the Rocky Boy's Reservation, and for other purposes (Rept. No. 106–200).

By Mr. ROTH, from the Committee on Finance, without amendment:

S. 1792: An original bill to amend the Internal Revenue code of 1986 to extend expiring provisions, to fully allow the nonrefundable personal credits against regular tax liability, and for other purposes (Rept. No. 106–201).

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. WELLSTONE (for himself and Mr. KERRY):

S. 1785. A bill to provide for local family information centers, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. LAUTENBERG:

S. 1786. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to establish a grant program for assisting small business and agricultural enterprises in meeting disaster-related expenses; to the Committee on Environment and Public Works.

By Mr. BAUCUS (for himself, Mr. CAMPBELL, and Mr. DASCHLE):

S. 1787. A bill to amend the Federal Water Pollution Control Act to improve water quality on abandoned or inactive mined land; to the Committee on Environment and Public Works.

By Mr. ROTH:

S. 1788. An original bill to amend titles XVIII, XIX, and XXI of the Social Security Act to make corrections and refinements in the medicare, medicaid, and SCHIP programs, as revised and added by the Balanced Budget Act of 1997; from the Committee on Finance; placed on the calendar.

By Mr. GORTON (for himself and Mr. LIEBERMAN):

S. 1789. A bill to provide a rotating schedule for regional selection of delegates to a national Presidential nominating convention, and for other purposes; to the Committee on Rules and Administration.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 1790. A bill to provide for the issuance of a promotion, research, and information order applicable to certain handlers of Hass avocados; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CAMPBELL (for himself and Mr. LIEBERMAN):

S. 1791. A bill to authorize the Librarian of Congress to purchase papers of Dr. Martin Luther King, Junior, from Dr. King's estate; to the Committee on Rules and Administration.

By Mr. ROTH:

S. 1792. An original bill to amend the Internal Revenue Code of 1986 to extend expiring provisions, to fully allow the nonrefundable personal credits against regular tax liability, and for other purposes; from the Committee on Finance; placed on the calendar.

By Mr. DOMENICI:

S. 1793. A bill to ensure that there will be adequate funding for the decommissioning of nuclear power facilities; to the Committee on Environment and Public Works.

By Mr. THOMAS (for himself and Mr. ENZI):

S. 1794. A bill to designate the Federal courthouse at 145 East Simpson Avenue in Jackson, Wyoming, as the ''Clifford P. Hansen Federal Courthouse''; to the Committee on Environment and Public Works.

By Mr. CRAPO:

S. 1795. A bill to require that before issuing an order, the President shall cite the authority for the order, conduct a cost benefit analysis, provide for public comment, and for other purposes; to the Committee on Governmental Affairs.

By Mr. LAUTENBERG (for himself, Mr. MACK, Mr. KYL, Mr. GRAHAM, Mr. ROBB, Mr. LOTT, Mr. LIEBERMAN, Mr. HATCH, Mr. CONRAD, Mr. HELMS, Mr. TORRICELLI, Mr. SPECTER, Mr. MOYNIHAN, Mr. HOLLINGS, Mr. SCHUMER, Mr. COVERDELL, Mr. EDWARDS, Mr. CLELAND, and Mr. SANTORUM):

S. 1796. A bill to modify the enforcement of certain anti-terrorism judgements, and for other purposes; to the Committee on the Judiciary.

By Mr. MURKOWSKI:

S. 1797. A bill to amend the Alaska Native Claims Settlement Act, to provide for a land conveyance to the City of Craig, Alaska, and for other purposes; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WELLSTONE (for himself and Mr. KERRY):

S. 1785. A bill to provide for local family information centers, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

LOCAL FAMILY EDUCATION INFORMATION CENTERS

Mr. WELLSTONE. Mr. President, I speak on behalf of myself and Senator KERRY from Massachusetts, today for myself and Senator KERRY of Massachusetts today to introduce legislation that will go a long way to help parents become more involved in their children's education. We all know that families are crucial to the improvement of our nation's schools. To ensure that schools and students meet challenging educational goals, families must be involved. Parents must insist that their children get the best education. They must understand, shape and support the reforms in their schools; and, they must work with schools to help all children meet their goals.

We know that when families are fully engaged in the educational process, students have: higher grades and test scores; better attendance and more homework done; fewer placements in special education; more positive attitudes and behavior; higher graduation rates; and, greater enrollment in post-secondary education.

For school reforms to help all children, we must move to ensure that all parents are involved in their children's education. For many parents, this is not an easy task. Parents, particularly those who have limited English proficiency, or those who have a troubled history with the school system, often need outside help to get the information, support, and training they need to help their children navigate the school system.

Current provisions in Title I of the Elementary and Secondary Education Act provide for excellent and important ways for parents to get involved in their children's education. However, in some cases, parent involvement of the type envisioned by Title I remains a distant goal. Many Title I schools (though not all) have failed to fully bring parents into the development of parent involvement policies, school-parent compacts, and into planning and improvement for the school as provided for in Title I. It is thus essential for families to have an independent source of information and support that they understand and trust so that they can participate in an informed and effective manner and help move the schools toward the goal of full parental participation.

To achieve this critical end, this legislation would provide competitive grants to community based organizations to establish Local Family Information Centers. These centers, made up of community members as well as professionals from the Title I schools in the area, should have a track record of effective outreach and work with low income communities. They, in consultation with the school district, would develop a plan to provide parents with the full support that they need to be partners in their children's education. For example, they would help parents understand standards, assessments, and accountability systems; support activities that are likely to improve student achievement in Title I schools; understand and analyze data that schools, districts, and states must provide under reporting requirements of ESEA and other laws; understand and participate in the implementation of parent involvement requirements of ESEA, including; and, communicate effectively with school personnel.

This legislation is essential because it would reach and assist parents most isolated from participation by poverty, race, limited English proficiency and other factors. It is essential because of what we know about how children learn—that children that are the farthest behind make the greatest gains when their parents are part of their school life.

Many schools do a very good job of involving parents in education reform. This bill does nothing but ensure that parents have the option of an independent voice in districts where schools do not do such a good job. If we are to educate our children, we must also educate their parents. This legislation provides one necessary means to do so.

By Mr. LAUTENBERG:

S. 1786. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to establish a grant program for assisting small business and agricultural enterprises in meeting disaster-related expenses; to the Committee on Environment and Public Works.

SMALL BUSINESS AND AGRICULTURAL ENTERPRISE GRANT PROGRAM

• Mr. LAUTENBERG. Mr. President, I ask that a copy of the bill be printed in the RECORD.

The bill follows:

S. 1786

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

SECTION 1. SMALL BUSINESS AND AGRICULTURAL ENTERPRISE GRANT PROGRAM.

Title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170a et seq.) is amended by adding at the end the following:

''SEC. 425. SMALL BUSINESS AND AGRICULTURAL ENTERPRISE GRANT PROGRAM.

''(a) DEFINITIONS.—In this section:

''(1) AGRICULTURAL ENTERPRISE.—The term 'agricultural enterprise' includes—

''(A) a farm not larger than a family farm (within the meaning of section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a))); and

''(B) an enterprise engaged in the business of production of food or fiber, ranching or raising of livestock, aquaculture, or any other farming or agricultural related industry (within the meaning of section 3(a) of the Small Business Act (15 U.S.C. 632(a))).

''(2) SMALL BUSINESS.—The term 'small business' has the meaning given the term 'small business concern' under section 3 of the Small Business Act (15 U.S.C. 632).

''(b) GRANT PROGRAM.—The President may make grants to assist small businesses and agricultural enterprises adversely affected by a major disaster in meeting disaster-related expenses, including the costs of nonstructural repairs and replacement of noninsured contents and inventory.

''(c) CONDITIONS.—

''(1) NO RELOCATION ASSISTANCE.—A small business or agricultural enterprise receiving a grant under this section—

''(A) shall not use the proceeds of the grant for relocation; but

''(B) may use the proceeds of the grant for appropriate purposes in a new location, at the discretion of the President, for a safety, health, or mitigation purpose.

''(2) DUPLICATIVE ASSISTANCE.—

''(A) IN GENERAL.—A small business or agricultural enterprise receiving assistance in the form of a grant under this section shall be liable to the United States to the extent that the assistance duplicates benefits provided to the small business or agricultural enterprise for the same purpose by another Federal agency.

''(B) DEBT COLLECTION.—A Federal agency that provides any duplicative assistance described in subparagraph (A) shall collect an amount equal to the value of the duplicative assistance from the recipient in accordance with chapter 37 of title 31, United States Code, in any case in which the head of the agency considers such collection to be in the best interest of the Federal Government.

''(C) INAPPLICABILITY OF DUPLICATION OF BENEFITS PROVISION.—Section 312 shall not apply to assistance provided under this section.

''(d) FUNDING LIMITATIONS.—

''(1) ONE MAJOR DISASTER ONLY.—A small business or agricultural enterprise shall be eligible for a grant under this section in relation to not more than 1 major disaster.

''(2) MAXIMUM AMOUNT OF GRANT.—The maximum amount that a small business or agricultural enterprise may receive under this section shall be $20,000.

''(e) TIME PERIOD FOR MAKING GRANTS.—The President may make a grant under this section only during the 90-day period beginning on the date of declaration of a major disaster under this title.

''(f) REGULATIONS.—The President shall promulgate regulations to carry out this section, including criteria, standards, and procedures for the determination of eligibility for grants and the administration of grants under this section.

''(g) APPLICABILITY.—

''(1) DATE OF DISASTER.—This section shall apply to any major disaster declared after September 1, 1999, and before the date of enactment of this section.

''(2) LIMITATION ON TIME PERIOD FOR MAKING GRANTS.—For the purpose of subsection (e), with respect to a major disaster described in paragraph (1), the 90-day period shall begin on the date of enactment of this section.''.•

By Mr. BAUCUS (for himself, Mr. CAMPBELL, and Mr. DASCHLE):

S. 1787. A bill to amend the Federal Water Pollution Control Act to improve water quality on abandoned or inactive mined land; to the Committee on Environment and Public Works.

GOOD SAMARITAN ABANDONED OR INACTIVE MINE WASTE REMEDIATION ACT

Mr. BAUCUS. Mr. President, I rise to introduce a bill, for myself, Senator CAMPBELL, and Senator DASCHLE. This bill will address one of our nation's most overlooked environmental problems: the thousands of abandoned mines that pour pollution into rivers and streams throughout the west.

Since 1972, when we enacted the Clean Water Act, our nation has made a lot of progress improving water quality. Generally speaking, our water is cleaner. The Potomac doesn't stink. The Cuyuhoga doesn't burst into flame. EPA estimates that about 1/3 more of our rivers are fishable and swimmable than 20 years ago.

But we still face serious water pollution problems.

One of the most serious, in the west, is pollution from abandoned mines.

Let me provide some background.

The settlement of the mountain west was driven, in large part, by mining. Take my home state of Montana. At the center of Helena is Last Chance Gulch, where gold was discovered in 1864. Butte was called the ''Richest Hill on Earth, ''because of it's huge veins of copper. Our state's motto is ''Oro y Plata''—gold and silver. The ASARCO smelter in East Helena is one of the largest and most efficient in the world.

Mining has long been critical to our development. It's created jobs. It's part of our culture. Of our community.

But mining, like many other economic activities, can have severe environmental consequences. Especially the way it was conducted years ago, before the development of sophisticated environmental laws and regulations.

I am reminded of the words of the Montana writer, A.B. Guthrie.

> Much of the exploitation, much of unthinking damage, was done in . . . a spirit characteristic of pioneer America. Growth was the way of life. It was the nature of things. . . . The end was not yet. The end never would be. That's what we thought. We know better now.

One reason that we know better now is that we've seen the effect of the abandoned hardrock mines that dot the landscape of the mountain west. They once were active mines, in many cases, long ago. Now they're an abandoned collection of tailings, shafts, and adits.

Even in generally arid areas, these mines release acid wastes. They leach mercury, arsenic, copper, and other heavy metals. They load sediments into nearby waters. They poison drinking water. They contaminate fish, making them unfit to eat. They threaten public health and destroy rivers and streams.

According to the Western Governors Association:

> Abandoned and inactive mines are responsible for many of the greatest threats and impairments to water quality throughout the United States. Thousands of stream miles are severely impacted by drainage and runoff from these mines, often for which a responsible party is unidentifiable or not economically viable. At least 400,000 abandoned or inactive mine sites occur in the west.

This map shows the scope of the problem.

The small dots indicate individual sites. Light shading indicates that there are more than 100 sites. Orange, between 200 and 300. Red, more than 300 sites.

As you can see, There are hundreds of sites in many western states—Montana, Idaho, California, Utah. New Mexico, Arizona, Colorado, and South Dakota.

And that's not all. Michigan. The Ohio Valley. The Appalachains. All across the country.

In Montana, there are approximately 6,000 abandoned hardrock mines. State officials already have identified 245 that are within 100 feet of a stream. In many cases, these mines are known to be polluting downstream waters.

Most of the sites are concentrated around Helena. But there are sites throughout western Montana, in 24 of our 56 counties. All the way from Lincoln County, in Northwest Montana, to Park County, in South Central Montana.

Let me show you an example.

This is an abandoned hardrock mine site near Rimini, about 15 miles west of Helena. It's in the Ten Mile Creek watershed, which serves as the Helena drinking supply. As you can see, the water is actually orange.

Clearly, abandoned hardrock mines pose a big problem.

So why isn't somebody doing something about it?

As is often the case, this simple question requires a pretty complicated answer.

In the first place, it may be impossible to track down the person who created the problem. The original mine operator may long gone.

In other cases, the ownership patterns are a complex mix of federal, state, and private land; and of surface, mineral, and water rights. It is not uncommon for dozens of parties to have had some connection to a mining site over the years. So it's difficult to establish legal responsibility for a private party to clean up the site.

There's another alternative. A state, tribe, or local government agency may want to step in and clean the site up themselves. As the Western Governors Association has put it:

The western states have found that there would be a high degree of interest and willingness on the part of federal, state and local agencies . . . to work together toward solutions to the multi-faceted problems commonly found on inactive mined lands.

But there's a hitch. A few years ago, a federal court of appeals held that, under the Clean Water Act, one of these ''good samaritans'' is treated exactly the same as the operator of an working mine. That is, someone who has no responsibility for a site, but nevertheless wants to step in and make progress in cleaning up the site, must get a permit that complies with all of the effluent guidelines and other requirements of the Clean Water Act.

Many states, tribes, and local government good samaritans simply can't afford to clean up a site to full Clean Water Act standards.

So, facing the legal consequences if they fall short, potential good samaritans refrain from attempting to address water pollution problems at all.

Let me tell you about the Alta mine, outside Corbin, Montana. That's about 15 miles South of Helena.

The mine is an important part of Montana's heritage. Ore was discovered in there 1869.

During the late 1800s, 450 miners were extracting more than 150 tons of ore each day, generating a total of $32 million worth of gold, silver, lead, and zinc. That's the equivalent of about $1 billion in today's dollars.

The main portion of the mine closed in 1896. This century, mining and remining continued sporadically, under a variety of different operators. The mine was completely abandoned in the late 1950s.

I visited the site a few weeks ago, with my friend Vick Anderson, who runs the Montana mine cleanup program.

This is a photograph of the mine shaft. It cuts down to the old underground workings, 650 feet below. The shaft serves as a collection point for groundwater.

In the picture, you can see the toxic, acid water that seeps from the shaft and eventually drains into Corbin Creek.

Up until this point, Corbin Creek runs clear and clean. It's a high-quality trout stream. But, after the runoff from the Alta mine, the water is contaminated with arsenic, antimony, cadmium, copper, iron, lead, mercury, and zinc.

There's a distinct sulphuric odor. In some places, the water looks orange, like the picture I showed of the mine near Rimini.

This contamination affects not only Corbin Creek, but also Spring Creek and Prickly Pear Creek. That's about 7 miles of contamination. In the town of Corbin itself, the pollution is so bad that the State of Montana was forced to close groundwater wells and contstruct a $300,000 water supply project to serve 11 homes.

Now let me tell you what you can't see in the picture of the Alta mine.

All around the mine shaft, the State of Montana is conducting reclamation work. Removing structures. Closing adits. Removing or covering contaminated soil.

The state would also like to do something about the water pollution.

For example, they could divert runoff through a channel, and then construct wetlands to filter the arsenic, iron, lead, mercury, and other pollutants. This would clean the water up, significantly.

The engineers say that it will work.

But the lawyers say it won't.

They say that, by diverting the water, the state would become liable under the Clean Water Act. It would have to get a permit. And the permit would require permanent treatment that is prohibitively expensive.

Faced with that possibility, there is only one practical thing for the state to do. Nothing. Leave the water pollution alone.

And that's exactly what is happening. As we speak, the toxic water continues to flow directly into Corbin Creek.

This is not an isolated example. According to the Western Governors Association and others, the same thing is happening all across the west.

As you can see, the current system creates a disincentive. It prevents well-intentioned state and local governments from stepping in and conducting voluntary cleanups.

As a result, the cleanups don't occur and the pollution keeps flowing.

That's the problem that our bill will fix.

The title of this bill, the ''Good Samaritan Mine Remediation Waste bill'' says it all.

The state, tribal, and local government agencies that we refer to as ''good samaritans'' are not trying to make money. They're not trying to skirt the law. They're trying to do good—in this case, to improve water quality.

The basic objective of this bill is to allow that. To allow states, tribes and local governments to be good samaritans.

In a nutshell, the bill will allow state, local, and tribal governments to clean up an abandoned mines under a special permit, tailored to the conditions of the site.

They apply for a good samaritan permit from EPA. The application must include a detailed plan describing the cleanup actions that will be taken to improve water quality.

EPA reviews the plan and takes comments from the local community. EPA can approve the application if it determines that the plan will result in an improvement in water quality to the greatest extent practical, given the resources and cleanup technologies available to the Good Samaritan.

Once a permit is approved, the good samaritan can proceed with the cleanup. EPA will monitor progress and conduct periodic reviews. When the cleanup is finished, the permit is terminated and the Good Samaritan is not held responsible for any future discharges from the site.

That's the basic framework.

Let me also mention several additional safeguards, that are described in detail in a summary that I ask be included in the RECORD after this statement.

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

[See exhibit 1.]

First, before applying for a permit, the good samaritan must conduct a search, to try to find parties who are responsible for the pollution problem at the mine site and have the resources to clean it up themselves. If so, those parties should be held to the ordinary standards of the Clean Water Act. And they will be.

Second, a good samaritan permit can only be used for cleanup. It can't be used for remining. In fact, if the cleanup generates materials that can be sold commercially, the proceeds have to be used to help further clean up the river or stream. As a result, good samaritan permits cannot become a loophole for someone to get around the application of the Clean Water Act to active mining operations.

This bill is not a remining bill, and will not become one.

Third, a good samaritan permit is fully enforceable, by either EPA or a citizen suit. As I've explained, there are very good arguments for applying different standards to good samaritan cleanups.

But, once those standards are written into a permit, they must be complied with to the same extent as the standards of an ordinary permit. The law is the law.

Mr. President, this bill reflects years of hard work, by the Western Governors Association, environmentalists, industry representatives, and others.

It's not perfect. It does not reflect a complete consensus. There are further issues to work through.

But my hope is that we can proceed quickly, through a hearing and markup, so that, before long, this important bill can be enacted into law.

If so, we soon will see success stories, all across the west. At places like the Alta Mine, we'll be taking sensible steps to make our rivers a lot cleaner and our lives a little bit better.

Let me return to the words of A.B. Guthrie. He described the exploitation of natural resources in the past. Then he said that ''we know better now.''

We do. We know better. And that knowledge gives us a responsibility. We must put our knowledge to constructive use. In this case, by cleaning up abandoned mine sites and other sources of pollution.

If we solve the problem, our grandchildren won't have to.

EXHIBIT 1

SUMMARY

The legislation is designed to eliminate the disincentives that currently exist in the Clean Water Act to the restoration of water quality through Good Samaritan cleanups of abandoned or inactive hardrock mines. To accomplish this, the legislation allows the federal government, states, tribes, and local governments that want to clean up an abandoned or inactive mining site to apply for a ''mine waste remediation'' permit instead of the typical Clean Water Act permit. The key to the mine waste remediation permit is that it allows Good Samaritans to improve water quality to the best of their ability rather than necessarily to achieve full compliance with water quality standards.

An application for a permit must be submitted to the Environmental Protection Agency and include a detailed plan describing the cleanup actions that the Good Samaritan will take to improve water quality. Applicants for a permit must make a reasonable search for parties who are responsible for the mine waste and therefore, are subject to full compliance with the Clean Water Act. Based on a review of the plan and obtaining public input, EPA can approve an application if no companies responsible for the mine waste are found and if the application ''demonstrates with reasonable certainty that the implementation of the plan will result in an improvement in water quality to the degree practicable, taking into consideration the resources available to the remediating party for the proposed remediation activity.'' EPA will develop and issue regulations that detail the specific contents of applications for mine waste remediation permits and may, on a case-by-case basis, issue regulations that impose ''more specific requirements that the Administrator determines'' are appropriate for individual mine sites.

Upon approval of a permit, the Good Samaritan proceeds with the planned cleanup. EPA plays a continuing role in monitoring the cleanup's progress, conducting periodic reviews to assure permit compliance. As with an ordinary Clean Water Act permit, both EPA and citizens can take legal action if a Good Samaritan fails to comply with the terms of a mine waste remediation permit. When the cleanup is completed, the permit is terminated and the Good Samaritan is not held responsible for any future discharges from the site.

The legislation is based on a proposal by the Western Governors Association (WGA), which worked extensively with the environmental community, mining industry, and the Administration in developing it. The staff of Senator Max Baucus has also worked with these groups and WGA in crafting the legislation. The Western Governors support this legislation and urge that it be enacted in this Congress.

Mr. BAUCUS. Mr. President, I ask unanimous consent that a letter of support from the Western Governors Association be printed in the RECORD.

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

WESTERN GOVERNORS' ASSOCIATION,
Denver, CO, October 19, 1999.

Hon. MAX BAUCUS,
Senator of Montana, Hart Senate Office Building, Washington, DC.

DEAR SENATOR BAUCUS: The Western Governors commend you for introducing the ''Good Samaritan Abandoned or Inactive Mine Waste Remediation Act.'' As stated in WGA Resolution 98–004 (attached), the Western Governors believe that there is a need to eliminate current disincentives in the Clean Water Act for voluntary, cooperative efforts aimed at improving and protecting water quality impacted by abandoned or inactive mines. We believe your bill could effectively and fairly eliminate such disincentives, and we therefore urge its passage this Congress.

Inactive or abandoned mines are responsible for threats and impairments to water quality throughout the western United States. Many also pose safety hazards from open adits and shafts. These historic mines pre-date modern federal and state environmental regulations which were enacted in the 1970s. Often a responsible party for these mines is not identifiable or not economically viable enough to be compelled to clean up the site. Many stream miles are impacted by drainage and runoff from such mines, creating significant adverse water quality impacts in several western states.

Recognizing the potential for economic, environmental and social benefits to downstream users of impaired streams, western states, municipalities, federal agencies, volunteer citizen groups and private parties have come together across the West to try to clean up some of these sites. However, due to questions of liability; many of these Good Samaritan efforts have been stymied.

To date, EPA policy and some case law have viewed inactive or abandoned mine drainage and runoff as problems that must be addressed under Section 402 of the CWA—the National Pollutant Discharge Elimination System (NPDES) permit program. This, however, has become an overwhelming disincentive for any voluntary cleanup efforts because of the liability that can be inherited for any discharges from an abandoned mine site remaining after cleanup, even though the volunteering remediating party had no previous responsibility or liability for the site, and has reduced the water quality impacts from the site by completing a cleanup project.

The ''Good Samaritan Abandoned or Inactive Mine Waste Remediation Act'' would amend the Clean Water Act to protect a remediating agency from becoming legally responsible for any continuing discharges from the abandoned mine site after completion of a cleanup project, provided that the remediating agency—or ''Good Samaritan''—does not otherwise have liability for that abandoned or inactive mine site and implements a cleanup project approved by EPA. The Western Governors support this bill, and urge that it be enacted this Congress.

Sincerely,

MARC RACICOT,
Governor of Montana, WGA Lead Governor.
BILL OWENS,
Governor of Colorado, WGA Lead Governor.
MICHAEL O. LEAVITT,
Governor of Utah.

POLICY RESOLUTION 98–004, CLEANING UP ABANDONED MINES

[Adopted June 29, 1998, Girdwood, Alaska]

A. BACKGROUND

1. Inactive or abandoned mines are responsible for threats and impairments to water quality throughout the western United States. Many also pose safety hazards from open adits and shafts. These historic mines pre-date modern federal and state environmental regulations which were enacted in the 1970s. Often a responsible party for these mines is not identifiable or not economically viable enough to be compelled to clean up the site. Thousands of stream miles are impacted by drainage and runoff from such mines, one of the largest sources of adverse water quality impacts in several western states.

2. Mine drainage and runoff problems are extremely complex and solutions are often highly site-specific. Although cost-effective management practices likely to reduce water quality impacts from such sites can be formulated, the specific improvement attainable through implementation of these practices cannot be predicted in advance. Moreover, such practices generally cannot eliminate all impacts and may not result in the attainment of water quality standards.

3. Cleanup of these abandoned mines and securing of open adits and shafts has not been a high funding priority for most state and federal agencies. Most of these sites are located in remote and rugged terrain and the risks they pose to human health and safety have been relatively small. That is changing, however, as the West has gained in population and increased tourism. Both of these factors are bringing people into closer contact with abandoned mines and their impacts.

4. Cleanup of abandoned mines is hampered by two issues—lack of funding and concerns about liability. Both of these issues are compounded by the land and mineral ownership patterns in mining districts. It is not uncommon to have private, federal, and state owned land side by side or intermingled. Sometimes the minerals under the ground are not owned by the same person or agency who owns the property. As a result, it is not uncommon for there to be dozens of parties with partial ownership or operational histories associated with a given site.

5. Recognizing the potential for economic, environmental and social benefits to downstream users of impaired streams, western states, municipalities, federal agencies, volunteer citizen groups and private parties have come together across the West to try to clean up some of these sites. However, due to questions of liability, many of these Good Samaritan efforts have been stymied.

a. To date, EPA policy and some case law have viewed inactive or abandoned mine drainage and runoff as problems that must be addressed under the Clean Water Act's (CWA) Section 402 National Pollutant Discharge Elimination System (NPDES) permit program. This, however, has become an overwhelming disincentive for any voluntary cleanup efforts because of the liability that can be inherited for any discharges from an abandoned mine site remaining after cleanup, even though the volunteering remediating party had no previous responsibility or liability for the site, and has reduced the water quality impacts from the site by completing a cleanup project.

b. The western states have developed a package of legislative language in the form of a proposed amendment to the Clean Water Act. The effect of the proposed amendment would be to eliminate the current disincentives in the Act for Good Samaritan cleanups of abandoned mines. Over the three years that the proposal was drafted, the states received extensive input from EPA, environmental groups, and the mining industry.

6. Liability concerns also prevent mining companies from going back into historic mining districts and remining old abandoned mine sites or doing volunteer cleanup work. While this could result in an improved environment, companies which are interested are justifiably hesitant to incur liability for cleaning up the entire abandoned mine site.

B. GOVERNORS' POLICY STATEMENT

Good Samaritan

1. The Western Governors believe that there is a need to eliminate disincentives to voluntary, cooperative efforts aimed at improving and protecting water quality impacted by abandoned or inactive mines.

2. The Western Governors believe the Clean Water Act should be anended to protect a remediating agency from becoming legally responsible under section 301(a) and section 402 of the CWA for any continuing discharges from the abandoned mine site after completion of a cleanup project, provided that their mediating agency—or ''Good Samaritan''—does not otherwise have liability for that abandoned or inactive mine site and attempts to improve the conditions at the site.

3. The Western Governors believe that Congress, as a priority, should amend the Clean Water Act in a manner that accomplishes the goals embodied in the WGA legislative package on Good Samaritan cleanups.

Cleanup and Funding

4. The governors support efforts to accelerate responsible and effective abandoned mine waste cleanup including the siting of joint waste repositories for cleanup wastes from abandoned mines on private, federal, and state lands. Liability concerns have hampered the siting of joint waste repositories leading to the more expensive and less environmentally responsible siting of multiple repositories. The governors urge the Bureau of Land Management and the U.S. Forest Service to develop policy encouraging the siting of joint waste repositories whenever they make economic and environmental sense.

5. The governors encourage federal land management agencies such as the Bureau of Land Management, Forest Service, and Park Service, as well as support agencies like the U.S. Environmental Protection Agency and the U.S. Geological Survey to coordinate their abandoned mine efforts with state efforts to avoid redundancy and unnecessary duplication. Federal and State tax dollars should be focused on working cooperatively to secure and clean up abandoned mine sites, not working separately to conduct expensive and time consuming inventories, research, and mapping efforts.

6. Other responsible approaches to accelerate abandoned mine cleanup should be investigated, including remining.

7. Reliable sources of funds should be made available for the cleanup of abandoned mines in the West.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. WGA staff shall transmit a copy of this resolution and the proposed WGA legislative package on Good Samaritan cleanups to the President, the Secretary of the Interior, Secretary of Agriculture, Administrator of the Environmental Protection Agency, and Chairmen of the appropriate House and Senate Committees.

2. WGA staff shall work with the mining industry, environmental interests, and federal agency representatives to explore options to accelerate abandoned mine cleanup through remining and report back to the Governors at the 1999 WGA Annual Meeting.

3. WGA shall continue to work cooperatively with the National Mining Association, federal agencies, and other interested stakeholders to examine other mechanisms to accelerate responsible cleanup and securing of abandoned mines.

Approval of a WGA resolution requires an affirmative vote of two-thirds of the Board of the Directors present at the meeting. Dissenting votes, if any, are indicated in the resolution. The Board of Directors is comprised of the governors of Alaska, American Samoa, Arizona, California, Colorado, Guam, Hawaii, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Northern Mariana Islands, Oregon, South Dakota, Texas, Utah, Washington and Wyoming.

By Mr. GORTON (for himself and Mr. LIEBERMAN):

S. 1789. A bill to provide a rotating schedule for regional selection of delegates to a national Presidential nominating convention, and for other purposes; to the Committee on Rules and Administration.

THE REGIONAL PRESIDENTIAL SELECTION ACT OF 1999

Mr. GORTON. Mr. President, the 2000 presidential election has already captured the interest of the national media, and once again the media struggles to make sense of one of this nation's most complex and confusing practices—the presidential nomination system. It is a tenet in this country, the greatest democracy in the world, that all citizens have an equal voice in choosing who will be the nominees for the final race for President of the United States. If there is one thing that has remained constant in the American system, it is democratic participation in our electoral process—a basic creed that has guided us toward wider participation and more direct election of our leaders. Ironically, however, every four years we are witnesses to the fact that the current system by which this country chooses its presidential nominees is not only arbitrary, but in many ways incompatible with the notion of equal participation in the nominating process.

One of the most memorable political cartoons I have had the pleasure of reading was drawn during the 1996 election by the cartoonist for a local paper in my home state of Washington. This cartoon illustrates just how bizarre the current presidential primary process really is. The cartoon features Benjamin Franklin, Thomas Jefferson, and Alexander Hamilton brainstorming at the Constitutional Convention. Ben Franklin turns to his colleagues in jest and rattles off an idea for the presidential election system. He reads from his sheet of paper,

The President shall be chosen from among those persons who can hone complex ideas into simplistic sound bites, defame the character of their opponents, hide their own blemishes from an intrusive swarming press corps and—get this—win the most votes from a tiny number of citizens in a remote corner of New England!

To which Alexander Hamilton replies,

Very droll Franklin, you're quite the comedian.

Mr. President, I agree with the cartoonist that what our Founding Fathers would have regarded as a ridiculous way to choose a president is now reality. It is no joke—this IS how our Presidential nominating system works.

For some time Members of Congress, party activists, the states, and academics have all advocated reform of the Presidential nominating system in this country. The flaws in our current system are obvious. The system is unstructured, confusing, and it gives small states that hold early primaries or caucuses a disproportionate amount of influence on the final outcome. The lack of uniformity and clear guidelines in the system creates a system whereby states compete for an early position in the nominating process in order to attract candidates and to have some kind of influence in the nominating process. Small to middle-sized states that select delegates later in the game risk being shut out of the process all together and face having a limited role in choosing the Presidential nominee. While the 2000 primary schedule has not yet been solidified, the first primary will be held at the earliest date in history, and an alarming number of states have moved or are considering moving their primary earlier in the year with the hope of influencing the nomination process.

Clearly, the system does not allow for equal participation by all the states. It undermines the ideal of equal participation in the electoral process by giving certain states, year after year, far more leverage than others. This unequal balance of power, if you will, compromises the integrity of the nominating process.

At this time, while this country's Presidential nominating system again begins to receive national attention, I believe it is fundamental that the American people and this Congress begin discussing methods to improve the current system and introduce reforms to encourage wider participation and more direct nomination of Presidential candidates.

I am introducing, today, a bill to provide for a rotating regional selection system for the nomination of candidates for Presidential elections. This bill will establish four regions comprised of 12–13 states from the same geographic area in the country. All states in a region will hold primaries or caucuses on the same date either the first Tuesday in March, April, May, or June and no region will vote in the same month. The order in which each region votes will rotate with each presidential election cycle, allowing each region to have the opportunity to be the first, second, third, and last region in the country to vote.

This bill introduces much needed uniformity and structure to a system that lacks real composition. It will eliminate the drive by the States to gain ''first-in-the-nation'' status and the ability for one or two small states to influence the entire nomination process. Under this plan each state will have equal opportunity to participate and influence the nomination process. This bill will also establish greater uniformity and structure by instituting much needed guidelines for states, delegate selection, and the role of Federal Election Commission.

Obviously, since we are well into the presidential nomination process for the 2000 Presidential race this bill, if enacted, will apply to 2004 and election years thereafter.

In summary, Mr. President, I look forward to discussing this proposal with my colleagues in the coming weeks and months. I believe it is imperative that we do everything we can

to improve the practice by which we nominate our country's leader.

Mr. LIEBERMAN. Mr. President. I am happy to join Senator GORTON in introducing a bill that we hope will restore some common sense to the way the country chooses party nominees for president. As Senator GORTON already has explained well, anyone taking a objective look at the current primary and caucus system could reach only one conclusion: it makes very little sense.

Our primary system was meant to serve a very important purpose: to determine the two—or perhaps three—individuals who will have the opportunity to compete for the most powerful office in our nation, and perhaps in the world. Given the importance of the process, it is critical that it be a fair one, one that tests the mettle and the ideas of all of the candidates, one that allows the voters to hear and weigh the views of those seeking their parties' nominations, and one that gives the primary electorate—the whole, national primary electorate—a chance to choose the person they think will best represent them and their views in the ultimate contest to determine who will become President of the United States.

But that just isn't happening now. Instead of a system that tests a candidate's character and his ability to offer reasoned opinions over the long haul, we have an increasingly compressed schedule, one in which States whose primaries once were spread out over months now compete to see who can hold their contests the earliest, and candidates compete to see who can raise more money than everyone else before the first primary voters ever step foot into the election booth. That ''money primary'' has already eliminated four of the Republican candidates for President.

This is no way for the world's greatest democracy to choose its leader. As Senator GORTON already has explained, the bill we are proposing today offers an alternative system, one that can restore the primary season to what it should be: a contest of candidates discussing their ideas for America's future. By creating a series of regional primaries, we will make it more likely that all areas of the country have input into the nominee selection process, and that the candidates and their treasuries will not be stretched so thin by primaries all over the country on the same day. By spreading out the primaries over a four-month period, we have a chance to return to the days when the electorate had an opportunity to evaluate the candidates over time, and where voters—not just financial contributors—had decided who the parties' nominees will be.

Anyone looking at the current system knows it has to change. I hope that we can make that happen before the 2004 campaign begins.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 1790. A bill to provide for the issuance of a promotion, research, and information order applicable to certain handlers of Hass avocados; to the Committee on Agriculture, Nutrition, and Forestry.

THE HASS AVOCADO PROMOTION, RESEARCH AND INFORMATION ACT OF 1999

Mrs. FEINSTEIN. Mr. President, I rise today to introduce legislation that will create a national promotion, research and information program for Hass avocados. This industry-financed promotion program will help farmers without costing taxpayers any money.

This legislation provides California's 6,000 Hass avocado growers with the ability to achieve together that which would not be possible alone—the establishment of a national program to enhance avocado marketing and consumption. Pooled industry resources create the potential for an impact much greater than what would be possible through a solely state-funded program.

Like producers who have successful national promotion programs, including those for beef, cotton, dairy, eggs, pork and soybeans, producers of Hass avocados are seeking a new vehicle for expanding the consumer market for avocados. A nationwide promotion program would provide the avocado industry with the means to market avocados to a much wider consumer audience, and build demand at a time when the aggregate supply of avocados is rapidly increasing.

California has a long history of state marketing programs for its many diverse agricultural commodities. In fact, the avocado industry has long benefitted from an innovative state grower-funded program administered by the California Avocado Commission.

In recent years, however, increasing imports are supplying a larger share of the U.S. consumer market. In 1998, for example, import levels reached 100 million pounds, or nearly one-third the size of U.S. avocado production. If not offset by increased demand, this rapid escalation of supply will lead to market instability. Given this dynamic, it is only fair that the cost of a national promotion program be shared fairly among importers and domestic producers.

The ''Hass Avocado Promotion, Research and Information Act of 1999'' is a self-help national checkoff program that will allow avocado growers to fund and operate a coordinated marketing effort to expand domestic and foreign markets. The avocado promotion program will be operated at no cost to the federal government and will be funded by U.S. Hass avocado growers and Hass avocado importers.

The key elements of this avocado promotion legislation include: (1) an 11-member Hass Avocado Board comprised of both domestic producers and importers; (2) new programs for the advertising and promotion of avocados to develop new markets; (3) research on the sale, distribution, use, quality or nutritional value of avocados; (4) an up-front referendum of qualified producers and importers during a 60-day period preceding the effective date of the Secretary of Agriculture's implementing order; and (5) an initial assessment rate on Hass avocados on 2.5 cent per pound.

Hass avocados are an integral food source in the United States and are a valuable and healthy part of the human diet. Avocados are enjoyed by millions of persons every year for a multitude of every day and special occasions. The maintenance and expansion of existing markets and the development of new markets and uses for Hass avocados is needed to preserve and strengthen the economic viability of the domestic Hass avocado industry for the benefit of producers and the benefit of other persons marketing, processing and consuming Hass avocados.

Agricultural commodity promotion programs are a proven means of increasing market share for commodities. The Hass avocado growers in my state want to have a program that will help increase their market share of the consumer food dollar. California's Hass avocado growers have made extensive efforts over the last two years to unify the industry, which has resulted in the development of this highly supported national promotion program. The 1996–1997 value of domestic Hass avocado production was $259 million—a substantial market that could be even greater if properly promoted.

This national avocado promotion program is an opportunity for Congress to help an agricultural industry create increased economic activity and job opportunities, with no expenditure of tax collars. I urge you to support this important legislation.

By Mr. CAMPBELL (for himself and Mr. LIEBERMAN):

S. 1791. A bill to authorize the Librarian of Congress to purchase papers of Dr. Martin Luther King, Junior, from Dr. King's estate; to the Committee on Rules and Administration.

THE MARTIN LUTHER KING, JUNIOR PAPERS PRESERVATION ACT

Mr. CAMPBELL. Mr. President, today I am introducing legislation that would authorize the Librarian of Congress to acquire Dr. Martin Luther King, Junior's personal papers from his estate. I am pleased to be joined in this important initiative by my friend and colleague from Connecticut, Senator JOE LIEBERMAN. This bill is a companion to H.R. 2963, which was introduced by our colleagues in the House of Representatives, Congressman JAMES CLYBURN and Congressman J.C. WATTS.

Dr. King, as a minister, civil rights leader, prolific writer and Nobel Prize winner, was deeply committed to nonviolence in the struggle for civil rights. He is quite possibly the most important and influential black leader in American history.

When Dr. King was tragically assassinated on April 4, 1968, he was in his prime, after having emerged as a true

national hero and a chief advocate of peacefully uniting a racially divided nation. He strove to build communities of hope and opportunity for all. He recognized that all Americans must be free if we are to live in a truly great nation.

The acquisition of Dr. King's papers would permanently place them in the public domain. People from all over the United States, and the entire world, would have direct access to these important historic documents. Those people studying his life's work would have access to his messages of justice and peace, and also to reflect on the civil rights struggle. The Library of Congress would be the perfect place for these papers which already houses other great works of original American freedom fighters such as Frederick Douglass and Thurgood Marshall. It is altogether fitting that these documents be together under one roof.

Dr. King was a person who wanted all people to get along regardless of their race, color or creed. His call to all of us, that we should judge by the content of one's character rather than by the color of one's skin, sums up the very core of how we can all peacefully live together as well as any other words ever spoken.

The establishment of Martin Luther King, Jr. Day as a national holiday was the result of the work of many determined people who wanted to ensure that we and future generations duly honor and remember his legacy. In fact, our tradition of honoring Dr. King took another step forward when just yesterday the President signed into law S. 322, a bill I introduced earlier this year that authorizes the flying of the American flag on Martin Luther King Day, in addition to all of our nation's national holidays. The bill I introduce today builds on this work and will ensure that Dr. King's legacy is preserved for generations to come.

I urge my colleagues to join me in supporting this important bill. I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1791

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 Dr. Martin Luther King, Junior Papers Preservation Act''.

SEC. 2. PURCHASE OF MARTIN LUTHER KING PAPERS BY LIBRARIAN OF CONGRESS.

(a) IN GENERAL.—The Librarian of Congress is authorized to acquire or purchase papers of Dr. Martin Luther King, Junior, from Dr. King's estate.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Librarian of Congress such sums as may be necessary to carry out this Act.

By Mr. ROTH:

S. 1792. An original bill to amend the Internal Revenue Code of 1986 to extend expiring provisions, to fully allow the nonrefundable personal credits against regular tax liability, and for other purposes; from the Committee on Finance; placed on the calendar.

TAX RELIEF EXTENSION ACT OF 1999

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

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

S. 1792

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

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Tax Relief Extension Act of 1999''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS

SEC. 101. EXTENSION OF MINIMUM TAX RELIEF FOR INDIVIDUALS.

(a) IN GENERAL.—The second sentence of section 26(a) (relating to limitations based on amount of tax) is amended by striking ''1998'' and inserting ''calendar year 1998, 1999, or 2000''.

(b) CHILD CREDIT.—Section 24(d)(2) (relating to reduction of credit to taxpayer subject to alternative minimum tax) is amended by striking ''December 31, 1998'' and inserting ''December 31, 2000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 102. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127(d) (relating to termination) is amended by striking ''May 31, 2000'' and inserting ''December 31, 2000''.

(b) REPEAL OF LIMITATION ON GRADUATE EDUCATION.—

(1) IN GENERAL.—The last sentence of section 127(c)(1) (defining educational assistance) is amended by striking '', and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to expenses relating to courses beginning after December 31, 1999.

SEC. 103. EXTENSION OF RESEARCH AND EXPERIMENTATION CREDIT AND INCREASE IN RATES FOR ALTERNATIVE INCREMENTAL RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Section 41(h) (relating to termination) is amended—

(A) by striking ''June 30, 1999'' and inserting ''December 31, 2000'',

(B) by striking ''36-month'' and inserting ''54-month'', and

(C) by striking ''36 months'' and inserting ''54 months''.

(2) CONFORMING AMENDMENT.—Section 45C(b)(1)(D) is amended by striking ''June 30, 1999'' and inserting ''December 31, 2000''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(b) INCREASE IN PERCENTAGES UNDER ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) is amended—

(A) by striking ''1.65 percent'' and inserting ''2.65 percent'',

(B) by striking ''2.2 percent'' and inserting ''3.2 percent'', and

(C) by striking ''2.75 percent'' and inserting ''3.75 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after June 30, 1999.

(c) EXTENSION OF RESEARCH CREDIT TO RESEARCH IN PUERTO RICO AND THE POSSESSIONS OF THE UNITED STATES.—

(1) IN GENERAL.—Section 41(d)(4)(F) (relating to foreign research) is amended by inserting '', the Commonwealth of Puerto Rico, or any possession of the United States'' after ''United States''.

(2) DENIAL OF DOUBLE BENEFIT.—Section 280C(c)(1) is amended by inserting ''or credit'' after ''deduction'' each place it appears.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

SEC. 104. EXTENSION OF EXCEPTIONS UNDER SUBPART F FOR ACTIVE FINANCING INCOME.

(a) IN GENERAL.—Sections 953(e)(10) and 954(h)(9) (relating to application) are each amended—

(1) by striking ''the first taxable year'' and inserting ''taxable years'',

(2) by striking ''January 1, 2000'' and inserting ''January 1, 2001'', and

(3) by striking ''within which such'' and inserting ''within which any such''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 105. EXTENSION OF SUSPENSION OF NET INCOME LIMITATION ON PERCENTAGE DEPLETION FROM MARGINAL OIL AND GAS WELLS.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) (relating to temporary suspension of taxable limit with respect to marginal production) is amended by striking ''January 1, 2000'' and inserting ''January 1, 2001''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 106. EXTENSION OF WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK TAX CREDIT.

(a) TEMPORARY EXTENSION.—Sections 51(c)(4)(B) and 51A(f) (relating to termination) are each amended by striking ''June 30, 1999'' and inserting ''December 31, 2000''.

(b) CLARIFICATION OF FIRST YEAR OF EMPLOYMENT.—Paragraph (2) of section 51(i) is amended by striking ''during which he was not a member of a targeted group''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

SEC. 107. EXTENSION AND MODIFICATION OF TAX CREDIT FOR ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES.

(a) EXTENSION AND MODIFICATION OF PLACED-IN-SERVICE RULES.—Paragraph (3) of section 45(c) is amended to read as follows:

''(3) QUALIFIED FACILITY.—

''(A) WIND FACILITY.—In the case of a facility using wind to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1993, and before January 1, 2001.

''(B) CLOSED-LOOP BIOMASS FACILITY.—In the case of a facility using closed-loop biomass to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is—

''(i) originally placed in service after December 31, 1992, and before January 1, 2001, or

''(ii) originally placed in service before December 31, 1992, and modified to use closed-loop biomass to co-fire with coal after such date and before January 1, 2001.

''(C) BIOMASS FACILITY.—In the case of a facility using biomass (other than closed-loop biomass) to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service before January 1, 2001.

''(D) LANDFILL GAS OR POULTRY WASTE FACILITY.—

''(i) IN GENERAL.—In the case of a facility using landfill gas or poultry waste to produce electricity, the term 'qualified facility' means any facility of the taxpayer which is originally placed in service after December 31, 1999, and before January 1, 2001.

''(ii) LANDFILL GAS.—In the case of a facility using landfill gas, such term shall include equipment and housing (not including wells and related systems required to collect and transmit gas to the production facility) required to generate electricity which are owned by the taxpayer and so placed in service.

''(E) SPECIAL RULE.—In the case of a qualified facility described in subparagraph (B) or (C) using coal to co-fire with biomass, the 10-year period referred to in subsection (a) shall be treated as beginning no earlier than January 1, 2000.''

(b) EXPANSION OF QUALIFIED ENERGY RESOURCES.—

(1) IN GENERAL.—Section 45(c)(1) (defining qualified energy resources) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting a comma, and by adding at the end the following new subparagraphs:

''(C) biomass (other than closed-loop biomass),

''(D) landfill gas, and

''(E) poultry waste.''

(2) DEFINITIONS.—Section 45(c), as amended by subsection (a), is amended by redesignating paragraph (3) as paragraph (6) and inserting after paragraph (2) the following new paragraphs:

''(3) BIOMASS.—The term 'biomass' means any solid, nonhazardous, cellulosic waste material which is segregated from other waste materials and which is derived from—

''(A) any of the following forest-related resources: mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber,

''(B) urban sources, including waste pallets, crates, and dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage) or paper that is commonly recycled, or

''(C) agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues.

''(4) LANDFILL GAS.—The term 'landfill gas' means gas from the decomposition of any household solid waste, commercial solid waste, and industrial solid waste disposed of in a municipal solid waste landfill unit (as such terms are defined in regulations promulgated under subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.)).

''(5) POULTRY WASTE.—The term 'poultry waste' means poultry manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure.''

(c) SPECIAL RULES.—Section 45(d) (relating to definitions and special rules) is amended by adding at the end the following new paragraphs:

''(6) CREDIT ELIGIBILITY IN THE CASE OF GOVERNMENT-OWNED FACILITIES USING POULTRY WASTE.—In the case of a facility using poultry waste to produce electricity and owned by a governmental unit, the person eligible for the credit under subsection (a) is the lessor or the operator of such facility.

''(7) PROPORTIONAL CREDIT FOR FACILITY USING COAL TO CO-FIRE WITH BIOMASS.—In the case of a qualified facility described in subparagraph (B) or (C) of subsection (c)(6) using coal to co-fire with biomass, the amount of the credit determined under subsection (a) for the taxable year shall be reduced by the percentage coal comprises (on a Btu basis) of the average fuel input of the facility for the taxable year.

''(8) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section with respect to a facility for any taxable year if the credit under section 29 is allowed in such year or has been allowed in any preceding taxable year with respect to any fuel produced from such facility.''

(d) CONFORMING AMENDMENT.—Section 29(d) (relating to other definitions and special rules) is amended by adding at the end the following new paragraph:

''(9) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section with respect to any fuel produced from a facility for any taxable year if the credit under section 45 is allowed in such year or has been allowed in any preceding taxable year with respect to such facility.''

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 108. EXPANSION OF BROWNFIELDS ENVIRONMENTAL REMEDIATION.

(a) IN GENERAL.—Section 198(c) is amended to read as follows:

''(c) QUALIFIED CONTAMINATED SITE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified contaminated site' means any area—

''(A) which is held by the taxpayer for use in a trade or business or for the production of income, or which is property described in section 1221(1) in the hands of the taxpayer, and

''(B) at or on which there has been a release (or threat of release) or disposal of any hazardous substance.

''(2) NATIONAL PRIORITIES LISTED SITES NOT INCLUDED.—Such term shall not include any site which is on, or proposed for, the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as in effect on the date of the enactment of this section).

''(3) TAXPAYER MUST RECEIVE STATEMENT FROM STATE ENVIRONMENTAL AGENCY.—An area shall be treated as a qualified contaminated site with respect to expenditures paid or incurred during any taxable year only if the taxpayer receives a statement from the appropriate environmental agency of the State in which such area is located that such area meets the requirement of paragraph (1)(B).

''(4) APPROPRIATE STATE AGENCY.—For purposes of paragraph (3), the chief executive officer of each State may, in consultation with the Administrator of the Environmental Protection Agency, designate the appropriate State environmental agency within 60 days of the date of the enactment of this section. If the chief executive officer of a State has not designated an appropriate State environmental agency within such 60-day period, the appropriate environmental agency for such State shall be designated by the Administrator of the Environmental Protection Agency.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenditures paid or incurred after December 31, 1999.

SEC. 109. TEMPORARY INCREASE IN AMOUNT OF RUM EXCISE TAX COVERED OVER TO PUERTO RICO AND VIRGIN ISLANDS.

(a) IN GENERAL.—Section 7652(f)(1) (relating to limitation on cover over of tax on distilled spirits) is amended to read as follows:

''(1) $10.50 ($13.50 in the case of distilled spirits brought into the United States after June 30, 1999, and before January 1, 2001), or''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall take effect on July 1, 1999.

(2) SPECIAL RULE.—

(A) IN GENERAL.—For the period beginning after June 30, 1999, and before January 1, 2001, the treasury of Puerto Rico shall make a Conservation Trust Fund transfer within 30 days from the date of each cover over payment made during such period to such treasury under section 7652(e) of the Internal Revenue Code of 1986.

(B) CONSERVATION TRUST FUND TRANSFER.—

(i) IN GENERAL.—For purposes of this paragraph, the term ''Conservation Trust Fund transfer'' means a transfer to the Puerto Rico Conservation Trust Fund of an amount equal to 50 cents per proof gallon of the taxes imposed under section 5001 or section 7652 of such Code on distilled spirits that are covered over to the treasury of Puerto Rico under section 7652(e) of such Code.

(ii) TREATMENT OF TRANSFER.—Each Conservation Trust Fund transfer shall be treated as principal for an endowment, the income from which to be available for use by the Puerto Rico Conservation Trust Fund for the purposes for which the Trust Fund was established.

(iii) RESULT OF NONTRANSFER.—

(I) IN GENERAL.—Upon notification by the Secretary of the Interior that a Conservation Trust Fund transfer has not been made by the treasury of Puerto Rico during the period described in subparagraph (A), the Secretary of the Treasury shall, except as provided in subclause (II), deduct and withhold from the next cover over payment to be made to the treasury of Puerto Rico under section 7652(e) of such Code an amount equal to the appropriate Conservation Trust Fund transfer and interest thereon at the underpayment rate established under section 6621 of such Code as of the due date of such transfer. The Secretary of the Treasury shall transfer such amount deducted and withheld, and the interest thereon, directly to the Puerto Rico Conservation Trust Fund.

(II) GOOD CAUSE EXCEPTION.—If the Secretary of the Interior finds, after consultation with the Governor of Puerto Rico, that the failure by the treasury of Puerto Rico to make a required transfer was for good cause, and notifies the Secretary of the Treasury of the finding of such good cause before the due date of the next cover over payment following the notification of nontransfer, then the Secretary of the Treasury shall not deduct the amount of such nontransfer from any cover over payment.

(C) PUERTO RICO CONSERVATION TRUST FUND.—For purposes of this paragraph, the term ''Puerto Rico Conservation Trust Fund'' means the fund established pursuant to a Memorandum of Understanding between the United States Department of the Interior and the Commonwealth of Puerto Rico, dated December 24, 1968.

SEC. 110. DELAY REQUIREMENT THAT REGISTERED MOTOR FUELS TERMINALS OFFER DYED FUEL AS A CONDITION OF REGISTRATION.

Subsection (f)(2) of section 1032 of the Taxpayer Relief Act of 1997, as amended by section 9008 of the Transportation Equity Act for the 21st Century, is amended by striking ''July 1, 2000'' and inserting ''January 1, 2001''.

SEC. 111. EXTENSION OF PRODUCTION CREDIT FOR FUEL PRODUCED BY CERTAIN GASIFICATION FACILITIES.

(a) IN GENERAL.—Section 29(g)(1)(A) (relating to extension for certain facilities) is amended by striking ''July 1, 1998'' and inserting ''July 1, 2000''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to fuels produced on and after July 1, 1998.

(c) SPECIAL RULE.—

(1) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, the credit determined under section 29 of such Code which is otherwise allowable under such Code by reason of the amendment made by subsection (a) and which is attributable to the suspension period shall not be taken into account prior to October 1, 2004. On or after such date, such credit may be taken into account through the filing of an amended return, an application for expedited refund, an adjustment of estimated taxes, or other means allowed by such Code. Interest shall not be allowed under section 6511(a) of such Code on any overpayment attributable to such credit for any period before the 45th day after the credit is taken into account under the preceding sentence.

(2) SUSPENSION PERIOD.—For purposes of this subsection, the suspension period is the period beginning on July 1, 1998, and ending on September 30, 2004.

(3) EXPEDITED REFUNDS.—

(A) IN GENERAL.—If there is an overpayment of tax with respect to a taxable year by reason of paragraph (1), the taxpayer may file an application for a tentative refund of such overpayment. Such application shall be in such manner and form, and contain such information, as the Secretary may prescribe.

(B) DEADLINE FOR APPLICATIONS.—Subparagraph (A) shall apply only to applications filed before October 1, 2005.

(C) ALLOWANCE OF ADJUSTMENTS.—Not later than 90 days after the date on which an application is filed under this paragraph, the Secretary shall—

(i) review the application,

(ii) determine the amount of the overpayment, and

(iii) apply, credit, or refund such overpayment,

in a manner similar to the manner provided in section 6411(b) of such Code.

(D) CONSOLIDATED RETURNS.—The provisions of section 6411(c) of such Code shall apply to an adjustment under this paragraph in such manner as the Secretary may provide.

(4) CREDIT ATTRIBUTABLE TO SUSPENSION PERIOD.—For purposes of this subsection, in the case of a taxable year which includes a portion of the suspension period, the amount of credit determined under section 29 of such Code for such taxable year which is attributable to such period is the amount which bears the same ratio to the amount of credit determined under such section 29 for such taxable year as the number of months in the suspension period which are during such taxable year bears to the number of months in such taxable year.

(5) WAIVER OF STATUTE OF LIMITATIONS.—If, on October 1, 2004 (or at any time within the 1-year period beginning on such date) credit or refund of any overpayment of tax resulting from the provisions of this subsection is barred by any law or rule of law, credit or refund of such overpayment shall, nevertheless, be allowed or made if claim therefore is filed before the date 1 year after October 1, 2004.

(6) SECRETARY.—For purposes of this subsection, the term ''Secretary'' means the Secretary of the Treasury (or such Secretary's delegate).

TITLE II—REVENUE OFFSET PROVISIONS

Subtitle A—General Provisions

SEC. 201. MODIFICATION OF INDIVIDUAL ESTIMATED TAX SAFE HARBOR.

(a) IN GENERAL.—The table contained in clause (i) of section 6654(d)(1)(C) (relating to limitation on use of preceding year's tax) is amended by striking all matter beginning with the item relating to 1999 or 2000 and inserting the following new items:

''1999	110.5
2000	106
2001	112
2002	110
2003	112
2004 or thereafter	110''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to any installment payment for taxable years beginning after December 31, 1999.

SEC. 202. MODIFICATION OF FOREIGN TAX CREDIT CARRYOVER RULES.

(a) IN GENERAL.—Section 904(c) (relating to limitation on credit) is amended—

(1) by striking ''in the second preceding taxable year,'', and

(2) by striking ''or fifth'' and inserting ''fifth, sixth, or seventh''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 1999.

SEC. 203. CLARIFICATION OF TAX TREATMENT OF INCOME AND LOSS ON DERIVATIVES.

(a) IN GENERAL.—Section 1221 (defining capital assets) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(a) IN GENERAL.—For purposes'',

(2) by striking the period at the end of paragraph (5) and inserting a semicolon, and

(3) by adding at the end the following:

''(6) any commodities derivative financial instrument held by a commodities derivatives dealer, unless—

''(A) it is established to the satisfaction of the Secretary that such instrument has no connection to the activities of such dealer as a dealer, and

''(B) such instrument is clearly identified in such dealer's records as being described in subparagraph (A) before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe);

''(7) any hedging transaction which is clearly identified as such before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe); or

''(8) supplies of a type regularly used or consumed by the taxpayer in the ordinary course of a trade or business of the taxpayer.

''(b) DEFINITIONS AND SPECIAL RULES.—

''(1) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENTS.—For purposes of subsection (a)(6)—

''(A) COMMODITIES DERIVATIVES DEALER.—The term 'commodities derivatives dealer' means a person which regularly offers to enter into, assume, offset, assign, or terminate positions in commodities derivative financial instruments with customers in the ordinary course of a trade or business.

''(B) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENT.—

''(i) IN GENERAL.—The term 'commodities derivative financial instrument' means any contract or financial instrument with respect to commodities (other than a share of stock in a corporation, a beneficial interest in a partnership or trust, a note, bond, debenture, or other evidence of indebtedness, or a section 1256 contract (as defined in section 1256(b)), the value or settlement price of which is calculated by or determined by reference to a specified index.

''(ii) SPECIFIED INDEX.—The term 'specified index' means any one or more or any combination of—

''(I) a fixed rate, price, or amount, or

''(II) a variable rate, price, or amount,

which is based on any current, objectively determinable financial or economic information with respect to commodities which is not within the control of any of the parties to the contract or instrument and is not unique to any of the parties' circumstances.

''(2) HEDGING TRANSACTION.—

''(A) IN GENERAL.—For purposes of this section, the term 'hedging transaction' means any transaction entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily—

''(i) to manage risk of price changes or currency fluctuations with respect to ordinary property which is held or to be held by the taxpayer,

''(ii) to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the taxpayer, or

''(iii) to manage such other risks as the Secretary may prescribe in regulations.

''(B) TREATMENT OF NONIDENTIFICATION OR IMPROPER IDENTIFICATION OF HEDGING TRANSACTIONS.—Notwithstanding subsection (a)(7), the Secretary shall prescribe regulations to properly characterize any income, gain, expense, or loss arising from a transaction—

''(i) which is a hedging transaction but which was not identified as such in accordance with subsection (a)(7), or

''(ii) which was so identified but is not a hedging transaction.

''(3) REGULATIONS.—The Secretary shall prescribe such regulations as are appropriate to carry out the purposes of paragraph (6) and (7) of subsection (a) in the case of transactions involving related parties.''.

(b) MANAGEMENT OF RISK.—

(1) Section 475(c)(3) is amended by striking ''reduces'' and inserting ''manages''.

(2) Section 871(h)(4)(C)(iv) is amended by striking ''to reduce'' and inserting ''to manage''.

(3) Clauses (i) and (ii) of section 988(d)(2)(A) are each amended by striking ''to reduce'' and inserting ''to manage''.

(4) Paragraph (2) of section 1256(e) is amended to read as follows:

''(2) DEFINITION OF HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any hedging transaction (as defined in section 1221(b)(2)(A)) if, before the close of the day on which such transaction was entered into (or such earlier time as the Secretary may prescribe by regulations), the taxpayer clearly identifies such transaction as being a hedging transaction.''.

(c) CONFORMING AMENDMENTS.—

(1) Each of the following sections are amended by striking ''section 1221'' and inserting ''section 1221(a)'':

(A) Section 170(e)(3)(A).

(B) Section 170(e)(4)(B).

(C) Section 367(a)(3)(B)(i).

(D) Section 818(c)(3).

(E) Section 865(i)(1).

(F) Section 1092(a)(3)(B)(ii)(II).

(G) Subparagraphs (C) and (D) of section 1231(b)(1).

(H) Section 1234(a)(3)(A).

(2) Each of the following sections are amended by striking ''section 1221(1)'' and inserting ''section 1221(a)(1)'':

(A) Section 198(c)(1)(A)(i).

(B) Section 263A(b)(2)(A).

(C) Clauses (i) and (iii) of section 267(f)(3)(B).

(D) Section 341(d)(3).

(E) Section 543(a)(1)(D)(i).

(F) Section 751(d)(1).

(G) Section 775(c).

(H) Section 856(c)(2)(D).

(I) Section 856(c)(3)(C).

(J) Section 856(e)(1).

(K) Section 856(j)(2)(B).

(L) Section 857(b)(4)(B)(i).

(M) Section 857(b)(6)(B)(iii).

(N) Section 864(c)(4)(B)(iii).

(O) Section 864(d)(3)(A).

(P) Section 864(d)(6)(A).

(Q) Section 954(c)(1)(B)(iii).

(R) Section 995(b)(1)(C).

(S) Section 1017(b)(3)(E)(i).

(T) Section 1362(d)(3)(C)(ii).

(U) Section 4662(c)(2)(C).

(V) Section 7704(c)(3).

(W) Section 7704(d)(1)(D).

(X) Section 7704(d)(1)(G).

(Y) Section 7704(d)(5).

(3) Section 818(b)(2) is amended by striking ''section 1221(2)'' and inserting ''section 1221(a)(2)''.

(4) Section 1397B(e)(2) is amended by striking ''section 1221(4)'' and inserting ''section 1221(a)(4)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any instrument held, acquired, or entered into, any transaction entered into, and supplies held or acquired on or after the date of the enactment of this Act.

SEC. 204. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO LIST OF TAXABLE VACCINES.

(a) INCLUSION OF VACCINES.—

(1) IN GENERAL.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

''(L) Any conjugate vaccine against streptococcus pneumoniae.''

(2) EFFECTIVE DATE.—

(A) SALES.—The amendment made by this subsection shall apply to vaccine sales beginning on the day after the date on which the Centers for Disease Control makes a final recommendation for routine administration to children of any conjugate vaccine against streptococcus pneumoniae, but shall not take effect if subsection (b) does not take effect.

(B) DELIVERIES.—For purposes of subparagraph (A), in the case of sales on or before the date described in such subparagraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(b) VACCINE TAX AND TRUST FUND AMENDMENTS.—

(1) Sections 1503 and 1504 of the Vaccine Injury Compensation Program Modification Act (and the amendments made by such sections) are hereby repealed.

(2) Subparagraph (A) of section 9510(c)(1) is amended by striking ''August 5, 1997'' and inserting ''October 21, 1998''.

(3) The amendments made by this subsection shall take effect as if included in the provisions of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 to which they relate.

(c) REPORT.—Not later than January 31, 2000, the Comptroller General of the United States shall prepare and submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the operation of the Vaccine Injury Compensation Trust Fund and on the adequacy of such Fund to meet future claims made under the Vaccine Injury Compensation Program.

SEC. 205. EXPANSION OF REPORTING OF CANCELLATION OF INDEBTEDNESS INCOME.

(a) IN GENERAL.—Paragraph (2) of section 6050P(c) (relating to definitions and special rules) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by inserting after subparagraph (C) the following new subparagraph:

''(D) any organization a significant trade or business of which is the lending of money.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to discharges of indebtedness after December 31, 1999.

SEC. 206. IMPOSITION OF LIMITATION ON PREFUNDING OF CERTAIN EMPLOYEE BENEFITS.

(a) BENEFITS TO WHICH EXCEPTION APPLIES.—Section 419A(f)(6)(A) (relating to exception for 10 or more employer plans) is amended to read as follows:

''(A) IN GENERAL.—This subpart shall not apply to a welfare benefit fund which is part of a 10 or more employer plan if the only benefits provided through the fund are 1 or more of the following:

''(i) Medical benefits.

''(ii) Disability benefits.

''(iii) Group term life insurance benefits which do not provide directly or indirectly for any cash surrender value or other money that can be paid, assigned, borrowed, or pledged for collateral for a loan.

The preceding sentence shall not apply to any plan which maintains experience-rating arrangements with respect to individual employers.''

(b) LIMITATION ON USE OF AMOUNTS FOR OTHER PURPOSES.—Section 4976(b) (defining disqualified benefit) is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULE FOR 10 OR MORE EMPLOYER PLANS EXEMPTED FROM PREFUNDING

LIMITS.—For purposes of paragraph (1)(C), if—

''(A) subpart D of part I of subchapter D of chapter 1 does not apply by reason of section 419A(f)(6) to contributions to provide 1 or more welfare benefits through a welfare benefit fund under a 10 or more employer plan, and

''(B) any portion of the welfare benefit fund attributable to such contributions is used for a purpose other than that for which the contributions were made,

then such portion shall be treated as reverting to the benefit of the employers maintaining the fund.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or accrued after June 9, 1999, in taxable years ending after such date.

SEC. 207. INCREASE IN ELECTIVE WITHHOLDING RATE FOR NONPERIODIC DISTRIBUTIONS FROM DEFERRED COMPENSATION PLANS.

(a) IN GENERAL.—Section 3405(b)(1) (relating to withholding) is amended by striking ''10 percent'' and inserting ''15 percent''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after December 31, 2000.

SEC. 208. LIMITATION ON CONVERSION OF CHARACTER OF INCOME FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

(a) IN GENERAL.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1259 the following new section:

''SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

''(a) IN GENERAL.—If the taxpayer has gain from a constructive ownership transaction with respect to any financial asset and such gain would (without regard to this section) be treated as a long-term capital gain—

''(1) such gain shall be treated as ordinary income to the extent that such gain exceeds the net underlying long-term capital gain, and

''(2) to the extent such gain is treated as a long-term capital gain after the application of paragraph (1), the determination of the capital gain rate (or rates) applicable to such gain under section 1(h) shall be determined on the basis of the respective rate (or rates) that would have been applicable to the net underlying long-term capital gain.

''(b) INTEREST CHARGE ON DEFERRAL OF GAIN RECOGNITION.—

''(1) IN GENERAL.—If any gain is treated as ordinary income for any taxable year by reason of subsection (a)(1), the tax imposed by this chapter for such taxable year shall be increased by the amount of interest determined under paragraph (2) with respect to each prior taxable year during any portion of which the constructive ownership transaction was open. Any amount payable under this paragraph shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during such taxable year.

''(2) AMOUNT OF INTEREST.—The amount of interest determined under this paragraph with respect to a prior taxable year is the amount of interest which would have been imposed under section 6601 on the underpayment of tax for such year which would have resulted if the gain (which is treated as ordinary income by reason of subsection (a)(1)) had been included in gross income in the taxable years in which it accrued (determined by treating the income as accruing at a constant rate equal to the applicable Federal rate as in effect on the day the transaction closed). The period during which such interest shall accrue shall end on the due date (without extensions) for the return of tax imposed by this chapter for the taxable year in which such transaction closed.

''(3) APPLICABLE FEDERAL RATE.—For purposes of paragraph (2), the applicable Federal rate is the applicable Federal rate determined under 1274(d) (compounded semiannually) which would apply to a debt instrument with a term equal to the period the transaction was open.

''(4) NO CREDITS AGAINST INCREASE IN TAX.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining—

''(A) the amount of any credit allowable under this chapter, or

''(B) the amount of the tax imposed by section 55.

''(c) FINANCIAL ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'financial asset' means—

''(A) any equity interest in any pass-thru entity, and

''(B) to the extent provided in regulations—

''(i) any debt instrument, and

''(ii) any stock in a corporation which is not a pass-thru entity.

''(2) PASS-THRU ENTITY.—For purposes of paragraph (1), the term 'pass-thru entity' means—

''(A) a regulated investment company,

''(B) a real estate investment trust,

''(C) an S corporation,

''(D) a partnership,

''(E) a trust,

''(F) a common trust fund,

''(G) a passive foreign investment company (as defined in section 1297 without regard to subsection (e) thereof),

''(H) a foreign personal holding company,

''(I) a foreign investment company (as defined in section 1246(b)), and

''(J) a REMIC.

''(d) CONSTRUCTIVE OWNERSHIP TRANSACTION.—For purposes of this section—

''(1) IN GENERAL.—The taxpayer shall be treated as having entered into a constructive ownership transaction with respect to any financial asset if the taxpayer—

''(A) holds a long position under a notional principal contract with respect to the financial asset,

''(B) enters into a forward or futures contract to acquire the financial asset,

''(C) is the holder of a call option, and is the grantor of a put option, with respect to the financial asset and such options have substantially equal strike prices and substantially contemporaneous maturity dates, or

''(D) to the extent provided in regulations prescribed by the Secretary, enters into one or more other transactions (or acquires one or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

''(2) EXCEPTION FOR POSITIONS WHICH ARE MARKED TO MARKET.—This section shall not apply to any constructive ownership transaction if all of the positions which are part of such transaction are marked to market under any provision of this title or the regulations thereunder.

''(3) LONG POSITION UNDER NOTIONAL PRINCIPAL CONTRACT.—A person shall be treated as holding a long position under a notional principal contract with respect to any financial asset if such person—

''(A) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on such financial asset for a specified period, and

''(B) is obligated to reimburse (or provide credit for) all or substantially all of any decline in the value of such financial asset.

''(4) FORWARD CONTRACT.—The term 'forward contract' means any contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

''(e) NET UNDERLYING LONG-TERM CAPITAL GAIN.—For purposes of this section, in the case of any constructive ownership transaction with respect to any financial asset, the term 'net underlying long-term capital gain' means the aggregate net capital gain that the taxpayer would have had if—

''(1) the financial asset had been acquired for fair market value on the date such transaction was opened and sold for fair market value on the date such transaction was closed, and

''(2) only gains and losses that would have resulted from the deemed ownership under paragraph (1) were taken into account.

The amount of the net underlying long-term capital gain with respect to any financial asset shall be treated as zero unless the amount thereof is established by clear and convincing evidence.

''(f) SPECIAL RULE WHERE TAXPAYER TAKES DELIVERY.—Except as provided in regulations prescribed by the Secretary, if a constructive ownership transaction is closed by reason of taking delivery, this section shall be applied as if the taxpayer had sold all the contracts, options, or other positions which are part of such transaction for fair market value on the closing date. The amount of gain recognized under the preceding sentence shall not exceed the amount of gain treated as ordinary income under subsection (a). Proper adjustments shall be made in the amount of any gain or loss subsequently realized for gain recognized and treated as ordinary income under this subsection.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

''(1) to permit taxpayers to mark to market constructive ownership transactions in lieu of applying this section, and

''(2) to exclude certain forward contracts which do not convey substantially all of the economic return with respect to a financial asset.''

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1260. Gains from constructive ownership transactions.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after July 11, 1999.

SEC. 209. TREATMENT OF EXCESS PENSION ASSETS USED FOR RETIREE HEALTH BENEFITS.

(a) EXTENSION.—

(1) IN GENERAL.—Paragraph (5) of section 420(b) (relating to expiration) is amended by striking ''in any taxable year beginning after December 31, 2000'' and inserting ''made after September 30, 2009''.

(2) CONFORMING AMENDMENTS.—

(A) Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking ''January 1, 1995'' and inserting ''the date of the enactment of the Tax Relief Extension Act of 1999''.

(B) Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking ''January 1, 1995'' and inserting ''the date of the enactment of the Tax Relief Extension Act of 1999''.

(C) Paragraph (13) of section 408(b) of such Act (29 U.S.C. 1108(b)(13)) is amended—

(i) by striking ''in a taxable year beginning before January 1, 2001'' and inserting ''made before October 1, 2009'', and

(ii) by striking ''January 1, 1995'' and inserting ''the date of the enactment of the Tax Relief Extension Act of 1999''.

(b) APPLICATION OF MINIMUM COST REQUIREMENTS.—

(1) IN GENERAL.—Paragraph (3) of section 420(c) is amended to read as follows:

''(3) MINIMUM COST REQUIREMENTS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if each group health plan or arrangement under which applicable health benefits are provided provides that the applicable employer cost for each taxable year during the cost maintenance period shall not be less than the higher of the applicable employer costs for each of the 2 taxable years immediately preceding the taxable year of the qualified transfer.

''(B) APPLICABLE EMPLOYER COST.—For purposes of this paragraph, the term 'applicable employer cost' means, with respect to any taxable year, the amount determined by dividing—

''(i) the qualified current retiree health liabilities of the employer for such taxable year determined—

''(I) without regard to any reduction under subsection (e)(1)(B), and

''(II) in the case of a taxable year in which there was no qualified transfer, in the same manner as if there had been such a transfer at the end of the taxable year, by

''(ii) the number of individuals to whom coverage for applicable health benefits was provided during such taxable year.

''(C) ELECTION TO COMPUTE COST SEPARATELY.—An employer may elect to have this paragraph applied separately with respect to individuals eligible for benefits under title XVIII of the Social Security Act at any time during the taxable year and with respect to individuals not so eligible.

''(D) COST MAINTENANCE PERIOD.—For purposes of this paragraph, the term 'cost maintenance period' means the period of 5 taxable years beginning with the taxable year in which the qualified transfer occurs. If a taxable year is in two or more overlapping cost maintenance periods, this paragraph shall be applied by taking into account the highest applicable employer cost required to be provided under subparagraph (A) for such taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 420(b)(1)(C) is amended by striking ''benefits'' and inserting ''cost''.

(B) Subparagraph (D) of section 420(e)(1) is amended by striking ''and shall not be subject to the minimum benefit requirements of subsection (c)(3)'' and inserting ''or in calculating applicable employer cost under subsection (c)(3)(B)''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to qualified transfers occurring after the date of the enactment of this Act.

(2) TRANSITION RULE.—If the cost maintenance period for any qualified transfer after the date of the enactment of this Act includes any portion of a benefit maintenance period for any qualified transfer on or before such date, the amendments made by subsection (b) shall not apply to such portion of the cost maintenance period (and such portion shall be treated as a benefit maintenance period).

SEC. 210. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS.

(a) REPEAL OF INSTALLMENT METHOD FOR ACCRUAL BASIS TAXPAYERS.—

(1) IN GENERAL.—Subsection (a) of section 453 (relating to installment method) is amended to read as follows:

''(a) USE OF INSTALLMENT METHOD.—

''(1) IN GENERAL.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

''(2) ACCRUAL METHOD TAXPAYER.—The installment method shall not apply to income from an installment sale if such income would be reported under an accrual method of accounting without regard to this section. The preceding sentence shall not apply to a disposition described in subparagraph (A) or (B) of subsection (l)(2).''

(2) CONFORMING AMENDMENTS.—Sections 453(d)(1), 453(i)(1), and 453(k) are each amended by striking ''(a)'' each place it appears and inserting ''(a)(1)''.

(b) MODIFICATION OF PLEDGE RULES.—Paragraph (4) of section 453A(d) (relating to pledges, etc., of installment obligations) is amended by adding at the end the following: ''A payment shall be treated as directly secured by an interest in an installment obligation to the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

SEC. 211. LIMITATION ON USE OF NONACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) IN GENERAL.—Section 448(d)(5) (relating to special rule for services) is amended—

(1) by inserting ''in fields described in paragraph (2)(A)'' after ''services by such person'', and

(2) by inserting ''CERTAIN PERSONAL'' before ''SERVICES'' in the heading.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such first taxable year.

SEC. 212. DENIAL OF CHARITABLE CONTRIBUTION DEDUCTION FOR TRANSFERS ASSOCIATED WITH SPLIT-DOLLAR INSURANCE ARRANGEMENTS.

(a) IN GENERAL.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end the following new paragraph:

''(10) SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.—

''(A) IN GENERAL.—Nothing in this section or in section 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 shall be construed to allow a deduction, and no deduction shall be allowed, for any transfer to or for the use of an organization described in subsection (c) if in connection with such transfer—

''(i) the organization directly or indirectly pays, or has previously paid, any premium on any personal benefit contract with respect to the transferor, or

''(ii) there is an understanding or expectation that any person will directly or indirectly pay any premium on any personal benefit contract with respect to the transferor.

''(B) PERSONAL BENEFIT CONTRACT.—For purposes of subparagraph (A), the term 'personal benefit contract' means, with respect to the transferor, any life insurance, annuity, or endowment contract if any direct or indirect beneficiary under such contract is the transferor, any member of the transferor's family, or any other person (other than an organization described in subsection (c)) designated by the transferor.

''(C) APPLICATION TO CHARITABLE REMAINDER TRUSTS.—In the case of a transfer to a trust referred to in subparagraph (E), references in subparagraphs (A) and (F) to an organization described in subsection (c) shall be treated as a reference to such trust.

''(D) EXCEPTION FOR CERTAIN ANNUITY CONTRACTS.—If, in connection with a transfer to or for the use of an organization described in subsection (c), such organization incurs an obligation to pay a charitable gift annuity (as defined in section 501(m)) and such organization purchases any annuity contract to fund such obligation, persons receiving payments under the charitable gift annuity shall not be treated for purposes of subparagraph (B) as indirect beneficiaries under such contract if—

''(i) such organization possesses all of the incidents of ownership under such contract,

''(ii) such organization is entitled to all the payments under such contract, and

''(iii) the timing and amount of payments under such contract are substantially the same as the timing and amount of payments to each such person under such obligation (as such obligation is in effect at the time of such transfer).

''(E) EXCEPTION FOR CERTAIN CONTRACTS HELD BY CHARITABLE REMAINDER TRUSTS.—A person shall not be treated for purposes of subparagraph (B) as an indirect beneficiary under any life insurance, annuity, or endowment contract held by a charitable remainder annuity trust or a charitable remainder unitrust (as defined in section 664(d)) solely by reason of being entitled to any payment referred to in paragraph (1)(A) or (2)(A) of section 664(d) if—

''(i) such trust possesses all of the incidents of ownership under such contract, and

''(ii) such trust is entitled to all the payments under such contract.

''(F) EXCISE TAX ON PREMIUMS PAID.—

''(i) IN GENERAL.—There is hereby imposed on any organization described in subsection (c) an excise tax equal to the premiums paid by such organization on any life insurance, annuity, or endowment contract if the payment of premiums on such contract is in connection with a transfer for which a deduction is not allowable under subparagraph (A), determined without regard to when such transfer is made.

''(ii) PAYMENTS BY OTHER PERSONS.—For purposes of clause (i), payments made by any other person pursuant to an understanding or expectation referred to in subparagraph (A) shall be treated as made by the organization.

''(iii) REPORTING.—Any organization on which tax is imposed by clause (i) with respect to any premium shall file an annual return which includes—

''(I) the amount of such premiums paid during the year and the name and TIN of each beneficiary under the contract to which the premium relates, and

''(II) such other information as the Secretary may require.

The penalties applicable to returns required under section 6033 shall apply to returns required under this clause. Returns required under this clause shall be furnished at such

time and in such manner as the Secretary shall by forms or regulations require.

''(iv) CERTAIN RULES TO APPLY.—The tax imposed by this subparagraph shall be treated as imposed by chapter 42 for purposes of this title other than subchapter B of chapter 42.

''(G) SPECIAL RULE WHERE STATE REQUIRES SPECIFICATION OF CHARITABLE GIFT ANNUITANT IN CONTRACT.—In the case of an obligation to pay a charitable gift annuity referred to in subparagraph (D) which is entered into under the laws of a State which requires, in order for the charitable gift annuity to be exempt from insurance regulation by such State, that each beneficiary under the charitable gift annuity be named as a beneficiary under an annuity contract issued by an insurance company authorized to transact business in such State, the requirements of clauses (i) and (ii) of subparagraph (D) shall be treated as met if—

''(i) such State law requirement was in effect on February 8, 1999,

''(ii) each such beneficiary under the charitable gift annuity is a bona fide resident of such State at the time the obligation to pay a charitable gift annuity is entered into, and

''(iii) the only persons entitled to payments under such contract are persons entitled to payments as beneficiaries under such obligation on the date such obligation is entered into.

''(H) MEMBER OF FAMILY.—For purposes of this paragraph, an individual's family consists of the individual's grandparents, the grandparents of such individual's spouse, the lineal descendants of such grandparents, and any spouse of such a lineal descendant.

''(I) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations to prevent the avoidance of such purposes.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendment made by this section shall apply to transfers made after February 8, 1999.

(2) EXCISE TAX.—Except as provided in paragraph (3) of this subsection, section 170(f)(10)(F) of the Internal Revenue Code of 1986 (as added by this section) shall apply to premiums paid after the date of the enactment of this Act.

(3) REPORTING.—Clause (iii) of such section 170(f)(10)(F) shall apply to premiums paid after February 8, 1999 (determined as if the tax imposed by such section applies to premiums paid after such date).

SEC. 213. PREVENTION OF DUPLICATION OF LOSS THROUGH ASSUMPTION OF LIABILITIES GIVING RISE TO A DEDUCTION.

(a) IN GENERAL.—Section 358 (relating to basis to distributees) is amended by adding at the end the following new subsection:

''(h) SPECIAL RULES FOR ASSUMPTION OF LIABILITIES TO WHICH SUBSECTION (d) DOES NOT APPLY.—

''(1) IN GENERAL.—If, after application of the other provisions of this section to an exchange or series of exchanges, the basis of property to which subsection (a)(1) applies exceeds the fair market value of such property, then such basis shall be reduced (but not below such fair market value) by the amount (determined as of the date of the exchange) of any liability—

''(A) which is assumed in exchange for such property, and

''(B) with respect to which subsection (d)(1) does not apply to the assumption.

''(2) EXCEPTION.—Paragraph (1) shall not apply to any liability if the trade or business giving rise to the liability is transferred to the person assuming the liability as part of the exchange.

''(3) LIABILITY.—For purposes of this subsection, the term 'liability' shall include any obligation to make payment, without regard to whether the obligation is fixed or contingent or otherwise taken into account for purposes of this title.

''(4) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this subsection.''

(b) APPLICATION OF COMPARABLE RULES TO PARTNERSHIPS.—The Secretary of the Treasury or his delegate shall prescribe rules which provide appropriate adjustments under subchapter K of chapter 1 of the Internal Revenue Code of 1986 to prevent the acceleration or duplication of losses through the assumption of (or transfer of assets subject to) liabilities described in section 358(h)(3) of such Code (as added by subsection (a)) in transactions involving partnerships.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to assumptions of liability after October 18, 1999.

(2) RULES.—The rules prescribed under subsection (b) shall apply to assumptions of liability after October 18, 1999, or such later date as may be prescribed in such rules.

SEC. 214. CONSISTENT TREATMENT AND BASIS ALLOCATION RULES FOR TRANSFERS OF INTANGIBLES IN CERTAIN NONRECOGNITION TRANSACTIONS.

(a) TRANSFERS TO CORPORATIONS.—Section 351 (relating to transfer to corporation controlled by transferor) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) TREATMENT OF TRANSFERS OF INTANGIBLE PROPERTY.—

''(1) TRANSFERS OF LESS THAN ALL SUBSTANTIAL RIGHTS.

''(A) IN GENERAL.—A transfer of an interest in intangible property (as defined in section 936(h)(3)(B)) shall be treated under this section as a transfer of property even if the transfer is of less than all of the substantial rights of the transferor in the property.

''(B) ALLOCATION OF BASIS.—In the case of a transfer of less than all of the substantial rights of the transferor in the intangible property, the transferor's basis immediately before the transfer shall be allocated among the rights retained by the transferor and the rights transferred on the basis of their respective fair market values.

''(2) NONRECOGNITION NOT TO APPLY TO INTANGIBLE PROPERTY DEVELOPED FOR TRANSFEREE.—This section shall not apply to a transfer of intangible property developed by the transferor or any related person if such development was pursuant to an arrangement with the transferee.''

(b) TRANSFERS TO PARTNERSHIPS.—Subsection (d) of section 721 is amended to read as follows:

''(d) TRANSFERS OF INTANGIBLE PROPERTY.—

''(1) IN GENERAL.—Rules similar to the rules of section 351(h) shall apply for purposes of this section.

''(2) TRANSFERS TO FOREIGN PARTNERSHIPS.—For regulatory authority to treat intangibles transferred to a partnership as sold, see section 367(d)(3).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers on or after the date of the enactment of this Act.

SEC. 215. DISTRIBUTIONS BY A PARTNERSHIP TO A CORPORATE PARTNER OF STOCK IN ANOTHER CORPORATION.

(a) IN GENERAL.—Section 732 (relating to basis of distributed property other than money) is amended by adding at the end the following new subsection:

''(f) CORRESPONDING ADJUSTMENT TO BASIS OF ASSETS OF A DISTRIBUTED CORPORATION CONTROLLED BY A CORPORATE PARTNER.—

''(1) IN GENERAL.—If—

''(A) a corporation (hereafter in this subsection referred to as the 'corporate partner') receives a distribution from a partnership of stock in another corporation (hereafter in this subsection referred to as the 'distributed corporation'),

''(B) the corporate partner has control of the distributed corporation immediately after the distribution or at any time thereafter, and

''(C) the partnership's adjusted basis in such stock immediately before the distribution exceeded the corporate partner's adjusted basis in such stock immediately after the distribution,

then an amount equal to such excess shall be applied to reduce (in accordance with subsection (c)) the basis of property held by the distributed corporation at such time (or, if the corporate partner does not control the distributed corporation at such time, at the time the corporate partner first has such control).

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS BEFORE CONTROL ACQUIRED.—Paragraph (1) shall not apply to any distribution of stock in the distributed corporation if—

''(A) the corporate partner does not have control of such corporation immediately after such distribution, and

''(B) the corporate partner establishes to the satisfaction of the Secretary that such distribution was not part of a plan or arrangement to acquire control of the distributed corporation.

''(3) LIMITATIONS ON BASIS REDUCTION.—

''(A) IN GENERAL.—The amount of the reduction under paragraph (1) shall not exceed the amount by which the sum of the aggregate adjusted bases of the property and the amount of money of the distributed corporation exceeds the corporate partner's adjusted basis in the stock of the distributed corporation.

''(B) REDUCTION NOT TO EXCEED ADJUSTED BASIS OF PROPERTY.—No reduction under paragraph (1) in the basis of any property shall exceed the adjusted basis of such property (determined without regard to such reduction).

''(4) GAIN RECOGNITION WHERE REDUCTION LIMITED.—If the amount of any reduction under paragraph (1) (determined after the application of paragraph (3)(A)) exceeds the aggregate adjusted bases of the property of the distributed corporation—

''(A) such excess shall be recognized by the corporate partner as long-term capital gain, and

''(B) the corporate partner's adjusted basis in the stock of the distributed corporation shall be increased by such excess.

''(5) CONTROL.—For purposes of this subsection, the term 'control' means ownership of stock meeting the requirements of section 1504(a)(2).

''(6) INDIRECT DISTRIBUTIONS.—For purposes of paragraph (1), if a corporation acquires (other than in a distribution from a partnership) stock the basis of which is determined in whole or in part by reference to subsection (a)(2) or (b), the corporation shall be treated as receiving a distribution of such stock from a partnership.

''(7) SPECIAL RULE FOR STOCK IN CONTROLLED CORPORATION.—If the property held by a distributed corporation is stock in a corporation which the distributed corporation controls, this subsection shall be applied to reduce the basis of the property of such controlled corporation. This subsection shall be reapplied to any property of any controlled corporation which is stock in a corporation which it controls.

''(8) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations to avoid double counting and to prevent the abuse of such purposes.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to distributions made after July 14, 1999.

(2) PARTNERSHIPS IN EXISTENCE ON JULY 14, 1999.—In the case of a corporation which is a partner in a partnership as of July 14, 1999, the amendment made by this section shall apply to distributions made to such partner from such partnership after the date of the enactment of this Act.

SEC. 216. PROHIBITED ALLOCATIONS OF STOCK IN S CORPORATION ESOP.

(a) IN GENERAL.—Section 409 (relating to qualifications for tax credit employee stock ownership plans) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) PROHIBITED ALLOCATIONS OF SECURITIES IN AN S CORPORATION.—

''(1) IN GENERAL.—An employee stock ownership plan holding employer securities consisting of stock in an S corporation shall provide that no portion of the assets of the plan attributable to (or allocable in lieu of) such employer securities may, during a nonallocation year, accrue (or be allocated directly or indirectly under any plan of the employer meeting the requirements of section 401(a)) for the benefit of any disqualified person.

''(2) FAILURE TO MEET REQUIREMENTS.—

''(A) IN GENERAL.—If a plan fails to meet the requirements of paragraph (1), the plan shall be treated as having distributed to any disqualified person the amount allocated to the account of such person in violation of paragraph (1) at the time of such allocation.

''(B) CROSS REFERENCE.—

''For excise tax relating to violations of paragraph (1) and ownership of synthetic equity, see section 4979A.

''(3) NONALLOCATION YEAR.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'nonallocation year' means any plan year of an employee stock ownership plan if, at any time during such plan year—

''(i) such plan holds employer securities consisting of stock in an S corporation, and

''(ii) disqualified persons own at least 50 percent of the number of shares of stock in the S corporation.

''(B) ATTRIBUTION RULES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The rules of section 318(a) shall apply for purposes of determining ownership, except that—

''(I) in applying paragraph (1) thereof, the members of an individual's family shall include members of the family described in paragraph (4)(D), and

''(II) paragraph (4) thereof shall not apply.

''(ii) DEEMED-OWNED SHARES.—Notwithstanding the employee trust exception in section 318(a)(2)(B)(i), individual shall be treated as owning deemed-owned shares of the individual.

Solely for purposes of applying paragraph (5), this subparagraph shall be applied after the attribution rules of paragraph (5) have been applied.

''(4) DISQUALIFIED PERSON.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'disqualified person' means any person if—

''(i) the aggregate number of deemed-owned shares of such person and the members of such person's family is at least 20 percent of the number of deemed-owned shares of stock in the S corporation, or

''(ii) in the case of a person not described in clause (i), the number of deemed-owned shares of such person is at least 10 percent of the number of deemed-owned shares of stock in such corporation.

''(B) TREATMENT OF FAMILY MEMBERS.—In the case of a disqualified person described in subparagraph (A)(i), any member of such person's family with deemed-owned shares shall be treated as a disqualified person if not otherwise treated as a disqualified person under subparagraph (A).

''(C) DEEMED-OWNED SHARES.—

''(i) IN GENERAL.—The term 'deemed-owned shares' means, with respect to any person—

''(I) the stock in the S corporation constituting employer securities of an employee stock ownership plan which is allocated to such person under the plan, and

''(II) such person's share of the stock in such corporation which is held by such plan but which is not allocated under the plan to participants.

''(ii) PERSON'S SHARE OF UNALLOCATED STOCK.—For purposes of clause (i)(II), a person's share of unallocated S corporation stock held by such plan is the amount of the unallocated stock which would be allocated to such person if the unallocated stock were allocated to all participants in the same proportions as the most recent stock allocation under the plan.

''(D) MEMBER OF FAMILY.—For purposes of this paragraph, the term 'member of the family' means, with respect to any individual—

''(i) the spouse of the individual,

''(ii) an ancestor or lineal descendant of the individual or the individual's spouse,

''(iii) a brother or sister of the individual or the individual's spouse and any lineal descendant of the brother or sister, and

''(iv) the spouse of any individual described in clause (ii) or (iii).

A spouse of an individual who is legally separated from such individual under a decree of divorce or separate maintenance shall not be treated as such individual's spouse for purposes of this subparagraph.

''(5) TREATMENT OF SYNTHETIC EQUITY.—For purposes of paragraphs (3) and (4), in the case of a person who owns synthetic equity in the S corporation, except to the extent provided in regulations, the shares of stock in such corporation on which such synthetic equity is based shall be treated as outstanding stock in such corporation and deemed-owned shares of such person if such treatment of synthetic equity of 1 or more such persons results in—

''(A) the treatment of any person as a disqualified person, or

''(B) the treatment of any year as a nonallocation year.

For purposes of this paragraph, synthetic equity shall be treated as owned by a person in the same manner as stock is treated as owned by a person under the rules of paragraphs (2) and (3) of section 318(a). If, without regard to this paragraph, a person is treated as a disqualified person or a year is treated as a nonallocation year, this paragraph shall not be construed to result in the person or year not being so treated.

''(6) DEFINITIONS.—For purposes of this subsection—

''(A) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

''(B) EMPLOYER SECURITIES.—The term 'employer security' has the meaning given such term by section 409(l).

''(C) SYNTHETIC EQUITY.—The term 'synthetic equity' means any stock option, warrant, restricted stock, deferred issuance stock right, or similar interest or right that gives the holder the right to acquire or receive stock of the S corporation in the future. Except to the extent provided in regulations, synthetic equity also includes a stock appreciation right, phantom stock unit, or similar right to a future cash payment based on the value of such stock or appreciation in such value.

''(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection.''

(b) COORDINATION WITH SECTION 4975(e)(7).—The last sentence of section 4975(e)(7) (defining employee stock ownership plan) is amended by inserting '', section 409(p),'' after ''409(n)''.

(c) EXCISE TAX.—

(1) APPLICATION OF TAX.—Subsection (a) of section 4979A (relating to tax on certain prohibited allocations of employer securities) is amended—

(A) by striking ''or'' at the end of paragraph (1),

(B) by striking the period at the end of paragraph (2) and inserting a comma, and

(C) by striking all that follows paragraph (2) and inserting the following:

''(3) there is any allocation of employer securities which violates the provisions of section 409(p), or a nonallocation year described in subsection (c)(2)(C) with respect to an employee stock ownership plan, or

''(4) any synthetic equity is owned by a disqualified person in any nonallocation year,

there is hereby imposed a tax on such allocation or ownership equal to 50 percent of the amount involved.''

(2) LIABILITY.—Section 4979A(c) (defining liability for tax) is amended to read as follows:

''(c) LIABILITY FOR TAX.—The tax imposed by this section shall be paid—

''(1) in the case of an allocation referred to in paragraph (1) or (2) of subsection (a), by—

''(A) the employer sponsoring such plan, or

''(B) the eligible worker-owned cooperative,

which made the written statement described in section 664(g)(1)(E) or in section 1042(b)(3)(B) (as the case may be), and

''(2) in the case of an allocation or ownership referred to in paragraph (3) or (4) of subsection (a), by the S corporation the stock in which was so allocated or owned.''

(3) DEFINITIONS.—Section 4979A(e) (relating to definitions) is amended to read as follows:

''(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) DEFINITIONS.—Except as provided in paragraph (2), terms used in this section have the same respective meanings as when used in sections 409 and 4978.

''(2) SPECIAL RULES RELATING TO TAX IMPOSED BY REASON OF PARAGRAPH (3) OR (4) OF SUBSECTION (a).—

''(A) PROHIBITED ALLOCATIONS.—The amount involved with respect to any tax imposed by reason of subsection (a)(3) is the amount allocated to the account of any person in violation of section 409(p)(1).

''(B) SYNTHETIC EQUITY.—The amount involved with respect to any tax imposed by reason of subsection (a)(4) is the value of the shares on which the synthetic equity is based.

''(C) SPECIAL RULE DURING FIRST NONALLOCATION YEAR.—For purposes of subparagraph (A), the amount involved for the first nonallocation year of any employee stock ownership plan shall be determined by taking into account the total value of all the deemed-owned shares of all disqualified persons with respect to such plan.

''(D) STATUTE OF LIMITATIONS.—The statutory period for the assessment of any tax imposed by this section by reason of paragraph (3) or (4) of subsection (a) shall not expire before the date which is 3 years from the later of—

''(i) the allocation or ownership referred to in such paragraph giving rise to such tax, or

''(ii) the date on which the Secretary is notified of such allocation or ownership.''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

(2) EXCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after July 14, 1999, or

(B) employee stock ownership plan established on or before such date if employer securities held by the plan consist of stock in a corporation with respect to which an election under section 1362(a) of the Internal Revenue Code of 1986 is not in effect on such date,

the amendments made by this section shall apply to plan years ending after July 14, 1999.

Subtitle B—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

SEC. 221. MODIFICATIONS TO ASSET DIVERSIFICATION TEST.

(a) IN GENERAL.—Subparagraph (B) of section 856(c)(4) is amended to read as follows:

''(B)(i) not more than 25 percent of the value of its total assets is represented by securities (other than those includible under subparagraph (A)),

''(ii) not more than 20 percent of the value of its total assets is represented by securities of 1 or more taxable REIT subsidiaries, and

''(iii) except with respect to a taxable REIT subsidiary and securities includible under subparagraph (A)—

''(I) not more than 5 percent of the value of its total assets is represented by securities of any one issuer,

''(II) the trust does not hold securities possessing more than 10 percent of the total voting power of the outstanding securities of any one issuer, and

''(III) the trust does not hold securities having a value of more than 10 percent of the total value of the outstanding securities of any one issuer.''.

(b) EXCEPTION FOR STRAIGHT DEBT SECURITIES.—Subsection (c) of section 856 is amended by adding at the end the following new paragraph:

''(7) STRAIGHT DEBT SAFE HARBOR IN APPLYING PARAGRAPH (4).—Securities of an issuer which are straight debt (as defined in section 1361(c)(5) without regard to subparagraph (B)(iii) thereof) shall not be taken into account in applying paragraph (4)(B)(ii)(III) if—

''(A) the issuer is an individual, or

''(B) the only securities of such issuer which are held by the trust or a taxable REIT subsidiary of the trust are straight debt (as so defined), or

''(C) the issuer is a partnership and the trust holds at least a 20 percent profits interest in the partnership.''.

SEC. 222. TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) INCOME FROM TAXABLE REIT SUBSIDIARIES NOT TREATED AS IMPERMISSIBLE TENANT SERVICE INCOME.—Clause (i) of section 856(d)(7)(C) (relating to exceptions to impermissible tenant service income) is amended by inserting ''or through a taxable REIT subsidiary of such trust'' after ''income''.

(b) CERTAIN INCOME FROM TAXABLE REIT SUBSIDIARIES NOT EXCLUDED FROM RENTS FROM REAL PROPERTY.—

(1) IN GENERAL.—Subsection (d) of section 856 (relating to rents from real property defined) is amended by adding at the end the following new paragraphs:

''(8) SPECIAL RULE FOR TAXABLE REIT SUBSIDIARIES.—For purposes of this subsection, amounts paid to a real estate investment trust by a taxable REIT subsidiary of such trust shall not be excluded from rents from real property by reason of paragraph (2)(B) if the requirements of either of the following subparagraphs are met:

''(A) LIMITED RENTAL EXCEPTION.—The requirements of this subparagraph are met with respect to any property if at least 90 percent of the leased space of the property is rented to persons other than taxable REIT subsidiaries of such trust and other than persons described in section 856(d)(2)(B). The preceding sentence shall apply only to the extent that the amounts paid to the trust as rents from real property (as defined in paragraph (1) without regard to paragraph (2)(B)) from such property are substantially comparable to such rents made by the other tenants of the trust's property for comparable space.

''(B) EXCEPTION FOR CERTAIN LODGING FACILITIES.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor.

''(9) ELIGIBLE INDEPENDENT CONTRACTOR.—For purposes of paragraph (8)(B)—

''(A) IN GENERAL.—The term 'eligible independent contractor' means, with respect to any qualified lodging facility, any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate the facility, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

''(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility by reason of any of the following:

''(i) The taxable REIT subsidiary bears the expenses for the operation of the facility pursuant to the management agreement or other similar service contract.

''(ii) The taxable REIT subsidiary receives the revenues from the operation of such facility, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

''(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as of the later of—

''(I) January 1, 1999, or

''(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility.

''(C) RENEWALS, ETC., OF EXISTING LEASES.—For purposes of subparagraph (B)(iii)—

''(i) a lease shall be treated as in effect on January 1, 1999, without regard to its renewal after such date, so long as such renewal is pursuant to the terms of such lease as in effect on whichever of the dates under subparagraph (B)(iii) is the latest, and

''(ii) a lease of a property entered into after whichever of the dates under subparagraph (B)(iii) is the latest shall be treated as in effect on such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED LODGING FACILITY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified lodging facility' means any lodging facility unless wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility.

''(ii) LODGING FACILITY.—The term 'lodging facility' means a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis.

''(iii) CUSTOMARY AMENITIES AND FACILITIES.—The term 'lodging facility' includes customary amenities and facilities operated as part of, or associated with, the lodging facility so long as such amenities and facilities are customary for other properties of a comparable size and class owned by other owners unrelated to such real estate investment trust.

''(E) OPERATE INCLUDES MANAGE.—References in this paragraph to operating a property shall be treated as including a reference to managing the property.

''(F) RELATED PERSON.—Persons shall be treated as related to each other if such persons are treated as a single employer under subsection (a) or (b) of section 52.''.

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 856(d)(2) is amended by inserting ''except as provided in paragraph (8),'' after ''(B)''.

(3) DETERMINING RENTS FROM REAL PROPERTY.—

(A)(i) Paragraph (1) of section 856(d) is amended by striking ''adjusted bases'' each place it occurs and inserting ''fair market values''.

(ii) The amendment made by this subparagraph shall apply to taxable years beginning after December 31, 2000.

(B)(i) Clause (i) of section 856(d)(2)(B) is amended by striking ''number'' and inserting ''value''.

(ii) The amendment made by this subparagraph shall apply to amounts received or accrued in taxable years beginning after December 31, 2000, except for amounts paid pursuant to leases in effect on July 12, 1999, or pursuant to a binding contract in effect on such date and at all times thereafter.

SEC. 223. TAXABLE REIT SUBSIDIARY.

(a) IN GENERAL.—Section 856 is amended by adding at the end the following new subsection:

''(l) TAXABLE REIT SUBSIDIARY.—For purposes of this part—

''(1) IN GENERAL.—The term 'taxable REIT subsidiary' means, with respect to a real estate investment trust, a corporation (other than a real estate investment trust) if—

''(A) such trust directly or indirectly owns stock in such corporation, and

''(B) such trust and such corporation jointly elect that such corporation shall be treated as a taxable REIT subsidiary of such trust for purposes of this part.

Such an election, once made, shall be irrevocable unless both such trust and corporation consent to its revocation. Such election, and any revocation thereof, may be made without the consent of the Secretary.

''(2) 35 PERCENT OWNERSHIP IN ANOTHER TAXABLE REIT SUBSIDIARY.—The term 'taxable

REIT subsidiary' includes, with respect to any real estate investment trust, any corporation (other than a real estate investment trust) with respect to which a taxable REIT subsidiary of such trust owns directly or indirectly—

''(A) securities possessing more than 35 percent of the total voting power of the outstanding securities of such corporation, or

''(B) securities having a value of more than 35 percent of the total value of the outstanding securities of such corporation.

The preceding sentence shall not apply to a qualified REIT subsidiary (as defined in subsection (i)(2)). The rule of section 856(c)(7) shall apply for purposes of subparagraph (B).

''(3) EXCEPTIONS.—The term 'taxable REIT subsidiary' shall not include—

''(A) any corporation which directly or indirectly operates or manages a lodging facility or a health care facility, and

''(B) any corporation which directly or indirectly provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.

''(4) DEFINITIONS.—For purposes of paragraph (3)—

''(A) LODGING FACILITY.—The term 'lodging facility' has the meaning given to such term by paragraph (9)(D)(ii).

''(B) HEALTH CARE FACILITY.—The term 'health care facility' has the meaning given to such term by subsection (e)(6)(D)(ii).''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 856(i) is amended by adding at the end the following new sentence: ''Such term shall not include a taxable REIT subsidiary.''.

SEC. 224. LIMITATION ON EARNINGS STRIPPING.

Paragraph (3) of section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any interest paid or accrued (directly or indirectly) by a taxable REIT subsidiary (as defined in section 856(l)) of a real estate investment trust to such trust.''.

SEC. 225. 100 PERCENT TAX ON IMPROPERLY ALLOCATED AMOUNTS.

(a) IN GENERAL.—Subsection (b) of section 857 (relating to method of taxation of real estate investment trusts and holders of shares or certificates of beneficial interest) is amended by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively, and by inserting after paragraph (6) the following new paragraph:

''(7) INCOME FROM REDETERMINED RENTS, REDETERMINED DEDUCTIONS, AND EXCESS INTEREST.—

''(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year of the real estate investment trust a tax equal to 100 percent of redetermined rents, redetermined deductions, and excess interest.

''(B) REDETERMINED RENTS.—

''(i) IN GENERAL.—The term 'redetermined rents' means rents from real property (as defined in subsection 856(d)) the amount of which would (but for subparagraph (E)) be reduced on distribution, apportionment, or allocation under section 482 to clearly reflect income as a result of services furnished or rendered by a taxable REIT subsidiary of the real estate investment trust to a tenant of such trust.

''(ii) EXCEPTION FOR CERTAIN SERVICES.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust for services described in paragraph (1)(B) or (7)(C)(i) of section 856(d).

''(iii) EXCEPTION FOR DE MINIMIS AMOUNTS.—Clause (i) shall not apply to amounts described in section 856(d)(7)(A) with respect to a property to the extent such amounts do not exceed the one percent threshold described in section 856(d)(7)(B) with respect to such property.

''(iv) EXCEPTION FOR COMPARABLY PRICED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) such subsidiary renders a significant amount of similar services to persons other than such trust and tenants of such trust who are unrelated (within the meaning of section 856(d)(8)(F)) to such subsidiary, trust, and tenants, but

''(II) only to the extent the charge for such service so rendered is substantially comparable to the charge for the similar services rendered to persons referred to in subclause (I).

''(v) EXCEPTION FOR CERTAIN SEPARATELY CHARGED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) the rents paid to the trust by tenants (leasing at least 25 percent of the net leasable space in the trust's property) who are not receiving such service from such subsidiary are substantially comparable to the rents paid by tenants leasing comparable space who are receiving such service from such subsidiary, and

''(II) the charge for such service from such subsidiary is separately stated.

''(vi) EXCEPTION FOR CERTAIN SERVICES BASED ON SUBSIDIARY'S INCOME FROM THE SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if the gross income of such subsidiary from such service is not less than 150 percent of such subsidiary's direct cost in furnishing or rendering the service.

''(vii) EXCEPTIONS GRANTED BY SECRETARY.—The Secretary may waive the tax otherwise imposed by subparagraph (A) if the trust establishes to the satisfaction of the Secretary that rents charged to tenants were established on an arms' length basis even though a taxable REIT subsidiary of the trust provided services to such tenants.

''(C) REDETERMINED DEDUCTIONS.—The term 'redetermined deductions' means deductions (other than redetermined rents) of a taxable REIT subsidiary of a real estate investment trust if the amount of such deductions would (but for subparagraph (E)) be decreased on distribution, apportionment, or allocation under section 482 to clearly reflect income as between such subsidiary and such trust.

''(D) EXCESS INTEREST.—The term 'excess interest' means any deductions for interest payments by a taxable REIT subsidiary of a real estate investment trust to such trust to the extent that the interest payments are in excess of a rate that is commercially reasonable.

''(E) COORDINATION WITH SECTION 482.—The imposition of tax under subparagraph (A) shall be in lieu of any distribution, apportionment, or allocation under section 482.

''(F) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Until the Secretary prescribes such regulations, real estate investment trusts and their taxable REIT subsidiaries may base their allocations on any reasonable method.''.

(b) AMOUNT SUBJECT TO TAX NOT REQUIRED TO BE DISTRIBUTED.—Subparagraph (E) of section 857(b)(2) (relating to real estate investment trust taxable income) is amended by striking ''paragraph (5)'' and inserting ''paragraphs (5) and (7)''.

SEC. 226. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this part shall apply to taxable years beginning after December 31, 2000.

(b) TRANSITIONAL RULES RELATED TO SECTION 221.—

(1) EXISTING ARRANGEMENTS.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by section 221 shall not apply to a real estate investment trust with respect to—

(i) securities of a corporation held directly or indirectly by such trust on July 12, 1999,

(ii) securities of a corporation held by an entity on July 12, 1999, if such trust acquires control of such entity pursuant to a written binding contract in effect on such date and at all times thereafter before such acquisition,

(iii) securities received by such trust (or a successor) in exchange for, or with respect to, securities described in clause (i) or (ii) in a transaction in which gain or loss is not recognized, and

(iv) securities acquired directly or indirectly by such trust as part of a reorganization (as defined in section 368(a)(1) of the Internal Revenue Code of 1986) with respect to such trust if such securities are described in clause (i), (ii), or (iii) with respect to any other real estate investment trust.

(B) NEW TRADE OR BUSINESS OR SUBSTANTIAL NEW ASSETS.—Subparagraph (A) shall cease to apply to securities of a corporation as of the first day after July 12, 1999, on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter before the acquisition of such asset,

(ii) in a transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Internal Revenue Code of 1986, or

(iii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(C) LIMITATION ON TRANSITION RULES.—Subparagraph (A) shall cease to apply to securities of a corporation held, acquired, or received, directly or indirectly, by a real estate investment trust as of the first day after July 12, 1999, on which such trust acquires any additional securities of such corporation other than—

(i) pursuant to a binding contract in effect on July 12, 1999, and at all times thereafter, or

(ii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(2) TAX-FREE CONVERSION.—If—

(A) at the time of an election for a corporation to become a taxable REIT subsidiary, the amendment made by section 221 does not apply to such corporation by reason of paragraph (1), and

(B) such election first takes effect before January 1, 2004,

such election shall be treated as a reorganization qualifying under section 368(a)(1)(A) of such Code.

PART II—HEALTH CARE REITS

SEC. 231. HEALTH CARE REITS.

(a) SPECIAL FORECLOSURE RULE FOR HEALTH CARE PROPERTIES.—Subsection (e) of

section 856 (relating to special rules for foreclosure property) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR QUALIFIED HEALTH CARE PROPERTIES.—For purposes of this subsection—

''(A) ACQUISITION AT EXPIRATION OF LEASE.—The term 'foreclosure property' shall include any qualified health care property acquired by a real estate investment trust as the result of the termination of a lease of such property (other than a termination by reason of a default, or the imminence of a default, on the lease).

''(B) GRACE PERIOD.—In the case of a qualified health care property which is foreclosure property solely by reason of subparagraph (A), in lieu of applying paragraphs (2) and (3)—

''(i) the qualified health care property shall cease to be foreclosure property as of the close of the second taxable year after the taxable year in which such trust acquired such property, and

''(ii) if the real estate investment trust establishes to the satisfaction of the Secretary that an extension of the grace period in clause (i) is necessary to the orderly leasing or liquidation of the trust's interest in such qualified health care property, the Secretary may grant one or more extensions of the grace period for such qualified health care property.

Any such extension shall not extend the grace period beyond the close of the 6th year after the taxable year in which such trust acquired such qualified health care property.

''(C) INCOME FROM INDEPENDENT CONTRACTORS.—For purposes of applying paragraph (4)(C) with respect to qualified health care property which is foreclosure property by reason of subparagraph (A) or paragraph (1), income derived or received by the trust from an independent contractor shall be disregarded to the extent such income is attributable to—

''(i) any lease of property in effect on the date the real estate investment trust acquired the qualified health care property (without regard to its renewal after such date so long as such renewal is pursuant to the terms of such lease as in effect on such date), or

''(ii) any lease of property entered into after such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED HEALTH CARE PROPERTY.—

''(i) IN GENERAL.—The term 'qualified health care property' means any real property (including interests therein), and any personal property incident to such real property, which—

''(I) is a health care facility, or

''(II) is necessary or incidental to the use of a health care facility.

''(ii) HEALTH CARE FACILITY.—For purposes of clause (i), the term 'health care facility' means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility (as defined in section 7872(g)(4)), or other licensed facility which extends medical or nursing or ancillary services to patients and which, immediately before the termination, expiration, default, or breach of the lease of or mortgage secured by such facility, was operated by a provider of such services which was eligible for participation in the medicare program under title XVIII of the Social Security Act with respect to such facility.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

SEC. 241. CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES.

(a) DISTRIBUTION REQUIREMENT.—Clauses (i) and (ii) of section 857(a)(1)(A) (relating to requirements applicable to real estate investment trusts) are each amended by striking ''95 percent (90 percent for taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(b) IMPOSITION OF TAX.—Clause (i) of section 857(b)(5)(A) (relating to imposition of tax in case of failure to meet certain requirements) is amended by striking ''95 percent (90 percent in the case of taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

SEC. 251. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) IN GENERAL.—Paragraph (3) of section 856(d) (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

''In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

SEC. 261. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) RULES FOR DETERMINING WHETHER REGULATED INVESTMENT COMPANY HAS EARNINGS AND PROFITS FROM NON-RIC YEAR.—Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

''(3) DISTRIBUTIONS TO MEET REQUIREMENTS OF SUBSECTION (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

''(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest earnings and profits accumulated in any taxable year to which the provisions of this part did not apply rather than the most recently accumulated earnings and profits, and

''(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855.''.

(b) CLARIFICATION OF APPLICATION OF REIT SPILLOVER DIVIDEND RULES TO DISTRIBUTIONS TO MEET QUALIFICATION REQUIREMENT.—Subparagraph (B) of section 857(d)(3) is amended by inserting before the period ''and section 858''.

(c) APPLICATION OF DEFICIENCY DIVIDEND PROCEDURES.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: ''If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

PART VI—MODIFICATION OF ESTIMATED TAX RULES

SEC. 271. MODIFICATION OF ESTIMATED TAX RULES FOR CLOSELY HELD REAL ESTATE INVESTMENT TRUSTS.

(a) IN GENERAL.—Subsection (e) of section 6655 (relating to estimated tax by corporations) is amended by adding at the end the following new paragraph:

''(5) TREATMENT OF CERTAIN REIT DIVIDENDS.—

''(A) IN GENERAL.—Any dividend received from a closely held real estate investment trust by any person which owns (after application of subsections (d)(5) and (l)(3)(B) of section 856) 10 percent or more (by vote or value) of the stock or beneficial interests in the trust shall be taken into account in computing annualized income installments under paragraph (2) in a manner similar to the manner under which partnership income inclusions are taken into account.

''(B) CLOSELY HELD REIT.—For purposes of subparagraph (A), the term 'closely held real estate investment trust' means a real estate investment trust with respect to which 5 or fewer persons own (after application of subsections (d)(5) and (l)(3)(B) of section 856) 50 percent or more (by vote or value) of the stock or beneficial interests in the trust.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to estimated tax payments due on or after November 15, 1999.

PART VII—MODIFICATION OF TREATMENT OF CLOSELY-HELD REITS

SEC. 281. CONTROLLED ENTITIES INELIGIBLE FOR REIT STATUS.

(a) IN GENERAL.—Subsection (a) of section 856 (relating to definition of real estate investment trust) is amended by striking ''and'' at the end of paragraph (6), by redesignating paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

''(7) which is not a controlled entity (as defined in subsection (l)); and''.

(b) CONTROLLED ENTITY.—Section 856 is amended by adding at the end the following new subsection:

''(l) CONTROLLED ENTITY.—

''(1) IN GENERAL.—For purposes of subsection (a)(7), an entity is a controlled entity if, at any time during the taxable year, one person (other than a qualified entity)—

''(A) in the case of a corporation, owns stock—

''(i) possessing at least 50 percent of the total voting power of the stock of such corporation, or

''(ii) having a value equal to at least 50 percent of the total value of the stock of such corporation, or

''(B) in the case of a trust, owns beneficial interests in the trust which would meet the requirements of subparagraph (A) if such interests were stock.

''(2) QUALIFIED ENTITY.—For purposes of paragraph (1), the term 'qualified entity' means—

''(A) any real estate investment trust, and

''(B) any partnership in which one real estate investment trust owns at least 50 percent of the capital and profits interests in the partnership.

''(3) ATTRIBUTION RULES.—For purposes of this paragraphs (1) and (2)—

''(A) IN GENERAL.—Rules similar to the rules of subsections (d)(5) and (h)(3) shall apply; except that section 318(a)(3)(C) shall not be applied under such rules to treat stock owned by a qualified entity as being owned by a person which is not a qualified entity.

''(B) STAPLED ENTITIES.—A group of entities which are stapled entities (as defined in section 269B(c)(2)) shall be treated as one person.

''(4) EXCEPTION FOR CERTAIN NEW REITS.—

''(A) IN GENERAL.—The term 'controlled entity' shall not include an incubator REIT.

''(B) INCUBATOR REIT.—A corporation shall be treated as an incubator REIT for any taxable year during the eligibility period if it meets all the following requirements for such year:

''(i) The corporation elects to be treated as an incubator REIT.

''(ii) The corporation has only voting common stock outstanding.

''(iii) Not more than 50 percent of the corporation's real estate assets consist of mortgages.

''(iv) From not later than the beginning of the last half of the second taxable year, at least 10 percent of the corporation's capital is provided by lenders or equity investors who are unrelated to the corporation's largest shareholder.

''(v) The corporation annually increases the value of its real estate assets by at least 10 percent.

''(vi) The directors of the corporation adopt a resolution setting forth an intent to engage in a going public transaction.

No election may be made with respect to any REIT if an election under this subsection was in effect for any predecessor of such REIT. The requirement of clause (ii) shall not fail to be met merely because a going public transaction is accomplished through a transaction described in section 368(a)(1) with another corporation which had another class of stock outstanding prior to the transaction.

''(C) ELIGIBILITY PERIOD.—

''(i) IN GENERAL.—The eligibility period (for which an incubator REIT election can be made) begins with the REIT's second taxable year and ends at the close of the REIT's third taxable year, except that the REIT may, subject to clauses (ii), (iii), and (iv), elect to extend such period for an additional 2 taxable years.

''(ii) GOING PUBLIC TRANSACTION.—A REIT may not elect to extend the eligibility period under clause (i) unless it enters into an agreement with the Secretary that if it does not engage in a going public transaction by the end of the extended eligibility period, it shall pay Federal income taxes for the 2 years of the extended eligibility period as if it had not made an incubator REIT election and had ceased to qualify as a REIT for those 2 taxable years.

''(iii) RETURNS, INTEREST, AND NOTICE.—

''(I) RETURNS.—In the event the corporation ceases to be treated as a REIT by operation of clause (ii), the corporation shall file any appropriate amended returns reflecting the change in status within 3 months of the close of the extended eligibility period.

''(II) INTEREST.—Interest shall be payable on any tax imposed by reason of clause (ii) for any taxable year but, unless there was a finding under subparagraph (D), no substantial underpayment penalties shall be imposed.

''(III) NOTICE.—The corporation shall, at the same time it files its returns under subclause (I), notify its shareholders and any other persons whose tax position is, or may reasonably be expected to be, affected by the change in status so they also may file any appropriate amended returns to conform their tax treatment consistent with the corporation's loss of REIT status.

''(IV) REGULATIONS.—The Secretary shall provide appropriate regulations setting forth transferee liability and other provisions to ensure collection of tax and the proper administration of this provision.

''(iv) Clauses (ii) and (iii) shall not apply if the corporation allows its incubator REIT status to lapse at the end of the initial 2-year eligibility period without engaging in a going public transaction if the corporation is not a controlled entity as of the beginning of its fourth taxable year. In such a case, the corporation's directors may still be liable for the penalties described in subparagraph (D) during the eligibility period.

''(D) SPECIAL PENALTIES.—If the Secretary determines that an incubator REIT election was filed for a principal purpose other than as part of a reasonable plan to undertake a going public transaction, an excise tax of $20,000 shall be imposed on each of the corporation's directors for each taxable year for which an election was in effect.

''(E) GOING PUBLIC TRANSACTION.—For purposes of this paragraph, a going public transaction means—

''(i) a public offering of shares of the stock of the incubator REIT;

''(ii) a transaction, or series of transactions, that results in the stock of the incubator REIT being regularly traded on an established securities market and that results in at least 50 percent of such stock being held by shareholders who are unrelated to persons who held such stock before it began to be so regularly traded; or

''(iii) any transaction resulting in ownership of the REIT by 200 or more persons (excluding the largest single shareholder) who in the aggregate own at least 50 percent of the stock of the REIT.

For the purposes of this subparagraph, the rules of paragraph (3) shall apply in determining the ownership of stock.

''(F) DEFINITIONS.—The term 'established securities market' shall have the meaning set forth in the regulations under section 897.''

(c) CONFORMING AMENDMENT.—Paragraph (2) of section 856(h) is amended by striking ''and (6)'' each place it appears and inserting '', (6), and (7)''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after July 14, 1999.

(2) EXCEPTION FOR EXISTING CONTROLLED ENTITIES.—The amendments made by this section shall not apply to any entity which is a controlled entity (as defined in section 856(l) of the Internal Revenue Code of 1986, as added by this section) as of July 14, 1999, which is a real estate investment trust for the taxable year which includes such date, and which has significant business assets or activities as of such date. For purposes of the preceding sentence, an entity shall be treated as such a controlled entity on July 14, 1999, if it becomes such an entity after such date in a transaction—

(A) made pursuant to a written agreement which was binding on such date and at all times thereafter, or

(B) described on or before such date in a filing with the Securities and Exchange Commission required solely by reason of the transaction.

TITLE III—BUDGET PROVISION

SEC. 301. EXCLUSION FROM PAYGO SCORECARD.

Any net deficit increase or net surplus increase resulting from the enactment of this Act shall not be counted for purposes of section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902).

By Mr. DOMENICI:

S. 1793. A bill to ensure that there will be adequate funding for the decommissioning of nuclear power facilities; to the Committee on Environment and Public Works.

NUCLEAR DECOMMISSIONING ASSURANCE ACT

● Mr. DOMENICI. Mr. President, in an era of deregulation, it is imperative that we focus on the public health and safety concerns that may surface in the rush to eliminate excess costs in energy production.

One such concern involves the decommissioning and decontamination (D&D) of retired nuclear power plants. The nuclear industry confronts not only the difficulty of providing a competitive energy source in a changing regulatory environment, the funds accumulated to date to cover D&D costs are not sufficient to ensure proper cleanup unless measures are put into place that continue fee collection for the duration of each plant's service life.

This bill establishes a framework to ensure adequate fee collection to cover nuclear decommissioning and decontamination costs in a changing regulatory environment.

Today, nuclear generating units provide almost a quarter of the country's annual electricity generation. Over the next twenty years, a substantial number of these nuclear power plants reach the end of their 40-year licenses. Some will apply for a license renewal, which should be a straightforward and expeditious process.

All plants, at some point, however, will face retirement. Whenever retirement occurs, decommissioning follows—this requires safe dismantling and disposal of all irradiated components.

Upon acquiring a license to operate a nuclear power plant, licensees also commit to decommission the plant upon closure. Utilities are required to set aside funds for decommissioning.

In the past, State regulators generally allowed fee collection for decommissioning obligations through rates over the entire service lives of the nuclear power plants. This method spread the costs of decommissioning the plant to all the customers served by the plant over the entire course of the plant's service life.

As the electricity market moves toward deregulation, the nuclear industry confronts a profound problem. First, fee collection was structured such that accrual of sufficient funds required the full life of the plant, and regulators often undercut the amount of fees collected in order to keep energy prices down.

Second, under funding also results from escalating decommmissioning costs due to expanded regulatory requirements, lower than expected growth due to loss of load and customer exodus, rate settlements, and the lag in collecting funds due to ratemaking delays.

Lastly, decommissioning cost recovery for most utilities, including nuclear, is ''back-end loaded.'' Meaning, cost recovery is designed to generate much larger contributions to the fund in latter years.

In short, the funding of decommissioning has not kept pace with the aging of the units.

For example, today, a nuclear plant licensee of a 15-year-old plant would have collected only approximately 5 percent of the funds necessary to meet decommissioning obligations. In addition, these nuclear plant licensees currently have no means of ensuring that they can continue to collect fees from consumers to ensure decommissioning obligations are met.

The magnitude of the potential shortfall in cost recovery for decommissioning obligations is staggering. On an aggregate basis, utilities' decommissioning trust funds currently are funded at approximately 25 percent of the estimated costs—about $9 billion. Nuclear plants, however, are approximately 43 percent through their expected service lives. Total projected D&D costs will exceed $35 billion, leaving a current shortfall of about $26 billion.

The monumental size of this problem is underscored by the following comparison: FERC allowed recovery of $10 billion of total stranded costs during the restructuring of the natural gas industry. the nuclear industry's current dilemma is two and a half times greater.

Two recent publications underscore the critical need to provide assurance that decommissioning funds can be collected and are adequate to cover costs. A study which I chaired by the Center for Strategic and International Studies (CSIS) entitled The Regulatory Process for Nuclear Power Reactors addressed this issue.

The CSIS report stated, ''Restructuring of the electric utility industry could exacerbate the problem of adequate decommissioning funding and could threaten the ability of nuclear power plant owners to recover funds for decommissioning and for nuclear waste disposal in electric rates.'' The June 1999 report Nuclear Power Plant Decommissioning Under Utility Restructuring by the National Conference of State Legislatures strongly urged a ''review of current decommissioning legislation, especially if considering or passing deregulation.

The legislation I am introducing today creates a backstop to ensure that decommissioning fees can continue to be collected regardless of forthcoming changes in the regulatory environment. Because full, safe decommissioning is vital to public health and safety, this legislation is required to ensure that adequate funds for decommissioning are available to power plant licensees upon closure of their nuclear plants.

Let me briefly describe the mechanism established in this bill to ensure that adequate funds are collected.

First, nuclear power plant licensees are allowed to petition the NRC for determination of adequacy of their nuclear decommissioning trust funds. This petition process allows a full review of licensees' decommissioning costs and available funding. The petition process allows full public notice and comment.

In other words, the NRC will determine each licensee's current and ongoing revenue requirement necessary to ensure adequate funds are accumulated in the trust fund at the appropriate time.

Second, the Act amends the Federal Power Act to enable licensees to apply to the FERC, in the case of wholesale rates, or state commissions, for retail rates, for an order establishing rates or charges for collection of revenues necessary to meet NRC determined requirements.

Depending on the consumer base served by the nuclear licensee, either the FERC or the state PUCs will be required to incorporate the NRC determined decommissioning cost and revenue requirements in their rate structure.

This translates into a negligible fee added to consumers' monthly bills that will guarantee adequate cleanup upon closure of the nuclear plants that met their energy needs. This measure is simple, pragmatic, and safeguards our safety and health needs.

We must act now to ensure adequate funding for the safe decommissioning of nuclear units. The awkward jurisdictional position of this issue—caught in a gap between federal agencies and state regulatory authorities—creates a situation in which inconsistent regimes interfere with federally mandated safety measures.

This situation presents an unacceptable uncertainty and risk for the health and safety of the citizens and for the economy. As a matter of public policy, to protect public health and safety, as well as to preserve sound energy and economic policy, adequate funding of decommissioning obligations must be assured.

This act addresses this concerns and creates a practical mechanism to ensure the decommissioning funds will be adequate to safe closure of nuclear plants in the future.

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

The bill follows:

S. 1793

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 ''Nuclear Decommissioning Assurance Act of 1999''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) full, safe decommissioning of nuclear power plants is a compelling Federal interest, in that—

(A) the public health and safety and the protection of the environment can be guaranteed only if nuclear power plants are adequately decommissioned at the end of their useful lives; and

(B) decommissioning obligations cannot be avoided, abandoned, or mitigated, as a matter of public health and safety;

(2) electric utilities that own nuclear power plants must be able to collect adequate revenues to ensure that the utilities can satisfy the obligation to fully decommission nuclear power plants in accordance with standards established by the Nuclear Regulatory Commission;

(3) the authority of the Nuclear Regulatory Commission to ensure that utilities are able to collect adequate funds so that they can satisfy the decommissioning obligation is limited by the fact that the Commission does not directly establish rates for electric services;

(4) many nuclear decommissioning trust funds are not adequate to meet decommissioning obligations, and the current electric rates of collection are not adequate to ensure that there will be adequate funds at the time of decommissioning.

(5) potential restructuring of the electric utility industry will exacerbate the problem, because competitive pressure is expected to be placed on current rates, thereby threatening the ability of utility entities to recover funds for decommissioning in electric rates; and

(6) there is a Federal interest in establishing a national policy to ensure that electric utilities that own nuclear power plants can recover funds sufficient to satisfy the decommissioning obligation.

(b) PURPOSES.—The purposes of this Act are—

(1) to ensure that electric utilities that own commercial nuclear electric generating plants will be able to satisfy the obligation to decommission the plants, as established by the Nuclear Regulatory Commission; and

(2) to provide rate making bodies, including the Federal Energy Regulatory Commission, with sufficient authority to provide for recovery of funds for decommissioning.

SEC. 3. DEFINITIONS.

In this Act:

(1) DECOMMISSION.—The term ''decommission'' has the meaning given the term in section 50.2 of title 10, Code of Federal Regulations (or any successor regulation).

(2) DECOMMISSIONING OBLIGATION.—The term ''decommissioning obligation'' means the obligation to pay costs associated with the measures necessary to ensure the continued protection of the public from the dangers of any residual radioactivity or other hazards present at a facility when a nuclear unit is decommissioned.

(3) NUCLEAR DECOMMISSIONING TRUST FUND.—The term ''nuclear decommissioning trust fund'' has the meaning given the term ''external sinking fund'' in section 50.75(e)(1)(ii) of title 10, Code of Federal Regulations (or any successor regulation).

(4) STATE COMMISSION.—The term ''State commission'' has the meaning given the term in section 3 of the Federal Power Act (16 U.S.C. 796).

SEC. 4. NUCLEAR DECOMMISSIONING ASSURANCE DETERMINATION BY THE NUCLEAR REGULATORY COMMISSION.

(a) PETITION.—

(1) IN GENERAL.—A licensee under part 50 of title 10, Code of Federal Regulations may petition the Nuclear Regulatory Commission for a determination of whether—

(A) adequate amounts have been deposited or are being deposited in the nuclear decommissioning trust fund of the licensee; and

(B) the future funding for any nuclear power plant owend in whole or in part by the licensee is assured.

(2) CONTENTS.—A petition under paragraph (1) shall disclose—

(A) the licensee's current minimum amount established by the Nuclear Regulatory Commission under section 50.75 of title 10, Code of Federal Regulations for each facility for which the licensee holds a license;

(B) the currently effective rates to recover costs for decommissioning obligations as established by the Commission or State commissions, as appropriate;

(C) the amount that has been deposited in the nuclear decommissioning trust fund;

(D) the planned rate and timing of collection of the costs of the decommissioning obligation through the projected useful life of the facility; and

(E) any other information pertinent to the continuing assurance of funding of the nuclear decommissioning trust fund.

(b) DETERMINATION.—Not later than 180 days of receipt of a petition under paragraph (1), the Nuclear Regulatory Commission shall issue a determination regarding whether the nuclear decommissioning trust fund and the currently approved level of rates to recover the costs of the decommissioning obligation are adequate to ensure full and safe decommissioning of the facility.

(c) CONSIDERATIONS.—In making a determination under subsection (b), the Nuclear Regulatory Commission shall consider.—

(1) the current level of funds in the nuclear decommissioning trust fund;

(2) the adequacy of the currently approved rates to recover the costs of the decommissioning obligation;

(3) the assurance of continuing recovery of such costs through rates;

(4) the timing of the recovery of such costs relative to the projected useful life of the plant; and

(5) any other information that the Nuclear Regulatory Commission considers pertinent to a determination of the necessary assurance of adequate funding.

(d) ADEQUACY OF MINIMUM AMOUNTS.—Nothing in this Act precludes the Nuclear Regulatory Commission from revising or reconsidering the adequacy of the minimum amounts established under section 50.75(c) of title 10, Code of Federal Regulations.

(e) NOTICE.—The Nuclear Regulatory Commission shall issue notice of its finding to the licensee, the Federal Energy Regulatory Commission, and any other party of record.

SEC. 5. AMENDMENT OF THE FEDERAL POWER ACT.

(a) DECLARATION.—Section 201 of the Federal Power Act is amended by adding at the end the following:

''(h) DECLARATION REGARDING DECOMMISSIONING.—The decommissioning of nuclear power plants licensed by the Commission is affected with a public interest, and the Federal regulation of matters relating to decommissioning of nuclear power plants, to the extent provided in this part, is necessary in the pubic interest.''.

(b) NUCLEAR DECOMMISSIONING ASSURANCE.—Part II of the Federal Power Act (16 U.S.C. 824 et seq.) is amended by adding at the end the following:

''SEC. 215. NUCLEAR DECOMMISSIONING ASSURANCE.

''(a) COST RECOVERY IN WHOLESALE RATES.—

''(1) IN GENERAL.—To the extent that the costs of a decommissioning obligation are recovered in wholesale rates, an electric utility that owns a nuclear power facility in whole or in part may apply to the Commission for an order approving rates and charges in connection with the wholesale transmission or sale of electricity to ensure collection of revenues necessary to ensure that there will be adequate funding to satisfy the decommissioning obligation of the electric utility in establishing rates and charges.

''(2) NUCLEAR DECOMMISSIONING ASSURANCE DETERMINATION.—In a proceeding under this section, any nuclear decommissioning assurance determination made in a proceeding under section 4 of the Nuclear Decommissioning Assurance Act of 1999 shall be conclusive.

''(3) DENIAL OF REQUEST.—If the Commission, by order or by failure to act with 180 days of the filing of a petition, denies in whole or in part an application under paragraph (1) or otherwise fails to allow collection of costs in rates necessary to ensure adequate funding under section 4 of the Nuclear Decommissioning Assurance Act of 1999, the electric utility may seek review of the action under section 313(b).

''(b) COST RECOVERY IN RETAIL RATES.—To the extent that the costs of the decommissioning obligation are recovered in retail rates, in a proceeding before a State commission initiated by an electric utility that owns a nuclear power plant in whole or in part for an order approving rates and charges in connection with the distribution of electricity, any nuclear decommissioning assurance determination made by the Commission under section 4 of the Nuclear Decommissioning Assurance Act of 1999 shall be given due consideration, so as to ensure collection of revenues necessary to ensure adequate funding of the nuclear-owning utility's nuclear decommissioning obligations.

''(c) RATES, TERMS, AND CONDITIONS.—

''(1) IN GENERAL.—The Commission and the State commissions shall establish rates, terms, and conditions in response to an application under subsection (a) or (b) not later than 180 days after the date of submission of the application.

''(2) FAILURE TO ACT.—For purposes of section 313(b), failure of the Commission to comply with paragraph (1) shall be considered a denial and shall be appealable as a final agency action.

''(d) DENIAL OF REQUEST BY STATE COMMISSION.—Notwithstanding any other provision of law, if a State commission, by order or by failure to act within 180 days of the filing of a petition, denies in whole or in part the request under subsection (b) or otherwise fails to allow collection of costs in the rates necessary to ensure adequate funding under section 4(b) of the Nuclear Decommissioning Assurance Act of 1999, the electric utility may apply to the United States district court for an order requiring the State commission to establish rates, terms, and conditions necessary to ensure adequate funding under section 4(b) of the Nuclear Decommissioning Assurance Act of 1999.''.●

By Mr. THOMAS (for himself and Mr. ENZI):

S. 1794. A bill to designate the Federal courthouse at 145 East Simpson Avenue in Jackson, Wyoming, as the ''Clifford P. Hansen Federal Courthouse''; to the Committee on Environment and Public Works.

CLIFFORD P. HANSEN FEDERAL COURTHOUSE

● Mr. THOMAS. Mr. President, I rise today to honor one of Wyoming's native sons, former Wyoming Governor and United States Senator Cliff Hansen. I am pleased that my colleague, Senator ENZI is joining me in sponsoring legislation to name the federal courthouse in Jackson, Wyoming, as the ''Clifford P. Hansen Federal Courthouse.''

Wyoming has enjoyed a long history of outstanding leaders and strong individuals. These men and women have sought the best for our small towns with big expectations and in turn have exemplified what it really means to be a leader in their communities.

Senator Cliff Hansen stands with the other Wyoming statesmen that have helped make our state so special and her citizens proud. Today I join my colleagues and Wyoming people to honor him by designating the Jackson, Wyoming, federal courthouse in his name.

Cliff Hansen's career is well known and he has been a fixture of public service in Wyoming and the United States for more than 40 years. Beginning with the local school board, to Teton County Commissioner, the statehouse in Cheyenne as Wyoming's 26th Governor, and finally here as a distinguished member of the U.S. Senate.

Senator Cliff Hansen was so well regarded, his leadership so clear, that President Reagan asked him to be Secretary of the Interior not once, but twice. With his experience and expertise gained from working on issues involving public lands and the environment there is no doubt he would have done an excellent job had he chosen to accept.

His has been a remarkable career with a distinguished record.

Cliff Hansen and his wife Martha recently celebrated their 65th wedding anniversary. What an incredible accomplishment—one of many for this singular Wyoming family that continues to play a significant role in the Jackson Hole community in which they live.

With their children, grandchildren, and even great-grandchildren—the Hansen family is a colorful part of the fabric that makes Jackson and the surrounding areas unique. Cliff Hansen resides and enjoys life in Jackson, Wyoming under the immense shadow of the famed Grand Tetons. Like the Grand, he stands tall in that close community—dignified, multifaceted and solid in his grounding. Our goal as fellow public servants should be to aspire to climb to the same personal heights.

Senator Hansen is a man who embodies a mix of justice and compassion. That's a combination we need always to strive for. He is a leader, quick to care, astutely understanding and finding the best solutions to fit the need. Gracing the Federal Courthouse in his hometown with his name—considering that great legacy—is an appropriate symbol for what he has always worked for and achieved.

I join other Wyoming people who consider Governor, Senator, Cliff Hansen a worthy citizen. An honorable gentleman who continues to live up to the special significance I hope this act will bestow.●

● Mr. ENZI. Mr. President, I rise today to pay tribute to one of Wyoming's greatest public servants of this century and to support legislation introduced today by my colleague, Senator CRAIG THOMAS, to designate the federal courthouse in Jackson, Wyoming as the Clifford P. Hansen Federal Courthouse.

When he was elected to the United States Senate in 1966, Clifford Peter Hansen had already distinguished himself as a dedicated advocate for the State of Wyoming. Born in Zenith, Teton (then Lincoln) County, Wyoming, on October 16, 1912, Cliff Hansen attended public schools in Jackson, Wyoming and graduated from the University of Wyoming in 1934. In that same year, Cliff married his sweetheart, Martha Elizabeth Close. For the

past 65 years the couple has worked side by side to Wyoming's great benefit.

As a successful cattle rancher and industry representative, Cliff has served as an officer of the Wyoming Stock Growers Association, the American National Cattlemen's Association, and the Livestock Research and Marketing Advisory Committee. He also served as both the Columbia Interstate Compact commissioner and the Snake River Compact commissioner.

In 1943 Cliff began his first term as a public official where he served for eight years in the capacity of county commissioner for the people of Teton County. During those same years Cliff became a member of the Board of Trustees for the University of Wyoming where from 1955 to 1962 he served as board president. Then, from 1963 to 1967 Cliff and Martha served as Governor and First Lady of the State of Wyoming.

In 1966 Cliff was elected to the United States Senate where he served from January 3, 1967 until December 31, 1978 when he resigned and was replaced by my immediate predecessor, Former Senator Alan K. Simpson. He passed legislation that still provides for and protects Wyoming. One of those, federal mineral royalty sharing, is a major source of revenue for the state.

In April 1979 Cliff was awarded the William A. Steiger Award for public service in commemoration of his service to the people of Wyoming and the nation.

This, however, was not the end of Cliff's dedication to public service. In 1996, the University of Wyoming celebrated the dedication of the Cliff and Martha Hansen agricultural teaching center that was made possible by the couple's generous donations to the school.

One of the best testimonials about Cliff, however, can be found in the statement by one of his former employees. For the past three decades, the State of Wyoming has benefited by the fine service of Correspondence Coordinator Carroll Wood. Carroll was first hired by Cliff and has since worked for a total of three Wyoming senators including myself. On the subject of Cliff Hansen, Carroll writes: ''Thank God for Cliff Hansen. He gave me the opportunity to work for him and I have survived three different senators from Wyoming. I am indeed in his debt for his confidence in me and I will never forget the love he has shown me and my family.''

Mr. President, I too thank God for Cliff Hansen. He has dedicated his life to the people of Wyoming and is truly one of the giants of the State. Cliff and Martha Hansen are role models for my wife, Diana and I. Their continuing concern and consideration for other is unmatched. Naming this courthouse after Cliff would provide a small tribute to one who has done so much.●

By Mr. CRAPO:

S. 1795. A bill to require that before issuing an order, the President shall cite the authority for the order, conduct a cost benefit analysis, provide for public comment, and for other purposes; to the Committee on Governmental Affairs.

EXECUTIVE ORDERS LIMITATION ACT

Mr. CRAPO. Mr. President, I rise to introduce the Executive Orders Limitation Act of 1999.

A growing number of Americans have expressed concern that President Clinton has sought to bypass the constitutional role of Congress by issuing Executive orders or proclamations that have the force of law and the practical impact of law. Indeed, the use of Executive orders has increased dramatically. For example, the first 24 Presidents issued 1,262 Executive orders, whereas the last 17 Presidents have issued 11,798 orders.

The bill I introduce today seeks to strengthen article I of the Constitution which grants all legislative powers to the Congress. The bill seeks to strengthen our system of checks and balances by ensuring that all Executive orders are based on the President's expressed constitutional or statutory authority. The bill would require the President to cite the exact constitutional or statutory authority he is exercising when he issues an Executive order. It would require the publication of a cost-benefit analysis and a public comment period before an Executive order can take effect.

The act would also provide for expedited judicial review of questionable Executive orders. The Congress has previously set limits on the President's ability to issue Executive orders when it required that all orders be printed in the Federal Register. My bill would not in any way limit the President's ability to issue an Executive order which he has the constitutional right to issue. The Executive Orders Limitation Act of 1999 seeks to preserve the constitutional separation of powers by safeguarding Congress' legislative power, while at the same time protecting the President's constitutional and statutory authorities.

The question of how a law is enacted in America was one of the most important and significant debates in our constitutional convention. That is why we have a system of government established under our Constitution by which it is the Congress that makes the law that governs this Nation. The President then decides, as he has the right to do, whether to sign that law or not. We do not have a system where one man or even one branch of our Government has the ability to unilaterally create law. Yet that is what the practical effect of the use of Executive orders has become in today's timeframe in the way that President Clinton has begun using these Executive order powers.

This legislation will bring appropriate controls to the issue. If the President has constitutional or statutorily delegated authority to issue Executive orders in a given area, those authorities and those rights are preserved. But in those areas where Congress or the Constitution have not given the President the authority to enact and act as though he were imposing new legal requirements, then that is prohibited.

This legislation is critical. It should not be deemed a threat to anyone from any particular perspective on any issue. It should be deemed what it is, an effort to restore the balance of power and the system of government, in particular the system of making laws our constitutional founders intended when they created the Constitution of this country.

By Mr. LAUTENBERG (for himself, Mr. MACK, Mr. KYL, Mr. GRAHAM, Mr. ROBB, Mr. LOTT, Mr. LIEBERMAN, Mr. HATCH, Mr. CONRAD, Mr. HELMS, Mr. TORRICELLI, Mr. SPECTER, Mr. MOYNIHAN, Mr. HOLLINGS, Mr. SCHUMER, Mr. COVERDELL, Mr. EDWARDS, Mr. CLELAND, and Mr. SANTORUM):

S. 1796. A bill to modify the enforcement of certain anti-terrorism judgements, and for other purposes; to the Committee on the Judiciary.

THE JUSTICE FOR VICTIMS OF TERRORISM ACT

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the text of S. 1796 be printed in the RECORD.

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

S. 1796

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

SECTION 1. ENFORCEMENT OF CERTAIN ANTI-TERRORISM JUDGMENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Justice for Victims of Terrorism Act''.

(b) DEFINITION.—

(1) IN GENERAL.—Section 1603(b) of title 28, United States Code, is amended—

(A) in paragraph (3) by striking the period and inserting a semicolon and ''and'';

(B) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(C) by striking ''(b)'' through ''entity—'' and inserting the following:

''(b) An 'agency or instrumentality of a foreign state' means—

''(1) any entity—''; and

(D) by adding at the end the following:

''(2) for purposes of sections 1605(a)(7) and 1610 (a)(7) and (f), any entity as defined under subparagraphs (A) and (B) of paragraph (1), and subparagraph (C) of paragraph (1) shall not apply.''.

(2) TECHNICAL AND CONFORMING AMENDMENT.—Section 1391(f)(3) of title 28, United States Code, is amended by striking ''1603(b)'' and inserting ''1603(b)(1)''.

(c) ENFORCEMENT OF JUDGMENTS.—Section 1610(f) of title 28, United States Code, is amended—

(1) in paragraph (1)—

(A) in subparagraph (A) by striking ''(including any agency or instrumentality or such state)'' and inserting ''(including any agency or instrumentality of such state)''; and

(B) by adding at the end the following:

''(C) Notwithstanding any other provision of law, moneys due from or payable by the United States (including any agency, subdivision or instrumentality thereof) to any state against which a judgment is pending under section 1605(a)(7) shall be subject to attachment and execution, in like manner and to the same extent as if the United States were a private person.''; and

(2) by adding at the end the following:

''(3)(A) Subject to subparagraph (B), upon determining on an asset-by-asset basis that a waiver is necessary in the national security interest, the President may waive this subsection in connection with (and prior to the enforcement of) any judicial order directing attachment in aid of execution or execution against the premises of a foreign diplomatic mission to the United States, or any funds held by or in the name of such foreign diplomatic mission determined by the President to be necessary to satisfy actual operating expenses of such foreign diplomatic mission.

''(B) A waiver under this paragraph shall not apply to—

''(i) if the premises of a foreign diplomatic mission has been used for any nondiplomatic purpose (including use as rental property), the proceeds of such use; or

''(ii) if any asset of a foreign diplomatic mission is sold or otherwise transferred for value to a third party, the proceeds of such sale or transfer.

''(4) For purposes of this subsection, all assets of any agency or instrumentality of a foreign state shall be treated as assets of that foreign state.''.

(d) TECHNICAL AND CONFORMING AMENDMENT.—Section 117(d) of the Treasury Department Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–492) is repealed.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to any claim for which a foreign state is not immune under section 1605(a)(7) of title 28, United States Code, arising before, on, or after the date of enactment of this Act.

By Mr. MURKOWSKI:

S. 1797. A bill to amend the Alaska Native Claims Settlement Act, to provide for a land conveyance to the City of Craig, Alaska, and for other purposes; to the Committee on Energy and Natural Resources.

ALASKA NATIVE CLAIMS SETTLEMENT ACT AMENDMENTS LEGISLATION

Mr. MURKOWSKI. Mr. President, today I introduce a bill to solve a problem unique to Alaska. The city of Craig is located in the far southeastern part of Alaska on Price of Wales Island, the third largest island in the country. Craig is unlike any other small town or village in Alaska. It has no land base upon which to maintain its local services, and no ability to utilize many federal programs which are dependent upon a large Alaska Native population for eligibility.

Nevertheless, the community has grown from a mostly Native population of 250 in 1971 to over 2,500 residents, most of whom are not Alaska Natives. Despite this, the town is surrounded by land selections from two different Alaska village corporations. In fact, 93 percent of the land within the Craig city limits is owned by these village corporations. Under federal law passed in 1987, none of the village land is subject to taxation so long as the land is not developed. The city of Craig has only 300 acres of land owned privately by individuals within its city limits to serve as it municipal tax base. It can annex no other land because the entire land base outside its municipal boundaries is owned by the federal government as part of the Tongass National Forest or other Alaska Native corporation.

Craig's demands for municipal services increase every year as costs go up and population increases. According to the State of Alaska, Craig is the fastest growing first class city in the state. Since its large non-Native majority population make the town and its residents largely ineligible for federal programs which service virtually all other ANSCA villages, it has requested a small conveyance of 4,532 acres of federal land located not far from the town. That land entitlement would permit the city to develop a land base upon which it could support its increasing demand for municipal services.

The land base which is included in this bill has been carefully chosen. It is less than 20 miles from the city and abuts the existing road system. It is the first available land from the city limits not owned by an Alaska native corporation. The land will complete a sound management system by providing municipal ownership of land adjacent to both existing private and state owned land. It will be a good use of this land which is nowhere near any environmentally sensitive lands such as wilderness areas. This part of Prince of Wales Island has roads, communities and other developed sites near it. There will be no land use conflicts created by this conveyance.

Mr. President, my bill provides a direct grant of 4,532 acres to the city. While I looked at a land exchange, the city has no land to trade. The city received no municipal entitlement because the Forest Service never agreed to any land selection by the State of Alaska in this part of Prince of Wales Island. The only substantial land near Craig besides the actual 300 acres on which Craig sits is owned by the federal government in the national forest or by Alaska Native corporations.

I intend to hold a hearing on this bill early in the next session, and begin the process to move the bill through the Senate to final passage in the Congress.

ADDITIONAL COSPONSORS

S. 341

At the request of Mr. CRAIG, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 341, a bill to amend the Internal Revenue Code of 1986 to increase the amount allowable for qualified adoption expenses, to permanently extend the credit for adoption expenses, and to adjust the limitations on such credit for inflation, and for other purposes.

S. 909

At the request of Mr. CONRAD, the name of the Senator from Arkansas (Mr. HUTCHINSON) was added as a cosponsor of S. 909, a bill to provide for the review and classification of physician assistant positions in the Federal Government, and for other purposes.

S. 1133

At the request of Mr. GRAMS, the name of the Senator from Tennessee (Mr. THOMPSON) was added as a cosponsor of S. 1133, a bill to amend the Poultry Products Inspection Act to cover birds of the order Ratitae that are raised for use as human food.

S. 1266

At the request of Mr. GORTON, the name of the Senator from Kentucky (Mr. BUNNING) was added as a cosponsor of S. 1266, a bill to allow a State to combine certain funds to improve the academic achievement of all its students.

S. 1303

At the request of Mr. MURKOWSKI, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of S. 1303, a bill to amend the Internal Revenue Code of 1986 to modify certain provisions relating to the treatment of forestry activities.

S. 1322

At the request of Mr. DASCHLE, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 1322, a bill to prohibit health insurance and employment discrimination against individuals and their family members on the basis of predictive genetic information or genetic services.

S. 1419

At the request of Mr. MCCAIN, the names of the Senator from Wyoming (Mr. ENZI), the Senator from Texas (Mrs. HUTCHISON), the Senator from Georgia (Mr. CLELAND), the Senator from Michigan (Mr. LEVIN), the Senator from Nebraska (Mr. KERREY), the Senator from Michigan (Mr. ABRAHAM), and the Senator from Missouri (Mr. BOND) were added as cosponsors of S. 1419, a bill to amend title 36, United States Code, to designate May as ''National Military Appreciation Month.''

S. 1446

At the request of Mr. LOTT, the name of the Senator from Texas (Mrs. HUTCHISON) was added as a cosponsor of S. 1446, a bill to amend the Internal Revenue Code of 1986 to allow an additional advance refunding of bonds originally issued to finance governmental facilities used for essential governmental functions.

S. 1494

At the request of Mr. BINGAMAN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 1494, a bill to ensure that small businesses throughout the United States participate fully in the unfolding electronic commerce revolution through the establishment of an electronic commerce extension program at the National Institutes of Standards and technology.

S. 1528

At the request of Mr. LOTT, the names of the Senator from Illinois (Mr.