By Mr. FEINGOLD (for himself, Mr. CRAIG, and Mr. KOHL):

S. 2773. A bill to amend the Agricultural Marketing Act of 1946 to enhance dairy markets through dairy product mandatory reporting, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. GREGG (for himself, Mr. KERREY, Mr. BREAUX, Mr. GRASSLEY, Mr. THOMPSON, Mr. ROBB, and Mr. THOMAS):

S. 2774. A bill to amend title II of the Social Security Act to provide for individual savings accounts funded by employee and employer social security payroll deductions, to extend the solvency of the old-age, survivors, and disability insurance program, and for other purposes; to the Committee on Finance.

By Mr. DORGAN (for himself, Mr. ENZI, Mr. VOINOVICH, Mr. BREAUX, Mr. GRAHAM, Mr. HUTCHINSON, Mrs. LINCOLN, Mr. BENNETT, Mr. BRYAN, Mr. CLELAND, and Mr. THOMAS):

S. 2775. To foster innovation and technological advancement in the development of the Internet and electronic commerce, and to assist the States in simplifying their sales and use taxes; to the Committee on Finance.

By Mr. COVERDELL (for himself and Mr. TORRICELLI):

S. 2776. A bill to amend the Internal Revenue Code of 1986 to encourage charitable contributions to public charities for use in medical research; to the Committee on Finance.

By Mr. SARBANES (for himself, Mr. WARNER, Mr. ROBB, and Ms. MIKULSKI):

S. 2777. A bill to amend the National Oceanic and Atmospheric Administration Authorization Act of 1992 to revise and enhance authorities, and to authorize appropriations, for the Chesapeake Bay Office, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. KOHL (for himself, Mr. DEWINE, Mr. SPECTER, Mr. LEAHY, Mr. GRASSLEY, and Mr. FEINGOLD):

S. 2778. A bill to amend the Sherman Act to make oil-producing and exporting cartels illegal; to the Committee on the Judiciary.

By Mr. SANTORUM (for himself, Mr. LIEBERMAN, Mr. ABRAHAM, Mr. KOHL, Mr. HUTCHINSON, Mr. TORRICELLI, and Mr. KERRY):

S. 2779. A bill to provide for the designation of renewal communities and to provide tax incentives relating to such communities, to provide a tax credit to taxpayers investing in entities seeking to provide capital to create new markets in low-income communities, and to provide for the establishment of Individual Development Accounts (IDAs), and for other purposes; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BRYAN:

S. Res. 326. A resolution designating the Cowboy Poetry Gathering in Elko, Nevada, as the ''National Cowboy Poetry Gathering''; to the Committee on Energy and Natural Resources.

By Mr. REID:

S. Res. 327. A resolution expressing the sense of the Senate on United States efforts to encourage the governments of foreign countries to investigate and prosecute crimes committed in those countries in the name of family honor and to provide relief for victims of those crimes; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KERRY (for himself and Ms. COLLINS):

S. 2766. A bill to amend title XVIII of the Social Security Act with respect to payments made under the prospective payment system for home health services furnished under the Medicare program; to the Committee on Finance.

THE EQUAL ACCESS TO HOME HEALTH CARE ACT OF 2000

● Mr. KERRY. Mr. President, I am pleased to join my colleague Senator COLLINS in introducing the Equal Access to Medicare Home Health Care Act. This legislation will protect patient access to home health care under Medicare, and ensure that providers are able to continue serving seniors who reside in medically underserved areas.

Medicare was enacted in 1965, under the leadership of President Lyndon Johnson, as a promise to the American people that, in exchange for their years of hard work and service to our country, their health care would be protected in their golden years. Today, over 30 million seniors rely on the Medicare home health benefit to receive the care they need to maintain their independence and remain in their own homes, and to avoid the need for more costly hospital or nursing home care.

Home health care is critical. It is a benefit to which all eligible Medicare beneficiaries, regardless of where they live, should be entitled. But, this benefit is being seriously undermined. Since enactment of the Balanced Budget Act, BBA, of 1997, federal funding for home health care has plummeted. According to the Congressional Budget Office, CBO, Medicare spending on home health care dropped 45 percent in the last two fiscal years—from $17.5 billion in 1998 to $9.7 billion in 1999—far beyond the original amount of savings sought by the BBA. Across the country, these cuts have forced over 2,500 home health agencies to close and over 500,000 patients to lose their services.

In my own State of Massachusetts—a state that, because of economic efficiency, sustained a disproportionate share of the BBA cuts in Medicare home health funding—28 home health agencies have closed, 6 more have turned in their Medicare provider numbers and chosen to opt out of the Medicare program, and 12 more have been forced to merge in order to consolidate their limited resources. The home health agencies that have continued to serve patients despite the deep cuts in Medicare funding reported net operating losses of $164 million in 1998. The loss of home health care providers in Massachusetts has cost 10,000 patients access to home health services. Consequently, many of the most vulnerable residents in my state are being forced to enter hospitals and nursing homes, or going without any help at all.

To compound the problem, without Congressional action, Medicare payments for home health care will be automatically cut by an additional 15 percent next year. It is critical that we defend America's seniors against future cuts in home health services, and this bill will eliminate the additional 15 percent cut in Medicare home health payments mandated by the BBA. However, we must do more than attempt to stop future cuts. Indeed, it is equally as important that we begin to provide relief to home health providers who are already struggling to care for patients.

During the first year of implementation of the Interim Payment System, IPS, thousands of home health care agencies incurred overpayments because they were not notified of their per beneficiary limits until long after the limits were imposed. The provisions of this bill would extend the repayment period for IPS overpayments without interest for three years, and thereafter at an interest rate lower than currently mandated.

Under IPS, even agencies which did not incur overpayments were placed on precarious financial footing because of insufficient payments, particularly for high-cost and long-term patients. Accordingly, it is critical that we bolster the efforts of all home health care providers to transcend their current operating deficits, especially as they transition from the Interim Payment System to the Prospective Payment System, PPS.

The BBA specified that, in aggregate, PPS payments to home health providers must equal IPS payments. This adjustment—the budget neutrality factor—is expected to reduce PPS payments for home health services by 22 percent below the average Medicare costs prior to enactment of the BBA. In order to provide relief to home health providers in this budget neutral context, the Equal Access to Medicare Home Health Care Act would establish a 10 percent add-on to the episodic base payment for patients in rural areas, to reflect the increasing costs of travel, and a ''reasonable cost'' add-on for security services utilized by providers in our urban areas. These add-ons ensure that patients in our medically underserved communities continue to receive the home care they need and deserve.

Finally, this legislation would encourage the incorporation of telehealth technology in home care plans by allowing cost reporting of the telemedicine services utilized by agencies. Telemedicine has demonstrated tremendous potential in bringing modern health care services to patients who reside in areas where providers and technology are scarce. Cost reporting will provide the data necessary to develop a fair and reasonable Medicare reimbursement policy for telehomecare and

bring the benefits of modern science and technology to our nation's underserved.

Unless we increase the federal commitment to the Medicare home health care benefit, we can only expect to continue to imperil the health of an entire generation. We must act to deliver on that promise that President Johnson made 25 years ago—our nation's seniors deserve no less.●

By Mr. FEINGOLD (for himself, Mr. LEVIN, and Mr. ABRAHAM):

S. 2767. A bill to authorize the enforcement by State and local governments of certain Federal Communications Commission regulations regarding use of citizens band radio equipment; to the Committee on Commerce, Science, and Transportation.

CB RADIO INTERFERENCE LEGISLATION

● Mr. FEINGOLD. Mr. President, I am pleased to once again introduce a bill to deal with the all too common problem of interference with residential home electronic equipment caused by unlawful use of citizens band, or CB, radios. This is the third Congress in which I have offered this legislation. In 1998, it was nearly enacted as part of an anti-slamming bill. I hope that this year, we can finally put this common sense bill into law.

The problem of CB radio interference can be extremely distressing for residents who cannot have a telephone conversation, watch television, or listen to the radio without being interrupted by a neighbor's illegal use of a CB radio. Unfortunately, under the current law, those residents have little recourse. The bill I am introducing today will provide those residents with a practical solution to this problem.

Until recently, the FCC enforced its rules outlining what equipment may or may not be used for CB radio transmissions, how long transmissions may be broadcast, what channels may be used, as well as many other technical requirements. The FCC also used to investigate neighbor's complaints that a CB radio enthusiast's transmissions interfered with their use of home electronic and telephone equipment. The FCC receives thousands of such complaints annually.

For the past five years, I have worked on behalf of constituents bothered by persistent interference of nearby CB radio transmissions, in some cases caused by unlawful use of radio equipment. In each case, the constituents have sought my help in securing an FCC investigation of the complaint. And in each case, the FCC indicated that due to a lack of resources, they no longer investigate radio frequency interference complaints. Instead of investigation and enforcement, the FCC only provides self-help information which the consumer may use to limit the interference on their own.

This situation is understandable given the rising number of complaints for things like slamming. The resources of the FCC are limited, and there is only so much they can do to address complaints of radio interference.

Nonetheless, this problem is extremely annoying and frustrating to those who experience radio interference. Many residents implement the self-help measures recommended by FCC such as installing filtering devices to prevent the unwanted interference, working with their telephone company, or attempting to work with the neighbor they believe is causing the interference. In many cases these self-help measures are effective.

However, in some cases filters and other technical solutions fail to solve the problem because the interference is caused by the unlawful use of CB radio equipment such as unauthorized linear amplifiers.

Municipal residents, after being denied an investigation or enforcement from the FCC, frequently contact their city or town government and ask them to police the interference. However, the Communications Act of 1934 provides exclusive authority to the Federal Government for the regulation of radio. This preempts municipal ordinances or State laws that regulate radio frequency interference caused by unlawful use of CB radio equipment. This situation creates an interesting dilemma for municipal governments. They can neither pass their own ordinances to control CB radio interference, nor can they rely on the agency with exclusive jurisdiction over interference to enforce the very Federal law which preempts them.

Let me give an example of the kind of frustrations people have experienced in attempting to deal with these problems. Shannon Ladwig, a resident of Beloit, WI is fighting to end CB interference with her home electronic equipment that has plagued her family for many years. Shannon worked within the existing system by asking for an FCC investigation, installing filtering equipment on her telephone, attempting to work with the neighbor causing the interference, and so on. Nothing has been effective.

Here are some of the annoyances Shannon has experienced. Her answering machine picks up calls for which there is no audible ring, and at times records ghost messages. Often, she cannot get a dial tone when she or her family members wish to place an outgoing call. During telephone conversations, the content of the nearby CB transmission can frequently be heard and on occasion, her phone conversations are inexplicably cut off. Ms. Ladwig's TV transmits audio from the CB transmission rather than the television program her family is watching. Shannon never knows if the TV program she taped with her VCR will actually record the intended program or whether it will contain profanity from nearby CB radio conversation.

Shannon did everything she could to solve the problem and years later she still feels like a prisoner in her home, unable to escape the broadcasting whims of a CB operator using illegal equipment with impunity. Shannon even went to her city council to demand action. The Beloit City Council responded by passing an ordinance allowing local law enforcement to enforce FCC regulations—an ordinance the council knows is preempted by Federal law. The bill I am introducing today would allow Beloit's ordinance to stand.

The problems experienced by Beloit residents are by no means isolated incidents. I have received very similar complaints from at least 10 other Wisconsin communities in the last several years in which whole neighborhoods are experiencing persistent radio frequency interference. Since I have begun working on this issue, my staff has also been contacted by a number of other congressional offices who are also looking for a solution to the problem of radio frequency interference in their States or districts caused by unlawful CB use. The city of Grand Rapids, Michigan, in particular, has contacted me about this legislation because they face a persistent interference problem very similar to that in Beloit. I am pleased that Senators LEVIN and ABRAHAM join me today in cosponsoring this legislation.

In all, the FCC receives more than 30,000 radio frequency interference complaints annually—most of which are caused by CB radios. Unfortunately, the FCC no longer has the staff, resources, or the field capability to investigate these complaints and localities are blocked from exercising any jurisdiction to provide relief to their residents.

My bill resolves this Catch-22, by allowing states and localities to enforce statutes or ordinances prohibiting selected violations of the FCC regulations. This gives local law enforcement the ability to enforce existing FCC regulations regarding unauthorized CB equipment and frequencies while maintaining exclusive Federal jurisdiction over the regulation of radio services. It is a commonsense solution to a very frustrating and real problem which cannot be addressed under existing law. Residents should not be held hostage to a Federal law which purports to protect them but cannot be enforced.

Now this amendment is by no means a panacea for the problem of radio frequency interference. It is intended only to help localities solve the most egregious and persistent problems of interference—those caused by unauthorized use of CB radio equipment and frequencies. In cases where interference is caused by the legal and licensed operation of any radio service, residents will need to resolve the interference using the FCC self-help measures that I mentioned earlier.

In many cases, interference can result from inadequate home electronic equipment immunity from radio frequency interference. Those problems can only be resolved by installing filtering equipment and by improving the

manufacturing standards of home telecommunications equipment.

The electronic equipment manufacturing industry, represented by the Telecommunications Industry Association and the Electronics Industry Association, working with the Federal Communications Commission, has adopted voluntary standards to improve the immunity of telephones from interference. Those standards were adopted by the American National Standards Institute last year. Manufacturers of electronic equipment should be encouraged to adopt these new ANSI standards. Consumers have a right to expect that the telephones they purchase will operate as expected without excessive levels of interference from legal radio transmissions. Of course, Mr. President, these standards assume legal operation of radio equipment and cannot protect residents from interference from illegal operation of CB equipment.

This bill also does not address interference caused by other radio services, such as commercial stations or amateur stations. I have worked with the American Radio Relay League (ARRL), an organization representing amateur radio operators, frequently referred to as ''ham'' operators, to address a number of concerns that they raised about the original versions of my bill. ARRL was concerned that while the bill was intended to cover only illegal use of CB equipment, FCC-licensed amateur radio operators might inadvertently be targeted and prosecuted by local government and law enforcement. ARRL also expressed concern that local law enforcement might not have the technical abilities to distinguish between ham stations and CB stations and might not be able to determine what CB equipment was FCC-authorized and what equipment is illegal.

I have worked with the ARRL and amateur operators from Wisconsin to address these concerns. As a result of those discussions, this amendment incorporates a number of provisions suggested by the league. First, the amendment makes clear that the limited authority provided to localities in no way diminishes or affects the FCC's exclusive jurisdiction over the regulation of radio.

Second, the amendment clarifies that possession of a FCC license to operate a radio service for the operation at issue, such as an amateur station, is a complete protection against any local government action authorized by this amendment. Unlike CB operators, amateur radio enthusiasts are not only individually licensed by the FCC but they also self-regulate. The ARRL is very involved in resolving interference concerns both among their own members and between ham operators and residents experiencing problems.

Third, the bill also provides for a FCC appeal process by any radio operator who is adversely affected by a local government action under this amendment. The FCC will make determinations as to whether the locality acted properly within the limited jursidiction this legislation provides and the FCC will have the power to reverse the action if they acted improperly. And fourth, my legislation requires the FCC to provide States and localities with technical guidance on how to determine whether a CB operator is acting within the law.

In addition, the bill has been modified to address concerns raised by truckers, who feared that local law enforcement would use reports of CB interference to indiscriminately stop and search trucks in the area. The bill now provides specifically that local governments may not seek to enforce the FCC regulations with respect to a CB radio on board a commercial motor vehicle unless there is probable cause to believe that someone in the vehicle is operating a CB radio in violation of the regulations. This provision should ensure that this new authority is not used as a pretext to harass truckers.

Again, Mr. President, my bill is narrowly targeted to resolve persistent interference with home electronic equipment caused by illegal CB operation. Under my bill, localities cannot establish their own regulations on CB use outside of the already existing FCC regulations. This bill will not resolve all interference problems and it is not intended to do so. Some interference problems require continued attentions from the FCC, the telecommunications manufacturing industry, and radio service operators. This bill merely provides localities with the tools they need to protect their residents while preserving the FCC's exclusive regulatory jurisdiction over the regulation of radio services.

I ask that the full 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. 2767

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

SECTION 1. ENFORCEMENT OF REGULATIONS REGARDING CITIZENS BAND RADIO EQUIPMENT.

Section 302 of the Communications Act of 1934 (47 U.S.C. 302a) is amended by adding at the end the following:

''(f)(1) Except as provided in paragraph (2), a State or local government may enact a statute or ordinance that prohibits a violation of the following regulations of the Commission under this section:

''(A) A regulation that prohibits a use of citizens band radio equipment not authorized by the Commission.

''(B) A regulation that prohibits the unauthorized operation of citizens band radio equipment on a frequency between 24 MHz and 35 MHz.

''(2) A station that is licensed by the Commission pursuant to section 301 in any radio service for the operation at issue shall not be subject to action by a State or local government under this subsection. A State or local government statute or ordinance enacted for purposes of this subsection shall identify the exemption available under this paragraph.

''(3) The Commission shall provide technical guidance to State and local governments regarding the detection and determination of violations of the regulations specified in paragraph (1).

''(4)(A) In addition to any other remedy authorized by law, a person affected by the decision of a State or local government enforcing a statute or ordinance under paragraph (1) may submit to the Commission an appeal of the decision on the grounds that the State or local government, as the case may be, enacted a statute or ordinance outside the authority provided in this subsection.

''(B) A person shall submit an appeal on a decision of a State or local government to the Commission under this paragraph, if at all, not later than 30 days after the date on which the decision by the State or local government becomes final, but prior to seeking judicial review of such decision.

''(C) The Commission shall make a determination on an appeal submitted under subparagraph (B) not later than 180 days after its submittal.

''(D) If the Commission determines under subparagraph (C) that a State or local government has acted outside its authority in enforcing a statute or ordinance, the Commission shall preempt the decision enforcing the statute or ordinance.

''(5) The enforcement of statute or ordinance that prohibits a violation of a regulation by a State or local government under paragraph (1) in a particular case shall not preclude the Commission from enforcing the regulation in that case concurrently.

''(6) Nothing in this subsection shall be construed to diminish or otherwise affect the jurisdiction of the Commission under this section over devices capable of interfering with radio communications.

''(7) The enforcement of a statute or ordinance by a State or local government under paragraph (1) with regard to citizens band radio equipment on board a 'commercial motor vehicle,' as defined in section 31101 of title 49, United States Code, shall require probable cause to find that the commercial motor vehicle or the individual operating the vehicle is in violation of the regulations described in paragraph (1). Probable cause shall be defined in accordance with the technical guidance provided by the Commission under paragraph (3).''.●

● Mr. LEVIN. Mr. President, I am pleased to cosponsor legislation being introduced today by my friend from Wisconsin to address a problem that is unique to certain areas of Wisconsin and Michigan.

In the Cities of Grand Rapids and Battle Creek, Michigan and in several Wisconsin communities, certain individual Citizens Band (CB) radio operators are using illegal equipment of a capacity which interferes with the home electronic equipment and telephone service of their neighbors.

As a result, these neighbors are forced to buy filters in order to screen out the interference, and in some cases the interference is so extreme that the filters don't even work. There have also been complaints that some of these ''illegal'' CB broadcasters are using profanity which is disturbing to the neighbors and interfering with legitimate use of CB radios by truckers and others.

The problem is exacerbated by a lack of Federal resources to stop the problem. In recent years, due to budget and staffing cuts, the FCC has decreased its enforcement efforts. The legislation being introduced today would authorize local jurisdictions to enforce the

FCC regulations regarding use of citizens band radio equipment, while maintaining the FCC jurisdiction over the regulation of radio services.

The bill provides for an FCC appeal process available to any person who believes they are adversely affected by local enforcement action. FCC does not object to this approach or to this legislation.

Mr. President, this legislation offers a simple solution to the inability of the FCC, due to insufficient resources, to put a stop to illegal CB equipment use in parts of Michigan and Wisconsin. The legislation would allow local officials, who are more familiar with the specific problems and complaints in their areas of jurisdiction, to be authorized to enforce FCC regulations regarding the use of CB radio equipment. The legislation has the strong support of local government officials in the Michigan communities where CB interference occurs.

An identical bill has been introduced in the House of Representatives. I hope this legislation will be enacted in an expedited manner so that local officials will have the ability to stop the use of illegal CB equipment that is interfering with legitimate CB use and disturbing citizens of the impacted communities.●

By Ms. COLLINS:

S. 2768. A bill to amend title XVIII of the Social Security Act to improve the Medicare-dependent, small rural hospital program; to the Committee on Finance.

SMALL RURAL HOSPITAL PROGRAM IMPROVEMENT ACT

Ms. COLLINS. Mr. President, I rise today to introduce the Small Rural Hospital Program Improvement Act, which is intended to make critically important changes to Medicare payment policies for rural hospitals.

Mr. President, most hospitals in rural America serve a large number of Medicare patients. Medicare payments to these hospitals, however, are not always adequate to cover the cost of the services they provide. The legislation I am introducing today will increase Medicare payments to small, rural hospitals in Maine and elsewhere by enabling more of them to qualify for enhanced reimbursements under the Medicare Dependent, Small Rural Hospital Program.

Rural hospitals are the anchors of small towns and communities across America. Not only are they the mainstay of the local health care delivery system, but they are also often the major employers in their communities. Rural communities have unique characteristics and special needs, and their hospitals face tremendous challenges every day as they work to provide the highest quality health care to their patients in the face of sometimes discouraging odds.

Rural communities tend to have higher concentrations of elderly persons and higher levels of poverty. Rural residents also tend to have higher rates of certain health problems than people living in urban areas. For example, deaths and disabilities resulting from injury are more common, and rural residents also tend to experience higher rates of chronic disease and disability. Rural providers also face unique challenges in the delivery of health care services, given the great distances and extreme weather conditions that often prevail, particularly in states like Maine. Shortages of physicians, nurses and other health professionals make it difficult to ensure that rural residents have access to all of the care that they need. And finally, Medicare reimbursement policies tend to favor urban areas and fail to take the special needs of rural providers into account.

The Balanced Budget Act of 1997 has posed additional challenges for rural areas. Deep Medicare payment reductions and mounting regulatory requirements have damaged our fragile rural health care delivery system, and, in particular, our rural hospitals and home health agencies. While the Balanced Budget Refinement Act of 1999 did provide some much-needed relief, we should take further steps to ensure that these rural providers receive more equitable Medicare payments.

One relatively simple, but nevertheless important step we can take is to update the antiquated and arbitrary classification requirements that prevent otherwise-qualified hospitals from receiving assistance under the Medicare Dependent, Small Rural Hospital program. Under this program, small rural hospitals that treat relatively high proportions of Medicare patients qualify for enhanced Medicare reimbursements. To qualify as a Medicare Dependent Hospital, a hospital must be located in a rural area, not be a sole community hospital, have 100 or fewer beds, and have been dependent on Medicare for at least 60 percent of its inpatient days or discharges in 1987.

The requirement that the hospital must have had at least 60 percent of its hospital discharges or patient days attributable to Medicare beneficiaries in 1987 is what creates the problem. Using 1987 as a base year erects an arbitrary barrier that prevents many small rural hospitals that otherwise meet the criteria from participating in this program. As an example, despite the fact that most of the small rural hospitals in Maine treat a disproportionate share of Medicare beneficiaries, none of them currently qualifies for this program. Not a single one.

The legislation I am introducing today modifies and updates the 60 percent requirement and bases eligibility for the Medicare Dependent, Small Rural Hospital program on Medicare discharges or patient days during any of the three most recently audited cost report periods rather than fiscal year 1987. In addition, the bill would make the program, which currently is only authorized through FY 2006, permanent. According to the Maine Hospital Association, if updated in this way, nine Maine hospitals will be eligible for the program, which would make them eligible for over $9 million additional Medicare dollars.

Increasing Medicare payment rates is critically important to the hospitals in Maine. For the past several years, Maine has ranked 49th or 50th in the nation in terms of Medicare reimbursement-to-cost ratios. For example, while hospitals in some states received more from Medicare in 1996 than it cost them to provide care to older and disabled Medicare patients, Maine's hospitals were only reimbursed 80 cents for every $1.00 they actually spent caring for Medicare beneficiaries.

As a consequence, Maine's hospitals have experienced a serious Medicare shortfall in recent years. The Maine Hospital Association anticipates a $174 million Medicare shortfall in 2002, which will force Maine's hospitals to shift costs on to other payers in the form of higher hospital charges. This Medicare shortfall is one of the reasons that Maine has among the highest insurance premiums in the nation.

Maine's poor Medicare margin is not due to high hospital costs. In fact, the current system tends to penalize Maine hospitals for their efficiency. For example, at $5,232, Maine's cost per discharge is slightly under the national average of $5,241, and is well below the Northeast average of $5,517.

The legislation I am introducing today will not solve Maine's Medicare shortfall problem, but it will help to close the gap. It will also enable many more small rural hospitals across the country to benefit from this program, which will help to ensure continued access to high quality hospital care for all rural Americans.

By LEAHY (for himself, Mr. HATCH, Mr. ROBB, Mr. DURBIN, Mr. KOHL, Mr. SCHUMER, and Mr. CLELAND):

S. 2769. A bill to authorize funding for National Instant Criminal Background Check System improvement; to the Committee on the Judiciary.

NICS PARTNERSHIP ACT

Mr. LEAHY. Mr. President, I am pleased to introduce the legislation to improve the National Instant Criminal Background Check System, NICS. The NICS Partnership Act authorizes the Department of Justice to reimburse states for serving as points of contact under the NICS. Our legislation also requires the Attorney General to issue a report to Congress on the appropriate formula to reimburse states for their reasonable costs to serve as points of contact for access to the NICS. I am pleased that Senators HATCH, ROBB, DURBIN, KOHL, SCHUMER, and CLELAND are original cosponsors of this bipartisan bill.

The Brady Handgun Violence Prevention Act of 1994 established the NICS and required federal firearm licensees to conduct a background check on the

purchaser of any firearm sale after November 30, 1998. In its first 18 months of operation, the NICS has been a highly effective system for keeping guns out of the hands of criminals and children. Having processed 10 million inquires during this time, the NICS has ensured the timely transfer of firearms to law-abiding citizens, while denying transfers to more than 179,000 felons, fugitives and other prohibited persons. That is a remarkable record in preventing crime and protecting public safety.

This success, however, has come at an unfair cost to many states. The NICS is mandated by Federal law, the Brady Act, but many states are picking up the tab for conducting effective Brady background checks. Congress should remedy this inequity. Effective Brady background checks are the responsibility of the Federal government under Federal law. As a result, it is only fair for Congress to reimburse states for their reasonable costs needed to conduct effective Brady background checks.

Because more comprehensive criminal history records are currently available at the state and local level in many states, instead of the Federal level, these states have elected to serve as points of contact (POCs) to access the NICS. A state POC is a state agency that agrees to conduct Brady background checks, including NICS checks, on prospective gun buyers. In states that have agreed to serve as POCs, federal firearm licensees contact the state POC for a Brady background check rather than contacting the Federal Bureau of Investigation (FBI). These POC background checks review more records of people in prohibited categories, such as people who have been involuntarily committed to a mental institution or are under a domestic violence restraining order.

Indeed, in my home state of Vermont, for example, which serves as a POC, approximately 28 percent of all denials of prohibited persons seeking firearm purchases are based on state charges which would not have been available for review at the FBI's criminal record repository. These purchasers were denied because a relief from abuse order had been issued against them, they had been convicted of a misdemeanor crime of family violence, they were wanted in the State of Vermont, or they had been convicted of a felony in Vermont and not fingerprinted. These results demonstrate the value of having the states act as POCs for NICS.

Currently, the following 15 states serve as a full POC for NICS: Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Nevada, New Jersey, Pennsylvania, Tennessee, Utah, Vermont and Virginia. Another 11 states serve as partial POCs for NICS by performing checks for handgun purchases while the FBI processes checks for long gun purchases: Iowa, Michigan, Nebraska, New York, North Carolina, Indiana, Maryland, New Hampshire, Oregon, Washington, and Wisconsin. Thus, more than half the states serve as full or partial POCs under the NICS.

In fact, of the 8,621,000 background checks conducted last year, 4,538,000 were handled by the FBI and 4,083,000—almost half—were handled by state POCs. So while some states relied on the FBI to conduct Brady background checks and paid nothing, the states that elected to conduct more effective background checks paid the full cost of them. That is unfair to states that are doing the right thing.

The State of Vermont, for instance, pays about $110,000 a year for its POC system to run effective Brady background checks on all firearms purchased through federal firearms licensees. In other POC states, the burden is higher on state legislatures to come up with funding sources to pay for effective Brady background checks.

Indeed, the Governor of Florida, Jeb Bush, wrote to me last year in strong support of Federal funding to pay for the costs of Brady background checks performed by POC states. Governor Bush empathized that Florida's POC background checks were more efficient and effective than background checks performed at the Federal level. Governor Bush concluded in his letter that: ''Without this funding, it is unlikely that state legislatures will continue the state programs—the inequities of charging for the service in some states but getting free service in others are too obvious.'' I agree. I ask unanimous consent that Governor Bush's letter be printed in the RECORD at the conclusion of my remarks.

The FBI, in its first operations report on the NICS, recommend that states should be compensated for their costs necessary to serve as POCs. Specifically, the FBI's report found: ''Based on its first year of operation, it is clear that the ability of the NICS to stop prohibited persons from acquiring firearms would be improved by . . . a means to help states with the cost of performing as a POC state. . . .''

A recent General Accounting Office report on the implementation of the NICS also praised the POC state background check system. The GAO report found: ''According to the FBI, the functioning of the NICS would be more effective and efficient if more states were full participants. For instance, FBI officials noted that state law enforcement agencies have access to more current criminal history records and more data sources, particularly regarding noncriminal disqualifiers, such as mental hospital commitments, from their own states than does the FBI, and have a better understanding of their own state laws and disqualifying factors.''

Similar legislation to reimburse POC states under the NICS was part of the Senate-passed Juvenile Justice bill, which has been languishing in conference for many months. I prefer that we address this issue as part of the juvenile justice legislation by convening the juvenile justice conference and finishing the work we started last May when the Senate passed the Hatch-Leahy juvenile justice bill by a strong bipartisan vote. But since the congressional leadership appears unlikely to reconvene the juvenile justice conference, then we should consider these improvements to the NICS now to protect public safety.

Indeed, the Department of Justice, in comments on the Senate-passed juvenile justice bill, stated: ''Reimbursing the point-of-contact states for doing NICS checks could be critical to retaining their participation, because they have a strong disincentive to preform checks that the FBI is providing to gun dealers and buyers free of charge. We believe it is very important to retain point-of-contact states and increase their number, because states have access to state records that are not available to the FBI and states have the expertise to interpret their own records and local laws.''

Mr. President, states are doing the right thing by serving as points of contact under the NICS for more effective background checks, which are mandated by Federal law. These background checks prevent crime and promote the public safety. Congress should do the right thing by reimbursing these states for their reasonable costs for conducting these point of conduct background checks.

I ask unanimous consent that the text of the bill be printed in the CONGRESSIONAL RECORD.

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

S. 2769

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 ''NICS Partnership Act of 2000''.

SEC. 2. NATIONAL INSTANT CRIMINAL BACKGROUND CHECK SYSTEM IMPROVEMENTS.

(a) AUTHORIZATION FOR REIMBURSEMENT TO STATES SERVING AS POINTS OF CONTACT.—There are authorized to be appropriated $40,000,000 for fiscal year 2001, $50,000,000 for fiscal year 2002, and $60,000,000 for fiscal year 2003, to the Department of Justice to directly reimburse States for the reasonable costs necessary to serve as points of contact for access to the National Instant Criminal Background Check System established under Public Law 103–159.

(b) REPORT ON REIMBURSEMENT FORMULA FOR STATES SERVING AS POINTS OF CONTACT.—Not later than 90 days after the date of enactment of this Act, the Attorney General shall submit to the Committees on the Judiciary of the Senate and the House of Representatives a report on the appropriate formula for the direct reimbursement to States of the reasonable costs necessary to serve as points of contact for access to the National Instant Criminal Background Check System established under Public Law 103–159.

By Mr. CLELAND:

S. 2771. A bill to provide for Federal recognition of the Lower Muscogee-Creek Indian Tribe of Georgia, and for other purposes; to the Committee on Indian Affairs.

THE LOWER MUSCOGEE-CREEK INDIAN TRIBE OF GEORGIA RECOGNITION ACT

• Mr. CLELAND. Mr President, today I am introducing legislation which will provide for the Federal recognition of the Lower Muskogee-Creek Indian Tribe of Georgia.

I realize that Congress has traditionally deferred to the Secretary of the Interior on matters relating to tribal recognition. Further, while it is within our jurisdiction, I understand that there is a reluctance in Congress to federally recognize Indian tribes through legislation. I would certainly prefer to settle this particular recognition issue in accordance with the practices and procedures established by the Bureau of Indian Affairs. However, I am compelled to introduce this legislation because I believe there has been a fundamental flaw which, in this case, has prevented the Lower Muskogee tribe from obtaining a fair and equitable review of its recognition request. Mr. President, please allow me to elaborate on this statement.

It is my understanding that once a petition has been denied, the rules prohibit a tribe from petitioning the Secretary of the Interior a second time. While the intent of the rule may be to eliminate redundant and frivolous petitions, I believe there are times when we must make an exception. Further, Mr. President, I would contend that this rule is especially unfair to those tribes who petitioned the Agency prior to the finalization of the rules in 1978. This is the case with respect to the Lower Muskogee tribe in my home State of Georgia.

The Lower Muskogee tribe has tried for over two decades to obtain a favorable review of their status as a tribe. In 1977, members of the tribe petitioned the Secretary of the Interior for recognition. Without the assistance of legal counsel or technical support, the tribe submitted their petition. While the petition was pending, the Department of Interior (DOI) proposed and finalized rules relating to the procedures by which tribes may petition for federal recognition. In December 1981, the tribe's petition was denied due to technical omissions.

I understand that there are serious concerns associated with the federal recognition of tribes by an Act of Congress—the most obvious being the perception that establishment of a gaming facility may soon follow. However, members of the Lower Muskogee tribe are not seeking to open casinos in Georgia. In fact, at the request of the tribe's Principal Chief, I have included language in the bill to prohibit such action. Under my bill, federal recognition of the Lower Muskogee tribe will not permit casinos or any other games of chance. It will simply recognize these well-deserving people as an Indian tribe, and allow their participation in programs which should be available to them as legitimate Native Americans.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD, and urge my colleagues to join me in enacting this legislation.

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

S. 2771

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 ''Lower Muscogee-Creek Indian Tribe of Georgia Recognition Act''.

SEC. 2. FINDINGS.

The Congress declares and finds the following:

(1) The Lower Muscogee-Creek Indian Tribe of Georgia are descendants of and political successors to those Indians known as the original Creek Indian Nation at the time of initial European contact with America.

(2) The Lower Muscogee-Creek Indian Tribe of Georgia are descendants and political successors to the signatories of the 1832 Treaty of Washington which was a treaty made while the Creeks were one nation, before removal. The Treaty involved all Creeks, including the Upper, Middle, and Lower Creeks, when the Creek Nation was whole and intact.

(3) The Lower Muscogee-Creek Indian Tribe of Georgia consists of over 2,500 eligible members, most of whom continue to reside close to their ancestral homeland within the State of Georgia. Pursuant to Article XII of the 1832 Treaty of Washington, the Lower Muscogee-Creek Indian Tribe of Georgia declined to be removed and continued to operate as a sovereign Indian tribe comprising those Lower Creeks declining removal under the Treaty of 1832.

(4) The Lower Muscogee-Creek Indian Tribe of Georgia continues its political and social existence with a viable tribal government carrying out many of its governmental functions through its traditional form of collective decisionmaking and social interaction.

(5) In 1972, when the Lower Muscogee-Creek Indian Tribe of Georgia (also known as the Muscogee-Creek Indian Tribe East of the Mississippi River) petitioned the Bureau of Indian Affairs for Federal recognition, the tribal leaders were not well educated and the Tribe could not afford competent counsel adequately versed in Federal Indian law. The Tribe was unable to obtain technical assistance in its petition which consequently lacked critical and pertinent historical information necessary for recognition. Thus, due to technical omissions, the petition was denied on December 21, 1981.

(6) Despite the denial of the petition, the United States Government, the government of the State of Georgia, and local governments, have recognized the political leaders of the Lower Muscogee-Creek Indian Tribe of Georgia as leaders of a distinct political governmental entity.

SEC. 3. DEFINITIONS.

In this Act:

(1) MEMBER.—The term ''member'' means an enrolled member of the Tribe, as of the date of enactment of this Act, or an individual who has been placed on the membership rolls of the Tribe in accordance with this Act.

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

(3) TRIBE.—The term ''Tribe'' means the Lower Muscogee-Creek Indian Tribe of Georgia.

SEC. 4. FEDERAL RECOGNITION.

(a) IN GENERAL.—Federal recognition is hereby extended to the Tribe. All laws and regulations of general application to Indians or nations, tribes, or bands of Indians that are not inconsistent with any specific provision of this Act shall be applicable to the Tribe and its members.

(b) FEDERAL BENEFITS AND SERVICES.—The Tribe and its members shall be eligible, on or after the date of enactment of this Act, for all Federal benefits and services furnished to federally recognized Indian tribes and their members because of their status as Indians without regard to the existence of a reservation for the Tribe or the residence of any member on or near an Indian reservation.

(c) INDIAN REORGANIZATION ACT APPLICABILITY.—The Act of June 18, 1934 (25 U.S.C. 461 et seq.) shall be applicable to the Tribe and its members.

SEC. 5. RESERVATION.

(a) LANDS TAKEN INTO TRUST.—Notwithstanding any other provision of law, if, not later than 2 years after the date of enactment of this Act, the Tribe transfers interest in land within the boundaries of Grady County, Carroll County, and such other counties in the State of Georgia to the Secretary, the Secretary shall take such interests in land into trust for the benefit of the Tribe.

(b) RESERVATION ESTABLISHED.—Land taken into trust pursuant to subsection (a) shall be the initial reservation land of the Tribe.

(c) LIMITATION ON GAMING.—Gaming as defined and regulated by the Indian Gaming Regulatory Act (25 U.S.C. 2701 et seq.) is prohibited on the land taken into trust under subsection (a).

SEC. 6. BASE MEMBERSHIP ROLL.

(a) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Tribe shall submit to the Secretary a membership roll consisting of all individuals who are members of the Tribe. The qualifications for inclusion in the membership roll of the Tribe shall be developed and based upon the membership provisions as contained in the Tribe's Constitution and Bill of Rights. Upon completion of the membership roll, the Secretary shall publish notice of such in the Federal Register. The Tribe shall ensure that such roll is maintained and kept current.

(b) FUTURE MEMBERSHIP.—The Tribe shall have the right to determine future membership in the Tribe, however, in no event may an individual be enrolled as a member of the Tribe unless the individual is a lineal descendant of a person on the base membership roll, and has continued to maintain political relations with the Tribe.

SEC. 7. JURISDICTION.

The reservation established pursuant to this Act shall be Indian country under Federal and tribal jurisdiction.•

By Mr. GREGG (for himself, Mr. KERREY, Mr. BREAUX, Mr. GRASSLEY, Mr. THOMPSON, Mr. ROBB, and Mr. THOMAS):

S. 2774. A bill to amend title II of the Social Security Act to provide for individual savings accounts funded by employee and employer Social Security payroll deductions, to extend the solvency of the old-age, survivors, and disability insurance program, and for other purposes; to the Committee on Finance.

THE BIPARTISAN SOCIAL SECURITY REFORM ACT OF 2000

Mr. GRASSLEY. Mr. President, I rise today in support of legislation to make

technical corrections to the Bipartisan Social Security Reform bill my colleagues and I introduced last summer. The purpose of this legislation is simple: to conform our previous legislative language to changes that have been made in the Social Security program—such as eliminating the earnings limit—since last July; to correct some inadvertent errors we discovered; and to update our assumptions to reflect the new reality of the Trust Funds as reported in the 2000 Social Security and Medicare Trustees Report which came out earlier this year.

Since July 16, 1999 when Senators GREGG, KERREY, BREAUX, THOMPSON, THOMAS, and ROBB and I introduced our legislation to save Social Security, the issue has taken on new life, due to Governor Bush's willingness to make Social Security reform a primary issue in his presidential campaign. He should be commended for his leadership and for grabbing the third rail of American politics fearlessly in order to create a truly secure Social Security system so that future generations will be able to rely on Social Security like their parents and grandparents.

I want to urge my colleagues to take a serious look at our proposal to save Social Security. It was designed in a bipartisan, bicameral manner: four Republicans and three Democrats cosponsored the Bipartisan Social Security Reform Bill, and Congressmen KOLBE and STENHOLM sponsored similar legislation in the House of Representatives.

The bipartisan plan would maintain a basic floor of protection through a traditional Social Security benefit, but two percentage points of the 12.4 percent payroll tax would be redirected to individual accounts. Individuals could invest their personal accounts in any combination of the funds offered through the Social Security system. An individual who invested his or her personal account in a bond fund would receive a guaranteed interest rate. However, individuals who wish to pursue a higher rate of return through investment in a fund including equities could do so.

Our proposal would eliminate the need for future payroll tax increases by advance funding a portion of future benefits through personal accounts. With individual accounts, we provide Americans with the tools necessary to build financial independence in retirement—especially to those who previously had limited opportunities to create wealth. The legislation provides incentives for low and middle income working Americans to save additional funds for retirement by matching their voluntary contributions to their individual accounts. Under our plan, they will be able to save for retirement and benefit from economic growth.

As all the cosponsors have said a hundred times, our proposal offers no ''free lunch''. In order to save Social Security for future generations it must be modernized. We have crafted a responsible plan to save Social Security for generations to come. By making incremental, steady changes to the Social Security system, we will be able to ensure the long-term solvency of the program.

With this technical corrections bill we have improved upon our original legislation and I urge my colleagues to support the bipartisan proposal to save Social Security.

Mr. President, I ask 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. 2774

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Bipartisan Social Security Reform Act of 2000.''

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

TITLE I—INDIVIDUAL SAVINGS ACCOUNTS

SEC. 101. INDIVIDUAL SAVINGS ACCOUNTS.

(a) ESTABLISHMENT AND MAINTENANCE OF INDIVIDUAL SAVINGS ACCOUNTS.—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended—

(1) by inserting before section 201 the following:

''PART A—INSURANCE BENEFITS'';

and

(2) by adding at the end the following:

''PART B—INDIVIDUAL SAVINGS ACCOUNTS

''INDIVIDUAL SAVINGS ACCOUNTS

''SEC. 251. (a) ESTABLISHMENT.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT IN ABSENCE OF KIDSAVE ACCOUNT.—Except as provided in subparagraph (B), the Commissioner of Social Security, within 30 days of the receipt of the first contribution received pursuant to subsection (b) with respect to an eligible individual, shall establish in the name of such individual an individual savings account. The individual savings account shall be identified to the account holder by means of the account holder's Social Security account number.

''(B) USE OF KIDSAVE ACCOUNT.—If a KidSave Account has been established in the name of an eligible individual under section 262(a) before the date of the first contribution received by the Commissioner pursuant to subsection (b) with respect to such individual, the Commissioner shall redesignate the KidSave Account as an individual savings account for such individual.

''(2) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this part, the term 'eligible individual' means any individual born after December 31, 1937.

''(b) CONTRIBUTIONS.—

''(1) AMOUNTS TRANSFERRED FROM THE TRUST FUND.—The Secretary of the Treasury shall transfer from the Federal Old-Age and Survivors Insurance Trust Fund, for crediting by the Commissioner of Social Security to an individual savings account of an eligible individual, an amount equal to the sum of any amount received by such Secretary on behalf of such individual under section 3101(a)(2) or 1401(a)(2) of the Internal Revenue Code of 1986.

''(2) OTHER CONTRIBUTIONS.—For provisions relating to additional contributions credited to individual savings accounts, see sections 531(c)(2) and 6402(l) of the Internal Revenue Code of 1986.

''(c) DESIGNATION OF INVESTMENT TYPE OF INDIVIDUAL SAVINGS ACCOUNT.—

''(1) DESIGNATION.—Each eligible individual who is employed or self-employed shall designate the investment type of individual savings account to which the contributions described in subsection (b) on behalf of such individual are to be credited.

''(2) FORM OF DESIGNATION.—The designation described in paragraph (1) shall be made in such manner and at such intervals as the Commissioner of Social Security may prescribe in order to ensure ease of administration and reductions in burdens on employers.

''(3) SPECIAL RULE FOR 2001.—Not later than January 1, 2001, any eligible individual that is employed or self-employed as of such date shall execute the designation required under paragraph (1).

''(4) DESIGNATION IN ABSENCE OF DESIGNATION BY ELIGIBLE INDIVIDUAL.—In any case in which no designation of the individual savings account is made, the Commissioner of Social Security shall make the designation of the individual savings account in accordance with regulations that take into account the competing objectives of maximizing returns on investments and minimizing the risk involved with such investments.

''(d) TREATMENT OF INCOMPETENT INDIVIDUALS.—Any designation under subsection (c)(1) to be made by an individual mentally incompetent or under other legal disability may be made by the person who is constituted guardian or other fiduciary by the law of the State of residence of the individual or is otherwise legally vested with the care of the individual or his estate. Payment under this part due an individual mentally incompetent or under other legal disability may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of the claimant or is otherwise legally vested with the care of the claimant or his estate. In any case in which a guardian or other fiduciary of the individual under legal disability has not been appointed under the law of the State of residence of the individual, if any other person, in the judgment of the Commissioner, is responsible for the care of such individual, any designation under subsection (c)(1)

which may otherwise be made by such individual may be made by such person, any payment under this part which is otherwise payable to such individual may be made to such person, and the payment of an annuity payment under this part to such person bars recovery by any other person.

''DEFINITION OF INDIVIDUAL SAVINGS ACCOUNT; TREATMENT OF ACCOUNTS

''SEC. 252. (a) INDIVIDUAL SAVINGS ACCOUNT.—In this part, the term 'individual savings account' means any individual savings account in the Individual Savings Fund (established under section 254) which is administered by the Individual Savings Fund Board.

''(b) TREATMENT OF ACCOUNT.—Except as otherwise provided in this part and in section 531 of the Internal Revenue Code of 1986, any individual savings account described in subsection (a) shall be treated in the same manner as an individual account in the Thrift Savings Fund under subchapter III of chapter 84 of title 5, United States Code.

''INDIVIDUAL SAVINGS ACCOUNT DISTRIBUTIONS

''SEC. 253. (a) DATE OF INITIAL DISTRIBUTION.—Except as provided in subsection (c), distributions may only be made from an individual savings account of an eligible individual on and after the earliest of—

''(1) the date the eligible individual attains normal retirement age, as determined under section 216 (or early retirement age (as so determined) if elected by such individual), or

''(2) the date on which funds in the eligible individual's individual savings account are sufficient to provide a monthly payment over the life expectancy of the eligible individual (determined under reasonable actuarial assumptions) which, when added to the eligible individual's monthly benefit under part A (if any), is at least equal to an amount equal to ½ of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2) and determined on such date for an individual) and adjusted annually thereafter by the adjustment determined under section 215(i).

''(b) FORMS OF DISTRIBUTION.—

''(1) REQUIRED MONTHLY PAYMENTS.—Except as provided in paragraph (2), beginning with the date determined under subsection (a), the balance in an individual savings account available to provide monthly payments not in excess of the amount described in subsection (a)(2) shall be paid, as elected by the account holder (in such form and manner as shall be prescribed in regulations of the Individual Savings Fund Board), by means of the purchase of annuities or equal monthly payments over the life expectancy of the eligible individual (determined under reasonable actuarial assumptions) in accordance with requirements (which shall be provided in regulations of the Board) similar to the requirements applicable to payments of benefits under subchapter III of chapter 84 of title 5, United States Code, and providing for indexing for inflation.

''(2) PAYMENT OF EXCESS FUNDS.—To the extent funds remain in an eligible individual's individual savings account after the application of paragraph (1), such funds shall be payable to the eligible individual in such manner and in such amounts as determined by the eligible individual, subject to the provisions of subchapter III of chapter 84 of title 5, United States Code.

''(c) DISTRIBUTION IN THE EVENT OF DEATH BEFORE THE DATE OF INITIAL DISTRIBUTION.—If the eligible individual dies before the date determined under subsection (a), the balance in such individual's individual savings account shall be distributed in a lump sum, under rules established by the Individual Savings Fund Board, to the individual's heirs.

''INDIVIDUAL SAVINGS FUND

''SEC. 254. (a) ESTABLISHMENT.—There is established and maintained in the Treasury of the United States an Individual Savings Fund in the same manner as the Thrift Savings Fund under sections 8437, 8438, and 8439 (but not section 8440) of title 5, United States Code.

''(b) INDIVIDUAL SAVINGS FUND BOARD.—

''(1) IN GENERAL.—There is established and operated in the Social Security Administration an Individual Savings Fund Board in the same manner as the Federal Retirement Thrift Investment Board under subchapter VII of chapter 84 of title 5, United States Code.

''(2) SPECIFIC INVESTMENT AND REPORTING DUTIES.—

''(A) IN GENERAL.—The Individual Savings Fund Board shall manage and report on the activities of the Individual Savings Fund and the individual savings accounts of such Fund in the same manner as the Federal Retirement Thrift Investment Board manages and reports on the Thrift Savings Fund and the individual accounts of such Fund under subchapter VII of chapter 84 of title 5, United States Code.

''(B) STUDY AND REPORT ON INCREASED INVESTMENT OPTIONS.—

''(i) STUDY.—The Individual Savings Fund Board shall conduct a study regarding ways to increase an eligible individual's investment options with respect to such individual's individual savings account and with respect to rollovers or distributions from such account.

''(ii) REPORT.—Not later than 2 years after the date of enactment of the Bipartisan Social Security Reform Act of 2000, the Individual Savings Fund Board shall submit a report to the President and Congress that contains a detailed statement of the results of the study conducted pursuant to clause (i), together with the Board's recommendations for such legislative actions as the Board considers appropriate.

''BUDGETARY TREATMENT OF INDIVIDUAL SAVINGS FUND AND ACCOUNTS

''SEC. 255. The receipts and disbursements of the Individual Savings Fund and any accounts within such fund shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.''.

(b) MODIFICATION OF FICA RATES.—

(1) EMPLOYEES.—Section 3101(a) of the Internal Revenue Code of 1986 (relating to tax on employees) is amended to read as follows:

''(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—

''(1) IN GENERAL.—

''(A) INDIVIDUALS COVERED UNDER PART A OF TITLE II OF THE SOCIAL SECURITY ACT.—In addition to other taxes, there is hereby imposed on the income of every individual who is not a part B eligible individual a tax equal to 6.2 percent of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b)).

''(B) INDIVIDUALS COVERED UNDER PART B OF TITLE II OF THE SOCIAL SECURITY ACT.—In addition to other taxes, there is hereby imposed on the income of every part B eligible individual a tax equal to 4.2 percent of the wages (as defined in section 3121(a)) received by such individual with respect to employment (as defined in section 3121(b)).

''(2) CONTRIBUTION OF OASDI TAX REDUCTION TO INDIVIDUAL SAVINGS ACCOUNTS.—

''(A) IN GENERAL.—In addition to other taxes, there is hereby imposed on the income of every part B eligible individual an individual savings account contribution equal to the sum of—

''(i) 2 percent of the wages (as so defined) received by such individual with respect to employment (as so defined), plus

''(ii) so much of such wages (not to exceed $2,000) as designated by the individual in the same manner as described in section 251(c) of the Social Security Act.

''(B) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any calendar year beginning after 2001, the dollar amount in subparagraph (A)(ii) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—If any dollar amount after being increased under clause (i) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.''.

(2) SELF-EMPLOYED.—Section 1401(a) of the Internal Revenue Code of 1986 (relating to tax on self-employment income) is amended to read as follows:

''(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—

''(1) IN GENERAL.—

''(A) INDIVIDUALS COVERED UNDER PART A OF THE SOCIAL SECURITY ACT.—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual who is not a part B eligible individual for the calendar year ending with or during such taxable year, a tax equal to 12.40 percent of the amount of the self-employment income for such taxable year.

''(B) INDIVIDUALS COVERED UNDER PART B OF TITLE II OF THE SOCIAL SECURITY ACT.—In addition to other taxes, there is hereby imposed for each taxable year, on the self-employment income of every part B eligible individual, a tax equal to 10.4 percent of the amount of the self-employment income for such taxable year.

''(2) CONTRIBUTION OF OASDI TAX REDUCTION TO INDIVIDUAL SAVINGS ACCOUNTS.—

''(A) IN GENERAL.—In addition to other taxes, there is hereby imposed for each taxable year, on the self-employment income of every individual, an individual savings account contribution equal to the sum of—

''(i) 2 percent of the amount of the self-employment income for each individual for such taxable year, and

''(ii) so much of such self-employment income (not to exceed $2,000) as designated by the individual in the same manner as described in section 251(c) of the Social Security Act.

''(B) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning after 2001, the dollar amount in subparagraph (A)(ii) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—If any dollar amount after being increased under clause (i) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.''.

(3) PART B ELIGIBLE INDIVIDUAL.—

(A) TAXES ON EMPLOYEES.—Section 3121 of such Code (relating to definitions) is amended by inserting after subsection (s) the following:

''(t) PART B ELIGIBLE INDIVIDUAL.—For purposes of this chapter, the term 'part B eligible individual' means, for any calendar year, an individual who is an eligible individual

(as defined in section 251(a)(2) of the Social Security Act) for such calendar year.''.

(B) SELF-EMPLOYMENT TAX.—Section 1402 of such Code (relating to definitions) is amended by adding at the end the following:

''(k) PART B ELIGIBLE INDIVIDUAL.—The term 'part B eligible individual' means, for any calendar year, an individual who is an eligible individual (as defined in section 251(a)(2) of the Social Security Act) for such calendar year.''.

(4) EFFECTIVE DATES.—

(A) EMPLOYEES.—The amendments made by paragraphs (1) and (3)(A) apply to remuneration paid after December 31, 2000.

(B) SELF-EMPLOYED INDIVIDUALS.—The amendments made by paragraphs (2) and (3)(B) apply to taxable years beginning after December 31, 2000.

(c) MATCHING CONTRIBUTIONS.—

(1) IN GENERAL.—Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to credits against tax) is amended by adding at the end the following:

''Subpart H—Individual Savings Account Credits

''Sec. 54. Individual savings account credit.''.

''SEC. 54. INDIVIDUAL SAVINGS ACCOUNT CREDIT.

''(a) ALLOWANCE OF CREDIT.—Each part B eligible individual is entitled to a credit for the taxable year in an amount equal to the sum of—

''(1) $100, plus

''(2) 100 percent of the designated wages of such individual for the taxable year, plus

''(3) 100 percent of the designated self-employment income of such individual for the taxable year.

''(b) LIMITATIONS.—

''(1) AMOUNT.—The amount determined under subsection (a) with respect to such individual for any taxable year may not exceed the excess (if any) of—

''(A) an amount equal to 1 percent of the contribution and benefit base for such taxable year (as determined under section 230 of the Social Security Act), over

''(B) the sum of the amounts received by the Secretary on behalf of such individual under sections 3101(a)(2)(A)(i) and 1401(a)(2)(A)(i) for such taxable year.

''(2) FAILURE TO MAKE VOLUNTARY CONTRIBUTIONS.—In the case of a part B eligible individual with respect to whom the amount of wages designated under section 3101(a)(2)(A)(ii) plus the amount self-employment income designated under section 1401(a)(2)(A)(ii) for the taxable year is less that $1, the credit to which such individual is entitled under this section shall be equal to zero.

''(c) DEFINITIONS.—For purposes of this section—

''(1) PART B ELIGIBLE INDIVIDUAL.—The term 'part B eligible individual' means, for any calendar year, an individual who—

''(A) is an eligible individual (as defined in section 251(a)(2) of the Social Security Act) for such calendar year, and

''(B) is not an individual with respect to whom another taxpayer is entitled to a deduction under section 151(c).

''(2) DESIGNATED WAGES.—The term 'designated wages' means with respect to any taxable year the amount designated under section 3101(a)(2)(A)(ii).

''(3) DESIGNATED SELF-EMPLOYMENT INCOME.—The term 'designated self-employment income' means with respect to any taxable year the amount designated under section 1401(a)(2)(A)(ii) for such taxable year.

''(d) CREDIT USED ONLY FOR INDIVIDUAL SAVINGS ACCOUNT.—For purposes of this title, the credit allowed under this section with respect to any part B eligible individual—

''(1) shall not be treated as a credit allowed under this part, but

''(2) shall be treated as an overpayment of tax under section 6401(b)(3) which may, in accordance with section 6402(l), only be transferred to an individual savings account established under part B of title II of the Social Security Act with respect to such individual.''.

(2) CONTRIBUTION OF CREDITED AMOUNTS TO INDIVIDUAL SAVINGS ACCOUNT.—

(A) CREDITED AMOUNTS TREATED AS OVERPAYMENT OF TAX.—Subsection (b) of section 6401 of such Code (relating to excessive credits) is amended by adding at the end the following:

''(3) SPECIAL RULE FOR CREDIT UNDER SECTION 54.—Subject to the provisions of section 6402(l), the amount of any credit allowed under section 54 for any taxable year shall be considered an overpayment.''.

(B) TRANSFER OF CREDIT AMOUNT TO INDIVIDUAL SAVINGS ACCOUNT.—Section 6402 of such Code (relating to authority to make credits or refunds) is amended by adding at the end the following:

''(l) OVERPAYMENTS ATTRIBUTABLE TO INDIVIDUAL SAVINGS ACCOUNT CREDIT.—In the case of any overpayment described in section 6401(b)(3) with respect to any individual, the Secretary shall transfer for crediting by the Commissioner of Social Security to the individual savings account of such individual, an amount equal to the amount of such overpayment.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 1324(b)(2) of title 31, United States Code, is amended by inserting before the period at the end '', or enacted by the Bipartisan Social Security Reform Act of 2000''.

(B) The table of subparts for part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''Subpart H. Individual Savings Account Credits.''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to refunds payable after December 31, 2000.

(d) TAX TREATMENT OF INDIVIDUAL SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Subchapter F of chapter 1 of the Internal Revenue Code of 1986 (relating to exempt organizations) is amended by adding at the end the following:

''PART IX—INDIVIDUAL SAVINGS FUND AND ACCOUNTS

''Sec. 531. Individual Savings Fund and Accounts.

''SEC. 531. INDIVIDUAL SAVINGS FUND AND ACCOUNTS.

''(a) GENERAL RULE.—The Individual Savings Fund and individual savings accounts shall be exempt from taxation under this subtitle.

''(b) INDIVIDUAL SAVINGS FUND AND ACCOUNTS DEFINED.—For purposes of this section, the terms 'Individual Savings Fund' and 'individual savings account' means the fund and account established under sections 254 and 251, respectively, of part B of title II of the Social Security Act.

''(c) CONTRIBUTIONS.—

''(1) IN GENERAL.—No deduction shall be allowed for contributions credited to an individual savings account under section 251 of the Social Security Act or section 6402(l).

''(2) ROLLOVER OF INHERITANCE.—Any portion of a distribution to an heir from an individual savings account made by reason of the death of the beneficiary of such account may be rolled over to the individual savings account of the heir after such death.

''(d) DISTRIBUTIONS.—

''(1) IN GENERAL.—Any distribution from an individual savings account under section 253 of the Social Security Act shall be included in gross income under section 72.

''(2) PERIOD IN WHICH DISTRIBUTIONS MUST BE MADE FROM ACCOUNT OF DECEDENT.—In the case of amounts remaining in an individual savings account from which distributions began before the death of the beneficiary, rules similar to the rules of section 401(a)(9)(B) shall apply to distributions of such remaining amounts.

''(3) ROLLOVERS.—Paragraph (1) shall not apply to amounts rolled over under subsection (c)(2) in a direct transfer by the Commissioner of Social Security, under regulations which the Commissioner shall prescribe.''.

(2) CLERICAL AMENDMENT.—The table of parts for subchapter F of chapter 1 of such Code is amended by adding after the item relating to part VIII the following:

''Part IX. Individual savings fund and accounts.''.

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

SEC. 102. SOCIAL SECURITY KIDSAVE ACCOUNTS.

Title II of the Social Security Act (42 U.S.C. 401 et seq.), as amended by section 101(a), is amended by adding at the end the following:

''PART C—KIDSAVE ACCOUNTS

''KIDSAVE ACCOUNTS

''SEC. 261. (a) ESTABLISHMENT.—The Commissioner of Social Security shall establish in the name of each individual born on or after January 1, 1995, a KidSave Account upon the later of—

''(1) the date of enactment of this part, or

''(2) the date of the issuance of a Social Security account number under section 205(c)(2) to such individual.

The KidSave Account shall be identified to the account holder by means of the account holder's Social Security account number.

''(b) CONTRIBUTIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated and are appropriated such sums as are necessary in order for the Secretary of the Treasury to transfer from the general fund of the Treasury for crediting by the Commissioner to each account holder's KidSave Account under subsection (a), an amount equal to the sum of—

''(A) in the case of any individual born on or after January 1, 2001, $1,000, on the date of the establishment of such individual's KidSave Account, and

''(B) in the case of any individual born on or after January 1, 1995, $500, on the 1st, 2nd, 3rd, 4th, and 5th birthdays of such individual occurring on or after January 1, 2001.

''(2) ADJUSTMENT FOR INFLATION.—For any calendar year after 2001, each of the dollar amounts under paragraph (1) shall be increased by the cost-of-living adjustment using the wage increase percentage determined under section 215(i) for the calendar year.

''(c) DESIGNATIONS REGARDING KIDSAVE ACCOUNTS.—

''(1) INITIAL DESIGNATIONS OF INVESTMENT VEHICLE.—A person described in subsection (d) shall, on behalf of the individual described in subsection (a), designate the investment vehicle for the KidSave Account to which contributions on behalf of such individual are to be deposited. Such designation shall be made on the application for such individual's Social Security account number.

''(2) CHANGES IN INVESTMENT VEHICLES.—The Commissioner shall by regulation provide the time and manner by which an individual or a person described in subsection (d) on behalf of such individual may change 1 or more investment vehicles for a KidSave Account.

''(d) TREATMENT OF MINORS AND INCOMPETENT INDIVIDUALS.—Any designation under subsection (c) to be made by a minor, or an individual mentally incompetent or under other legal disability, may be made by the person who is constituted guardian or other fiduciary by the law of the State of residence of the individual or is otherwise legally vested with the care of the individual or his estate. Payment under this part due a minor, or an individual mentally incompetent or under other legal disability, may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of the claimant or is otherwise legally vested with the care of the claimant or his estate. In any case in which a guardian or other fiduciary of the individual under legal disability has not been appointed under the law of the State of residence of the individual, if any other person, in the judgment of the Commissioner, is responsible for the care of such individual, any designation under subsection (c) which may otherwise be made by such individual may be made by such person, any payment under this part which is otherwise payable to such individual may be made to such person, and the payment of an annuity payment under this part to such person bars recovery by any other person.

''DEFINITIONS AND SPECIAL RULES

''SEC. 262. (a) KIDSAVE ACCOUNTS.—In this part, the term 'KidSave Account' means any KidSave Account in the Individual Savings Fund (established under section 254) which is administered by the Individual Savings Fund Board.

''(b) TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), any KidSave Account described in subsection (a) shall be treated in the same manner as an individual savings account under part B.

''(2) DISTRIBUTIONS.—Notwithstanding any other provision of law, distributions may only be made from a KidSave Account of an individual on or after the earlier of—

''(A) the date on which the individual begins receiving benefits under this title, or

''(B) the date of the individual's death.''.

SEC. 103. ADJUSTMENTS TO PRIMARY INSURANCE AMOUNTS UNDER PART A OF TITLE II OF THE SOCIAL SECURITY ACT.

(a) IN GENERAL.—Section 215 of the Social Security Act (42 U.S.C. 415) is amended by adding at the end the following:

''Adjustment of Primary Insurance Amount in Relation to Deposits Made to Individual Savings Accounts and KidSave Accounts

''(j)(1) Except as provided in paragraph (2), an individual's primary insurance amount as determined in accordance with this section (before adjustments made under subsection (i)) shall be equal to—

''(A) the amount which would be so determined without the application of this subsection, multiplied by

''(B) 1 minus the ratio of—

''(i) the sum of—

''(I) the total of all amounts which have been credited pursuant to sections 3101(a)(2)(A)(i) and 1401(a)(2)(A)(i) of the Internal Revenue Code of 1986 to the individual savings account held by such individual, plus

''(II) 50 percent of the accumulated value of the KidSave Account (established on behalf of such individual under section 261(a)) determined on the date such KidSave Account is redesignated as an individual savings account held by such individual under section 251(a)(1)(B), plus

''(III) accrued interest on such amounts compounded annually up to the date of initial benefit entitlement based on the individual's earnings, assuming an interest rate equal to the projected interest rate of the Federal Old-Age and Survivors Trust Fund, to

''(ii) the expected present value of all future benefits paid based on the individual's earnings, as of the date of initial benefit entitlement based on such earnings, assuming future mortality and interest rates for the Federal Old-Age and Survivors Trust Fund used in the intermediate projections of the most recent Board of Trustees report under section 201.

''(2) In the case of an individual who becomes entitled to disability insurance benefits under section 223, such individual's primary insurance amount shall be determined without regard to paragraph (1).''.

(b) CONFORMING AMENDMENT TO RAILROAD RETIREMENT ACT OF 1974.—Section 1 of the Railroad Retirement Act of 1974 (45 U.S.C. 231) is amended by adding at the end the following:

''(s) In applying applicable provisions of the Social Security Act for purposes of determining the amount of the annuity to which an individual is entitled under this Act, section 215(j) of the Social Security Act and part B of title II of such Act shall be disregarded.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to computations and recomputations of primary insurance amounts occurring after December 31, 2000.

TITLE II—SOCIAL SECURITY SYSTEM ADJUSTMENTS

SEC. 201. ADJUSTMENTS TO BEND POINTS IN DETERMINING PRIMARY INSURANCE AMOUNTS.

(a) ADDITIONAL BEND POINT.—Section 215(a)(1)(A) of the Social Security Act (42 U.S.C. 415(a)(1)(A)) is amended—

(1) in clause (ii), by striking ''and'' at the end;

(2) in clause (iii)—

(A) by striking ''15 percent'' and inserting ''32 percent'';

(B) by striking ''clause (ii),'' and inserting the following: ''clause (ii) but do not exceed the amount established for purposes of this clause by subparagraph (B), and''; and

(3) by inserting after clause (iii) the following:

''(iv) 15 percent of the individual's average indexed monthly earnings to the extent that such earnings exceed the amount established for purposes of clause (iii),''.

(b) INITIAL LEVEL OF ADDITIONAL BEND POINT.—Section 215(a)(1)(B)(i) of such Act (42 U.S.C. 415(a)(1)(B)(i)) is amended—

(1) by striking ''clause (i) and (ii)'' and inserting ''clauses (i) and (iii)''; and

(2) by adding at the end the following: ''For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefit), in the calendar year 2001, the amount established for purposes of clause (ii) of subparagraph (A) shall be equal to 197.5 percent of the amount established for purposes of clause (i).''.

(c) ADJUSTMENTS TO PIA FORMULA FACTORS.—Section 215(a)(1)(B) of such Act (42 U.S.C. 415(a)(1)(B)) is amended further—

(1) by redesignating clause (iii) as clause (iv);

(2) by inserting after clause (ii) the following:

''(iii) For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefits), in any calendar year after 2005, effective for such calendar year—

''(I) the percentage in effect under clause (ii) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 increased the applicable number of times by 3.8 percentage points,

''(II) the percentage in effect under clause (iii) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 decreased the applicable number of times by 1.2 percentage points, and

''(III) the percentage in effect under clause (iv) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 decreased the applicable number of times by 0.5 percentage points.

For purposes of the preceding sentence, the term 'applicable number of times' means a number equal to the lesser of 10 or the number of years beginning with 2006 and ending with the year of initial eligibility or death.''; and

(3) in clause (iv) (as redesignated), by striking ''amount'' and inserting ''dollar amount''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to primary insurance amounts of individuals attaining early retirement age (as defined in section 216(l) of the Social Security Act), or dying, after December 31, 2000.

SEC. 202. ADJUSTMENT OF WIDOWS' AND WIDOWERS' INSURANCE BENEFITS.

(a) WIDOW'S BENEFIT.—Section 202(e)(2)(A) of the Social Security Act (42 U.S.C. 402(e)(2)(A)) is amended by striking ''equal to'' and all that follows and inserting ''equal to the greater of—

''(i) the primary insurance amount (as determined for purposes of this subsection after application of subparagraphs (B) and (C)) of such deceased individual, or

''(ii) the lesser of—

''(I) the applicable percentage of the joint benefit which would have been received by the widow or surviving divorced wife and the deceased individual for such month if such individual had not died, or

''(II) the benefit which would have been received by the widow or surviving divorced wife if such individual's contributions were based on the maximum contribution and benefit base amount (determined under section 230) for each contribution base year (as determined under section 215(b)(2)(B)(ii)) of such individual.

For purposes of clause (ii)(I), the applicable percentage is equal to 50 percent in 2001, increased (but not above 75 percent) by 1 percentage point in every second year thereafter.''.

(b) WIDOWER'S BENEFIT.—Section 202(f)(3)(A) of the Social Security Act (42 U.S.C. 402(b)(3)(A)) is amended by striking ''equal to'' and all that follows and inserting ''equal to the greater of—

''(i) the primary insurance amount (as determined for purposes of this subsection after application of subparagraphs (B) and (C)) of such deceased individual, or

''(ii) the lesser of—

''(I) the applicable percentage of the joint benefit which would have been received by the widow or surviving divorced wife and the deceased individual for such month if such individual had not died, or

''(II) the benefit which would have been received by the widower or surviving divorced husband if such individual's contributions were based on the maximum contribution and benefit base amount (determined under section 230) for each contribution base year (as determined under section 215(b)(2)(B)(ii)) of such individual.

For purposes of clause (ii)(II), the applicable percentage is equal to 50 percent in 2001, increased (but not above 75 percent) by 1 percentage point in every second year thereafter.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply individuals entitled to benefits after the date of enactment of this Act.

SEC. 203. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED EARLY RETIREMENT AGE.

(a) IN GENERAL.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking ''retirement age'' and inserting ''early retirement age'';

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking ''retirement age'' each place it appears and inserting ''early retirement age'';

(3) in subsection (f)(1)(B), by striking ''retirement age'' and inserting ''early retirement age'';

(4) in subsection (f)(3)—

(A) by striking ''33⅓ percent'' and all that follows through ''any other individual,'' and inserting ''50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8),''; and

(B) by striking ''retirement age'' and inserting ''early retirement age'';

(5) in subsection (f)(5)(D)(i), by striking ''retirement age'' and inserting ''early retirement age'';

(6) in subsection (f)(9)—

(A) by striking '', (5)(D)(i), and (8)(D)'' and inserting ''and (5)(D)(i)''; and

(B) by striking ''retirement age'' both places it appears and inserting ''early retirement age'';

(7) in subsection (h)(1)(A), by striking ''retirement age (as defined in section 216(l))'' each place it appears and inserting ''early retirement age (as defined in section 216(l))''; and

(8) in subsection (j)—

(A) in the heading, by striking ''Retirement Age'' and inserting ''Early Retirement Age''; and

(B) by striking ''having attained retirement age (as defined in section 216(l))'' and inserting ''having attained early retirement age (as defined in section 216(l))''.

(b) CONFORMING AMENDMENTS ELIMINATING THE SPECIAL EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED AGE 62.—

(1) UNIFORM EXEMPT AMOUNT.—Section 203(f)(8)(A) of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is amended by striking ''the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are to be applicable'' and inserting ''a new exempt amount which shall be applicable''.

(2) CONFORMING AMENDMENTS.—Section 203(f)(8)(B) of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is amended—

(A) in the matter preceding clause (i), by striking ''Except'' and all that follows through ''whichever'' and inserting ''The exempt amount which is applicable for each month of a particular taxable year shall be whichever'';

(B) in clauses (i) and (ii), by striking ''corresponding'' each place it appears; and

(C) in the last sentence, by striking ''an exempt amount'' and inserting ''the exempt amount''.

(3) REPEAL OF BASIS FOR COMPUTATION OF SPECIAL EXEMPT AMOUNT.—Subparagraphs (D) and (E) of section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) are repealed.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(A) in subsection (c), in the last sentence, by striking ''nor shall any deduction'' and all that follows and inserting ''nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.''; and

(B) in subsection (f)(1), by striking clause (D) and inserting the following: ''(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60,''.

(2) PROVISIONS RELATING TO EARNINGS TAKEN INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY OF BLIND INDIVIDUALS.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking ''if section 102 of the Senior Citizens' Right to Work Act of 1996 had not been enacted'' and inserting the following: ''if the amendments to section 203 made by section 102 of the Senior Citizens' Right to Work Act of 1996 and by the Bipartisan Social Security Reform Act of 2000 had not been enacted''.

(d) STUDY OF THE EFFECT OF TAKING EARNINGS INTO ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL ACTIVITY OF DISABLED INDIVIDUALS.—

(1) IN GENERAL.—Not later than February 15, 2001, the Commissioner of Social Security shall conduct a study on the effect that taking earnings into account in determining substantial gainful activity of individuals receiving disability insurance benefits has on the incentive for such individuals to work and submit to Congress a report on the study.

(2) CONTENTS OF STUDY.—The study conducted under paragraph (1) shall include the evaluation of—

(A) the effect of the current limit on earnings on the incentive for individuals receiving disability insurance benefits to work;

(B) the effect of increasing the earnings limit or changing the manner in which disability insurance benefits are reduced or terminated as a result of substantial gainful activity (including reducing the benefits gradually when the earnings limit is exceeded) on—

(i) the incentive to work; and

(ii) the financial status of the Federal Disability Insurance Trust Fund;

(C) the effect of extending eligibility for the Medicare program to individuals during the period in which disability insurance benefits of the individual are gradually reduced as a result of substantial gainful activity and extending such eligibility for a fixed period of time after the benefits are terminated on—

(i) the incentive to work; and

(ii) the financial status of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund; and

(D) the relationship between the effect of substantial gainful activity limits on blind individuals receiving disability insurance benefits and other individuals receiving disability insurance benefits.

(3) CONSULTATION.—The analysis under paragraph (2)(C) shall be done in consultation with the Administrator of the Health Care Financing Administration.

(e) EFFECTIVE DATE.—The amendments and repeals made by subsections (a), (b), and (c) shall apply with respect to taxable years ending after December 31, 2002.

SEC. 204. GRADUAL INCREASE IN NUMBER OF BENEFIT COMPUTATION YEARS; USE OF ALL YEARS IN COMPUTATION.

(a) IN GENERAL.—Section 215(b)(2)(A) of the Social Security Act (42 U.S.C. 415(b)(2)(A)) is amended—

(1) in clause (i), by striking ''5 years'' and inserting ''the applicable number of years for purposes of this clause''; and

(2) by striking ''Clause (ii),'' in the matter following clause (ii) and inserting the following:

''For purposes of clause (i), the applicable number of years is the number of years specified in connection with the year in which such individual reaches early retirement age (as defined in section 216(l)(2)), or, if earlier, the calendar year in which such individual dies, as set forth in the following table:

''If such calendar year is:	The applicable number of years is:
2002	4.
2003	4.
2004	3.
2005	3.
2006	2.
2007	2.
2008	1.
2009	1.
After 2009	0.

Notwithstanding the preceding sentence, the applicable number of years is 5, in the case of any individual who is entitled to old-age insurance benefits, and has a spouse who is also so entitled (or who died without having become so entitled) who has greater total wages and self-employment income credited to benefit computation years than the individual. Clause (ii),''.

(b) USE OF ALL YEARS IN COMPUTATION.—

(1) IN GENERAL.—Section 215(b)(2)(B) of the Social Security Act (42 U.S.C. 415(b)(2)(B)) is amended by striking clauses (i) and (ii) and inserting the following:

''(i)(I) for calendar years after 2001 and before 2010, the term 'benefit computation years' means those computation base years equal in number to the number determined under subparagraph (A) plus the applicable number of years determined under subclause (III), for which the total of such individual's wages and self-employment income, after adjustment under paragraph (3), is the largest;

''(II) for calendar years after 2009, the term 'benefit computation years' means all of the computation base years; and

''(III) for purposes of subclause (I), the applicable number of years is the number of years specified in connection with the year in which such individual reaches early retirement age (as defined in section 216(l)(2)), or, if earlier, the calendar year in which such individual dies, as set forth in the following table:

''If such calendar year is:	The applicable number of years is:
Before 2002	0.
2002	1.
2003	1.
2004	2.
2005	2.
2006	3.
2007	3.
2008	4.
2009	4;

''(ii) the term 'computation base years' means the calendar years after 1950, except that such term excludes any calendar year entirely included in a period of disability; and''.

(2) CONFORMING AMENDMENT.—Section 215(b)(1)(B) of the Social Security Act (42 U.S.C. 415(b)(1)(B)) is amended by striking ''in those years'' and inserting ''in an individual's computation base years determined under paragraph (2)(A)''.

(c) EFFECTIVE DATE.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply with respect to individuals attaining early retirement age (as defined in section 216(l)(2) of the Social Security Act) after December 31, 2001.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to benefit computation years beginning after December 31, 2000.

SEC. 205. MAINTENANCE OF BENEFIT AND CONTRIBUTION BASE.

(a) IN GENERAL.—Section 230 of the Social Security Act (42 U.S.C. 430) is amended to read as follows:

MAINTENANCE OF THE CONTRIBUTION AND BENEFIT BASE

''SEC. 230. (a) The Commissioner of Social Security shall determine and publish in the Federal Register on or before November 1 of each calendar year the contribution and benefit base determined under subsection (b) which shall be effective with respect to remuneration paid after such calendar year and taxable years beginning after such year.

''(b) For purposes of this section, for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 54, 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1986, and for purposes of section 4022(b)(3)(B) of Public Law 93–406, the contribution and benefit base with respect to remuneration paid in (and taxable years beginning in) any calendar year is an amount equal to 84.5 percent of the total wages and self-employment income for the preceding calendar year (within the meaning of section 209).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to remuneration paid in (and taxable years beginning in) any calendar year after 2000.

SEC. 206. REDUCTION IN THE AMOUNT OF CERTAIN TRANSFERS TO MEDICARE TRUST FUND.

Subparagraph (A) of section 121(e)(1) of the Social Security Amendments of 1983 (42 U.S.C. 401 note), as amended by section 13215(c)(1) of the Omnibus Budget Reconciliation Act of 1993, is amended—

(1) in clause (ii), by striking ''the amounts'' and inserting ''the applicable percentage of the amounts''; and

(2) by adding at the end the following: ''For purposes of clause (ii), the applicable percentage for a year is equal to 100 percent, reduced (but not below zero) by 10 percentage points for each year after 2004.''.

SEC. 207. ACTUARIAL ADJUSTMENT FOR RETIREMENT.

(a) EARLY RETIREMENT.—

(1) IN GENERAL.—Section 202(q) of the Social Security Act (42 U.S.C. 402(q)) is amended—

(A) in paragraph (1)(A), by striking ''5/9'' and inserting ''the applicable fraction (determined under paragraph (12))''; and

(B) by adding at the end the following:

''(12) For purposes of paragraph (1)(A), the 'applicable fraction' for an individual who attains the age of 62 in—

''(A) any year before 2001, is 5/9;

''(B) 2001, is 7/12;

''(C) 2002, is 11/18;

''(D) 2003, is 23/36;

''(E) 2004, is 2/3; and

''(F) 2005 or any succeeding year, is 25/36.''.

(2) MONTHS BEYOND FIRST 36 MONTHS.—Section 202(q) of such Act (42 U.S.C. 402(q)(9)) (as amended by paragraph (1)) is amended—

(A) in paragraph (9)(A), by striking ''five-twelfths'' and inserting ''the applicable fraction (determined under paragraph (13))''; and

(B) by adding at the end the following:

''(13) For purposes of paragraph (9)(A), the 'applicable fraction' for an individual who attains the age of 62 in—

''(A) any year before 2001, is 5/12;

''(B) 2001, is 16/36;

''(C) 2002, is 16/36;

''(D) 2003, is 17/36;

''(E) 2004, is 17/36; and

''(F) 2005 or any succeeding year, is 1/2.''.

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) shall apply to individuals who attain the age of 62 in years after 2000.

(b) DELAYED RETIREMENT.—Section 202(w)(6) of the Social Security Act (42 U.S.C. 402(w)(6)) is amended—

(1) in subparagraph (C), by striking ''and'' at the end;

(2) in subparagraph (D), by striking ''2004.'' and inserting ''2004 and before 2007;''; and

(3) by adding at the end the following:

''(E) 17/24 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2006 and before 2009;

''(F) 3/4 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2008 and before 2011;

''(G) 19/24 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2010 and before 2013; and

''(H) 5/6 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2012.''.

SEC. 208. IMPROVEMENTS IN PROCESS FOR COST-OF-LIVING ADJUSTMENTS.

(a) ANNUAL DECLARATIONS OF PERSISTING UPPER LEVEL SUBSTITUTION BIAS, QUALITY-CHANGE BIAS, AND NEW-PRODUCT BIAS.—Not later than December 1, 2000, and annually thereafter, the Commissioner of the Bureau of Labor Statistics shall publish in the Federal Register an estimate of the upper level substitution bias, quality-change bias, and new-product bias retained in the Consumer Price Index, expressed in terms of a percentage point effect on the annual rate of change in the Consumer Price Index determined through the use of a superlative index that accounts for changes that consumers make in the quantities of goods and services consumed.

(b) MODIFICATION OF COST-OF-LIVING ADJUSTMENT.—

(1) IN GENERAL.—Notwithstanding any other provision of law, for each calendar year after 2000 any cost-of-living adjustment described in subsection (f) shall be further adjusted by the greater of—

(A) the applicable percentage point, or

(B) the correction for the upper level substitution bias, quality-change bias, and new-product bias (as last published by the Commissioner of the Bureau of Labor Statistics pursuant to subsection (a)).

(2) APPLICABLE PERCENTAGE POINT.—For purposes of paragraph (1)(A), the applicable percentage point shall be determined in accordance with the following table:

Calendar year:	Applicable Percentage Point:
2001	0.1
2002	0.2
2003	0.3
2004 and thereafter	0.33.

(c) FUNDING FOR CPI IMPROVEMENTS.—

(1) IN GENERAL.—There is hereby appropriated to the Bureau of Labor Statistics in the Department of Labor, for each of fiscal years 2001, 2002, and 2003, $60,000,000 for use by the Bureau for the following purposes:

(A) Research, evaluation, and implementation of a superlative index to estimate upper level substitution bias, quality-change bias, and new-product bias in the Consumer Price Index.

(B) Expansion of the Consumer Expenditure Survey and the Point of Purchase Survey.

(2) REPORTS.—The Commissioner of the Bureau of Labor Statistics shall submit reports regarding the use of appropriations made under paragraph (1) to the Committee on Appropriations of the House of Representative and the Committee on Appropriations of the Senate upon the request of each Committee.

(d) INFORMATION SHARING.—The Commissioner of the Bureau of Labor Statistics may secure directly from the Secretary of Commerce information necessary for purposes of calculating the Consumer Price Index. Upon request of the Commissioner of the Bureau of Labor Statistics, the Secretary of Commerce shall furnish that information to the Commissioner.

(e) ADMINISTRATIVE ADVISORY COMMITTEE.—The Bureau of Labor Statistics shall, in consultation with the National Bureau of Economic Research, the American Economic Association, and the National Academy of Statisticians, establish an administrative advisory committee. The advisory committee shall periodically advise the Bureau of Labor Statistics regarding revisions of the Consumer Price Index and conduct research and experimentation with alternative data collection and estimating approaches.

(f) COST-OF-LIVING ADJUSTMENT DESCRIBED.—A cost-of-living adjustment described in this subsection is any cost-of-living adjustment for a calendar year after 2000 determined by reference to a percentage change in a consumer price index or any component thereof (as published by the Bureau of Labor Statistics of the Department of Labor and determined without regard to this section) and used in any of the following:

(1) The Internal Revenue Code of 1986.

(2) The provisions of this Act (other than programs under title XVI and any adjustment in the case of an individual who attains early retirement age before January 1, 2001).

(3) Any other Federal program.

(g) RECAPTURE OF CPI REFORM REVENUES DEPOSITED INTO THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—Section 201 of the Social Security Act (42 U.S.C. 401) is amended by adding at the end the following:

''(n) On July 1 of each calendar year specified in the following table, the Secretary of the Treasury shall transfer, from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund, an amount equal to the applicable percentage for such year, specified in such table, of the total wages paid in and self-employment income credited to such year.

''For a calendar year—	The applicable percentage for the year is—
After 2001 and before 2020	0.4 percent.
After 2019 and before 2040	0.53 percent.
After 2039 and before 2060	0.67 percent.
After 2059	0.8 percent.''.

SEC. 209. MODIFICATION OF PIA FACTORS TO REFLECT CHANGES IN LIFE EXPECTANCY.

(a) MODIFICATION OF PIA FACTORS.—Section 215(a)(1) of the Social Security Act (42 U.S.C. 415(a)(1)(B)) is amended by redesignating subparagraph (D) as subparagraph (F) and by inserting after subparagraph (C) the following:

''(D)(i) For individuals who initially become eligible for old-age insurance benefits in any calendar year after 2005, each of the percentages under clauses (i), (ii), (iii), and (iv) of subparagraph (A) shall be multiplied the applicable number of times by the applicable factor.

''(ii) For purposes of clause (i)—

''(I) the term 'applicable number of times' means a number equal to the sum of—

''(aa) the number of years beginning with 2006 and ending with the earlier of 2016 or the year of initial eligibility; plus

''(bb) if the year of initial eligibility has not occurred, the number of years beginning with 2023 and ending with the earlier of 2053 or the year of initial eligibility; and

''(II) the term 'applicable factor' means .988 with respect to the first 6 applicable number of times and .997 with respect to the applicable number of times in excess of 6.

''(E) For any individual who initially becomes eligible for disability insurance benefits in any calendar year after 2005, the primary insurance amount for such individual shall be equal to the greater of—

''(i) such amount as determined under this paragraph, or

''(ii) such amount as determined under this paragraph without regard to subparagraph (D) thereof.''.

(b) STUDY OF THE EFFECT OF INCREASES IN LIFE EXPECTANCY.—

(1) STUDY PLAN.—Not later than February 15, 2001, the Commissioner of Social Security shall submit to Congress a detailed study plan for evaluating the effects of increases in life expectancy on the expected level of retirement income from social security, pensions, and other sources. The study plan shall include a description of the methodology, data, and funding that will be required in order to provide to Congress not later than February 15, 2006—

(A) an evaluation of trends in mortality and their relationship to trends in health status, among individuals approaching eligibility for social security retirement benefits;

(B) an evaluation of trends in labor force participation among individuals approaching eligibility for social security retirement benefits and among individuals receiving retirement benefits, and of the factors that influence the choice between retirement and participation in the labor force;

(C) an evaluation of changes, if any, in the social security disability program that would reduce the impact of changes in the retirement income of workers in poor health or physically demanding occupations;

(D) an evaluation of the methodology used to develop projections for trends in mortality, health status, and labor force participation among individuals approaching eligibility for social security retirement benefits and among individuals receiving retirement benefits; and

(E) an evaluation of such other matters as the Commissioner deems appropriate for evaluating the effects of increases in life expectancy.

(2) REPORT ON RESULTS OF STUDY.—Not later than February 15, 2006, the Commissioner of Social Security shall provide to Congress an evaluation of the implications of the trends studied under paragraph (1), along with recommendations, if any, of the extent to which the conclusions of such evaluations indicate that projected increases in life expectancy require modification in the social security disability program and other income support programs.

SEC. 210. MECHANISM FOR REMEDYING UNFORESEEN DETERIORATION IN SOCIAL SECURITY SOLVENCY.

(a) IN GENERAL.—Section 709 of the Social Security Act (42 U.S.C. 910) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by striking ''SEC. 709. (a) If the Board of Trustees'' and all that follows through ''any such Trust Fund'' and inserting the following:

''SEC. 709. (a)(1)(A) If the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund determines at any time, using intermediate actuarial assumptions, that the balance ratio of either such Trust Fund during any calendar year within the succeeding period of 75 calendar years will attain zero, the Board shall promptly submit to each House of the Congress and to the President a report setting forth its recommendations for statutory adjustments affecting the receipts and disbursements of such Trust Fund necessary to maintain the balance ratio of such Trust Fund at not less than 20 percent, with due regard to the economic conditions which created such inadequacy in the balance ratio and the amount of time necessary to alleviate such inadequacy in a prudent manner. The report shall set forth specifically the extent to which benefits would have to be reduced, taxes under section 1401, 3101, or 3111 of the Internal Revenue Code of 1986 would have to be increased, or a combination thereof, in order to obtain the objectives referred to in the preceding sentence.

''(B) In addition to any reports under subparagraph (A), the Board shall, not later than May 30, 2001, prepare and submit to Congress and the President recommendations for statutory adjustments to the disability insurance program under title II of this Act to modify the changes in disability benefits under the Bipartisan Social Security Reform Act of 2000 without reducing the balance ratio of the Federal Disability Insurance Trust Fund. The Board shall develop such recommendations in consultation with the National Council on Disability, taking into consideration the adequacy of benefits under the program, the relationship of such program with old age benefits under such title, and changes in the process for determining initial eligibility and reviewing continued eligibility for benefits under such program.

''(2)(A) The President shall, no later than 30 days after the submission of the report to the President, transmit to the Board and to the Congress a report containing the President's approval or disapproval of the Board's recommendations.

''(B) If the President approves all the recommendations of the Board, the President shall transmit a copy of such recommendations to the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

''(C) If the President disapproves the recommendations of the Board, in whole or in part, the President shall transmit to the Board and the Congress the reasons for that disapproval. The Board shall then transmit to the Congress and the President, no later than 60 days after the date of the submission of the original report to the President, a revised list of recommendations.

''(D) If the President approves all of the revised recommendations of the Board transmitted to the President under subparagraph (C), the President shall transmit a copy of such revised recommendations to the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

''(E) If the President disapproves the revised recommendations of the Board, in whole or in part, the President shall transmit to the Board and the Congress the reasons for that disapproval, together with such revisions to such recommendations as the President determines are necessary to bring such recommendations within the President's approval. The President shall transmit a copy of such recommendations, as so revised, to the Board and the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

''(3)(A) This paragraph is enacted by Congress—

''(i) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution described in subparagraph (B), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

''(ii) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

''(B) For purposes of this paragraph, the term 'joint resolution' means only a joint resolution which is introduced within the 10-day period beginning on the date on which the President transmits the President's recommendations, together with the President's certification, to the Congress under subparagraph (B), (D), or (E) of paragraph (2), and—

''(i) which does not have a preamble;

''(ii) the matter after the resolving clause of which is as follows: 'That the Congress approves the recommendations of the President as transmitted on ____ pursuant to section 709(a) of the Social Security Act, as follows: _____', the first blank space being filled in with the appropriate date and the second blank space being filled in with the statutory adjustments contained in the recommendations; and

''(iii) the title of which is as follows: 'Joint resolution approving the recommendations of the President regarding social security.'.

''(C) A joint resolution described in subparagraph (B) that is introduced in the House of Representatives shall be referred to the Committee on Ways and Means of the House of Representatives. A joint resolution described in subparagraph (B) introduced in the Senate shall be referred to the Committee on Finance of the Senate.

''(D) If the committee to which a joint resolution described in subparagraph (B) is referred has not reported such joint resolution (or an identical joint resolution) by the end of the 20-day period beginning on the date on which the President transmits the recommendation to the Congress under paragraph (2), such committee shall be, at the end of such period, discharged from further consideration of such joint resolution, and such joint resolution shall be placed on the appropriate calendar of the House involved.

''(E)(i) On or after the third day after the date on which the committee to which such a joint resolution is referred has reported, or has been discharged (under subparagraph (D)) from further consideration of, such a joint resolution, it is in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the joint resolution. A Member may make the motion only on the day after the calendar day on which the Member announces to the House concerned the Member's intention to make the motion, except that, in the case of the House of Representatives, the motion may be made without such prior announcement if the motion is made by direction of the committee to which the joint resolution was referred. All points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the respective House shall immediately proceed to consideration of the joint resolution without intervening motion, order, or other business, and the joint resolution shall remain the unfinished business of the respective House until disposed of.

''(ii) Debate on the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 2 hours, which shall be divided equally between those favoring and those opposing the joint resolution. An amendment to the joint resolution is not in order. A motion further to limit debate is in order and not debatable. A motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order. A motion to reconsider the vote by which the joint resolution is agreed to or disagreed to is not in order.

''(iii) Immediately following the conclusion of the debate on a joint resolution described in subparagraph (B) and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the joint resolution shall occur.

''(iv) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a joint resolution described in subparagraph (B) shall be decided without debate.

''(F)(i) If, before the passage by one House of a joint resolution of that House described in subparagraph (B), that House receives from the other House a joint resolution described in subparagraph (B), then the following procedures shall apply:

''(I) The joint resolution of the other House shall not be referred to a committee and may not be considered in the House receiving it except in the case of final passage as provided in subclause (II).

''(II) With respect to a joint resolution described in subparagraph (B) of the House receiving the joint resolution, the procedure in that House shall be the same as if no joint resolution had been received from the other House, but the vote on final passage shall be on the joint resolution of the other House.

''(ii) Upon disposition of the joint resolution received from the other House, it shall no longer be in order to consider the joint resolution that originated in the receiving House.

''(b) If the Board of Trustees of the Federal Hospital Insurance Trust Fund or the Federal Supplementary Medical Insurance Trust Fund determines as any time that the balance ratio of either such Trust Fund.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 709(b) of the Social Security Act (42 U.S.C. 910(b)) (as amended by subsection (a) of this section) is amended by striking ''any such'' and inserting ''either such''.

(2) Section 709(c) of such Act (42 U.S.C. 910(c)) (as redesignated by subsection (a) of this section) is amended by inserting ''or (b)'' after ''subsection (a)''.

By Mr. DORGAN (for himself, Mr. ENZI, MR. VOINOVICH, Mr. BREAUX, Mr. GRAHAM, Mr. HUTCHINSON, Mrs. LINCOLN, Mr. BENNETT, Mr. BRYAN, Mr. CLELAND, and Mr. THOMAS):

S. 2775. To foster innovation and technological advancement in the development of the Internet and electronic commerce, and to assist the States in simplifying their sales and use taxes; to the Committee on Finance.

INTERNET TAX MORATORIUM AND EQUITY ACT

• Mr. DORGAN. Mr. President, if the Internet and E-commerce are to continue to grow and flourish then Congress must address the difficult tax issues that these have posed. To that end, Senator VOINOVICH and I, along with Senators GRAHAM, ENZI, BREAUX and six of our distinguished colleagues are introducing the Internet Tax Moratorium and Equity Act.

First and foremost, this legislation extends for four additional years the existing moratorium on punitive and discriminatory Internet taxes, and on access taxes. Internet technology is becoming a real growth engine for our economy. Governments should not be allowed to impose new taxes on access, or to enact discriminatory tax plans that would apply to the Internet and E-commerce but not to other kinds of transactions. I believe that such policies could foolishly hurt the future growth of the Internet industry, and this legislation prevents that from happening anytime soon.

At the same time, however, this legislation moves toward a solution to the growing web of tax compliance problems that faces virtually everyone who would do business across state lines—sellers and customers alike. Our approach also would help to create a climate in which Web-based firms and Main Street businesses can co-exist and compete on fair and even terms.

Any new form of commerce presents a challenge to the rules and structures that have grown up around the old. The Internet is no exception. The Internet has raised vexing questions regarding both privacy and the protection of property rights in writing and music. It has raised similar questions regarding the revenue systems of the states and localities of this nation. Not surprisingly, the Internet simply does not fit neatly into these systems as they have evolved over the last two hundred years.

This disconnect has created tensions on all sides. On one side are the vital new businesses—Internet service providers, Web-based businesses and the rest—worried that they will be singled out as cash cows and subjected to new and unfair taxes. On the other side are state and local governments worried about the erosion of their tax bases and their ability to pay for the schools, police, garbage collection and more that their taxpayers need and expect. In between are Main Street merchants who collect sales taxes from their customers and worry about unfair competition from Web-based business that avoid collecting these taxes. Let us not forget the citizens and taxpayers, who appreciate the convenience and opportunities of the Web but who also care about their Main Street merchants, and about their schools and other local services.

All of these concerns are valid. There are no bad guys in the drama. Rather, it is the kind of conflict that a new technology inevitably poses. The automobile required the reform of traffic-control rules designed for the horse-and-buggy era. So today the rise of E-commerce requires an update of tax compliance rules designed primarily for local commerce. Our job in Congress is not to point fingers but rather to try to address the problem in a fair and constructive way.

The solution must begin by putting the worries of Web-based entrepreneurs to rest. They should not be concerned about new and discriminatory tax burdens, and they should not be singled out as cash cows. Congress should make this clear. We have enacted a moratorium to prohibit state and local governments from enacting tax plans that discriminate against the E-commerce or impose a levy on Internet access. This existing moratorium is set to expire next year. We should extend that moratorium to December 2005. That will help clear the air and also make possible the development of a real solution for the sales and use tax compliance problems now facing many businesses and and their customers.

The solution begins with a recognition of the problem. Collecting a sales tax in a face-to-face transaction on Main Street or at the mall is a relatively simple process. The seller collects the tax and remits it to the state or local government. But with remote sales—such as catalog and Internet sales—it's more difficult. States can not require a seller to collect a sales tax unless the business has an actual location or sales people in the state. So most states, and many localities, have laws that require the local buyer to send an equivalent ''use tax'' to the state or local government when he or she did not pay taxes at the time of purchase.

The reality, of course, is that customers almost never do that. It would be a major inconvenience, and people are not accustomed to paying sales taxes in that way. So, despite the requirement in the law, most simply don't do it. This tax, which is already owed, is not paid. For years, state and local governments could accept this loss because catalog sales were a relatively minor portion of overall commerce. The Internet, however, will change that.

Internet and catalog sellers argue that collecting sales taxes would be a significant burden for them. They contend that they would have to comply with tax laws from thousands of different jurisdictions—46 states and thousands of local governments have sales taxes. They would have to deal with many different tax rates and all of the idiosyncracies regarding what is taxable and what is non-taxable. They have a point.

However, there are some remote sellers who know they enjoy an advantage over Main Street businesses and simply do not want to lose it. They can sell a product without collecting the tax, whereas Main Street businesses must collect the local sales tax. Main Street businesses claim that is unfair, and they have a point, too.

As I said, all sides in this debate have valid points, and that is the premise of the bill we introduce today. There are three basic principles underlying the Internet Tax Moratorium and Equity Act. First, we believe that this new Internet technology is becoming a real growth engine for our economy. Governments should not impose access or discriminatory taxes that might jeopardize its growth. That's why the legislation we are introducing extends the current moratorium on Internet access and multiple and discriminatory taxes on electronic commerce for over four additional years.

Second, state and local governments should be encouraged to simplify their sales tax systems as they apply to remote sellers. And third, once States have done this, then it is only fair that remote sellers do their part and collect any use tax that is owed, just as local merchants collect sales taxes. This simple step would free the consumer from the burden of having to report such taxes individually. It would level the playing field for local retailers and others that already collect and remit such taxes, and it would protect the ability of state and local governments to provide necessary services for their residents in the future.

Specifically, the Internet Tax Moratorium and Equity Act would do the following:

Extend the existing moratorium on Internet access, multiple and discriminatory taxes through December 31, 2005.

Put Congress on record as urging States and localities to develop a streamlined sales and use tax system with the advice of the National Conference of Commissioners on Uniform State Laws. Among other things, such a system would include a single, blended tax rate with which all remote sellers could comply. It should also include within each state a uniform tax base on which remote sellers apply the tax, as well as a uniform list of exempt items.

Authorize States to enter into an Interstate Sales and Use Tax Compact through which member States would adopt the streamlined sales and use tax system. Congressional authority and consent to enter into such a Compact would expire if it has not occurred by January 1, 2006.

Authorize adopting States to require remote sellers with more than $5 million in annual gross sales to collect and remit sales and use taxes on remote sales, once twenty States have adopted such Compact, unless Congress has acted to disapprove the Compact by law within a period of 120 days after the Congress receives it.

Prohibit states that have not adopted the simplified sales and use tax system from gaining benefit from the authority extended in the bill to require sellers to collect and remit sales and use taxes on remote sales.

In my view, it would be a mistake for Congress to adopt a lengthy extension of the current Internet tax moratorium without addressing the underlying problem. If we don't, then the growth of the Internet, which should be a benefit to Americans, will instead mean a major erosion of funds available to build and maintain schools and roads, finance police departments and garbage collection, and all the other services that citizens in this country want and need. One study suggests that states and local governments soon could be losing more than $20 billion annually if the Internet industry continues its rapid growth, and if sales and use tax collection rules are left unchanged.

The competitive crisis facing local retailers is also growing more urgent. Testimony at a recent congressional hearing makes that clear: A representative of Wal-Mart testified recently that that company is incorporating a separate business to put Wal-Mart on the Internet. It will do so in a manner that will enable them to avoid sales and use taxes. The reason? Even though Wal-Mart has locations in every state and therefore would be required to collect such taxes on Internet sales, it recognizes that other large competitors will be making those sales tax-free. The company regards such avoidance as a matter of necessity to remain competitive.

This scenario will play out over and over again. The large retailers like Wal-Mart will survive; the small Main Street businesses will struggle. And, there will be a massive loss of revenues to fund schools and other basic services.

Mr. President, this is an important issue that Congress must address now. We believe that this legislation strikes a balance between the interests of the Internet industry, state and local governments, local retailers and remote sellers. It is workable and fair.

I urge my colleagues to cosponsor this much-needed bipartisan legislation.●

Mr. ENZI. Mr. President, I rise in strong support of the Internet Tax Moratorium and Equity Act of 2000 introduced today by Senator DORGAN. I am an original cosponsor and I encourage each of my colleagues to join me as a cosponsor of this bill. We had to take a look at the Internet sales tax issue for people who might be using legislative vehicles to develop huge loopholes in our current system. We are federally mandating states into a sales tax exemption. We need to preserve the system for those cities, towns, counties, and states that rely on the ability to collect the sales tax they are currently getting.

There are some critical issues here that have to be solved to keep the stability of state and local government—just the stability of it—not to increase sales tax, just protect what is there right now. I believe the Internet Tax Moratorium and Equity Act of 2000 is a monumental step forward in protecting, yet enhancing, the current system.

Certainly, no Senator wants to take steps that will unreasonably burden the development and growth of the Internet. At the same time, we must also be sensitive to issues of basic competitive fairness and the negative effect our action or inaction can have on brick-and-mortar retailers, a critical economic sector and employment force in all American society, especially in rural states like Wyoming. In addition, we must consider the legitimate need of state and local governments to have the flexibility they need to generate resources to adequately fund their programs and operations.

If the loophole exists, I can share a method for local retailers to avoid sales tax collection too—but creating this loophole will lead to others—pay attention here. Sales tax collection and federal and state income tax could be in the same boat, if sole tax collection is no longer necessary on Internet sales purely by virtue of the sale over the Internet. Why shouldn't an employee whose check is written on the Internet and transmitted directly to his bank account not owe any income tax? Both would be Internet tax loopholes—tax collection exemptions forced by an all-knowing Federal Government.

As the only accountant in the Senate, I have a unique perspective on the dozens of tax proposals that are introduced in Congress each year. In addition, my service on the State and local level and my experiences as a small business owner enable me to consider these bills from more than one viewpoint.

I understand the importance of protecting and promoting the growth of Internet commerce because of its potential economic benefits. It is a valuable resource because it provides access on demand. In addition, it is estimated that the growth of online businesses will create millions of new jobs nationwide in the coming years. Therefore, I do not support a tax on the use of Internet itself.

I do, however, have concerns about using the Internet as a sales tax loophole. Sales taxes go directly to state and local governments and I am very leery of any federal legislation that bypasses their traditional ability to raise revenue to perform needed services such as school funding, road repair and law enforcement. I will not force states into a huge new exemption. While those who advocate a permanent loophole on the collection of a sales tax over the Internet claim to represent the principles of tax reduction, they are actually advocating a tax increase. Simply put, if Congress continues to allow sales over the Internet to go untaxed and electronic commerce continues to grow as predicted, revenues to state and local governments will fall and property taxes will have to be increased to offset lost revenue or States who do not have or believe in State income taxes will be forced to start one.

After months of hard work, negotiations, and compromise, the Internet Tax Moratorium and Equity Act of 2000 has been introduced. I would like to commend Senator DORGAN on his commitment to finding a solution and working all parties to find that solution. The bill extends the existing moratorium on Internet access, multiple, and discriminatory taxes for an additional four years through December 31, 2005.

Throughout the past several years, we have heard that catalog and Internet companies say they are willing to allow and collect sales tax on interstate sales (regardless of traditional or Internet sales) if States will simplify

collections to one rate per State sent to one location in that State. I think that is a reasonable request. I have heard the argument that computers make it possible to handle several thousand tax entities, but from an auditing standpoint as well as simplicity for small business, I support one rate per State. I think the States should have some responsibility for redistribution not a business forced to do work for government. Therefore, the bill would put Congress on record as urging States and localities to develop a streamlined sales and use tax system, which would include a single, blended tax rate with which all remote sellers can comply. You need to be aware that States are prohibited from gaining benefit from the authority extended in the bill to require sellers to collect and remit sales and use taxes on remote sales if the States have not adopted the simplified sales and use tax system.

Further, the bill would authorize States to enter into an Interstate Sales and Use Tax Compact through which members would adopt the streamlined sales and use tax system. Congressional authority and consent to enter into such a compact would expire if it has not occurred by January 1, 2006. The bill also authorizes States to require all other sellers to collect and remit sales and use taxes on remote sales unless Congress has acted to disapprove the compact by law within a period of 120 days after the Congress receives it.

We introduce this bill because we do not think there is adequate protection now. It is very important we do not build electronic loopholes on the Internet, an ever-changing Internet, one that is growing by leaps and bounds, one that is finding new technology virtually every day. What we know as the Internet today is not what we will be using by the time the moratorium is finalized. More and more people are using the Internet everyday.

Mr. President, I recognize this body has a constitutional responsibility to regulate interstate commerce. Furthermore, I understand the desire of several Senators to protect and promote the growth of Internet commerce. Internet commerce is an exciting field. It has a lot of growth potential. The new business will continue to create millions of new jobs in the coming years.

The exciting thing about that for Wyomingites is that our merchants do not have to go where the people are. For people in my State, that means their products are no longer confined to a local market. They do not have to rely on expensive catalogs to sell merchandise to the big city folks. They do not have to travel all the way to Asia to display their goods. The customer can come to us on the Internet. It is a remarkable development, and it will push more growth for small manufacturers in rural America, especially in my State. We have seen some of the economic potential in the Internet and will continue this progress. It is a valuable resource because it provides access on demand. It brings information to your fingertips when you want it and how you want it.

I was the mayor of a small town, Gillette, WY, for 8 years. I later served in the State house for 5 years and the State senate for 5 years. Throughout my public life I have always worked to reduce taxes, to return more of people's hard-earned wages to them.

I am not here to argue in favor of taxes. There were times in Gillette when we had to make tough decisions. I was mayor during the boom time when the size of our town doubled in just a few years. We had to be very creative to be sure that our revenue sources would cover the necessary public services—important services like sewer, water, curb and gutter, filling in potholes, shoveling snow, collecting garbage, and mostly water. It is a tough job because the impact of your decision is felt by all of your neighbors. Hardly any of these problems is solved without money. When you are the mayor of a small town, you are on call 24 hours a day. You are in the phone book. People can call you at night and tell you that the city sewer is backing up into their house. I was fascinated how they were always sure that it was the city's sewer that was doing it. Therefore, it is important that we do not cut towns out of a historic source of revenue. They provides services you really depend on. Remember you cannot flush your toilet over the Internet.

The point is that the government that is closest to the people is also on the shortest time line to get results. I think it is the hardest work. I am very concerned with any piece of legislation that mandates or restricts local government's ability to meet the needs of its citizens. This has the potential to provide electronic loopholes that will take away all of their revenue. The Internet Tax Moratorium and Equity Act of 2000 would designate a level playing field for all involved—business, government, and the consumer.

If the loophole exists, I can share a method for local retailers to avoid sales tax collection too—but creating this loophole will lead to others—pay attention here. Sales tax collection and federal and state income tax could be in the same boat, if sole tax collection is no longer necessary on Internet sales purely by virtue of the sale over the Internet. Why shouldn't an employee whose check is written on the Internet and transmitted directly to his bank account not owe any income tax? Both would be Internet tax loopholes—tax collection exemptions forced by an all-knowingly federal government.

I do strongly support this bill. The current system of collecting revenues for those towns and states should be preserved—preserved on a level playing field for all involved. I do not think we have all the answers, or we would not be asking for this bill. So whatever we do, we have to have a bill that will preserve the way that small business and small towns function at the present at the present time. Our bill is critical for towns, small businesses, and you and me. I urge my colleagues to support it.

I yield the floor.

Mr. GRAHAM. Mr. President, earlier this year, the Senate began consideration of the Elementary and Secondary Education Act reauthorization. As its name suggests, that legislation governs how Federal dollars that go to the States for education will be spent. It is a very important bill, and I regret that the Senate was unable to complete consideration of it.

As important as the ESEA reauthorization bill is, however, it is not the most significant education bill that Congress will deal with in the next two years. In fact, the most important education bill Congress will consider won't mention schools or students. It won't reference classroom size or teacher salaries.

In 1998, Congress passed the Internet Tax Freedom Act. That bill imposed a three year moratorium on specific state taxes applicable to the Internet. The legislation didn't affect the states' ability to impose sales tax on Internet purchases, nor did it fix the unfair advantage ''e-tailers'' currently have over their main street competitors with respect to their responsibility to collect sales and use taxes.

As a result of two Supreme Court rulings, a state is prohibited from requiring out-of-state retailers from collecting sales tax on purchases made by its residents if the business has no presence in the state. The sales tax still applies, it just has to be collected directly from the purchaser. For a variety of reasons, very little of this tax is ever collected.

The Internet Tax Freedom Act created the Advisory Commission on Electronic Commerce which was supposed to come up with a solution to this problem. Instead the Commission was hijacked by a small group who opted to demagogue this issue to further their ''anti-tax'' agenda. The result was a year-long study of an issue with little in the form of useful recommendations.

The House has passed a five year extension of the moratorium put in place by the Internet Tax Freedom Act. The Senate also may soon consider a proposal to extend the temporary ban imposed in 1998. The game plan of the forces supporting this extended moratorium is clear: delay, delay, delay. Keep extending the moratorium until there is a sufficiently large political constituency to permanently block the collection of sales taxes on purchases made over the Internet.

This is not a hidden agenda. Governor Gilmore, Chairman of the Advisory Commission on Electronic Commerce stated it clearly when he said that ''I believe America should ban sales and use taxes on the Internet permanently, for all time. If we secure tax freedom on the Internet through 2006, tax freedom on the Internet will become an entitlement for the American

people and a political inevitability. No tax collector will be welcome on the Internet after 2006.''

Let me be clear: this is not about whether purchases made over the Internet are subject to sales tax. They already are. The question is whether Internet sellers should have the same responsibility to collect the sales tax as their Main Street competitors.

If we answer this question with a ''no,'' funding for education will suffer. Why? Because states have the fundamental responsibility for financing public education in our country For most states, sales tax revenue is the primary means by which states fulfill this responsibility. Because many states rely on sales taxes for their general revenue, the equation is simple—no collection of sales tax on the Internet means less money for new schools, teacher salaries, or textbooks. Six states—Florida, Nevada, South Dakota, Tennessee, Texas and Washington rely on sales taxes for more than half of their total tax revenue.

Over the next four years, Internet sales are expected to grow by nearly $500 billion. If state and local governments are prohibited from collecting sales taxes on those new sales, they stand to lose close to $17.5 billion in revenue. Florida's share of that lost revenue could be $1 billion. When asked why he robbed banks, Willie Sutton replied, ''that's where the money is.'' Today, the money is increasingly on the Internet.

There is another reason to fix this issue: fairness. No one would seriously consider a proposal that barred state and local governments from collecting sales and use taxes from retailers who operate from green buildings. That would be unfair to those businesses that aren't located in green buildings. Proposals to arbitrarily benefit the Internet, however, somehow receive a great deal of attention and support.

Our position should be clear: no more delays. No more moratoriums until Congress agrees to a process whereby states can simplify their sales tax systems and receive the authority they need to require remote sellers to collect their sales taxes.

The legislation we are introducing today takes the first positive step in this direction. The bill extends the current moratorium on Internet access taxes and multiple or discriminatory taxes on the Internet, a prohibition that virtually all agree should be imposed.

More importantly, however, it establishes a process whereby states can cooperatively create a model sales and use tax system. Sales tax laws must be made significantly more uniform across the states, and the administration of the tax must be substantially overhauled and simplified. The goal of this legislation is to develop a simple, uniform, and fair system of sales tax collection. It will reduce the burden on remote sellers and protect state and local sovereignty.

Once states have adopted this simplified system, they would then have the authority to require remote sellers to collect and remit sales and use taxes to the state.

Previous attempts to require remote sellers to collect sales and use taxes have been criticized on the grounds that it was unreasonable to require businesses to keep track of the nearly 7,500 state and local governments levying sales and use taxes. That is a suspect criticism, particularly for those. Nevertheless, this bill dramatically simplifies the system for businesses by establishing uniform definitions and fewer rates.

The streamlined sales and use tax system envisioned by this legislation follows the guidance offered by the Advisory Commission on Electronic Commerce. The attributes of this streamlined system include:

A centralized, one-stop, multi-state registration system for sellers;

Uniform definitions for goods or services that would be included in the tax base;

Uniform and simple rules for attributing transactions to particular taxing jurisdictions;

Uniform rules for the designation and identification of purchasers exempt from tax;

Uniform certification procedures for software that sellers may rely on to determine state and local taxes;

Uniform bad debt rules;

Uniform returns and remittance forms;

Consistent electronic filing and remittance methods;

State administration of State and local sales taxes;

Uniform audit procedures;

Reasonable compensation for tax collection by remote sellers;

Exemption for remote sellers with less than $5 million in annual sales for the previous year;

Appropriate protections for consumer privacy; and

Such other features that member states deem warranted to promote simplicity.

Critics of this legislation will argue that it is anti-technology, and that the Internet must be protected from this threat. That is not true. The sponsors of this bill yield to no one in their support and enthusiasm for a vibrant information technology era. But that support does not necessitate special breaks for companies doing business over the Internet.

A more appropriate characterization for this legislation is that it will both assure fairness to all sellers and protect states' abilities to collect the resources necessary to make the education investments that will pave the way for the next technological breakthrough—the next Internet. I hope my colleagues will join us and support this approach.

By Mr. COVERDELL (for himself and Mr. TORRICELLI):

S. 2776. A bill to amend the Internal Revenue Code of 1986 to encourage charitable contributions to public charities for the use in medical research; to the Committee on Finance.

THE MEDICAL RESEARCH INVESTMENT ACT OF 2000

Mr. COVERDELL. Mr. President, today I rise to introduce bipartisan legislation, the Medical Research Investment Act, or MRI Act, and privileged to be joined today by Senator TORRICELLI. The American people are unique in the world in their spirit of volunterism and charitable efforts. Unfortunately, the Federal Tax Code quite often gets in the way.

Congress has made impressive strides to increase resources for medical research. Last year we passed and enacted an increase of $2.7 billion in funding for the National Institutes of Health. This fourteen percent increase means this Congress is well on its way to doubling the Federal support for medical research, as we promised. At the same time, however, we should not diminish the critical role of private donations. This is why the MRI Act is so necessary.

While researchers have indeed made impressive breakthroughs in finding cures. The fight is far from over. For instance, 16 million Americans live with diabetes mellitus. In fact, I met today a courageous child, Caity Rigg, who suffers from Juvenile diabetes and requires four shots of insulin a day just to survive. Diabetes is the leading cause of kidney failure, blindness, and amputations, and is a major factor for heart disease, stroke, and birth defects. It shortens average life expectancy by 15 years and costs the nation in excess of $100 billion annually.

Cardiovascular diseases, heart attacks and strokes, claimed nearly 1 million lives in the United States in 1997. A third of these deaths were premature. In 1996, a third of all hospitalization expenditures were made to Medicare beneficiaries for hospital expenses due to cardiovascular problems.

This year approximately half a million Americans will die of cancer—more than 1,500 people per day. It is the second leading cause of death in the United States, and since 1990, approximately 13 million new cases have been diagnosed. In 2000, over 1 million new patients will be stricken.

The MRI Act makes very simple, but very significant changes. First, it encourages charitable gifts of cash or property for medical research by increasing the limitations on deductibility from the current 50 percent cap to 80 percent of adjusted gross income. Individuals could give 30 percent for medical research and 50 percent of income for other purposes. Or they could give as much as 80 percent of income for medical research alone. Not only would this benefit medical research, but it presents the opportunity for other charities to similarly receive greater support. Further, those who can give more than 80 percent in a year

may extent the carry-forward for excess charitable gifts for medical research from five years to ten years.

Second, the MRI Act allows medical research to benefit from incentive stock option, or ISO's, giving by ending disincentives for taxpayers who contribute stock from ISO's to medical research. Current law taxes such transactions at a rate of almost forty percent if stocks are not held for more than a year. Because of the tax on their gifts, many taxpayers find they must sell $140 in stock for every $100 they wish to donate because of the taxes on their gifts. In addition to this change, no ordinary income, capital gains or alternative minimum tax would be imposed on medical research gifts.

Accordingly to an estimate by Price Waterhouse Coopers, the MRI Act would release more than 1 billion in new donations to medical research over the next 5 years. For many research efforts, it could mean the difference between finding cures or not. Our proposal enjoys broad support from the medical research community.

Alliance for Aging Research, American Association for Cancer Research, ALS Association (Lou Gehrigs's Disease), American Society of Cell Biologists, Cancer Treatment Research Foundation, Coalition of National Cancer Cooperative Groups, Cure for Lymphoma, Friends of Cancer Research, International Foundation for Anticancer Drug Discovery, Juvenile Diabetes Foundation for Parkinson's Research, Oncology Nursing Society, Prevent Blindness America, Research to Prevent Blindness, and Society for Women's Health Research.

In closing, I encourage my colleagues to join us in supporting the MRI Act and look forward to its consideration. I ask unanimous consent that a copy of my proposed legislation appear in the RECORD.

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

S. 2776

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 ''Medical Research Investment Act of 2000''.

SEC. 2. INCREASE IN LIMITATION ON CHARITABLE DEDUCTION FOR CONTRIBUTIONS FOR MEDICAL RESEARCH.

(a) IN GENERAL.—Paragraph (1) of section 170(b) of the Internal Revenue Code of 1986 (relating to percentage limitations) is amended by adding at the end the following new subparagraph:

''(G) SPECIAL LIMITATION WITH RESPECT TO CERTAIN CONTRIBUTIONS FOR MEDICAL RESEARCH.—

''(i) IN GENERAL.—Any medical research contribution shall be allowed to the extent that the aggregate of such contributions does not exceed the lesser of—

''(I) 80 percent of the taxpayer's contribution base for any taxable year, or

''(II) the excess of 80 percent of the taxpayer's contribution base for the taxable year over the amount of charitable contributions allowable under subparagraphs (A) and (B) (determined without regard to subparagraph (C)).

''(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the limitation of such clause, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a medical research contribution in each of the 10 succeeding taxable years in order of time.

''(iii) TREATMENT OF CAPITAL GAIN PROPERTY.—In the case of any medical research contribution of capital gain property (as defined in subparagraph (C)(iv)), subsection (e)(1) shall apply to such contribution.

''(iv) MEDICAL RESEARCH CONTRIBUTION.—For purposes of this subparagraph, the term 'medical research contribution' means a charitable contribution—

''(I) to an organization described in clauses (ii), (iii), (v), or (vi) of subparagraph (A), and

''(II) which is designated for the use of conducting medical research.

''(v) MEDICAL RESEARCH.—For purposes of this subparagraph, the term 'medical research' has the meaning given such term under the regulations promulgated under subparagraph (A)(ii), as in effect on the date of the enactment of this subparagraph.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 170(b)(1)(A) of the Internal Revenue Code of 1986 is amended in the matter preceding clause (i) by inserting ''(other than a medical research contribution)'' after ''contribution''.

(2) Section 170(b)(1)(B) of such Code is amended by inserting ''or a medical research contribution'' after ''applies''.

(3) Section 170(b)(1)(C)(i) of such Code is amended by striking ''subparagraph (D)'' and inserting ''subparagraph (D) or (G)''.

(4) Section 170(b)(1)(D)(i) of such Code is amended—

(A) in the matter preceding subclause (I), by inserting ''or a medical research contribution'' after ''applies'', and

(B) in the second sentence, by inserting ''(other than medical research contributions)'' before the period.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply—

(1) to contributions made in taxable years beginning after December 31, 2000, and

(2) to contributions made on or before December 31, 2000, but only to the extent that a deduction would be allowed under section 170 of the Internal Revenue Code of 1986 for the taxable years beginning after December 31, 1999, had section 170(b)(1)(G) of such Code (as added by this section) applied to such contributions when made.

SEC. 3. TREATMENT OF CERTAIN INCENTIVE STOCK OPTIONS.

(a) AMT ADJUSTMENTS.—Section 56(b)(3) of the Internal Revenue Code of 1986 (relating to treatment of incentive stock options) is amended—

(1) by striking ''Section 421'' and inserting the following:

''(A) IN GENERAL.—Except as provided in subparagraph (B), section 421'', and

(2) by adding at the end the following new subparagraph:

''(B) EXCEPTION FOR CERTAIN MEDICAL RESEARCH STOCK.—

''(i) IN GENERAL.—This paragraph shall not apply in the case of a medical research stock transfer.

''(ii) MEDICAL RESEARCH STOCK TRANSFER.—For purposes of clause (i), the term 'medical research stock transfer' means a transfer—

''(I) of stock which is traded on an established securities market,

(II) of stock which is acquired pursuant to the exercise of an incentive stock option within the same taxable year as such transfer occurs, and

''(III) which is a medical research contribution (as defined in section 170(b)(1)(G)(iv)).''.

(b) NONRECOGNITION OF CERTAIN INCENTIVE STOCK OPTIONS.—Section 422(c) of the Internal Revenue Code of 1986 (relating to special rules) is amended by adding at the end the following new paragraph:

''(8) MEDICAL RESEARCH CONTRIBUTIONS.—For purposes of this section and section 421, the transfer of a share of stock which is a medical research stock transfer (as defined in section 56(b)(3)(B)) shall be treated as meeting the requirements of subsection (a)(1).''.

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

By Mr. SARBANES (for himself, Mr. WARNER, Mr. ROBB, and Ms. MIKULSKI):

S. 2777. A bill to amend the National Oceanic and Atmospheric Administration Authorization Act of 1992 to revise and enhance authorities, and to authorize appropriations, for the Chesapeake Bay Office, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE NOOA CHESAPEAKE BAY OFFICE REAUTHORIZATION ACT OF 2000

Mr. SARBANES. Mr. President, today I am introducing legislation, together with my colleagues, Senators WARNER, ROBB and MIKULSKI, to reauthorize and enhance the NOAA Chesapeake Bay Program office. This office, which was first established in 1992 pursuant to Public Law 102–567, serves as the focal point for all of NOAA's activities within the Chesapeake Bay watershed and is a vital part of the effort to achieve the long-term goal of the Bay Program—restoring the Bay's living resources to healthy and balanced levels.

As the lead Federal agency responsible for marine science, NOAA has played a critical role in the restoration of the Chesapeake Bay and its living marine resources. Since 1984, when the Agency first signed a Memorandum of Understanding with EPA to participate in the Chesapeake Bay Program as a full Federal partner, NOAA has supported scientific investigations and conducted other important activities ranging from fisheries stock assessments to monitoring of algal blooms and tracking changes in tidal wetlands. This research has been essential to improving our understanding of the impacts of climate, harvest and pollution on the decline of anadromous fish, oysters and other marines species in the Bay and helping to develop management strategies for restoring living resources.

In order to better integrate NOAA's diverse efforts in the Bay region and provide a clear focal point within NOAA for Chesapeake Bay initiatives, in 1991 I introduced legislation to create a NOAA Chesapeake Bay Office or NCBO. The legislation authorized $2.5 million a year for the program and prescribed the office's principal functions as coordination, strategy development, technical and financial assistance and research dissemination. That legislation was incorporated in an overall

NOAA authorization bill and became Public Law 102–567. To implement the initiative, NOAA established an office in Annapolis under the administration of the National Marine Fisheries Service and has been funding peer-reviewed research directed at the Bay's living resource problems, providing scientific expertise and technical assistance to Bay Program partners, working to involve other relevant NOAA elements in the Bay restoration and participating in a wide variety of Bay Program projects and activities. During the past eight years, the NCBO has made great strides in realizing the objectives of the NOAA Authorization Act of 1992 and the overall Bay Program living resource goals. Working with other Bay Program Partners, important progress has been made in surveying and assessing fishery resources in the Bay, developing fishery management plans for selected species, undertaking habitat restoration projects, removing barriers to fish passage, and undertaking important remote sensing and data analysis activities.

NOAA's responsibilities to the Bay restoration effort are far from complete, however. Some populations of major species of fish and shellfish in Chesapeake Bay such as shad and oysters, remain severely depressed, while others, such as blue crab are at risk. Bay-wide, some 16 of 25 ecologically important species are in decline or severe decline, due to disease, habitat loss, over-fishing and other factors. The underwater grasses that once sustained these fisheries are only at a fraction of their historic levels. Research and monitoring must be continued and enhanced to track living resource trends, evaluate the responses of the estuary's biota to changes in their environment and establish clear management goals and progress indicators for restoring the productivity, diversity and abundance of these species. Chesapeake 2000, the soon-to-be-signed new Bay Agreement, has identified several living resource goals which will require strong NOAA involvement to achieve.

The legislation which I am introducing would provide NOAA with additional resources and authority necessary to ensure its continued full participation in the Bay's restoration and in meeting with goals and objectives of Chesapeake 2000. First, this measure would move administration and oversight of the NOAA Bay Office from the National Marine Fisheries Service (NMFS) to the Office of the Undersecretary to help facilitate the pooling of all of NOAA's talents and take better advantage of NOAA's multiple capabilities. In addition to NMFS there are four other line offices within NOAA with programs and responsibilities critical to the Bay restoration effort—the Office of Oceanic and Atmospheric Research, National Ocean Service, National Weather Service, and National Environmental Satellite, Data and Information Service. Getting these different line offices to pool their resources and coordinate their activities is a serious challenge when they do not have a direct stake or clear line of responsibility to the Chesapeake Bay Program. Placing the NOAA Bay office within the Under Secretary's Office will help assure the coordination of activities across all line organizations of NOAA.

Second, the legislation authorizes and directs NOAA to undertake a special five-year study, in cooperation with the scientific community of the Chesapeake Bay and appropriate other federal agencies, to develop the knowledge base required for understanding multi-species interactions and developing multi-species management plans. To date, fisheries management in Chesapeake Bay and other waters, has been largely based upon single-species plans that often ignore the critical relationships between water and habitat quality, ecosystem health and the food webs that support the Bay's living resources. There is a growing consensus between scientific leaders and managers alike that we must move beyond the one-species-at-a-time approach toward a wider, multi-species and ecosystem perspective. Chesapeake 2000 calls for developing multi-species management plans for targeted species by the year 2005 and implementing the plans by 2007. In order to achieve these goals, NOAA must take a leadership role and support a sustained research and monitoring program.

Third, the legislation authorizes NOAA to carry out a small-scale fishery and habitat restoration grant and technical assistance program to help citizens organizations and local governments in the Chesapeake Bay watershed undertake habitat, fish and shellfish restoration projects. Experience has shown that, with the proper tools and training, citizens' groups and local communities can play a tremendous role in fisheries and habitat protection and restoration efforts. The Chesapeake Bay Foundation's oyster gardening program, for example, has proven to be highly successful in training citizens to grow oysters at their docks to help restore oysters' populations in the Bay. The new Bay Agreement has identified a critical need to not only to expand and promote community-based programs but to restore historic levels of oyster production, restore living resource habitat and submerged aquatic vegetation. The NOAA small-grants program, which this bill would authorize, would complement EPA's Chesapeake Bay small watershed program, and make ''seed'' grants available on a competitive, cost-sharing basis to local governments and nonprofit organizations to implement hands-on projects such as improvement of fish passageways, creating artificial or natural reefs, restoring wetlands and sea-grass beds, and producing oysters for restoration projects.

Fourth, the legislation would establish an internet-based Coastal Predictions Center for the Chesapeake Bay. Resource managers and scientists alike agree that we must make better use of the various modeling and monitoring systems and new technologies to improve prediction capabilities and response to physical and chemical events within the Bay and tributary rivers. There are substantial amounts of data collected and compiled by Federal, state and local government agencies and academic institutions including information on weather, tides, currents, circulation, climate, land use, coastal environmental quality, aquatic living resources and habitat conditions. Unfortunately, little of this data is coordinated and organized in a manner that is useful to the wide range of potential users. The Coastal Predictions Center would serve as a knowledge bank for assembling monitoring and modeling data from relevant government agencies and academic institutions, interpreting that data, and organizing it into products that are useful to resource managers, scientists and the public.

Finally, the legislation would increase the authorization for the NOAA Bay Program from the current level of $2.5 million to $6 million per year to enhance current activities and to carry out these new initiatives. For more than a decade, funding for NOAA's Bay Program has remained static at an annual average of $1.9 million. If we are to achieve the ultimate, long-term goal of the Bay Program—protecting, restoring and maintaining the health of the living resources of the Bay—additional financial resources must be provided.

Mr. President, this legislation will provide an important boost to our efforts to restore the Bay's living resources. It is strongly supported by the Chesapeake Bay Commission, the Chesapeake Bay Foundation and members of the scientific community. I ask unanimous consent that the full text of the measure and supporting letters be printed in the RECORD immediately following my statement.

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

S. 2777

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 ''NOAA Chesapeake Bay Office Reauthorization Act of 2000''.

SEC. 2. CHESAPEAKE BAY OFFICE.

(a) ESTABLISHMENT.—Section 307(a) of the National Oceanic and Atmospheric Administration Authorization Act of 1992 (15 U.S.C. 1511d(a)) is amended—

(1) in paragraph (1), by striking ''Estuarine Resources''; and

(2) by striking paragraph (2) and inserting the following:

''(2) ADMINISTRATION.—

''(A) IN GENERAL.—Beginning not later than 60 days after the date of enactment of this subparagraph, the Office shall be administered by the Office of the Under Secretary of Commerce for Oceans and Atmosphere.

''(B) DIRECTOR.—The Secretary of Commerce shall appoint as Director of the Office an individual who has knowledge of and experience in research or resource management efforts in the Chesapeake Bay.''.

(b) FUNCTIONS.—Section 307(b) of the National Oceanic and Atmospheric Administration Authorization Act of 1992 (15 U.S.C. 1511d(b)) is amended—

(1) by striking paragraph (3) and inserting the following:

''(3) coordinate the programs and activities of the various organizations within the National Oceanic and Atmospheric Administration and the Chesapeake Bay Regional Sea Grant Programs, including—

''(A) programs and activities in—

''(i) coastal and estuarine research, monitoring, and assessment;

''(ii) fisheries research and stock assessments;

''(iii) data management;

''(iv) remote sensing;

''(v) coastal management;

''(vi) habitat conservation and restoration; and

''(vii) atmospheric deposition; and

''(B) programs and activities of the Cooperative Oxford Laboratory of the National Ocean Service with respect to—

''(i) nonindigenous species;

''(ii) marine species pathology;

''(iii) human pathogens in marine environments; and

''(iv) ecosystems health;''; and

(2) in paragraph (7), by striking the period at the end and inserting the following: '', which report shall include an action plan consisting of—

''(A) a list of recommended research, monitoring, and data collection activities necessary to continue implementation of the strategy described in paragraph (2); and

''(B) proposals for—

''(i) continuing and new National Oceanic and Atmospheric Administration activities in the Chesapeake Bay; and

''(ii) the integration of those activities with the activities of the partners in the Chesapeake Bay Program to meet the commitments of the Chesapeake 2000 agreement and subsequent agreements.''.

(c) CONFORMING AMENDMENT.—Section 307 of the National Oceanic and Atmospheric Administration Authorization Act of 1992 (15 U.S.C. 1511d) is amended by striking the section heading and inserting the following:

''SEC. 307. CHESAPEAKE BAY OFFICE.''.

SEC. 3. MULTIPLE SPECIES MANAGEMENT STRATEGY; CHESAPEAKE BAY FISHERY AND HABITAT RESTORATION SMALL GRANTS PROGRAM; COASTAL PREDICTION CENTER.

The National Oceanic and Atmospheric Administration Authorization Act of 1992 is amended by inserting after section 307 (15 U.S.C. 1511d) the following:

''SEC. 307A. MULTIPLE SPECIES MANAGEMENT STRATEGY.

''(a) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Director of the Chesapeake Bay Office of the National Oceanic and Atmospheric Administration shall commence a 5-year study, in cooperation with the scientific community of the Chesapeake Bay and appropriate Federal agencies—

''(1) to determine and expand the understanding of the role and response of living resources in the Chesapeake Bay ecosystem; and

''(2) to develop a multiple species management strategy for the Chesapeake Bay.

''(b) REQUIRED ELEMENTS OF STUDY.—In order to improve the understanding necessary for the development of the strategy under subsection (a), the study shall—

''(1) determine the current status and trends of fish and shellfish that live in the Chesapeake Bay estuaries and are selected for study;

''(2) evaluate and assess interactions among the fish and shellfish described in paragraph (1) and other living resources, with particular attention to the impact of changes within and among trophic levels; and

''(3) recommend management actions to optimize the return of a healthy and balanced ecosystem for the Chesapeake Bay.

''SEC. 307B. CHESAPEAKE BAY FISHERY AND HABITAT RESTORATION SMALL GRANTS PROGRAM.

''(a) IN GENERAL.—The Director of the Chesapeake Bay Office of the National Oceanic and Atmospheric Administration (referred to in this section as the 'Director'), in cooperation with the Chesapeake Executive Council (as defined in section 307(e)), shall carry out a community-based fishery and habitat restoration small grants and technical assistance program in the Chesapeake Bay watershed.

''(b) PROJECTS.—

''(1) SUPPORT.—The Director shall make grants under the program under subsection (a) to pay the Federal share of the cost of projects that are carried out by eligible entities described in subsection (c) for the restoration of fisheries and habitats in the Chesapeake Bay.

''(2) FEDERAL SHARE.—The Federal share under paragraph (1) shall not exceed 75 percent.

''(3) TYPES OF PROJECTS.—Projects for which grants may be made under the program include—

''(A) the improvement of fish passageways;

''(B) the creation of natural or artificial reefs or substrata for habitats;

''(C) the restoration of wetland or sea grass;

''(D) the production of oysters for restoration projects; and

''(E) the restoration of contaminated habitats in the Chesapeake Bay watershed.

''(c) ELIGIBLE ENTITIES.—The following entities are eligible to receive grants under the program under this section:

''(1) The government of a political subdivision of a State in the Chesapeake Bay watershed and the government of the District of Columbia.

''(2) An organization in the Chesapeake Bay watershed (such as an educational institution or a community organization) that is described in section 501(c) of the Internal Revenue Code of 1986 and is exempt from taxation under section 501(a) of that Code.

''(d) ADDITIONAL REQUIREMENTS.—The Director may prescribe any additional requirements, including procedures, that the Director considers necessary to carry out the program under this section.

''SEC. 307C. COASTAL PREDICTION CENTER.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Director of the Chesapeake Bay Office of the National Oceanic and Atmospheric Administration (referred to in this section as the 'Director'), in collaboration with regional scientific institutions, shall establish a coastal prediction center for the Chesapeake Bay (referred to in this section as the 'center').

''(2) PURPOSE OF CENTER.—The center shall serve as a knowledge bank for—

''(A) assembling, integrating, and modeling coastal information and data from appropriate government agencies and scientific institutions;

''(B) interpreting the data; and

''(C) organizing the data into predictive products that are useful to policy makers, resource managers, scientists, and the public.

''(b) ACTIVITIES.—

''(1) INFORMATION AND PREDICTION SYSTEM.—The center shall develop an Internet-based information system for integrating, interpreting, and disseminating coastal information and predictions concerning—

''(A) climate;

''(B) land use;

''(C) coastal pollution;

''(D) coastal environmental quality;

''(E) ecosystem health and performance;

''(F) aquatic living resources and habitat conditions; and

''(G) weather, tides, currents, and circulation that affect the distribution of sediments, nutrients, and organisms, coastline erosion, and related physical and chemical events within the Chesapeake Bay and the tributaries of the Chesapeake Bay.

''(2) AGREEMENTS TO PROVIDE DATA, INFORMATION, AND SUPPORT.—The Director may enter into agreements with other entities of the National Oceanic and Atmospheric Administration, other appropriate Federal, State, and local government agencies, and academic institutions, to provide and interpret data and information, and provide appropriate support, relating to the activities of the center.

''(3) AGREEMENTS RELATING TO INFORMATION PRODUCTS.—The Director may enter into grants, contracts, and interagency agreements with eligible entities for the collection, processing, analysis, interpretation, and electronic publication of information products for the center.''.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 307 of the National Oceanic and Atmospheric Administration Authorization Act of 1992 (15 U.S.C. 1511d) is amended by striking subsection (d) and inserting the following:

''(d) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There is authorized to be appropriated to the Department of Commerce for the Chesapeake Bay Office $6,000,000 for each of fiscal years 2001 through 2004.

''(2) AMOUNTS FOR NEW PROGRAMS.—Of the amount authorized to be appropriated for each fiscal year under paragraph (1)—

''(A) not more than $2,500,000 shall be available to carry out section 307A;

''(B) not more than $1,000,000 shall be available to carry out section 307B; and

''(C) not more than $500,000 shall be available to carry out section 307C.''.

(b) CONFORMING AMENDMENT.—Section 2 of the National Oceanic and Atmospheric Administration Marine Fisheries Program Authorization Act (Public Law 98–210; 97 Stat. 1409) is amended by striking subsection (e) (106 Stat. 4285).

SEC. 5. TECHNICAL CORRECTION.

Section 307(b) of the National Oceanic and Atmospheric Administration Authorization Act of 1992 (15 U.S.C. 1511d(b)) is amended by striking ''Chesapeake Bay Executive Council'' and inserting ''Chesapeake Executive Council''.

CHESAPEAKE BAY COMMISSION,
June 12, 2000.

Hon. PAUL S. SARBANES,
U.S. Senate, Hart Senate Office Building, Washington, DC

DEAR SENATOR SARBANES: We understand that you will soon be introducing legislation to reauthorize NOAA's Chesapeake Bay Program. This broadened, $6 million reauthorization would allow NOAA to better address multi-species management issues, to establish a complementary grants program in support of local community projects throughtout the Bay, and to make additional contributions that enhance the restoration of oysters in the estuary.

This legislation provides another enhanced mechanism for meeting the ambitious restoration and protection goals contained in the Chesapeake 2000 agreement that we and our Bay partners are signing on June 28. The members of the Chesapeake Bay Commission look forward to the enactment on this NOAA reauthorization and offer our full support and assistance as it moves through the Congress.

Sincerely,

BILL BOLLING,
Chairman.
BRIAN E. FROSH,
Vice-Chairman.
ARTHUR D. HERSHEY,
Vice-Chairman.

CHESAPEKE BAY FOUNDATION,
June 20, 2000.

Hon. PAUL S. SARBANES,
Hart Building,
Washington, DC.

DEAR SENATOR SARBANES: The Chesapeake Bay Foundation fully supports your new bill that would reauthorize and enhance the NOAA Chesapeake Bay Program. We greatly appreciate your leadership on this legislation and your persistent pursuit of a restored Bay.

The NOAA Bay Program originally was authorized in 1992 and has been a major contributor in protecting and restoring the Bay. The NOAA Bay office has provided a clear focal point within NOAA for Chesapeake Bay initiatives, involving all relevant NOAA entities in Bay restoration efforts, managing peer-reviewed research, and strengthening NOAA's interactions with Chesapeake Bay partners.

One of the NOAA Bay Program's yearly achievements is its fishery stock assessment. This work is crucial to gauging and managing the health of the Bay's fisheries. In addition, the NOAA Bay Program contributes to ecosystem management, community-based restoration activities, data analysis, and information management. NOAA Bay Program employees participate on Chesapeake Bay Program committees and they chair the Chesapeake Bay Environmental Effects Committee and the Chesapeake Bay Stock Assessment Committee.

Recently, the NOAA Bay Program made a major commitment to restoring the Bay's oyster population, which provides vital filtering of polluted water and unique habitat for marine life. CBF views restoring the oyster population as one of the most important steps we can take to restore the health of the Bay.

This new bill would consolidate authority for the Program's base funding with other line item programs, such as oyster recovery and multi-species initiatives. Moreover, the bill requires the NOAA Bay Program to help the Bay states meet the goals of the Chesapeake 2000 Agreement. The small watershed grants section, which is a new initiative, would be used for projects like Susquehanna River fish passages, oyster reef reconstruction, and other citizen-led, hands-on projects.

Lastly, the bill increases authorization to $6 million each year to carry out these activities. The Chesapeake Bay is the most productive estuary in the world and its vast fisheries and marine resources deserve that level of commitment from the federal government.

This bill represents a tremendous boost for CBF's and NOAA's efforts to Save the Bay. We look forward to working with you to secure passage of this exciting new legislation.

Very Truly Yours,

MICHAEL F. HIRSHFIELD, PHD.,
Vice-President, Resource Protection.

By Mr. KOHL (for himself, Mr. DEWINE, Mr. SPECTER, Mr. LEAHY, Mr. GRASSLEY, and Mr. FEINGOLD):

S. 2778. A bill to amend the Sherman Act to make oil-producing and exporting cartels illegal; to the Committee on the Judiciary.

THE NO OIL PRODUCING AND EXPORTING CARTELS (NOPEC) ACT OF 2000

Mr. KOHL. Mr. President, we have all watched in the last few weeks as gas prices have skyrocketed across the country, reaching an average price for regular gas of $ 1.68 per gallon. The situation is even worse in Wisconsin and other Midwestern states. The Milwaukee Journal Sentinel reported on June 21 that the average price in Milwaukee for regular gas has reached $2.05 per gallon, and reports of consumers paying as much as $2.30 or more are not uncommon. We need to take action, and take action now, to combat this unjustified rise in gas prices that takes hard-earned dollars away from average citizens every time they visit the gas pump. It is for this reason that I rise today, with my colleagues Senators DEWINE, SPECTER, LEAHY, and GRASSLEY, to introduce the ''No Oil Producing and Exporting Cartels Act of 2000'', ''NOPEC''.

We have all heard many explanations offered for this rise in gas prices. Some say that the oil companies are gouging consumers. Some blame disruptions in supply. Others point to the EPA requirement mandating use of a new and more expensive type of ''reformulated'' gas in the Midwest. Some even claim that refiners and distributors are illegally fixing prices, and I am glad to see that the Federal Trade Commission, at the request of the Wisconsin delegation and Senator DEWINE, has now launched an investigation to figure out if these allegations are true. And these are just a few of the reasons that have been offered.

But one cause of these escalating prices is indisputable. This is the price fixing conspiracy of the OPEC nations, a conspiracy that for years has unfairly driven up the cost of imported crude oil to satisfy the greed of the oil exporters. We have long decried OPEC but, sadly, until now no one has tried to take any action to put it out of business. NOPEC will, for the first time, establish, clearly and plainly, that when a group of competing oil producers like OPEC agrees to act together to restrict supply or set prices they are violating U.S. law, and it will authorize the Attorney General or FTC to file suit under the antitrust laws for redress. Our bill will also make plain that the nations of OPEC cannot hide behind the doctrines of ''Sovereign Immunity'' or ''Act of State'' to escape the reach of American justice.

Even under current law, there is no doubt that the actions of the international oil cartel would be in gross violation of our most basic principles of antitrust law as nothing more than an illegal price fixing scheme if this cartel was a group of international private companies rather than foreign governments. But OPEC members have used the shield of ''sovereign immunity'' to escape accountability for their price-fixing. The Federal Sovereign Immunities Act, though, already recognizes that the ''commercial'' activity of nations is not protected by sovereign immunity. And it is hard to imagine an activity that is more obviously commercial than selling oil for profit, as the OPEC nations do. Our legislation will correct one erroneous twenty-year-old lower federal court holding and establish that sovereign immunity doctrine will not divest a U.S. court from jurisdiction to hear a lawsuit alleging that members of the oil cartel are violating antitrust law.

Mr. President, in recent years a consensus has developed in international law that certain basic standards are universal, and that the international community can, and should, take action when a nation violates these fundamental standards. The response of the international community to ethnic cleansing in the former Yugoslavia and action by the courts of Britain to recognize that Mr. Pinochet could be held accountable in Britain for allegations of human rights abuses and torture that occurred when he was President of Chile are two prominent examples. The rogue actions of the international oil cartel should be treated no differently. The most fundamental principle of a free market is that competitors cannot be permitted to conspire to limit supply or fix price. This principle is the foundation upon which the entire body of competition law rests. In this era of increasing globalization, when we truly need to open international markets to ensure the prosperity of all, we should not permit any nation to flout this fundamental principle.

Our NOPEC legislation will, for the first time, enable our authorities to take legal action to combat the illegitimate price-fixing conspiracy of the oil cartel and will, at a minimum, have a real deterrent effect on nations that seek to join forces to fix oil prices to the detriment of consumers. For these reasons, I urge that my colleagues support this bill so that our nation will finally have an effective means to combat this selfish conspiracy of oil-rich nations.

Mr. DEWINE. Mr. President, today Senators KOHL, SPECTER, LEAHY, GRASSLEY, FEINGOLD, and I have introduced the ''No Oil Producing and Exporting Cartels Act of 2000'', NOPEC. We do so to address the long-standing problem of foreign governments acting in the commercial arena to fix, allocate, and establish production and price levels of petroleum products.

More than two months ago, Senators SPECTER, KOHL, THURMOND, SCHUMER, Biden, and I sent a letter to the President asking him to seriously consider legal action to put an end to the cartel behavior of OPEC nations. The White House has failed to take any action,

and it appears that there are some within the Administration who believe there may be legal stumbling blocks to such a lawsuit. During the time in which the Administration has failed to take action, we have witnessed gas prices begin to rise again. Most notable are the unexplainable, sharp price increases in several Midwestern states. These price increases have harmed many in Ohio and across the Midwest. There is no relief in sight. Many are speculating about the cause of the price-spikes. One cause is indisputable—the unacceptably high price of imported crude oil set by the OPEC cartel.

Nation after nation has adopted antitrust enforcement principles that recognize the illegality of price fixing and other restraints of trade. Yet OPEC is undeterred, and continues to flout broadly accepted legal principles and artificially restrains the production of oil. It is time for internationally recognized principles of competition to operate in the oil and petroleum industry—just as they do in other markets.

The purpose of NOPEC is simple and straightforward. It makes clear that the U.S. enforcement agencies may bring antitrust enforcement actions against foreign states which violate antitrust laws in the production and sale of oil and other petroleum products, and it establishes that the district courts have jurisdiction and authority to consider such cases.

NOPEC does this by amending the Sherman Antitrust Act and the Foreign Sovereign Immunities Act, ''FSIA''. Under FSIA, the governmental activities of foreign governments are immune from the jurisdiction of the federal courts. A lower federal court has ruled—we believe erroneously—that the conduct of OPEC nations in relation to oil production and exportation are governmental, not commercial activities, and thus immune. NOPEC corrects this ruling, and clarifies the law, specifically removing immunity from foreign governments when they are engaged in the limitation of the production or distribution of oil and other petroleum products. NOPEC also makes clear that the federal courts should not decline to make a determination on the merits of an action brought under NOPEC based on the ''act of state'' doctrine.

This legislation will send a strong signal to OPEC nations that their agreements restrain trade and harm American consumers. This will no longer be accepted. Our legislation will allow the U.S. enforcement agencies to do their jobs and enforce the antitrust laws.

By Mr. SANTORUM (for himself, Mr. LIEBERMAN, Mr. ABRAHAM, Mr. KOHL, Mr. HUTCHINSON, Mr. TORRICELLI, and Mr. KERRY):

S. 2779. A bill to provide for the designation of renewal communities and to provide tax incentives relating to such communities, to provide a tax credit to taxpayers investing in entities seeking to provide capital to create new markets in low-income communities, and to provide for the establishment of Individual Development Accounts (IDAs), and for other purposes; to the Committee on Finance.

THE AMERICAN COMMUNITY RENEWAL AND NEW MARKETS EMPOWERMENT ACT

Mr. KERRY. Mr. President, today I am joining colleagues on both sides of the aisle to introduce the American Community Renewal and New Markets Empowerment Act. Demonstrating that Congress can constructively work together and find common ground, we—Senators LIEBERMAN, TORRICELLI, KOHL, SANTORUM, ABRAHAM, and HUTCHINSON—unveiled a plan that creates economic incentives to help close America's wealth gap. Among many important initiatives, our plan includes my new markets legislation that I introduced last September, S. 1594, the Community Development and Venture Capital Act, and full funding for Round II of Empowerment Zones.

This plan builds on the President's and Speaker's agreement by securing full, mandatory funding for Massachusett's Empowerment Zone. So far, the money has dribbled in—only $6.6 million of the $100 million authorized over ten years—and made it impossible for the city to implement a plan for economic self-sufficiency. Some 80 public and private entities, from universities to technology companies to banks to local government, showed incredible community spirit and committed to matching the EZ money, eight to one. Let me say it another way—these groups agreed to match the $100 million in Federal Empowerment Zone money with $800 million. Yet, regrettably, in spite of this incredible alliance, the city of Boston has not been able to tap into that leveraged money and implement the strategic plan because Congress hasn't held its part of the bargain. I am extremely pleased that we were able to work together and find a way to provide full, steady funding to these zones. That money means education, daycare, transportation and basic health care in areas—in Massachusetts that includes 57,000 residents who live in Roxbury, Dorchester and Mattipan—where almost 50 percent of the children are living in poverty and nearly half the residents over 25 don't even have a high school diploma.

Mr. President, this bill also includes an initiative that I introduced last year called the Community Development and Venture Capital Act. Its purpose is to stimulate economic development through public-private partnerships that invest venture capital in smaller businesses that are located in impoverished rural and urban areas, known as new markets, or that employ low-income people. We call these areas new markets because of the overlooked business opportunities. According to Michael Porter, a respected professor at Harvard and business analyst who has written extensively on competitiveness, ''. . . inner cities are the largest underserved market in America, with many tens of billions of dollars of unmet consumer and business demand.''

Both innovative and fiscally sound, my new markets initiative is financially structured similar to Small Business Administration (SBA's), successful Small Business Investment Company (SBIC), program, and incorporates a technical assistance component similar to that successfully used in SBA's microloan program. However, unlike the SBIC program which focuses solely on small businesses with high-growth potential and claims successes such as Staples and Calaway Golf, the New Markets Venture Capital program will focus on smaller businesses that show promise of financial and social returns, such as jobs—what we call a ''double bottomline.''

To get at the complex and deep-rooted economic problems in new market areas, my initiative has three parts: a venture capital program to funnel investment money into our poorest communities, a program to expand the number of venture capital firms that are devoted to investing in such communities, and a mentoring program to link established, successful businesses with businesses and entrepreneurs in stagnant or deteriorating communities in order to facilitate the learning curve.

What I'm trying to do as Ranking Member of the Small Business Committee, and have been working with the SBA to achieve, is expand investment in our neediest communities by building on the economic activity created by loans. I think one of the most effective ways to do that is to spur venture capital investment in our neediest communities.

But, Mr. President, this bill even goes further than funding empowerment zones and establishing incentives to attract venture capital into distressed communities. It enhances education opportunities, creates individual development accounts to help low-income families save and invest in their future, increases affordable housing, improves access to technology in our classrooms and creates incentives to help communities remediate brownfields.

Before closing, I want to thank my colleauges for working so hard on this compromise and for their admirable willingness to put aside our differences for a larger purpose.

ADDITIONAL COSPONSORS

S. 345

At the request of Mr. ALLARD, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 345, a bill to amend the Animal Welfare Act to remove the limitation that permits interstate movement of live birds, for the purpose of fighting, to States in which animal fighting is lawful.