis is illustrated by the fact that the credit card departments or the banks are between two and three times more profitable than the banks as a whole. It is the profit center of the banks that shows what a terrible problem we have.

I will reiterate that the real cause of the problem of increased bankruptcy filings is simply that people are going more and more into debt. The average chapter 7 filer today is has debt equal to 125 percent of his income, 15 years ago, it was 74 percent, because he is trapped in paying high interest rates and has taken out too much credit.

This, to a large extent, is the fault of the companies that are inundating people with credit cards. That is the real problem. Simply saying that people who are in over their heads, that we should crack donor bankruptcy is the wrong solution to the wrong problem, to a misstated problem.

I heard the distinguished gentlewoman from New Jersey (Mrs. ROUKEMA) from the other side of the aisle take exception to this bill because of the provisions on child support. I think the gentlewoman from New Jersey (Mrs. ROUKEMA), I think most of the Members of this House know that the gentlewoman from New Jersey (Mrs. ROUKEMA) knows the issues of support, of collection of child support probably better than most other Members of the House. She has been working in this area for years.

When the gentlewoman says that this bill will wreck, will increase the problem of child support collections, we should pay attention.

Mr. Speaker, I am going to introduce a motion to recommit. I have that motion at the desk, and I would like to simply explain it for a moment now.

The conference report would allow credit card companies and other consumer creditors to have their debts survive bankruptcy. That would mean that those debts would compete with child support, with spousal support, with debts to drunk driving victims, and other high priority debts after the bankruptcy case is over.

The motion to recommit will change that. The conferees stripped out important protections contained in the Senate bill which would have prevented creditors from using coercion and other illegal and unethical practices to obtain reaffirmation agreements in which debtors agree to repay debts which would otherwise be discharged in bankruptcy. We will deal with that in the motion to recommit.

Reaffirmed debts, because they survive bankruptcy, compete with child support and spousal support and other high priority debts, which already survive bankruptcy, for the scarce resources of the debtor after the case is over. As I mentioned a moment ago, we will deal with that problem.

The conferees also adopted broad exceptions to the discharge for credit card companies so that the high risk lending practices would have the same privilege status as support obligations and tax arrears, and we will deal with that in a motion to recommit.

The motion to recommit would restore important protections for families and small creditors that were dumped or gutted in the conference report. As I mentioned before, that based primarily on these disastrous changes to the Senate bill, the administration has indicated that the President will veto this bill, and well he should veto this bill.

We should sustain this veto unless the motion to recommit is granted and the provisions of that motion survive subsequent proceedings.

So I urge the Members to vote for the motion to recommit if they care about child support, if they care about spousal support, if they care about debts to drunk driving victims, if they care about payments to victims of crimes, all of which would be endangered by this.

So I urge my colleagues to vote for the motion to recommit and, if it does not pass, against this very unfortunate bill.

Mr. Speaker, I yield back the balance of my time.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it should be made clear that the support priorities that we have built into this conference report are endorsed by the National Association of Attorneys General who supervise all of these matters and by every major support organization in the country.

☐ 1100

In fact, they tracked along with us as we moved towards this moment, and approved every set of provisions that we adopted along the way. So I am confident that support payments and family income are well protected in this legislation, as are the consumers in a whole litany of provisions that we have.

Mr. BEREUTER. Mr. Speaker, this Member rises today to express his support for the conference report for H.R. 3150, the Bankruptcy Reform Act. In particular, this Member is supportive of the provision which permanently extends Chapter 12 bankruptcy for family farmers which would be retroactively applied to October 1, 1998.

First, this Member would thank the distinguished gentleman [Mr. GEKAS], Chairman of the Judiciary Subcommittee on Commercial and Administrative Law from Pennsylvania, for introducing this bill and for his efforts in bringing the conference report for H.R. 3150 to the House Floor. This Member would also like to express his appreciation to the distinguished gentleman from Illinois [Mr. HYDE], the Chairman of the Judiciary Committee, for his efforts on this measure.

Unfortunately, Chapter 12 bankruptcy provisions for family farmers expired on September 30, 1998. Chapter 12 bankruptcy has been a viable option for family farmers nationwide. It has allowed family farmers to reorganize their assets in a manner which balances the interests of creditors and the future success of the involved farmer. If Chapter 12 bankruptcy provisions are not extended for family farmers, this will have a drastic impact on an agricultural sector already reeling from low commodity prices. Not only will many family farmers have to end their operations, but also land values will likely plunge downward. Such a decrease in land values will affect both the ability of family farmers to earn a living and the manner in which banks, making agricultural loans, conduct their lending activities. This Member has received many contacts from his constituents regarding the extension of Chapter 12 bankruptcy because of the situation now being faced by our nation's farm families—although the U.S. economy is generally healthy, it is clear that agricultural sector is hurting.

The gravity of this situation for family farmers nationwide makes it imperative that Chapter 12 bankruptcy is permanently extended. Moreover, this extension must also be retroactively applied since the Chapter 12 bankruptcy option for family farms has already expired on September 30, 1998. The provisions in the conference report of H.R. 3150 regarding Chapter 12 are essential.

If the President vetoes this conference report, as he has threatened to do, then this Member would ask the Judiciary Committee to advance legislation, through amendment or in stand-alone legislation, to provide for the immediate extension of Chapter 12 bankruptcy and to make such an extension retroactive to October 1, 1998.

In closing, this Member would encourage his support for H.R. 3150, the Conference Report on the Bankruptcy Reform Act.

Mr. LEACH. Mr. Speaker, I would like to comment briefly on those provisions of this conference report which amend laws under the jurisdiction of the Banking Committee.

The conference report contains an amendment to the Truth in Lending Act designed to protect consumers from having their credit line revoked because they fully pay their outstanding debt in a timely manner. I support this change in law. It is individually counter-intuitive and socially counter-productive that lenders establish incentives to pull credit away from individuals who pay their bills on time.

The Senate, however, originally coupled this provision with a prohibition against a creditor charging any type of fee with regard to an extension of credit on which no finance charge has been incurred. While perhaps well intended, this latter provision amounted to a public sector dictate on how the private sector should charge for goods and services.

This price fixing provision would have frustrated responsible free market precepts and would have, if it had been enacted, resulted in a reduction in credit provided consumers. Because of concern for this prohibition, many of us voted last week against an instruction of conferees that also included the earlier described issue. The conferees approximately agreed to accept the first part of the instruction but not the second. Hence, I and many others who voted against the instruction can now enthusiastically support the provision.

The conference report does include a number of other amendments designed to provide consumers more protections, including enhanced disclosures for credit card debt, which I also support.

In summary, Mr. Speaker, I want to express my appreciation to Chairman HYDE, Chairman GEKA'S and the rest of the conferees for their willingness to take the Banking Committee's views into consideration on those relatively small parts of the bill that fall under the jurisdiction of the committee. While there are parts of this bill such as those related to child support, which I believe are imperfect, as a whole it represents reasonable reform.

If the President vetoes this bill, he will also veto an approach it supports to better stabilize the shaky international economy and other Banking Committee provisions designed to protect consumers.

In this regard, Mr. Speaker, let me stress that the conference report incorporates the provisions of H.R. 4394, the ''Financial Contract Netting Improvement Act of 1998'', which the Committee on Banking and Financial Services reported to the full House on August 21, 1998.

These netting provisions were approved unanimously by the Banking Committee and are supported by Federal financial regulators and the Administration. They are designed to minimize the risk of a disruption within or between financial markets upon the insolvency of an entity with large holdings of qualified financial contracts. The near failure of Long-Term Capital Management LP highlights the need for the U.S. to further refine its bankruptcy and insolvency laws in order to avoid systemic risk to the nation's financial system in the event of a failure of a large bank, hedge fund, or securities firm with huge exposures to interest rate and currency swaps and other complex financial instruments.

Ms. LEE. Mr. Speaker, I rise to strongly oppose H.R. 3150, the Bankruptcy Reform Conference Report. I opposed the bill as a member of the House Committee on Banking and Financial Services when we voted on this measure in the House because it allows unscrupulous creditors to continue to exploit uninformed and naive borrowers.

There is a problem with increasing rates of bankruptcy, but this Conference report places the burden of a bad loan not on those who knowingly loan to people who are credit risks, but on those who are least able to recover should a personal disaster strike, like illness or job loss. Household debt has risen sharply and defaulting on payment is a serious problem but this bill does not reasonably address these problems. Instead, the bill allows the lender to effectively entrap a poor person who needs money to borrow beyond the safety point. The lending institutions are knowledgeable and sophisticated about the credit market and they do know to whom they are lending money. If this bill passes, the government and taxpayers will be forced to protect, by law, the lending institution, which has deliberately pushed a risky loan, at the expense of low-income American consumers.

Specifically, this bill will allow credit card companies and other consumer creditors to compete for repayment with child support, spousal support, debts to drunk driving victims, and other high-priority debts. The Conference Report strips important Senate bill consumer protections which limited undue coercion and the use of other strong-arm practices to force a debtor to repay.

This bill is blatantly unfair. It protects and even rewards businesses that use marginally safe lending guidelines and elevates their collection rights to the same privileged level as child support and tax arrears.

The President has correctly announced that he will veto this bill. It is also strongly opposed by the AFL–CIO, the Consumer Federation of America, Consumers Union, Public Citizen, the National Organization of Women, the Leadership Conference on Civil Rights, the Association of Trial Lawyers of America, the National Bankruptcy Conference, the Commercial Law League, the National Conference of Bankruptcy Judges, Mothers Against Drunk Driving, and the National Organization for Victim Assistance.

I believe that our function as legislators is to enact laws that are fair and that are reasonable, and I believe that we have an obligation to be aware of vast imbalances of power and to protect those who need protection from more powerful entities. I urge my colleagues to support the motion to recommit and to vote against the Conference Report on H.R. 3150.

Mr. CHABOT. Mr. Speaker, I rise in support of this Conference Report.

I would first like to thank Mr. HYDE, Mr. GEKAS, Mr. HATCH and the other members of the Conference Committee.

The current bankruptcy system, which this legislation seeks to reform, clearly discourages personal responsibility. Our bankruptcy laws often allow those who can afford to pay their bills to declare bankruptcy and walk away debt free instead. As a result, personal bankruptcies are skyrocketing. In fact, despite economic growth, low unemployment and rising incomes personal bankruptcies reached a record 1.4 million last year, and are projected to rise even further this year.

This places a terrible financial burden on consumers who are forced to pay higher prices for goods and services. In fact, the average family pays a $400 bad debt tax every year.

The Conference proposal is, I believe, substantial improvement over current law. This legislation will strengthen the bankruptcy code, reducing the number of ''bankruptcies of convenience.'' I believe that the needs-based test that is implemented in this Conference Report will take substantial steps in reforming this system by reestablishing the link between one's ability to pay and ability to discharge debt.

The needs-based test is a balance between the House and Senate bills on this issue. It adopts the bright-line standards for measuring repayment capacity from the House bill, while at the same time preserving the right of a debtor in bankruptcy to have a judge review his or her individual case so that their unique circumstances could be taken into account.

This legislation also cracks down on a number of ways in which debtors abuse the system bankruptcy. For example, it makes debts that are incurred to pay nondischargeable debts, such as taxes, would become nondischargeable, as well. In other words if a person uses a credit card to pay their income taxes, this legislation prohibits them from turning around and declaring bankruptcy, making the credit card company in effect pay their income taxes.

At the same time, however, it recognizes that there is some real need for the protections that bankruptcy offers, and it strengthens that protection. For example, it strengthens child support and alimony payments, making alimony and child support payments the first priority, not the 7th, as under current law.

Finally, while I believe that some sections of the House passed bill would have better addressed some of the problems with the bankruptcy laws, this strong, pro-consumer bill makes vital reforms to the bankruptcy system.

I urge my colleagues to support this legislation, Mr. Speaker, because it takes some significant steps in the right direction in restoring some personal responsibility to our bankruptcy laws, while protecting those who need the protections of bankruptcy.

I urge my colleagues to support this Conference Report, and I hope that the President will sign this important legislation, giving hard-working American families protection from those who abuse the bankruptcy system.

Mr. GEKAS. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. NADLER

Mr. NADLER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. NADLER. In its present form I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. NADLER moves to recommit the Conference Report on the bill H.R. 3150 to the Conference Committee with instructions that the Managers on the part of the House

disagree to section 110 of the Conference Report and agree to section 210 and section 211 of the Senate Amendment; and disagree to section 149 of the Conference Report and agree to section 315 of the Senate Amendment.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. NADLER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 5 of rule XV, the Chair will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of adoption of the conference report.

Without objection, each of the 4 possible votes on postponed suspensions will be 5-minute votes.

There was no objection.

The vote was taken by electronic device, and there were—yeas 157, nays 266, not voting 11, as follows:

[Roll No. 505]

YEAS—157

Abercrombie
Ackerman
Allen
Andrews
Baldacci
Barrett (WI)
Becerra
Blagojevich
Blumenauer
Bonior
Borski
Brady (PA)
Brown (CA)
Brown (FL)
Brown (OH)
Campbell
Capps
Carson
Clay
Clayton
Clyburn
Conyers
Costello
Coyne
Cummings
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Dixon
Doggett
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Fox
Furse
Gejdenson
Gephardt
Gonzalez
Green
Gutierrez
Hall (OH)
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Holden
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (NY)
Manton
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (CA)
Mink
Moakley
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schumer
Scott
Serrano
Skaggs
Slaughter
Spratt
Stabenow
Stark
Stokes
Strickland
Stupak
Thompson
Thurman
Towns
Traficant
Turner
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Woolsey
Wynn
Yates

NAYS—266

Aderholt
Archer
Armey
Bachus
Baesler
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Boucher
Boyd
Brady (TX)
Bryant
Bunning
Burr
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clement
Coble
Coburn
Collins
Combest
Condit
Cooksey
Cox
Cramer
Crane
Crapo
Cubin
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dooley
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fazio
Foley
Forbes
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Greenwood
Gutknecht
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson (WI)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lucas
Maloney (CT)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Minge
Mollohan
Moran (KS)
Moran (VA)
Morella
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Royce
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
White
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)

NOT VOTING—11

Berman
Burton
Cook
Goodling
John
Kennelly
McDade
Poshard
Pryce (OH)
Tierney
Torres

☐ 1122

Mrs. KELLY, Mrs. WILSON, and Messrs. BATEMAN, ROTHMAN, KNOLLENBERG, GILLMOR, WALSH, WICKER, WHITE and HYDE changed their vote from ''yea'' to ''nay.''

Messrs. HOLDEN, MCNULTY, BORSKI, LIPINSKI, HASTINGS of Florida, ETHERIDGE, MCHALE, and SPRATT changed their vote from ''nay'' to ''yea.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. SHIMKUS). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. NADLER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a five-minute vote.

The vote was taken by electronic device, and there were—ayes 300, noes 125, not voting 9, as follows:

[Roll No. 506]

AYES—300

Aderholt
Andrews
Archer
Armey
Bachus
Baesler
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Boucher
Boyd
Brady (TX)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clement
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Crapo
Cubin
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dooley
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Etheridge
Everett
Ewing
Fawell
Fazio
Foley
Forbes
Fossella
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Greenwood
Gutknecht
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson (WI)
Johnson, Sam
Jones
Kasich
Kelly
Kennedy (RI)
Kim
Kind (WI)

King (NY)
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lucas
Maloney (CT)
Maloney (NY)
Manzullo
Matsui
McCarthy (NY)
McCollum
McCrery
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
Menendez
Metcalf
Mica
Miller (FL)
Minge
Mollohan
Moran (KS)
Moran (VA)
Morella
Myrick
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riggs
Riley
Rivers
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Royce
Ryun
Salmon
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Strickland
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Turner
Upton
Velazquez
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
White
Whitfield
Wicker
Wilson
Wise
Wolf
Wynn
Young (AK)
Young (FL)

NOES—125

Abercrombie
Ackerman
Allen
Baldacci
Barrett (WI)
Becerra
Bonior
Borski
Brady (PA)
Brown (CA)
Brown (FL)
Brown (OH)
Carson
Clay
Clayton
Clyburn
Conyers
Costello
Coyne
Cummings
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dingell
Dixon
Doggett
Doyle
Edwards
Engel
Eshoo
Evans
Farr
Filner
Ford
Furse
Gejdenson
Gonzalez
Green
Gutierrez
Hall (OH)
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kildee
Kilpatrick
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Manton
Markey
Martinez
Mascara
McCarthy (MO)
McDermott
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Millender-McDonald
Miller (CA)
Mink
Moakley
Murtha
Nadler
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Payne
Pelosi
Rahall
Rangel
Reyes
Rodriguez
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Schumer
Scott
Serrano
Skaggs
Slaughter
Stabenow
Stark
Stokes
Stupak
Thompson
Thurman
Towns
Traficant
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Woolsey
Yates

NOT VOTING—9

Berman
Fattah
John
Kennelly
McDade
Poshard
Pryce (OH)
Tierney
Torres

□ 1130

The Clerk announced the following pairs:

Mr. DICKS and Ms. RIVERS changed their vote from ''no'' to ''aye.''

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. CUMMINGS. Mr. Speaker, on rollcall vote No. 506, my vote on agreeing to the conference report on H.R. 3150, the Bankruptcy Reform Act, I inadvertently voted ''no,'' when I should have voted ''aye.''

An ''aye'' vote would have been consistent with my prior vote on June 10, 1990 when the bill passed the House.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS). Pursuant to clause 5 of rule I, the Chair will now put the question on each motion to suspend the rules on which further proceedings were postponed earlier in the order in which the motion was entertained.

Votes will be taken in the following order:

House Resolution 565, by the yeas and nays;

H. Con. Res. 331, de novo;

House Resolution 557; by the yeas and nays; and

H.R. 3874, conference report, by the yeas and nays.

Under the previous order of today, the Chair will reduce to 5 minutes the time for any electronic vote in this series.

SENSE OF THE HOUSE REGARDING IMPORTANCE OF MAMMOGRAPHY AND BIOPSIES IN FIGHTING BREAST CANCER

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and agreeing to the resolution, H. Res. 565.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Virginia (Mr. BLILEY) that the House suspend the rules and agree to the resolution, H.Res. 565, on which the yeas and nays were ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 424, nays 0, not voting 10, as follows:

[Roll No. 507]

YEAS—424

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Foley
Forbes
Ford
Fossella
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver