

with Thailand to ensure that Thailand's economic recovery continues uninterrupted; and

(2) Thailand deserves praise and commendation from the United States for the measures it has implemented to resolve its financial problems.

CORRECTION TO THE RECORD

Rollcall Vote No. 26 on page S1752 of the March 11, 1998, edition of the RECORD has been corrected to reflect the following:

The result was announced—yeas 18, nays 80, as follows:

[Rollcall Vote No. 26 Leg.]

YEAS—18

Abraham	Hutchinson	Mack
Ashcroft	Hutchison	McCain
Brownback	Inhofe	Nickles
Coats	Kyl	Smith (NH)
Coverdell	Levin	Thompson
Graham	Lugar	Thurmond

NAYS—80

Akaka	Enzi	Leahy
Allard	Faircloth	Lieberman
Baucus	Feingold	Lott
Bennett	Feinstein	McConnell
Biden	Ford	Mikulski
Bingaman	Frist	Moseley-Braun
Bond	Glenn	Moynihan
Boxer	Gorton	Murkowski
Breaux	Gramm	Murray
Bryan	Grams	Reed
Bumpers	Grassley	Reid
Burns	Gregg	Robb
Byrd	Hagel	Roberts
Campbell	Harkin	Rockefeller
Chafee	Hatch	Roth
Cleland	Helms	Santorum
Cochran	Hollings	Sarbanes
Collins	Inouye	Smith (OR)
Conrad	Jeffords	Snowe
Craig	Johnson	Specter
D'Amato	Kempthorne	Stevens
Daschle	Kennedy	Thomas
DeWine	Kerrey	Torricelli
Dodd	Kerry	Warner
Domenici	Kohl	Wellstone
Dorgan	Landrieu	Wyden
Durbin	Lautenberg	

NOT VOTING—2

Sessions Shelby

MESSAGES FROM THE HOUSE

At 4:15 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 992. An act to end the Tucker Act shuffle, and for other purposes.

H.R. 1432. An act to authorize a new trade and invest policy for sub-Saharan Africa.

H.R. 2883. An act to amend provisions of law enacted by the Government Performance and Results Act of 1993 to improve Federal agency strategic plans and performance reports.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 992. An act to end the Tucker Act shuffle, and for other purposes; to the Committee on the Judiciary.

H.R. 2883. An act to amend provisions of law enacted by the Government Performance and Results Act of 1993 to improve Federal agency strategic plans and performance reports; to the Committee on Governmental Affairs.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation:

Robert J. Shapiro, of the District of Columbia, to be Under Secretary of Commerce for Economic Affairs.

John Charles Horsley, of Washington, to be Associate Deputy Secretary of Transportation.

James E. Hall, of Tennessee, to be Chairman of the National Transportation Safety Board for a term of two years. (Reappointment)

Orson Swindle, of Hawaii, to be a Federal Trade Commissioner for the term of seven years from September 26, 1997, term expired, to which position he was appointed during the last recess of the Senate.

Mozelle Willmont Thompson, of New York, to be a Federal Trade Commissioner for the term of seven years from September 26, 1996, to which position he was appointed during the last recess of the Senate.

Winter D. Horton, Jr., of Utah, to be a Member of the Board of Directors of the Corporation for Public Broadcasting for a term expiring January 31, 2002, term expired.

Christy Carpenter, of California, to be a Member of the Board of Directors of the Corporation for Public Broadcasting for a term expiring January 31, 2002, term expired.

The following-named officers for appointment in the U.S. Coast Guard to the grade indicated under title 14, U.S.C., section 271:

To be rear admiral

Rear Adm. (lh) Joseph J. McClelland, Jr., 1599

Rear Adm. (lh) John L. Parker, 7443

Rear Adm. (lh) Paul J. Pluta, 4222

Rear Adm. (lh) Thad W. Allen, 3199

The following-named officers for appointment in the U.S. Coast Guard to the grade indicated under title 14 U.S.C., section 271:

To be rear admiral (lower half)

Capt. David S. Belz, 7006

Capt. James S. Carmichael, 7926

Capt. Roy J. Casto, 8656

Capt. James A. Kinghorn, 8699

Capt. Erroll M. Brown, 1778

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. MCCAIN. Mr. President, for the Committee on Commerce, Science, and Transportation, I report favorably seven nominations lists in the Coast Guard and National Oceanic and Atmospheric Administration, which were printed in full in the CONGRESSIONAL RECORD on November 6, 1997, January 29, 1998 and March 3, 1998, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

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

(The nominations ordered to lie on the Secretary's desk were printed in the RECORDS of November 6, 1997, January 29, 1998 and March 3, 1998, at the end of the Senate proceedings.)

In the Coast Guard nominations beginning Cdr. Claudio R. Azzaro, and ending Cdr.

Jerry J. Saulter, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 6, 1997.

In the Coast Guard nominations beginning Stephen W. Rochon, and ending Louis M. Farrell, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of January 29, 1998.

In the Coast Guard nomination of Robert L. Clarke, Jr., which was received by the Senate and appeared in the CONGRESSIONAL RECORD of January 29, 1998.

In the Coast Guard nomination of Kerstin B. Rhinehart, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of January 29, 1998.

In the Coast Guard nomination of Maury M. Mcfadden, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of January 29, 1998.

In the National Oceanic and Atmospheric Administration nominations beginning James A. Illg, and ending Jennifer D. Garte, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of January 29, 1998.

In the Coast Guard nominations beginning William J. Shelton, and ending Keith O. Pelletier, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of March 3, 1998.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MACK (for himself, Mr. BREAUX, Mr. TORRICELLI, Mr. LOTT, Mr. HATCH, Mr. MURKOWSKI, Mr. DEWINE, Mr. HAGEL, Mr. KYL, Mr. ABRAHAM, Mr. ASHCROFT, Mr. COCHRAN, and Mr. HELMS):

S. 1748. A bill to amend the Internal Revenue Code of 1986 to provide that the reduced capital gains tax rates apply to long-term capital gain from property with at least a 1-year holding period; to the Committee on Finance.

By Mr. ALLARD (by request):

S. 1749. A bill to authorize the Secretary of the Interior to provide funding for the implementation of the endangered fish recovery implementation programs for the Upper Colorado and San Juan River Basins; to the Committee on Environment and Public Works.

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

S. 1750. A bill to amend section 490 of the Foreign Assistance Act of 1961 to establish an additional certification with respect to major drug-producing and drug-transit countries, and for other purposes; to the Committee on Foreign Relations.

By Mr. SPECTER:

S. 1751. A bill to extend the deadline for submission of a report by the Commission to Assess the Organization of the Federal Government to Combat the Proliferation of Weapons of Mass Destruction; to the Select Committee on Intelligence.

By Mr. KYL:

S. 1752. A bill to authorize the Secretary of Agriculture to convey certain administrative sites and use the proceeds for the acquisition of office sites and the acquisition, construction, or improvement of offices and support buildings for the Coconino National Forest, Kaibab National Forest, Prescott National Forest, and Tonto National Forest in the State of Arizona; to the Committee on Energy and Natural Resources.

By Mrs. FEINSTEIN:

S. 1753. A bill to amend the Internal Revenue Code of 1986 to encourage school construction and rehabilitation through the creation of a new class of bond, and for other purposes; to the Committee on Finance.

By Mr. FRIST (for himself, Mr. KENNEDY, Mr. JEFFORDS, Mr. BINGAMAN, Mr. COCHRAN, and Mr. INOUE):

S. 1754. A bill to amend the Public Health Service Act to consolidate and reauthorize health professions and minority and disadvantaged health professions and disadvantaged health education programs, and for other purposes; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MACK (for himself, Mr. BREAU, Mr. TORRICELLI, Mr. LOTT, Mr. HATCH, Mr. MURKOWSKI, Mr. DEWINE, Mr. HAGEL, Mr. KYL, Mr. ABRAHAM, Mr. ASHCROFT, Mr. COCHRAN, and Mr. HELMS):

S. 1748. A bill to amend the Internal Revenue Code of 1986 to provide that the reduced capital gains tax rates apply to long-term capital gain from property with at least a 1-year holding period; to the Committee on Finance.

THE CAPITAL GAINS SIMPLIFICATION ACT OF 1998

Mr. MACK. Mr. President, today I am introducing the Capital Gains Simplification Act of 1998. This legislation will significantly improve the tax treatment of capital gains and would benefit all Americans. It would restore the one-year holding period (from the current 18 month requirement) to qualify for the lower capital gains tax rates the Republican Congress enacted last year. This simple change would dramatically reduce tax compliance costs, lessen the punitive lock-in effect on capital, and yield additional federal revenue in the first two years.

Capital investment is the key to economic growth and our future standard of living. That's why we successfully fought to give the American people significant tax relief on their savings and investments last year. We reduced the top rate on capital gains from 28 percent to 20 percent. Typical taxpayers in the 15 percent tax bracket had their capital gains tax rate lowered even more—to 10 percent.

Unfortunately, in order for taxpayers to qualify for lower capital gains tax rates, the Clinton Administration dictated an increase in the holding period from one year to 18 months when the Taxpayer Relief Act of 1997 was in conference. This arbitrary new holding period creates an awkward rate structure in which gains held between 12 and 18 months are taxed at higher rates. This dramatically and unnecessarily complicates tax calculations and compliance costs for taxpayers, investment firms, and the IRS.

For most Americans, their tax accounting and investment changes are timed on a one year basis, thus making the new 18-month holding period out of sync with investment and tax filing standards. This longer holding period

also reduces economic efficiency and the flow of capital by artificially locking-in investments for longer durations. Additionally, Americans who may need to sell an investment before holding it 18 months—for instance, to pay a tuition bill or medical expense—are punished with higher tax rates under current law. This makes little sense and must be corrected.

My bill would restore a straightforward one-year holding period for capital gains. It would greatly simplify the tax compliance burden, reduce punitive taxation, and improve economic efficiency. Simply stated, it would make it easier and more rewarding for Americans to save and invest for their futures.

New entrepreneurial activity that boosts economic growth takes money, and the demands for capital are the greatest they have been in decades. New technologies are opening the door to greater productivity gains and new products. We must ensure that the adequate savings and investment needed to fuel new technologies and productivity gains are available.

Any tax on capital gains represents punitive double taxation, and often taxes illusory gains due simply to inflation. And capital gains are not just for the "rich." According to IRS tax return data, 54 percent of taxpayers reporting capital gains have incomes below \$50,000—meaning more than 8 million households earning less than \$50,000 can benefit from the capital gains tax relief Congress provided last year. Many senior citizens depend on cashing in their capital gains as their major source of income during retirement. More than 80 percent of capital gains are reported by households with less than \$100,000 in income.

It's no secret that a large and growing number of ordinary middle-income Americans are directly or indirectly invested in the stock market. They invest directly by buying shares themselves or indirectly through savings in mutual funds, IRA accounts, or pension plans at work. The proportion of families who own stocks has increased dramatically. By simplifying the tax treatment of capital gains, this legislation would encourage families to save even more and would make it easier for them to buy a home, prepare for retirement, or pay for their children's education.

Let's not forget that capital gains taxes are largely a voluntary tax, since investors decide when they sell their assets. Investors should be allowed to freely move their money into new investments without paying punitive tax rates due to arbitrary holding periods. Locking up capital with longer holding periods can only diminish our chances of achieving our greatest growth potential.

By returning the capital gains holding period to one year, the Capital Gains Simplification Act would cut tax compliance costs, but more importantly, it would help unleash greater

investment opportunities, create jobs, and boost growth to the benefit of all Americans.

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

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

S. 1748

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Capital Gains Simplification Act of 1998".

SEC. 2. 1-YEAR HOLDING PERIOD FOR ANY LONG-TERM CAPITAL GAIN.

(a) IN GENERAL.—Section 1(h)(4) of the Internal Revenue Code of 1986 (defining adjusted net capital gain) is amended by adding "and" at the end of subparagraph (B), by striking "and" at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D).

(b) CONFORMING AMENDMENTS.—Section 1(h) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (6), by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—The term 'unrecaptured section 1250 gain' means the amount of long-term capital gain which would be treated as ordinary income if section 1250(b)(1) included all depreciation and the applicable percentage under section 1250(a) were 100 percent."

(2) by striking paragraphs (8), (10), and (11),

(3) in paragraph (9), by striking "section 1202 gain, or mid-term gain" and inserting "or section 1202 gain",

(4) by redesignating paragraph (9) as paragraph (8), and

(5) by adding at the end the following:

"(8) TREATMENT OF PASS-THRU ENTITIES.—

"(A) IN GENERAL.—The Secretary may prescribe such regulations as are appropriate (including regulations requiring reporting) to apply this subsection in the case of sales and exchanges by pass-thru entities and of interests in such entities.

"(B) PASS-THRU ENTITY DEFINED.—For purposes of subparagraph (A), the term 'pass-thru entity' means—

"(i) a regulated investment company,

"(ii) a real estate investment trust,

"(iii) an S corporation,

"(iv) a partnership,

"(v) an estate or trust, and

"(vi) a common trust fund."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

By Mr. ALLARD (by request):

S. 1749. A bill to authorize the Secretary of the Interior to provide funding for the implementation of the endangered fish recovery implementation programs for the Upper Colorado and San Juan River Basins; to the Committee on Environment and Public Works.

THE UPPER COLORADO RIVER AND SAN JUAN RIVER ENDANGERED FISH RECOVERY ACT OF 1998

Mr. ALLARD. Mr. President, today I am introducing the Upper Colorado River and San Juan River Endangered Fish Recovery Act of 1998, legislation that is designed to authorize activities taking place on the Upper Colorado River Basin and the San Juan River Basins to protect various endangered fish species.

The legislation is the product of meetings between water districts,