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## House of Representatives

### CONFERENCE REPORT ON S. 1438, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2002

Mrs. MYRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 316 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

#### H. RES. 316

*Resolved*, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (S. 1438) to authorize appropriations for fiscal year 2002 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore. The gentleman from North Carolina (Mrs. MYRICK) is recognized for 1 hour.

Mrs. MYRICK. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

This morning, the Committee on Rules met and granted a rule providing for further consideration of S. 1438, the fiscal year 2002 Department of Defense Authorization Act. The rule waives all

points of order against the conference report and against its consideration. The rule also provides that the conference report shall be considered as read.

Mr. Speaker, this rule allows us to finish up our work on the defense bill. All of us, on both sides of the aisle, recognize that we must provide for our military in this time of crisis. Indeed, the gentleman from Texas (Mr. FROST) who is managing this rule for the minority, has always been a strong advocate for our men and women in uniform.

The American people realize how important this is because we can leave nothing to chance. The primary purpose of the Federal Government is to defend our citizens, and the military is our primary source of that defense. We must act quickly to give our men and women in uniform the tools that they need to patrol our borders and to prevent terrorist attacks.

So let us pass this rule and pass the underlying defense bill. At the end of the day, we will have provided \$343 billion to our Armed Forces, the largest increase in support for our military since the mid-1980s. These funds include \$7 billion to fight terrorist, and at this crucial time in our history, this bill is most important.

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

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

Mr. Speaker, as we speak, Mr. Speaker, the brave men and women of the

U.S. military are halfway around the world waging and winning the war on terrorism. Their courage and professionalism are a fitting tribute to the strength and unity of the United States of America.

At the same time, the American people have pulled together to support the war abroad, and to protect each other here at home.

Here in Congress, there is strong bipartisan support for America's Armed Forces. The history of this defense authorization bill reflects that fact. In August, the House Committee on Armed Services reported its original version on a bipartisan vote of 58-1. The full House then passed H.R. 2586 by a vote of 398-17 on September 25. I am confident that another large, bipartisan majority will pass this conference report today.

Mr. Speaker, that is because Democrats and Republicans are strongly committed to America's national defense and to the first rate military that carries it out. The security of the United States of America is not a partisan issue.

Mr. Speaker, this is a good conference report, and the gentleman from Arizona (Chairman STUMP) and the gentleman from Missouri (Mr. SKELTON), the ranking Member, deserve tremendous credit for their hard work for America's troops.

This conference report provides \$7 billion to combat terrorism and defeat

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weapons of mass destruction, a substantial and much-needed increase. It provides for a significant military pay raise, and for substantial increases in critical readiness accounts. It strengthens research for tomorrow's weapons and equipment, while providing the weapons and equipment the U.S. military needs today.

Mr. Speaker, I am especially pleased by the substantial quality of life improvements in this bill. It includes a significant pay raise of between 5 and 10 percent for every member of the military. And to boost critical mid-level personnel retention, much of the pay raise will be directed toward junior officers.

The bill also significantly increases health benefits for servicemembers and their families, and it provides \$10.5 billion, some \$528 million more than the President requested, for military construction and family housing, because the men and women who defend America should not have to live and work in substandard facilities.

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I am also pleased that this conference report continues to fund the wide range of weapons programs that ensure our military superiority throughout the world. For instance, it includes more than \$2.6 billion for the initial production of 13 of the F-22 Raptor aircraft, the next-generation air dominance fighter for the Air Force. The conference report also includes \$379 million for F-22 advance procurement for fiscal year 2003, and more than \$865 million for research and development for this aircraft.

Additionally, Mr. Speaker, the conference report provides some \$1.5 billion for continued development of the Joint Strike Fighter, the high-technology, multi-role fighter of the future for the Air Force, the Navy and the Marines. And it includes \$1.3 billion for the procurement of 11 MV-22 Osprey aircraft for the Marine Corps, and \$559.4 million for research and development for the Navy, Air Force and Special Operations Command versions of this vital aircraft.

Mr. Speaker, all of these aircraft are important components in our national arsenal, and moving forward on their research and production sends a clear signal that the United States has no intention of relinquishing our air superiority.

The first duty of the Congress, Mr. Speaker, is to provide for the national defense and for the men and women who protect it. This bipartisan bill does a great deal to improve military readiness and to improve the quality of life for our men and women in uniform, as well as for their families.

For that reason, I urge the adoption of this rule and of this bill.

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

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

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

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

Ms. JACKSON-LEE of Texas. Mr. Speaker, it is well known that Americans today have a very special challenge. With the backdrop of the loss of life on September 11, we do have the responsibility to ensure that this Nation is secure.

With that, Mr. Speaker, I do rise in support of this rule and, as well, offer my tentative support for the authorization bill. I say that because we are doing what we need to do as it relates to our military personnel. We are providing them with the necessary pay raise to provide the excellence and the remuneration that they deserve in ensuring the safety of this Nation and around the world. It is important as well that they have the necessary equipment, the necessary flight equipment and training that this legislation suggests.

Mr. Speaker, however, I believe that there are dollars expended that could be utilized in a different approach. We need dollars for homeland security, and this bill includes \$8.3 billion for ballistic missile defense. There is no proof, Mr. Speaker, that this expenditure of dollars is going to make America any more secure. There is no proof that, in fact, these dollars could not be better utilized in providing dollars to our emergency first responders, our police and fire, to our public hospital system. Anthrax is still a scare in this Nation and the better direction would have been to utilize these dollars. No one has determined as to whether or not this world will enter into a nuclear war and these ballistic missile dollars will be of any value.

Additionally, I would hope that the \$14 billion for nuclear weapons-related activities of the Department of Energy will be used to end nuclear proliferation. That would be the better use of those dollars.

Mr. Speaker, it would have been helpful if all of us could have had the kind of input and assessment on how these dollars should have been directed. To the personnel, I say yes. To the improvement in housing and other living conditions, yes. To the necessary equipment utilized by our military, absolutely. But to the needs of those who also confront homeland defense, we did not do them a service in this legislation.

For the very reason that we are fighting terrorism, Mr. Speaker, I believe it is necessary to support this legislation; but I hope that we will have, as the Congress continues, the opportunity to reassess the direction in which we go.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Maine (Mr. BALDACCI).

Mr. BALDACCI. Mr. Speaker, I thank the Member for yielding me the time. I want to also thank the ranking member, the chairman of the committee, and the membership of the committee

for their fine work. I think that they have, under very difficult circumstances, gone about doing the work that is important to the country and uniting the country and making sure that the country is protected.

What I am concerned about is that this House has continually stood up and voted against any additional base closure commissions. I recognize that there is the possibility of a recommittal motion which will be able to be addressed, but I also notice that there may not be any time to be able to have that discussion. I know that the House has stood firm and negotiated in very difficult circumstances to be able to make what they felt was a very important effort in this regard. But having been a part of a process in 1995 and witnessing it firsthand and also being able to watch it and participate in another instance back in 1988 in that process and then recognizing that we may not have gained the savings that were supposed to be gained, and then also at the same time recognizing that a lot of the communities that were left behind were truly left behind, there was no additional resources for environmental or community cleanup. Once the facility was closed, that was it; and we were left as communities to have to struggle with that.

I am concerned about pushing this forward, also, at the same time that we are looking at a war that we really have not got complete understanding in terms of the depth and degree of what we are up against in terms of this worldwide effort against terrorism. I appreciate the House conferees and their resistance to this motion in this element of the bill, but I also recognize that it now is in the conference report. I wanted to have an opportunity to be able to address it because I do not think at this time that it makes sense to be moving forward in this regard at the same time that we are still trying to develop the quadrennial report in terms of our defense needs and at the same time we are trying to better ascertain whether those bases are going to be needed or not needed. And I think it is at a time where we are at war and united in the war effort, we will begin engaging communities and also areas and interests to be trying to protect those bases at the same time that we are engaged in a war, which may prove to be ultimately dividing up our strength and unity that we have been able to have at this time.

I wanted to register that concern about this product. I recognize that there is an awful lot here for pay raises. Our troops need the pay raises, and I noticed that health care and other issues have been taken.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Colorado (Mr. UDALL).

(Mr. UDALL of Colorado asked and was given permission to revise and extend his remarks.)

Mr. UDALL of Colorado. I thank the gentleman for yielding me this time.

Mr. Speaker, I support this rule and will support the conference report. There are some things in the conference report that are not fully satisfactory to me, as is often the case with conference reports. But the conference report also includes some items that I very strongly support, and I want to speak briefly about two of them.

First, the conference report includes legislation dealing with the future of Rocky Flats, the former nuclear-weapons production facility in Colorado. Under this part of the conference report, Rocky Flats will be transferred from the Department of Energy to the Department of the Interior once it is cleaned up and closed and then will be managed as a national wildlife refuge. This builds on legislation that I first introduced in the 106th Congress to preserve this area for its open space and wildlife resources and incorporates the later bill that I developed in collaboration with Senator ALLARD. I had the privilege of serving as a House conferee on this provision, and I am very pleased that the other conferees agreed to its inclusion in the final bill.

In years past, Rocky Flats made significant contributions to our Nation's security and the economies of the local communities surrounding it. But it was always more than just an industrial site. In fact, the Colorado Natural Areas Program determined that this 6,400-acre landscape, with its prairie grasses, numerous creeks and draws and ponds, contains some of the most highly valued and rare examples of dry, upland prairie ecosystems in the country. Rocky Flats will be a most worthwhile addition to the Nation's wildlife refuge system.

Mr. Speaker, there is another important reason that the House should approve the conference report. The report includes vital funding for people covered by the Radiation Exposure Compensation Act, or RECA. The people covered by RECA include uranium miners and millers and others who worked to support the nuclear weapons program or who were exposed to its fallout. And because of that exposure, they are sick with cancers and other serious diseases. Many of them are residents of Colorado, New Mexico, Utah, and other western States.

When Congress enacted the RECA law, we promised to pay compensation for their illnesses. But we have not fully kept that promise. We have been slow to appropriate enough money to pay everyone who is entitled to be paid. As a result, too often the Department of Justice has had to send people letters saying that while they are entitled to the money Congress promised, their payments would have to wait until Congress made good on its word. I think that should not happen again.

That is why I have joined in sponsoring legislation to make these RECA payments completely automatic. The conference report does not quite do that, but it does provide mandatory funds for paying RECA claims through

2011, subject to certain limits. I do not know if the limits set in the conference report will be adequate, but it is important that we act now to reduce the chance that more people will be sent IOUs instead of the money to which they are entitled.

Mr. Speaker, for those reasons above, I urge approval of the rule and the conference report.

Mr. Speaker, I am pleased to express my support for the provision in this bill which would transfer the former Rocky Flats nuclear weapons facility in Colorado to the Interior Department for management as a national wildlife refuge once the site is cleaned up and closed.

This provision was developed through a collaborative partnership with Senator ALLARD. Together, we were able to produce a bill that we hope will stand as a model for transitioning former nuclear weapons sites across the country into productive natural assets for their surrounding communities.

In shaping this legislation, Senator ALLARD and I consulted closely with local communities, State and Federal agencies, and interested members of the public. We received a great deal of very helpful input, including many detailed reactions to and comments on related legislation that I introduced in 1999 and discussion drafts that Senator ALLARD and I circulated in 2000.

The Rocky Flats facility made some significant contributions to our nation's security and the economies of local communities. The language of this provision includes a strong acknowledgment of that history and legacy. Its mission has shifted from weapons production to cleanup, and looking toward the completion of the process I recognized a need and an opportunity for another new mission—to preserve the open spaces and wildlife habitat that has remained relatively untouched behind security fences and guard shack.

That is why in 1999 I proposed that the site remain in federal ownership as open space. And when after that there was a suggestion of converting the site to a national wildlife refuge, I supported that approach because it was consistent with the principles of federal ownership, open space and habitat protection, and thorough, effective cleanup.

In fact, this 6,400-acre landscape, with its prairie grasses, numerous creeks and draws, and ponds is ideal wildlife habitat. As evidence of this value, the Colorado Natural Areas Program, which evaluates landscapes in Colorado for unique, threatened and critical natural resources, determined that the Rocky Flats area contains some of the most highly valued and rare examples of dry, upland prairie ecosystems in the country. This area will thus be a valued addition to the nation's wildlife refuge system and in so doing will thereby protect these resources for generations to come.

This provision contains a number of elements, which I outline in more detail below. But let me address just a couple of specific issues that have generated much discussion.

First, the National Renewable Energy Laboratory (NREL) and its National Wind Technology Center. This research facility, which is located northwest of the site, has been conducting important research on wind energy technology. As many in the region know, this area of the Front Range is subjected to strong winds that spill out over the mountains and

onto the plains. This creates ideal wind conditions to test new wind power turbines. I support this research and believe that the work done at this facility can help us be more energy secure as we find ways to make wind power more productive and economical. NREL has been interested in expanding the wind power research performed on this site. To accommodate that, the legislation provides for 25 acres in the northwest section of the site to be retained by DOE for the expansion of the Center.

Second, transportation issues. Rocky Flats is located in the midst of a growing area of the Denver metropolitan region. As this area's population continues to grow, pressure is being put on the existing transportation facilities just outside the site's borders. The communities that surround the site have been considering transportation improvements in this area for a number of years—including the potential completion of a local beltway. In recognition of this, the legislation allows for some Rocky Flats land along Indiana Street (the eastern boundary of the site) to be used for this purpose under certain circumstances.

Third, the legislation requires the DOE and the Department of the Interior to develop a memorandum of understanding to help facilitate smooth transition from Rocky Flats's current status to the new status provided for by the legislation. In this regard it is important to note that the legislation requires DOE to retain any "engineered structure" that may be needed to control the release of contamination. This language in no way requires the DOE to construct any facility for the long-term storage of wastes or materials. Rather, it is expected that wastes and materials presently stored on the site or generated during cleanup and closure will be transported to safe and secure off-site locations. Hence, this language is only intended to refer to the types of structures typically used to control the release of contamination, such as ongoing operation and maintenance intercept and treatment systems that are envisioned under Superfund remediations.

Fourth, private property rights. Most of the land at Rocky Flats is owned by the federal government, but within its boundaries there are a number of pre-existing private property rights, including mineral rights, water rights, and utility rights-of-way. In response to comments from many of their owners, the legislation acknowledges the existence of these rights, preserves the rights of their owners, including rights of access, and allows the Secretaries of Energy and Interior to address access issues to continue necessary activities related to cleanup and closure of the site and proper management of its resources.

With regard to water rights, the legislation protects existing easements and allows water rights holders access to perfect and maintain their rights. With regard to mineral rights, the Secretaries of Energy and Interior, through the MOU, are directed to work together to address any potential impacts associated with these rights on the refuge. Finally, with regard to power lines and the proposal to extend a line from a high-tension line that currently crosses the site, the legislation preserves the existing rights-of-way for these lines and allows the construction of one power line from an existing line to serve the growing region northwest of Rocky Flats. The DOE is presently working with Xcel to locate the final alignment for this power line extension to the site's eastern boundary.

Fifth, the Rocky Flats Cold War Museum. The legislation authorizes the establishment of a museum to commemorate the Cold-War history of the work done at Rocky Flats. Rocky Flats has been a major facility of interest to the Denver area and the communities that surround it. Even though this facility will be cleaned up and closed down, we should not forget the hard work done here, what role it played in our national security and the mixed record of its economic, environmental and social impacts. The city of Arvada has been particularly interested in this idea, and took the lead in proposing inclusion of such a provision. However, a number of other communities have expressed interest in also being considered as a possible site for the museum. Accordingly, the legislation provides that Arvada will be the location for the museum unless the Secretary of Energy, after consultation with relevant communities, decides to select a different location after consideration of all appropriate factors such as cost, potential visitation, and proximity to the Rocky Flats site.

Finally, cleanup levels. Some concerns were expressed that the establishment of Rocky Flats as a wildlife refuge could result in a less extensive or thorough cleanup of contamination from its prior mission that otherwise would occur. Of course, that is not the intention of this legislation. The legislation ensures that the cleanup is based on sound science, compliance with federal and state environmental laws and regulations, and public acceptability.

Specifically, the cleanup is tied to the levels that will be established in the Rocky Flats Cleanup Agreement (RFCA) for soil, water and other media following a public process to review and reconsider the cleanup levels in the RFCA. In this way, the public will be involved in establishing cleanup levels and the Secretary of Energy will be required to conduct a thorough cleanup based on that input.

In addition, and very importantly, the legislation specifies that the establishment of the site as a wildlife refuge cannot reduce the level of cleanup—thereby establishing that the wildlife refuge designation establishes a minimum standard for cleanup while still allowing for more extensive cleanup and removing any possibility of a lesser cleanup based on use of the lands for a wildlife refuge.

Mr. Speaker, I want to express my thanks to Senator ALLARD for his outstanding cooperation in drafting this important legislation. I am very appreciative of his contributions and those of his staff and look forward to implementing this provision.

I also want to say thank you for all the work and input of the many individuals and groups involved with Rocky Flats and with developing this refuge legislation. There are too many to mention, but I would like to specially acknowledge and thank all of the entities that comprise the Rocky Flats Coalition of Local Governments—Boulder and Jefferson Counties, and the cities of Arvada, Boulder, Broomfield, Superior and Westminster. I also want to thank the past and present members of the Rocky Flats Citizens Advisory Board. My thanks also go to the members of the Friends of the Foothills and Rachael Carson Group, the local chapter of the Sierra Club.

In the past, Rocky Flats has been off-limits to development because it was a weapons plant. That era is over—and its legacy at Rocky Flats has been very mixed, to say the least. But it has left us with the opportunity to

protect and maintain the outstanding natural, cultural, and open-space resources and value of this key part of Colorado's Front Range area. This provision will accomplish that end, provide for appropriate future management of the lands, and will benefit not just the immediate area but all of Colorado and the nation as well.

Here is a brief outline of the main elements of this part of the conference report. It—

Provides that the Federally-owned lands at Rocky Flats site will remain in federal ownership; that the Lindsay Ranch homestead facilities will be preserved; that no part of Rocky Flats can be annexed by a local government; that no through roads can be built through the site; that some portion of the site can be used for transportation improvements along Indiana Street along the eastern boundary; and that 25 acres be reserved for future expansion of the National Wind Technology Center just northwest of the site.

Requires DOE and the U.S. Fish and Wildlife Service to enter into a Memorandum of Understanding within 18 months after enactment to address administrative issues and make preparations regarding the future transfer of the site to the Fish and Wildlife Service and to divide responsibilities between the agencies until the transfer occurs; provides that the cleanup funds shall not be used for these activities.

Specifies when the transfer from DOE to the Fish and Wildlife Service will occur—namely when the cleanup is completed and the site is closed as a DOE facility.

Describes the land and facilities that will be transferred to the Fish and Wildlife Service (most of the site) and the facilities that will be excluded from transfer (including any cleanup facilities or structures that the DOE must maintain and remain liable for);

Directs that the transfer will not result in any costs to the Fish and Wildlife Service.

Directs that the DOE will continue to be required to clean up the site and that in the event of any conflicts, cleanup shall take priority; maintains DOE's continuing liability for cleanup.

Requires the DOE to continue to clean up and close the site under all existing laws, regulations and agreements.

Requires that establishment of the site as a National Wildlife Refuge shall not reduce the level of cleanup required.

Requires the DOE to clean up the site to levels that are established in the Rocky Flats Cleanup Agreement as the agreement is revised based on input from the public, the regulators and the Rocky Flats Soil Action Level Oversight Panel.

Requires DOE to remain liable for any long-term cleanup obligations and requires DOE to pay for this long-term care.

Establishes the Rocky Flats site as a National Wildlife Refuge 30 days after transfer of the site to the Fish and Wildlife Service.

Provides that the refuge is to be managed in accordance with the National Wildlife Refuge System Administration Act.

Provides that the refuge's purposes are to be consistent with the National Wildlife Refuge System Administration Act, with specific reference to preserving wildlife, enhancing wildlife habitat, conserving threatened and endangered species, providing opportunities for education, scientific research and recreation.

Directs the Fish and Wildlife Service to convene a public process to develop management

plans for the refuge; requires the Fish and Wildlife Service to consult with the local communities in the creation of this public process.

Provides that the public involvement process shall make recommendations to the Fish and Wildlife Service on management issues—specifically issues related to the operation of the refuge, any transportation improvements, any perimeter fences, development of a Rocky Flats museum and visitors center; requires that a report is to be submitted to Congress outlining the recommendations resulting from the public involvement process.

Recognizes the existence of other property rights on the Rocky Flats site, such as mineral rights, water rights and utility right-of-way; preserves these rights and allows the rights holders access to their rights.

Allows the DOE and the Fish and Wildlife Service to impose reasonable conditions on the access to private property rights for cleanup and refuge management purposes.

Directs the DOE and the Department of the Interior to address any potential impacts associated with mineral rights (and other property rights) on the refuge.

Allows Xcel, Colorado's public utility, to provide an extension from their high-tension line on the site to serve the area around Rocky Flats.

Authorizes the establishment of a Rocky Flats museum to commemorate the history of the site, its operations and cleanup.

Requires the DOE and the Fish and Wildlife Service to inform Congress on the costs associated with implementing this Act.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, I urge all my colleagues to vote in favor of the DOD authorization bill. It includes funding for a program that helps a group of people that are near and dear to all of our hearts, our firefighters.

The DOD bill authorizes \$900 million per year for the next 3 years for the Firefighter Assistance Grant program, that bill which was introduced in 1999 and passed last year with a tremendous amount of support across the aisle.

Today, we authorize this grant program at the level it should have been authorized in the first place. We are sending a message to the appropriators, letting them know how valuable we think this program really is. Just last month, we passed the VA-HUD appropriations bill which provides funding of \$150 million for fiscal year 2002. It is far from the amount that I think the members of our fire services deserve and need. But it is a start. If September 11 taught us anything, it is the importance of the firefighters as first responders to the public safety equation. We had to scrape and beg to get \$100 million last year in an emergency spending bill.

The leadership told us they did not believe us when we said the fire services needed this money desperately. Boy, were they wrong. Of the 32,000 fire departments in this country, over 19,000 of them applied for these grants, totaling up to \$3 billion in requests. I am a bit chagrined that we are still scraping and begging the appropriators

for a measly \$150 million in view of the problem. But I tell you, we will take it.

Trust me, you will be hearing from all of the fire departments in your districts around the country, both career and volunteer. The odds are that all of us have a few fire departments at home that will not get a grant this year because there was not enough money. Next year, I bet we will not be begging and scraping. Next year I bet we will be a lot closer to our newly authorized funding level of \$900 million, because there are few heroes in our lives, people who put their necks on the line day in and day out to keep us safe. That is what we are doing here today. We are giving back to those heroes.

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I know our contribution to this worthy cause will continue to rise as each of you hears from your own constituents about the need for more fire personnel, more safety equipment and vehicles.

Mr. Speaker, I want to thank folks from both sides of the aisle.

Mr. FROST. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, this is a good piece of legislation. This is the House of Representatives operating on a bipartisan basis at its highest level. I urge adoption of this rule and adoption of this conference report.

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

Mrs. MYRICK. Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. STUMP. Mr. Speaker, pursuant to House Resolution 316, I call up the conference report on the Senate bill (S. 1438), to authorize appropriations for the fiscal year 2002 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

The SPEAKER pro tempore (Mr. GUTKNECHT). Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of December 12, 2001, at page H 9333.)

The SPEAKER pro tempore. The gentleman from Arizona (Mr. STUMP) and the gentleman from Missouri (Mr. SKELTON) each will control 30 minutes.

The Chair recognizes the gentleman from Arizona (Mr. STUMP).

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

Mr. Speaker, I am pleased to bring before the House the conference report on the fiscal year 2002 Defense Authorize Act.

This legislation results from almost 2 months of intense conference activity resolving hundreds of issues in disagreement with the Senate. It is fair to say that this conference report represents the ultimate compromise, as it has something in it to disappoint virtually everyone involved.

But, that is the nature of this process. You win some, you lose some, and others you try to find a middle ground. The important point, however, is that we have been able to reach an agreement that, in the aggregate, is a good bill and deserves the support of the House.

This bill stays true to the bipartisan and bicameral goal of all conferees, protecting the welfare of our fighting men and women during this time of crisis and providing the President and Secretary of Defense the needed tools to accomplish their difficult mission.

Over the strong reservation of many House Members, including myself, we have agreed to authorize a round of base closures, but not until 2005. We have ensured that the next round of BRAC will stay focused on the overriding objective of enhancing the military posture of the United States and not blindly saving pennies or cutting political deals.

The bill also places the decision process on the thorny issue of Naval training on the island Vieques back where it belongs, in the hands of the Navy officials and out of the political realm.

This conference report also arrives at a good solution on how to proceed with the critical development of a ballistic missile defense system. The agreement provides the President with the option to spend the full amount requested on this important program.

Finally, the bill authorizes the most generous pay raise in 20 years and provides a number of other enhancements of benefits for our men and women in uniform and their families.

Mr. Speaker, at this moment, halfway around the globe, thousands of sons and daughters are engaged in a noble cause against the forces of evil and intolerance. Our job is to support them and provide them with the necessary resources and tools to successfully accomplish this task and ensure that they are safely returned to their families.

The bill provides for all of those goals, and I commend it to my colleagues for support.

Before concluding, I want to briefly express my thanks to all the conferees who have worked so hard on these issues and in particular, my friend and partner, the gentleman from Missouri (Mr. SKELTON), who has shared my firm commitment to ensuring that this bill and the interests of the troops were not sacrificed due to the political difficulties we have faced this year.

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

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

Mr. Speaker, I rise in strong support of S. 1438, the National Defense Au-

thorization Act for fiscal year 2002. I will explain why in a moment, but first let me compliment my friend, the gentleman from Arizona, on the truly outstanding job he did in shaping the conference report. This is the maiden voyage of the gentleman from Arizona (Mr. STUMP) as chairman of the Committee on Armed Services, and the seas were far from smooth. Many of the issues that faced us were particularly difficult for him personally. But I applaud his leadership, and I thank him, and I recognize that the totality of the bill is more important. When our country is at war, he handled that extremely well, and let me thank him publicly for that.

Mr. Speaker, the fact that we are considering this bill today reflects the commitment of the Committee on Armed Services members that we must provide for the men and women of our military when they are sacrificing in so many ways to defend our wonderful country. They are depending on us. We cannot let them down.

Let me cite a few examples. This bill provides a pay raise of at least 5 percent for officers and 6 percent for enlisted personnel, with targeted raises up to 10 percent for some ranks. Without this bill, our troops will not get any pay raise. This bill authorizes \$10.7 billion for military construction and family housing. Without this bill, badly needed improvements to the housing for our service men and women and their families will not be made. For these reasons alone, it is imperative that we pass this bill today.

Other features of the bill are just as important. For instance, the bill authorizes over \$60 billion for procurement and weapons systems modernization. It includes \$1 billion for chemical and biological research to ensure that our citizens may be protected against terrorist attacks in the future. The bill focuses on homeland security and authorizes \$2.7 billion to train and equip local first responders to improve their ability to respond to terrorist incidents. Finally, the bill funds the operations and maintenance activities of the Department of Defense.

I am not delighted with the outcome of every issue. Far from it. But the point I would make to every Member of this House is that this legislation is vitally important. Our troops need the authorizations in this bill. They are fighting a war.

This bill makes great strides in improving America's security. It reviews the period since September 11 to enhance our military's ability to respond to the new, less-conventional threats that we face. I said 3 months ago that we have been at war for some time, and the difference after September 11 was that now everybody knows it.

Mr. Speaker, this conference report is not perfect. We spend a little less for procurement than I might like, and although we do add funds above the President's request and the provisions on missile defense, Vieques and base closure are not what I might have written on my own, the gentleman from

Arizona (Chairman STUMP) and I agree that the good things in this report far outweigh the others.

This bill moves the military substantially toward new ways of fighting. It helps the Army and Marine Corps move faster, increases the Air Force's qualitative edge, and the pay raise is just the most basic part of our comprehensive improvements in quality of life for America's finest.

Now, more than any time in the last decade, it is essential that this House speak with one voice. Americans are under fire. This vote will not be seen only in Kabul and Baghdad, but Diego Garcia, Fort Irwin, Norfolk and Whiteman Air Force Base. Americans are under fire. Let us give them this support and protection they deserve.

Again, Mr. Speaker, I commend the gentleman from Arizona (Chairman STUMP) for a job well done, and I hope that everyone will vote for this bill.

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

Mr. LARSON of Connecticut. Mr. Speaker, I submit this statement today in support of S. 1438, the National Defense Authorization Act for Fiscal Year 2002. Although I could not be here today during this debate because of a death in my family, I want to say for the record that this is a good bill. It funds the priorities for the nation's military that I have championed since becoming a member of the Armed Services Committee. I want to thank Chairman STUMP and Ranking Member SKELTON for their hard work and leadership during this process.

This bill provides for a five to ten percent pay raise effective January 1, 2001 for the men and women serving in our armed forces. It provides full funding for the Air Force's critical fighter modernization programs, allowing for the procurement of 13 new F-22 fighters and providing over \$1.5 billion for additional Joint Strike Fighter research and development. It also provides a \$25 million increase for F-15 engine upgrades, and \$30 million for F-16 engine upgrades.

It includes number of important Army helicopter modernizations, including over \$800 million for the Comanche next generation helicopter, and \$10 million for important helicopter engine modifications.

It provides full funding for procurement of a new *Virginia* class attack submarine, and includes over \$450 million to begin conversion of 4 ballistic missile submarines to conventional weapon platforms.

I am also pleased to see my colleagues on the committee work so hard to address homeland security issues, providing nearly \$7 billion for Homeland Security initiatives within the DOD and DOE. Further, I am pleased to see that the committee increased the existing firefighter grant program from \$300 million to \$900 million per year through 2004, and expanded the grants to include equipment and training to help firefighters respond to a terrorist or WMD attack. While this increase in funding is critical to addressing the needs of our first responders, I will continue to pursue provisions of my legislation, H.R. 3161, the Municipal Preparation and Strategic Response Act, which seeks not only to increase funding in the Firefighter Assistance Program for counter-terrorism training and equipment, but

also to repeal the local funding match requirements of the program.

Finally, I support the bipartisan process and the ability of members of the Committee to work so hard to find compromises that address the concerns of all members.

Mr. BLUMENAUER. Mr. Speaker, this conference report makes tremendous progress in strengthening our nation's policies in dealing with unexploded ordnance, the bombs and shells that did not go off as intended. I very much appreciate the efforts Chairman BOB STUMP and Ranking Member IKE SKELTON in raising the profile of this important issue, and including several meaningful reforms to address the problems these discarded military munitions cause communities throughout our country. Our colleagues in the Senate also made valuable contributions and I appreciate their wisdom and hard work. The sections addressing unexploded ordnance are 311, 312, and 312 in the conference report. I hope that the activity on this issue during consideration of this year's defense authorization signals potential for additional steps forward in the future.

Two of the four major provisions of the bill I have introduced, the Ordnance and Explosives Risk Management Act (H.R. 2605) have been legislated in this report. Congress has finally stepped up to the plate in the campaign to make former military sites safe. In fact, by requiring this inventory and prioritization scheme and establishing a separate account, we've rounded first, and we're on our way to second base. In the near future, I hope Congress will reinforce efforts within the Pentagon to put someone in charge of munitions response and to fund that response at a level that will address the problem over the next two decades, rather than the next two centuries. We also need to ensure that the Department of Defense, the U.S. Environmental Protection Agency, and the states are following the same regulatory framework.

It is important that another round of base closures is authorized in this conference report. However, delaying that effort until after the next two Congressional elections and the next presidential election is problematic at best. Maintaining the infrastructure of military bases left over from earlier eras when needs were different is a tremendous unnecessary cost that prevents us from making the investments needed to address today's changed security environment.

Our annual defense authorization and appropriations bills provide opportunity to respond to changing global security conditions. This bill authorizes spending \$343 billion in fiscal year 2002 on our military. In addition, there is \$21 billion defense spending in the \$40 billion post-September 11 supplemental and its highly likely that we will consider at least one other supplemental in 2002. That means that throughout this fiscal year, our military spending will be at least a billion dollars a day.

It has been over three months since the tragedy of September 11. We had the chance to make adjustments in this authorization based on the new security environment. Instead, this conference report increases spending on national missile defense nearly 50 percent over last year. It also continues to fund cold war weapons systems such as the Crusader mobile howitzer designed for a war from an age long past. The Army has said it needs lightweight force that can go anywhere in

under 100 hours, yet the Crusader is too heavy to carry on even our largest plane. We need a new beginning now more than ever.

Despite improvements in a few areas, I must continue my reservations about the fiscal year 2002 overall defense authorization and the direction it takes us in. I will oppose this conference report.

Mr. BENTSEN. Mr. Speaker, I rise in support of this legislation, which provides for support for U.S. troops at home and abroad who are fighting terrorism, while providing the necessary resources to improve quality of life and readiness.

Overall, this conference report provides much needed funding increases in several critical areas, including weapons procurement, research and development, military construction, operations and maintenance, and personnel. In budgetary terms, the conference reports authorizes \$343 billion for U.S. defense needs, matching the President's amended request for fiscal year 2002. The conference report represents the most significant defense budget increase since the mid-1980s—which is needed to assist the men and women of our armed services in their ongoing efforts to combat terrorism. I believe this legislation establishes an appropriate foundation of budgetary resources to allow the President and Congress to pay for the war on terrorism and address many other critical needs currently facing our nation's military.

Today, as our military services are being called to conduct combat operations, we must ensure that our military remains the best-trained, best-equipped and most effective force in the world. As the same time, we must take the steps necessary to reverse recruiting and retention trends which are down throughout the military. To that end, I am pleased that this legislation provides the largest military pay raise since 1982, including a 6 percent minimum to enlisted members and 5 percent to officers. This pay raise will cut the pay gap between military and private-sector pay from 10.4 to 7.5 percent. I believe the inclusion of these much-needed provisions will improve retention of highly qualified military personnel and their families.

With respect to counter terrorism, the conference report includes \$5.6 billion for DOD efforts to combat terrorism, including force protection, intelligence gathering, and anti-terrorism programs. In addition, the conference report increases the President's budget by nearly \$300 million for procurement and research and development programs to assist in the war against terrorism. H.R. 2586 also includes more than \$400 million to reduce the threat posed by chemical, biological and nuclear weapons under the Nunn-Lugar initiative in the former Soviet Union. With respect to homeland defense, the conference report increases the firefighter grant program from \$300 million to \$900 million per year through 2004, and expands the grants program to include equipment and training to assist firefighters respond to terrorist attacks or against weapons of mass destruction.

While I will vote in support of this legislation, I have concerns about two areas addressed by this measure: base closures and missile defense. With regard to base closures, I was disappointed that the Conferees included compromise language originally included in the Senate Defense Authorization bill, which would enact the first round of base closings in

2005. As someone who has consistent record of supporting cost-savings in all areas of the federal budget, I do not believe that another round of base closures should be conducted until the DOD can adequately evaluate and define its military strategy and future requirements. The most prudent course of action would be to allow the military to address its budget given the current realities, and to avoid any actions that might damage military modernization, readiness or personnel requirements.

As the BRAC process moves forward, I would also encourage the DOD to consult closely with Members of Congress and potentially affected communities before making any final decision on base closures. I recognize and applaud the DOD's commitment to reducing excess considered. The loss of a military base can be devastating for defense-dependent local economies, especially in areas where defense jobs are critically important to the economy, including many such bases in Texas. I would also note that both the House and Senate versions of this bill were marked up prior to September 11, and prior to the onset of military campaign in Afghanistan. As such, I believe the DOD and Congress should be cautious in planning the closure of bases that will be carrying our military's mission in coming months and possibly years.

With respect to missile defense, this conference report includes a provision that authorizes funds for initial deployment of a national missile defense system in Alaska that would be barred by the 1972 ABM Treaty, from which the president has now said the United States will withdraw. While I respect the Administration's point of view on this issue, and have consistently supported research and development of a missile defense system I am concerned that the deployment of an unproven missile defense program could lead to the unraveling of the ABM treaty, which has served as a primary factor in our relations with Russia and the former Soviet Union. To unilaterally abrogate our responsibility under the ABM Treaty at this time could send the wrong message to our allies, and to our potential nuclear adversaries, including China, which has indicated that the U.S. action may lead to an arms race.

While I have concerns about these provisions, I support this Conference Report because it is an important signal that Congress speak with one voice on behalf of our armed services. On balance, the initiatives included in this bipartisan legislation are right on target, and will provide our dedicated men and women in uniform with the necessary resources to advance our national interests with the best equipment and training available. I urge my colleagues to vote in support of this important legislation.

Mr. SHOWS. Mr. Speaker, today I am voting in favor of the Conference Report for the National Defense Authorization Act for Fiscal Year 2002, but I rise to express my grave concerns about provisions in the bill relating to base closures and military health care. Despite my reservations, I am voting for the Conference Report because we must support our military establishment at this most crucial period in our history.

However, Mr. Speaker, I am concerned that this Conference Report authorizes another round of base realignment and closures. While we are contending with homeland security,

now is not the time to consider letting down our guard. It's a false economy to suggest that BRAC will save money.

In addition, closing military bases could have the unintended consequence of stripping health care away military retirees and their families. Later today we will debate the "No Child Left Behind Act" education bill. Well, in previous rounds of BRAC, we left behind thousands of military retirees and their families who received health care at military bases.

When these bases closed, they lost their military health care because their health care alternatives just didn't add up. We should be fixing this injustice, but instead we will compound this problem if we proceed with another round of BRAC without addressing the loss of health care for military veterans and their families.

Finally, Mr. Speaker, this Conference Report does not adequately address the military health care issue known as "concurrent receipt." Under current law, the retirement pay of military retirees with service-connected disabilities is reduced to offset disability compensation paid by the Department of Veterans Affairs.

This policy is just plain wrong. Military retirees who are also disabled veterans earned, need, and should receive all the benefits to which they are entitled; 379 of us are cosponsors of a bill that says so.

This Conference Report authorizes concurrent receipt only if the President submits a budget providing offsets to pay for it. In other words, we are punting the issue over to the White House. That's wrong. We should step up to the plate and do the right thing for our military veterans. We should authorize and fully fund concurrent receipt.

But, like all Conference Reports, this is not a perfect bill and I can only cast an up-or-down vote. I am unable to vote "yes" on the provisions that I support or "no" on those I oppose.

So, Mr. Speaker, while I am voting in favor of this Defense bill today, I will continue to oppose efforts to tear down our defense infrastructure through further rounds of base closures.

And I will continue to make sure that we keep our promises to America's military retirees, so we don't break faith with the people who defend us.

Mrs. WILSON. Mr. Speaker, today I rise to applaud some of the exceptional provisions of S. 1438—National Defense Authorization Act for Fiscal Year 2002 Conference Report and to highlight a major disappointment within the bill. As our campaign against terrorism continues today, this conference report delivers vital enhancements to homeland security and equips U.S. soldiers with the tools they need to fight and win America's wars.

Homeland defense in this conference report provides approximately \$15 billion for programs to combat terrorism, defeat nuclear, biological, and chemical attacks, and protect the United States and our interests against ballistic missile attack. Our number one priority is to defend America from attack.

One of the principal responsibilities of this Congress is to also ensure that we place a great emphasis on improving military quality of life and readiness. To that end, this legislation contains the largest military pay raise since 1982, significant construction efforts to improve facilities where military personnel live

and work, and substantial increases to readiness accounts that support operations, maintenance, and training.

Another responsibility of this Congress is to provide for exceptional health care for Americans who wear and who have worn the uniform. This bill makes significant improvements in TRICARE benefits for all beneficiaries of the military health care system. The bill fully funds the TRICARE military health care program for the first time in years and protects the integrity of the military health care system. It also enhances the freedom of TRICARE beneficiaries to choose their providers by eliminating most of the requirements for pre-authorization of care under TRICARE. This legislation adjusts the Military Retiree Health Care Trust Fund to ensure the proper functioning of the fund and continued smooth operation of the TRICARE For Life program.

Unfortunately, I will not be able to support the conference report today because of the base realignment and closure language otherwise known as BRAC, which is in the bill. Mr. Speaker, now is not the time for this process to move forward. Right now, our soldiers are deployed abroad fighting for our freedom, how can we tell families who have a loved one deployed in that fight that we may be closing their base, closing their home.

In addition, Mr. Speaker, while the Administration makes general claims about savings and excess real estate, I have asked personally and directly for the data that supports the claims and they said that they do not have it. There is no evidence that money has been saved during the last round of base closure.

Finally, Mr. Speaker, I believe that strategy should drive force structure, and force structure should determine basing. The defense department has not defined what their new strategy is or what forces are required. Without answering those questions, deciding to put communities through another BRAC is indefensible.

It was for those reasons that this House considered and rejected another round of base closure. We were right to do so.

Mr. Speaker, there are many good things in this bill that I support. But I cannot support base closure.

Mr. MCHUGH. Mr. Speaker, at a time when Americans are waging a war on terrorism, we have before us the strongest national defense authorization conference report in recent memory. I rise in support of the Conference Report on S. 1438, the National Defense Authorization Act for Fiscal Year 2002, and urge my colleagues to vote "yes" when it comes up later for a vote.

The strength of this conference report comes from many provisions, but especially from those benefiting military personnel and their families. For example, the conference report:

Provides \$6.9 billion more for the military personnel accounts than in fiscal year 2001. That's the biggest one-year increase in military personnel accounts since 1985.

Authorizes the largest military pay raise since 1982—a 5 percent across-the-board increase for officers and a 6 percent across the board for all enlisted personnel, combined with targeted increases—ranging from 6.3 percent to more than 10 percent—for noncommissioned officers and mid-grade commissioned officers.

Increases the defense health operations accounts by \$6 billion over fiscal year 2001 levels, reflecting a commitment by DOD and Congress to fully fund health care.

In addition the conference report:

Reduces out-of-pocket housing costs from 15 percent in fiscal year 2001 to 11.3 percent in fiscal year 2002, thereby keeping faith with the plan to eliminate housing out-of-pockets by fiscal year 2005.

Improves the ability of military absentee voters to more effectively and easily exercise their right to vote.

Reduces the costs that service members and their families incur while moving between assignments. Right now, DOD only reimburses them for 62 percent of their costs. When implemented over the next couple of years, the provisions of S. 1438 will reduce that out-of-pocket cost to approximately 10 cents for every dollar expended.

There are many more important measures contained in H.R. 2586. For all these reasons I urge all Members to support the conference report on S. 1438, the National Defense Authorization Act for Fiscal Year 2002.

Mr. POMEROY. Mr. Speaker, I rise in reluctant opposition to the conference report for the defense authorization act. This bill contains many valuable provisions but also one serious flaw—a new round of base closures, which I believe serves neither the best interests of our national security nor the best interest of communities throughout the country that host military installations.

I strongly supported the defense authorization bill when it was approved by the House. I believe that Chairman STUMP and Ranking Member SKELTON of the Armed Services Committee correctly decided not to authorize additional base closures in the House bill. I am disappointed that they were forced under the treat of a presidential veto to accept a provision authorizing a new round in 2005.

First, the purported cost savings associated with base closure are dramatically overstated at best, and, more likely, are illusory. The reality is that base closures cause significant short-term costs in exchange for marginal long-term savings. Contrary to the claims of base closure proponents, another round will not relieve the genuine budget pressures being experienced by our military.

Second, we should not embark on a new round of base closures when the Armed Forces are still processing the more than 100 closures and realignments undertaken in the previous four rounds. We should not underestimate the upheaval these actions create for our men and women in uniform and their families. Nor should we ignore the impact of these transitions on our military readiness.

Third, it makes little sense to permanently shutter more installations when we are still grappling with the question of how best to match defense resources to the evolving threats to our national security. We are currently engaged in a war against terrorism that the President has said could last for some time. We should leave ourselves the flexibility to meet these new threats by preserving needed basing capacity.

Finally, for host communities, this base closure provision is perhaps the worst-cast scenario. By authorizing a new round but postponing it for four years, this bill well cast a long, dark cloud over base communities across the country. The threat of closure sti-

fling new investment, which is especially threatening during these difficult economic times. In North Dakota, despite our well-founded confidence in the long-term future of our bases at Minot and Grand Forks, the specter of base closure will have severe economic impacts for our state.

As I said, this bill contains many positive provisions, including a significant pay raise for our men and women in uniform, needed investments in modernization, and funds to upgrade our infrastructure. I strongly support each of these items, but, because the bill also includes an ill-advised authorization of more base closures, I am compelled to vote “no.”

Mr. FORBES. Mr. Speaker, it is with a profound sense of sorrow and regret that I rise today in opposition to the conference report for S. 1438. While this bill has many items that deserve passage by the House, I cannot support its call for yet another round of base closures and realignment.

As I have noted in the past, the basic premise behind base closures is not a bad one. If we have excess installations and personnel, then we should not be supporting them with dollars better spent equipping our soldiers and sailors with the very best technology available. But, despite several rounds of base closures and over a decade of time to evaluate them, we have yet to determine that we do have that excess or that we can drain it without costing more than we save.

While I appreciate the hard work and difficult choices that the conferees had to make in forging the BRAC compromise in this conference report, I do not believe that it fully addresses the problems that have been evident in past rounds of base closures. To be certain, the conferees attempted to address questions about the politicization of the process and the true costs savings. However, the procedures that they put in place do little more than offer lip service to these very legitimate concerns.

For instance, there is evidence that past rounds of base closures have not only fallen woefully short of the budget boons they were expected to bring, but that they have in fact cost us more than expected due largely to significant environmental cleanup costs. To be sure, proponents of BRAC can find statistics that indicate cost savings. But, given the conflicting information available, those statistics are specious at best. The real problem is that limited and faulty auditing has left Congress with very little to go on regarding the true costs and savings of the process.

The conferees require the Secretary of Defense to certify that there will be annual cost savings for each service by 2011 before the Commission can be appointed. But, if we have been unable to obtain an accurate accounting over the past 13 years, why should we put faith in this report? People's jobs and communities' economies are on line, and we should not be so cavalier about the consequences of setting this process in motion.

Furthermore, the procedures developed by the conferees put the cart before the horse. By requiring the Secretary of Defense to submit a report on our military's needs and inventories before a Commission can be appointed, the conferees admit that by 2005 they are not even certain that another round of base closures will be necessary. If anything has been made clear both by the Defense Department's work this year on transformation and by the events of the past several months, it is that

current events and technology are changing so rapidly that our military must be flexible enough to adapt. But, by voting today to begin down the path to another round of base closures, we give the process momentum that threatens to overcome the true needs of our military.

The mere threat of the possibility of base closures makes our military personnel uneasy about their futures and their families' futures and puts community bond ratings and economic plans at risk. Particularly now that we are engaged in a war against terrorism, we need our installation commanders fully engaged in this effort and not preoccupied with the possibility that their base will be closed or their personnel reassigned. If we are so uncertain as to the necessity of this round of base closures, we should wait to have the vote on BRAC until that need has been demonstrated. In this time of great anxiety about our nation's economy and our global safety, I am not prepared to add to this uncertainty.

Mr. Speaker, I fully realize that there is much to commend itself in this report. For instance, I fully support the authorization for the servicemembers' pay raises, as I did as a member of the Committee and on the House floor. These brave men and women have toiled for years for the cause of freedom, doing more work with fewer resources, and they deserve a pay raise. But, to give these soldiers and sailors pay raises one day, and then uproot their homes and their families the next is simply not fair.

I also support the reduction in out-of-pocket housing costs for military personnel and the improvements in military health care, as well as the provisions preserving our right to seek the best possible training options for our servicemembers by continuing to use the facilities at Vieques. Readiness protects our servicemembers from harm and gives their families some peace of mind. It is far too important to be the subject of a political referendum.

Let me make clear, Mr. Speaker, that I understand that many of my colleagues here today—including some who served in these difficult conference negotiations—are equally displeased with the inclusion of any base closure process, but that they will, in the end, support this report. For my part, I am certain that the BRAC provisions are not in the best interests of Virginia's Fourth District or of our Nation, and I cannot support them. But, I do not question the patriotism or the wisdom of these colleagues.

So, while it is with a heavy heart that I cast my vote today against this conference report, it is with a clear mind. I appreciate the work of my chairman and my colleagues, and look forward to working with them to continue to improve the quality of life for our servicemembers and the readiness of our forces.

Mr. SMITH of Michigan. Mr. Speaker, I rise in support of the conference report to S. 1438, the National Defense Authorization Act for Fiscal Year 2002.

This bill addresses the needs of the Department of Defense. It increases pay and benefits for our men and women in uniform, will improve our readiness, and support efforts to develop defenses against missile and terrorist attacks.

As a conferee on this bill from the science committees, I want to spend a minute drawing

the House's attention to a program authorized in the bill that, while not in the Defense Department, is nonetheless critical to our security. I am talking about the Assistance to Firefighters Grants Program, which provides help to fire departments throughout the country.

According to the International Association of Fire Fighters, more public safety officers were lost in September 11 attacks than in any other single event in modern history. There is no telling how many lives these brave men and women saved, but it is estimated in the thousands if not tens of thousands.

The Assistance to Firefighters Grants Program, which is administered by U.S. Fire Administration, provides funds to fire departments for training, personnel, protective equipment, communications equipment, and other items. This program is vital to ensuring that our Nation's fire departments are up to the job with which we have entrusted them.

After September 11, no one can doubt that if the terrorist enemy can deliver a weapon of mass destruction—be it chemical, biological, or nuclear—it will. As the first line of defense after terrorists strike, firefighters must be prepared to respond to these sorts of incidents.

However, without proper training, staff, and equipment, fire departments may not be as prepared as they would like to be. If we are to ask firefighters to assume these responsibilities, we must provide them support for personnel, training, communications equipment, safety equipment, and other tools to improve their readiness and capabilities.

Last year, \$100 million was provided for this program. For fiscal year 2002, more is needed.

As a conferee to this bill, I offered an amendment for a substantial increase in funding for this program. I am pleased, therefore, that the conferees have agreed to boost authorized funding for this program to \$900 million for each of fiscal years 2002 through 2004.

Also, to ensure that adequate personnel are available to implement the program, the amendment sets aside three percent of the authorized amount for administration. The Fire Administration should not be made to short change other programs, such as education and training, to administer the grants program.

On September 11, the Nation's firefighters showed the world what courage means. If we expect the fire services—most of whom depend on volunteers—to deal with these kind of disasters, we have a responsibility to provide them with the resources they need. This conference report does that, and I urge my colleagues to support it.

Mr. RAHALL. Mr. Speaker, in my capacity as the Ranking Democrat on the Committee on Resources I was a conferee on the fiscal year 2002 Defense Authorization bill for certain matters within the jurisdiction of my committee, including a provision in the original House-passed version of this legislation dealing with Vieques, Puerto Rico.

Unfortunately, I am withholding my signature from the pending conference report in protest of the manner by which this legislation treats the controversy surrounding U.S. military exercises on Vieques.

In effect, language contained in the pending legislation represents a major retrenchment from agreements between the federal government and Puerto Rico relating to Vieques in current law, as well as positions advanced by the Bush Administration in this area.

To those of my colleagues who believe that U.S. citizens should not be subjected to live-fire military training exercises, that bombs and munitions should not be exploded in the vicinity in which they live, and that their land should not be laid waste with a legacy of unexploded ordnance and toxic substances, I say to you that this conference agreement seals their fate to these very situations.

Currently we have in place the Clinton-Rosello agreement, negotiated by the former U.S. President and former Governor of Puerto Rico and enacted into federal law. I supported this agreement and I still support it today because it gives the people of Puerto Rico, our fellow Americans, assurances that their concerns and their voices were being heard in the halls of this Congress. Clinton-Rosello demonstrated that the threat to American citizens living within earshot and bull's-eye range of our own U.S. military, did not fall on deaf ears or blind eyes.

Under this agreement, the people of Vieques were given an opportunity to participate in a referendum to determine whether a portion of the island should remain available for live-fire training. It also authorized \$50 million in economic assistance to the people of Vieques if they chose to allow continued military exercises. Most importantly, however, this agreement mandated that if the people of Vieques simply said no to further live-fire training by the U.S. military on their island, that activity would halt and land administered by the Navy on the eastern side of the island would be transferred to the Secretary of the Interior to be managed as a wildlife refuge.

This was a good and fair agreement, keeping within the traditions of this great country, by empowering the people themselves to make decisions that will affect their lives and livelihoods.

On some level President Bush thought so too. As the Republican Presidential candidate, he stated that he would uphold the Clinton-Rosello agreement. And despite his own party's resistance, I think President Bush has made his best effort to keep with the spirit of those terms.

Though the Administration is not supporting a referendum in Puerto Rico on continued military training, President Bush did announce over the summer a target date for the withdrawal of military forces from the Vieques range.

The critical point here is that under either the Clinton-Rosello agreement, or the positions stated by the Bush Administration, there was a light at the end of the tunnel for the people of Vieques because they could reasonably expect the withdrawal of the U.S. military from the island.

Yet, the Republican majority in this body apparently felt otherwise. The version of the pending legislation originally passed by this body runs roughshod over the Clinton-Rosello agreement and flies in the face of the stated Bush Administration positions by containing provisions that almost guarantee the military will not withdraw from Vieques. These are draconian changes to current law and policy, and changes that have largely been incorporated into the final conference agreement pending before us today.

What the people of Puerto Rico now face, what the residents of Vieques now must contend with, is not the Clinton-Rosello agreement and not the Bush Administration's stated May 2003 military withdrawal from Vieques.

Rather, under the pending legislation it would be up to the Secretary of the Navy to decide the fate of the island by certifying to the President and the Congress the military's intention to cease using Vieques for military training exercises. I find it highly unlikely the Navy would take that action.

Yet, this legislation dictates that even if the Navy Secretary did halt military training on the island, after consultation with the Chief of Naval Operations and the Commandant of the Marine Corps, it would be conditioned upon the identification of one or more alternative training facilities and the immediate availability of such a facility or facilities.

So what once was an agreement responsive to the concerns of Puerto Rico, respecting our citizens' right to choose what is better for them, has degenerated into what the Republican Majority in this body wants to impose on them.

Mr. Speaker, we have entered a new century, yet what is contained in this conference report as it relates to Vieques harkens back to the age of colonialism. This legislation gives the people of Vieques, U.S. citizens, no opportunities for economic growth. No chance to demonstrate their patriotism. No option to assert for themselves what they truly desire. We give them no voice. Mr. Speaker, this is a tragedy of epic proportions.

Certainly, I realize that our world has changed since the terror of September 11th. Every American, whether residing in a State or a Territory, understands how important it is to protect our freedom. And everyone is willing to do his or her part. We seem to have forgotten that Puerto Ricans, also serve in our military, die in our wars, and are just as eager to preserve freedom and democracy. We are taking away from Puerto Ricans the very ideal on which our country was founded and continues to fight for. That is truly unfortunate.

Mr. ORTIZ. Mr. Speaker, I thank the gentleman for yielding.

I rise in support of S. 1438, the National Defense Authorization Act for fiscal year 2002. I want to specifically address the provisions in the bill relating to military readiness.

First, I would like to express my personal appreciation to the readiness subcommittee leadership . . . and to my colleagues, on both the subcommittee and the full committee, . . . for their active participation, support and cooperation in addressing critical Readiness matters during this accelerated session. I feel confident that our efforts to improve the readiness of the forces are being reflected in the performance of our deployed forces worldwide. They truly deserve our best efforts.

Mr. Speaker, the readiness provisions in the bill reflect some of the steps that I believe are necessary, . . . with the dollars available, . . . to continue to make some of the readiness improvements that are sorely needed. But it still does not provide all that is needed. As I have said before, . . . while the readiness of the force has shown some improvements in some areas, . . . much remains to be done. And we cannot afford to wait until they are involved in conflict to properly resource them. September 11 was a reminder for all of us just how vulnerable we are as a free and open society. As such, we must ensure that we have a ready military force that is capable of responding to threats to our national security. I look forward to continuing to initiate and support efforts to address two

areas that have been neglected for a number of years . . . the readiness of our dedicated civilian employees and the modernization of our failing infrastructure.

Mr. Speaker, the readiness provisions in this bill do represent a step in the right direction. They permit the Department to build on the improvements that have been started in an area that is crucial to our national security. I would hope that as we continue through with the passage of this bill and in future consideration of supplementals later in the fiscal year, . . . we will continue to search for opportunities to increase the resources available for the readiness accounts without having to trade off funds for other critical needs.

Mr. Speaker, while I have expressed strong support for the readiness provisions in this bill, I still have reservations about some other portions of S. 1438. Specifically, I think the BRAC provisions are ill-timed and costly. We are approving these BRAC provisions at a time when the nation is at war and the economy is in bad shape. Funds that could be used to improve readiness will have to be diverted to begin the costly preparations for BRAC considerations. Based on our past experiences, once an installation is identified as a candidate for BRAC consideration, resources have been diverted, resulting in further degradation of the installation prematurely. We are all aware that historically preparations for BRAC rounds have had a devastating effect on the morale and performance of the civilian workforce.

Notwithstanding my reservations about having BRAC in the bill, I strongly urge my colleagues to support S. 1438. In this time of national crisis, it is essential that we have a defense authorization bill. There are a significant number of provisions that are necessary to ensure essential support for our military forces, their family members, and the dedicated civilian workforce that supports them.

Mr. HEFLEY. Mr. Speaker, I rise today in support of the conference report on S.R. 1438, the National Defense Authorization Act for fiscal year 2002. During this extraordinary time in our national history, our military forces need our support more than ever. We must provide our dedicated military men and women with the necessary resources to continue to go in harm's way with the best equipment and training available. The readiness of our military's forces is the responsibility of every Member of Congress.

The conference report on the fiscal year 2002 Defense Authorization bill provides a significant increase for readiness funding this year as compared to last year. As an example, funding for flight operations has increased by over \$5 billion, which includes the increased costs for fuel, and attempts to address severe spare parts shortages. In addition, there is an increase for training of over \$825 million, an increase for facilities repair and sustainment of nearly \$500 million, and an increase of \$1.2 billion for depot maintenance and repair of equipment. We have also provided \$6 million for protection of critical needs. The conference report on S. 1438 supports these and other increases in critical readiness funding.

Mr. Speaker, the conference report before us today provides the military services with an acceptable level of funding necessary to maintain readiness and to help reduce the continued stress on our military forces. At a time when our military services are being called

upon to conduct combat operations, we must ensure that our military remains the best-trained, best-equipped, and most effective military force in the world. We must also ensure that we take the necessary steps to reverse declining readiness rates throughout all of the military services. At the same time, we must take action to ensure that the living and working conditions for our service members and families are at acceptable levels. This conference report accomplished all these goals. To do anything less would allow the readiness of our military to slip further, and could risk the lives of countless men and women in every branch of the military.

I urge my colleagues to vote yes on the conference report, vote yes for improved military readiness, and vote yes for the men and women of our military forces.

Mr. WAXMAN. Mr. Speaker, it is with great reluctance that I support S. 1438, the Fiscal Year 2002 Defense Authorization Conference Report. While I believe that passing this bill is important for the war effort in Afghanistan and the brave men and women deployed to defend the American people and our strategic interests around the world, I staunchly oppose the tremendous increase in funding the bill provides for the development and deployment of a National Missile Defense (NMD) that would violate the 1972 Anti-Ballistic Missile (ABM) Treaty with Russia.

The tragic attacks committed against the United States on September 11, 2001, demonstrate that terrorism is the gravest threat facing America today. It is clear that ensuring the safety of our citizens and our cities will require the development and deployment of military resources capable of facing challenges much more diffuse than isolated missile threats by rogue nations.

I am highly disappointed that this Conference Report contains \$8.3 billion for missile defense, a 56 percent increase over the current level, while authorizing only \$6 billion for anti-terrorism programs. I am also concerned that it authorizes funds for the deployment of a National Missile Defense (NMD) system in Alaska, a move that would automatically violate the ABM treaty requirement that anti-ballistic missile systems only be installed in the vicinity of our national International Continental Ballistic Missile (ICBM) complex, based in North Dakota, or near the nation's capital in Washington, DC.

These policies are a poor reflection of our nation's priorities. We should be using this opportunity to focus on military intelligence, preparedness against chemical and biological weapons attacks, and nuclear threat reduction. By diverting so many resources toward a faulty missile defense program plagued by massive cost-overruns and technological deficiency, we compromise our investment in other vital areas and jeopardize the cornerstone of U.S.-Russia military cooperation at a time when coalition building and international alliances are critical.

In June 2001, my staff on the Government Reform Committee conducted an analysis of the Coyle Report, a comprehensive study conducted by the Pentagon's chief civilian test evaluator that revealed serious weaknesses in the NMD test program. The report also demonstrates the futility of scheduling deployment when basic elements of the system, such as the ability to defend against countermeasures, multiple engagements, and against accident or unauthorized launches, have repeatedly failed.

Considering that the ABM treaty is not holding back the design and development of the technology needed for NMD, nor slowing the testing of the system, I think it is shortsighted and irresponsible for the Conference Report to authorize measures that would violate the treaty or for the Bush Administration to propose unilateral withdrawal.

At the same time, at the critical stage in our nation's history, I believe the U.S. military and its brave soldiers deserve full Congressional support. Although I have opposed previous Defense Authorization bills, I support this bill because it contains the largest single-year increase for military personnel in nearly a decade and invests in technology and hardware that will keep our soldiers safer in the field. Such attention to pay, housing allowance, and family assistance, give recognition to the sacrifice they make and help our military compete for the best and brightest.

I commend all of the soldiers and reservists from Los Angeles, California, and across the country for their dedication, and I urge the Bush Administration to take immediate action to change its misguided course on the ABM treaty.

Mr. BILIRAKIS. Mr. Speaker, I rise in support of S. 1438, the National Defense Authorization Act.

Some military retirees—individuals who are eligible for military retirement benefits as a result of a full service career—are also eligible for disability compensation from the VA based on an injury they incurred while in the service. Under present law, these service-disabled retirees must surrender a portion of their retired pay if they want to receive the disability compensation to which they are entitled. More than 500,000 disabled retirees are impacted by this inequitable offset.

For over 15 years, I have introduced legislation, H.R. 303, to repeal this unjust offset. I am pleased that the conference report we are considering today includes language that will authorize the concurrent receipt of military retired pay and VA disability compensation. However, under the bill, these provisions only become effective if legislation offsetting the costs of concurrent receipt is subsequently enacted into law. This is the same language that was approved by the House earlier this year.

This conference report also increases the amount that certain severely disabled retirees may receive under the special compensation program which was enacted during the 106th Congress. I am pleased that the conferees added these provisions to the final bill.

While not perfect, I do believe that the language in the conference report is an important step in our efforts to repeal the offset between military retired pay and VA disability compensation. First, the passage of this language puts the House of Representatives firmly on record as supporting the elimination of the offset. Although I have introduced H.R. 303 for more than 15 years, this is the first year that the House has actually voted on this issue.

Second, I originally proposed this language because I wanted to ensure that concurrent receipt language was included in the Fiscal Year 2002 authorization act. In previous years when language has been included in the Senate versions of the authorization bill and no language was included in the House bill, the Senate has receded to the House, meaning no language was enacted into law.

By authorizing the concurrent receipt of military retired pay and VA disability compensation now, we are one step closer to repealing the offset once and for all. Next year, I will be working with my colleagues to secure the enactment of legislation to fund the concurrent receipt of military retired pay and VA disability compensation.

Each of the thousands of disabled military retirees answered when America called. Now it's time for America to answer their call.

I urge my colleagues to support S. 1438.

Mr. GREEN of Wisconsin. Mr. Speaker, I rise today in support of the conference report on S. 1438, the Department of Defense Authorization bill for fiscal year 2002. This is a good bill, one that addresses the critical needs of our military as we engaged in the war against terrorism. S. 1438 also contains a provision allowing the transfer of an old, unused Army Reserve Center in Kewaunee, WI to the city. This transfer will allow the property to be put to good use by the City of Kewaunee instead sitting dormant and a benefit to no one.

While S. 1438 is a good bill, it is not a perfect bill. The one glaring imperfection in the bill is a provision that fundamentally alters a Department of Justice program known as the Federal Prison Industries, or FPI.

Language in S. 1438 would basically exempt the Department of Defense from the mandatory-source preference of the FPI program. Eliminating mandatory-source preference for DoD means that approximately 60% of FPI's business will be lost. Obviously, this would dramatically undermine FPI.

I will not delve into a full explanation or defense of the program here. Frankly, debate over FPI should not even take place within the context of a defense bill. Debate over FPI has always been spirited. However, it is a debate that I welcome and one that I expected to participate in as a member of the Judiciary Committee. But that right has been denied to me and my fellow Judiciary Committee members.

I appreciate and thank Chairman STUMP for his efforts to work with me on this issue. His indulgence over last couple of months was more than I could have asked for. Unfortunately, the die was cast on this issue, and we were unable to remove this language.

As I stated, FPI is a Justice Department program. I, along with many of my colleagues on the Judiciary Committee, feel very strongly that our committee should review any change to the FPI program. Sadly, the most dramatic reforms to FPI in its history will occur without the input of just about every member of the Judiciary Committee.

Mr. Speaker, I am including, for the record, a copy of a memorandum from the chief operating officer of FPI and a letter from the Justice Department. The FPI memo details the destructive effects the language in S. 1438 is already having on the program. In the DoJ letter, the department clearly states its strong opposition to this language. I request that both items be made a part of the RECORD.

U.S. DEPARTMENT OF JUSTICE,  
OFFICE OF LEGISLATIVE AFFAIRS,  
Washington, DC, November 30, 2001.

Hon. MARK GREEN,  
U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN GREEN: This is in response to your letter of November 26, 2001 regarding Section 821 of the Fiscal Year 2002 Defense Authorization Bill. The Department of Justice agrees with your concerns regard-

ing Section 821. Indeed, the Department has been actively engaged in educating Congressional Members on this important issue. On September 25, 2001 we sent a letter to the Senate Leadership and Senate Judiciary Committee and, on November 13, 2001, a letter to all Defense Authorization Conferees about our significant concerns regarding the effect of Section 821 upon Federal Prison Industries (FPI). As you point out in your letter, the bill as drafted fails to recognize the contribution of this important correctional program to the safe and effective administration of Federal prisons, and as a tool for reducing recidivism by preparing inmates to lead productive, law abiding lives upon their return to society.

While our continued efforts have met with little success, we remain in support of removal of Section 821 from the Conference Report. Moreover, we believe that any future consideration of FPI reform should be the purview of the House and Senate Judiciary Committees, the committees with jurisdiction over Department of Justice programs.

If you have any questions or if we may provide you further information, please feel free to contact the Department.

Sincerely,

DANIEL J. BRYANT,  
Assistant Attorney General.

U.S. DEPARTMENT OF JUSTICE,  
FEDERAL BUREAU OF PRISONS,  
Washington, DC, November 26, 2001.

Memorandum for Kathleen Hawk Sawyer,  
Director Federal Bureau of Prisons & Chief  
Executive Officer of Federal Prison Industries

From: Steve Schwalb, Chief Operating Officer  
Federal Prison Industries

I am writing to advise you of the initial effects of the Defense Authorization language on FPI recently adopted by the Senate.

Even though the final language, as of this date, has not been adopted by the conferees, numerous customers report to us that they have received calls, e-mails, faxes and personal visits from office furniture vendors and their dealers on this legislative language. Our customers report being told, "FPI's mandatory source has been eliminated", "federal agencies no longer have to buy from FPI", and that "customers can now buy directly from commercial vendors without considering FPI."

Several customers have also forwarded to us e-mails from the furniture coalition and/or company members thereof, in which they indicate their intent to influence the conferees to "strengthen" the Senate adopted language to include all agencies, not just the Department of Defense.

The result has been that many of our customers now feel, mistakenly, that changes are already in effect and that procedures for buying from or considering products offered by FPI have been altered. Several customers have indicated that they are going to hold up on making any purchase decisions while they get more information that address their confusion.

This is only the beginning of what we can expect to be an aggressive, and often inaccurate, campaign by the private sector to confuse, persuade or otherwise present to our customers information which puts us and our products in the worst light possible. As you know, all the big furniture companies have previously provided extensive training to their commercial sales staff on how to write, for the federal customers, waiver requests to FPI, so as to specify those commercial company's unique product features as "must have" items, thereby justifying a waiver from FPI's mandatory source. If language regarding purchases from FPI is adopted into final legislation, there is no

doubt that we will see the efforts by the furniture companies intensify.

The results of these initial efforts have been the suspension or delay of some orders and the placement of other orders directly with the private sector without customers following the requirement to contact FPI first to see if our products will meet their needs. Although it is too early to accurately quantify the effects, there is no doubt that we will see a significant decline in future office furniture orders. Since DOD represents 65% of our furniture sales, a significant reduction in orders from DoD will have devastating consequences for us. Depending on how significant the decline is, it undoubtedly will affect our ability to support the capacity we currently have and will cause us to reduce our staff and inmate employment in several of our furniture factories. In turn, this will also affect our raw material purchases from the numerous vendors we rely on for our production.

We will continue to monitor the situation as it develops and keep you advised.

Mr. STUMP. Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

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

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

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

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 382, nays 40, not voting 11, as follows:

[Roll No. 496]

YEAS—382

Abercrombie	Brady (TX)	Cunningham
Ackerman	Brown (FL)	Davis (CA)
Aderholt	Brown (SC)	Davis (FL)
Akin	Bryant	Davis (IL)
Andrews	Burr	Davis, Tom
Armey	Burton	Deal
Baca	Buyer	DeGette
Bachus	Callahan	DeLauro
Baird	Calvert	DeLay
Baker	Camp	DeMint
Baldwin	Cannon	Deutsch
Ballenger	Cantor	Diaz-Balart
Barcia	Capito	Dicks
Barr	Capps	Dingell
Barrett	Capuano	Doggett
Bartlett	Cardin	Dooley
Barton	Carson (IN)	Doolittle
Bass	Carson (OK)	Doyle
Becerra	Castle	Dreier
Bentsen	Chabot	Duncan
Bereuter	Chambliss	Dunn
Berkley	Clay	Edwards
Berman	Clayton	Ehlers
Berry	Clement	Ehrlich
Biggart	Clyburn	Emerson
Billirakis	Coble	Engel
Bishop	Collins	Eshoo
Blagojevich	Combest	Etheridge
Blunt	Condit	Evans
Boehlert	Cooksey	Everett
Boehner	Costello	Farr
Bonilla	Cox	Fattah
Bonior	Coyne	Ferguson
Bono	Cramer	Flake
Boozman	Crane	Fletcher
Borski	Crenshaw	Foley
Boswell	Crowley	Ford
Boucher	Culberson	Fossella
Brady (PA)	Cummings	Frelinghuysen

Frost	Leach	Rothman
Galleghy	Levin	Roukema
Ganske	Lewis (CA)	Roybal-Allard
Gekas	Lewis (KY)	Royce
Gephardt	Linder	Rush
Gibbons	Lipinski	Ryan (WI)
Gilchrest	LoBiondo	Ryun (KS)
Gillmor	Lofgren	Sabo
Gilman	Lowey	Sanchez
Goode	Lucas (KY)	Sanders
Goodlatte	Lucas (OK)	Sandlin
Gordon	Lynch	Sawyer
Goss	Maloney (CT)	Saxton
Graham	Maloney (NY)	Schaffer
Granger	Manzullo	Schiff
Graves	Markey	Schrock
Green (TX)	Mascara	Scott
Green (WI)	Matheson	Sensenbrenner
Greenwood	Matsui	Serrano
Grucci	McCarthy (MO)	Sessions
Gutierrez	McCarthy (NY)	Shadegg
Gutknecht	McCollum	Shaw
Hall (OH)	McCrery	Shays
Hall (TX)	McGovern	Sherman
Hansen	McHugh	Sherwood
Harman	McInnis	Shimkus
Hart	McIntyre	Shows
Hastings (FL)	McKeon	Shuster
Hastings (WA)	McNulty	Simmons
Hayes	Menendez	Simpson
Hayworth	Mica	Skeen
Hefley	Millender-	Skelton
Heger	McDonald	Slaughter
Hill	Miller, Dan	Smith (MI)
Hilleary	Miller, Gary	Smith (TX)
Hilliard	Mink	Smith (WA)
Hinchee	Mollohan	Snyder
Hinojosa	Moore	Solis
Hobson	Moran (KS)	Souder
Hoefel	Moran (VA)	Spratt
Hoekstra	Morella	Stearns
Honda	Murtha	Stenholm
Hooley	Myrick	Strickland
Horn	Napolitano	Stump
Houghton	Neal	Stupak
Hoyer	Nethercutt	Sununu
Hulshof	Ney	Sweeney
Hunter	Northup	Tancredo
Hyde	Norwood	Tanner
Inlee	Nussle	Tauscher
Isakson	Oberstar	Tauzin
Israel	Obey	Taylor (MS)
Issa	Ortiz	Taylor (NC)
Istook	Osborne	Terry
Jackson-Lee	Ose	Thomas
(TX)	Otter	Thompson (CA)
Jefferson	Oxley	Thompson (MS)
Jenkins	Pascarell	Thornberry
John	Pastor	Thune
Johnson (CT)	Pelosi	Thurman
Johnson (IL)	Pence	Tiahrt
Johnson, E. B.	Peterson (MN)	Tiberi
Johnson, Sam	Peterson (PA)	Toomey
Jones (NC)	Petri	Trafficant
Jones (OH)	Phelps	Turner
Kaptur	Pickering	Udall (CO)
Keller	Pitts	Udall (NM)
Kelly	Platts	Upton
Kennedy (MN)	Pombo	Visclosky
Kennedy (RI)	Portman	Vitter
Kerns	Price (NC)	Walden
Kildee	Pryce (OH)	Walsh
Kilpatrick	Putnam	Wamp
Kind (WI)	Radanovich	Waters
King (NY)	Rahall	Watkins (OK)
Kingston	Ramstad	Watson (CA)
Kirk	Regula	Watt (NC)
Klecza	Rehberg	Watts (OK)
Knollenberg	Reyes	Waxman
Kolbe	Reynolds	Weiner
LaFalce	Riley	Weldon (FL)
LaHood	Rivers	Weldon (PA)
Lampson	Rodriguez	Weller
Langevin	Roemer	Wexler
Lantos	Rogers (KY)	Whitfield
Largent	Rogers (MI)	Wick
Larsen (WA)	Rohrabacher	Wolfer
Latham	Ros-Lehtinen	Wynn
LaTourette	Ross	Young (FL)

## NAYS—40

Allen	Delahunt	Kucinich
Baldacci	Filner	Lee
Blumenauer	Forbes	Lewis (GA)
Boyd	Frank	McDermott
Brown (OH)	Holden	McKinney
Conyers	Holt	Meeks (NY)
Davis, Jo Ann	Jackson (IL)	Miller, George
DeFazio	Kanjorski	Miller, Jeff

Nadler	Rangel	Velazquez
Owens	Schakowsky	Wilson
Pallone	Smith (NJ)	Woolsey
Paul	Stark	Wu
Payne	Tierney	
Pomeroy	Towns	

## NOT VOTING—11

Cubin	Larson (CT)	Olver
English	Luther	Quinn
Gonzalez	Meehan	Young (AK)
Hostettler	Meek (FL)	

## □ 1150

Messrs. BALDACCI, McDERMOTT, HOLDEN, KANJORSKI, PALLONE, and DEFAZIO, Ms. MCKINNEY, Messrs. WU, BOYD, TIERNEY, and OWENS, Ms. VELAZQUEZ, Mr. TOWNS, Ms. WOOLSEY, and Mr. MEEKS of New York changed their vote from “yea” to “nay.”

Mr. WAXMAN and Mr. BISHOP changed their vote from “nay” to “yea.”

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. LARSON of Connecticut. Mr. Speaker, I unfortunately was required to attend a funeral in my Congressional District today and missed rollcall Vote No. 496. Had I been present and voting, I would have voted “aye”.

## GENERAL LEAVE

Mr. STUMP. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report on S. 1438 just adopted.

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

There was no objection.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Monahan, one of its clerks, announced that the Senate has passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 25. Concurrent resolution expressing the sense of the Congress regarding tuberous sclerosis.

The message also announced that the Senate has passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1499. An act to amend the District of Columbia College Access Act of 1999 to permit individuals who graduated from a secondary school prior to 1998 and individuals who enroll in an institution of higher education more than 3 years after graduating from a secondary school to participate in the tuition assistance programs under such Act, and for other purposes.

## DIRECTING SECRETARY OF THE SENATE TO MAKE TECHNICAL CORRECTION IN ENROLLMENT OF S. 1438, NATIONAL DEFENSE AUTHORIZATION ACT FOR 2002

Mr. STUMP. Mr. Speaker, I ask unanimous consent for the immediate

consideration of the concurrent resolution (H. Con. Res. 288) directing the Secretary of the Senate to make a technical correction in the enrollment of S. 1438.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The Clerk read the concurrent resolution, as follows:

## H. CON. RES. 288

*Resolved by the House of Representatives (the Senate concurring),* That in the enrollment of the bill (S. 1438) to authorize appropriations for fiscal year 2002 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes, the Secretary of the Senate shall make the following correction:

Strike section 1212 and insert the following:

## SEC. 1212. EXTENSION OF AUTHORITY FOR INTERNATIONAL COOPERATIVE RESEARCH AND DEVELOPMENT PROJECTS.

(a) ELIGIBILITY OF FRIENDLY FOREIGN COUNTRIES.—Section 2350a of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) by inserting “(1)” after “(a) AUTHORITY TO ENGAGE IN COOPERATIVE R&D PROJECTS.—”;

(B) by striking “major allies of the United States or NATO organizations” and inserting “countries or organizations referred to in paragraph (2)”; and

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

“(2) The countries and organizations with which the Secretary may enter into a memorandum of agreement (or other formal agreement) under paragraph (1) are as follows:

“(A) The North Atlantic Treaty Organization.

“(B) A NATO organization.

“(C) A member nation of the North Atlantic Treaty Organization.

“(D) A major non-NATO ally.

“(E) Any other friendly foreign country.”;

(2) in subsection (b)(1)—

(A) by striking “its major non-NATO allies” and inserting “a country or organization referred to in subsection (a)(2)”; and

(B) by striking “(NATO)”;;

(3) in subsection (d)—

(A) in paragraph (1), by striking “the major allies of the United States” and inserting “countries and organizations referred to in subsection (a)(2)”; and

(B) in paragraph (2)—

(i) by striking “major ally of the United States” and inserting “country or organization referred to in subsection (a)(2)”; and

(ii) by striking “that ally’s contribution” and inserting “the contribution of that country or organization”;

(4) in subsection (e)(2)—

(A) in subparagraph (A), by striking “one or more of the major allies of the United States” and inserting “any country or organization referred to in subsection (a)(2)”;;

(B) in subparagraph (B), by striking “major allies of the United States or NATO organizations” and inserting “countries and organizations referred to in subsection (a)(2)”;;

(C) in subparagraph (C), by striking “major allies of the United States” and inserting “countries and organizations referred to in subsection (a)(2)”; and

(D) in subparagraph (D), by striking “major allies of the United States” and inserting “countries and organizations referred to in subsection (a)(2)”;

(5) paragraphs (1)(A) and (4)(A) of subsection (g), by striking “major allies of the United States and other friendly foreign countries” and inserting “countries referred to in subsection (a)(2)”;

(6) in subsection (h), by striking “major allies of the United States” and inserting “member nations of the North Atlantic Treaty Organization, major non-NATO allies, and other friendly foreign countries”; and

(7) in subsection (i)—

(A) in paragraph (1), by striking “major allies of the United States or NATO organizations” and inserting “countries and organizations referred to in subsection (a)(2)”;

(B) by striking paragraph (2); and

(C) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(b) NOTICE-AND-WAIT REQUIREMENT.—Subsection (a) of such section is further amended by adding at the end the following new paragraph:

“(3) If such a memorandum of understanding (or other formal agreement) is with a country referred to in subparagraph (E) of paragraph (2), such memorandum (or agreement) may go into effect only after the Secretary submits to the Committees on Armed Services and on Foreign Relations of the Senate and to the Committees on Armed Services and on International Relations of the House of Representatives a report with respect to the proposed memorandum (or agreement) and a period of 30 days has passed after the report has been submitted.”.

(c) DELEGATION OF AUTHORITY TO DETERMINE ELIGIBILITY OF PROJECTS.—Subsection (b)(2) of such section is amended by striking “to the Deputy Secretary of Defense” and all that follows through the period at the end and inserting “to the Deputy Secretary of Defense and to one other official of the Department of Defense.”.

(d) REVISION OF REQUIREMENT FOR ANNUAL REPORT ON ELIGIBLE COUNTRIES.—Subsection (f)(2) of such section is amended to read as follows:

“(2) Not later than January 1 of each year, the Secretary of Defense shall submit to the Committees on Armed Services and on Foreign Relations of the Senate and to the Committees on Armed Services and on International Relations of the House of Representatives a report specifying—

“(A) the countries that are eligible to participate in a cooperative project agreement under this section; and

“(B) the criteria used to determine the eligibility of such countries.”.

(e) CONFORMING AMENDMENTS.—(1) The heading of such section is amended to read as follows:

“§ 2350a. Cooperative research and development agreements: NATO organizations; allied and friendly foreign countries”.

(2) The item relating to such section in the table of sections at the beginning of subchapter II of chapter 138 of title 10, United States Code, is amended to read as follows:

“2350a. Cooperative research and development agreements: NATO organizations; allied and friendly foreign countries.”.

**SEC. 1213. COOPERATIVE AGREEMENTS WITH FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS FOR RECIPROCAL USE OF TEST FACILITIES.**

(a) AUTHORITY.—Subchapter II of chapter 138 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2350l. Cooperative agreements for reciprocal use of test facilities: foreign countries and international organizations

“(a) AUTHORITY.—The Secretary of Defense, with the concurrence of the Secretary of State, may enter into a memorandum of understanding (or other formal agreement) with a foreign country or international organization to provide for the testing, on a reciprocal basis, of defense equipment (1) by the United States using test facilities of that country or organization, and (2) by that country or organization using test facilities of the United States.

“(b) PAYMENT OF COSTS.—A memorandum or other agreement under subsection (a) shall provide that, when a party to the agreement uses a test facility of another party to the agreement, the party using the test facility is charged by the party providing the test facility in accordance with the following principles:

“(1) The user party shall be charged the amount equal to the direct costs incurred by the provider party in furnishing test and evaluation services by the providing party’s officers, employees, or governmental agencies.

“(2) The user party may also be charged indirect costs relating to the use of the test facility, but only to the extent specified in the memorandum or other agreement.

“(c) DETERMINATION OF INDIRECT COSTS; DELEGATION OF AUTHORITY.—(1) The Secretary of Defense shall determine the appropriateness of the amount of indirect costs charged by the United States pursuant to subsection (b)(2).

(2) The Secretary may delegate the authority under paragraph (1) only to the Deputy Secretary of Defense and to one other official of the Department of Defense.

“(d) RETENTION OF FUNDS COLLECTED BY THE UNITED STATES.—Amounts collected by the United States from a party using a test facility of the United States pursuant to a memorandum or other agreement under this section shall be credited to the appropriation accounts from which the costs incurred by the United States in providing such test facility were paid.

“(e) DEFINITIONS.—In this section:

“(1) The term ‘direct cost’, with respect to the use of a test facility pursuant to a memorandum or other agreement under subsection (a)—

“(A) means any item of cost that is easily and readily identified to a specific unit of work or output within the test facility where the use occurred, that would not have been incurred if such use had not occurred; and

“(B) may include costs of labor, materials, facilities, utilities, equipment, supplies, and any other resources of the test facility that are consumed or damaged in connection with—

“(i) the use; or

“(ii) the maintenance of the test facility for purposes of the use.

“(2) The term ‘indirect cost’, with respect to the use of a test facility pursuant to a memorandum or other agreement under subsection (a)—

“(A) means any item of cost that is not easily and readily identified to a specific unit of work or output within the test facility where the use occurred; and

“(B) may include general and administrative expenses for such activities as supporting base operations, manufacturing, supervision, procurement of office supplies, and utilities that are accumulated costs allocated among several users.

“(3) The term ‘test facility’ means a range or other facility at which testing of defense equipment may be carried out.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter

is amended by adding at the end the following new item:

“2350l. Cooperative agreements for reciprocal use of test facilities: foreign countries and international organizations.”.

**SEC. 1214. SENSE OF CONGRESS ON ALLIED DEFENSE BURDENSARING.**

It is the sense of Congress that—

(1) the efforts of the President to increase defense burdensharing by allied and friendly nations deserve strong support; and

(2) host nation support agreements with those nations in which United States military personnel are assigned to permanent duty ashore should be negotiated consistent with section 1221(a)(1) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 50 U.S.C. 1541(a)(1)), which sets forth a goal of obtaining from any such host nation financial contributions that amount to 75 percent of the nonpersonnel costs incurred by the United States Government for stationing United States military personnel in that nation.

**Subtitle C—Reports**

**SEC. 1221. REPORT ON SIGNIFICANT SALES AND TRANSFERS OF MILITARY HARDWARE, EXPERTISE, AND TECHNOLOGY TO THE PEOPLE’S REPUBLIC OF CHINA.**

Section 1202 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65; 113 Stat. 781; 10 U.S.C. 113 note) is amended by adding at the end the following new subsection:

“(d) REPORT ON SIGNIFICANT SALES AND TRANSFERS TO CHINA.—(1) The report to be submitted under this section not later than March 1, 2002, shall include in a separate section a report describing any significant sale or transfer of military hardware, expertise, and technology to the People’s Republic of China. The report shall set forth the history of such sales and transfers since 1995, forecast possible future sales and transfers, and address the implications of those sales and transfers for the security of the United States and its friends and allies in Asia.

“(2) The report shall include analysis and forecasts of the following matters related to military cooperation between selling states and the People’s Republic of China:

“(A) The extent in each selling state of government knowledge, cooperation, or condoning of sales or transfers of military hardware, expertise, or technology to the People’s Republic of China.

“(B) An itemization of significant sales and transfers of military hardware, expertise, or technology from each selling state to the People’s Republic of China that have taken place since 1995, with a particular focus on command, control, communications, and intelligence systems.

“(C) Significant assistance by any selling state to key research and development programs of China, including programs for development of weapons of mass destruction and delivery vehicles for such weapons, programs for development of advanced conventional weapons, and programs for development of unconventional weapons.

“(D) The extent to which arms sales by any selling state to the People’s Republic of China are a source of funds for military research and development or procurement programs in the selling state.

“(3) The report under paragraph (1) shall include, with respect to each area of analysis and forecasts specified in paragraph (2)—

“(A) an assessment of the military effects of such sales or transfers to entities in the People’s Republic of China;

“(B) an assessment of the ability of the People’s Liberation Army to assimilate such sales or transfers, mass produce new equipment, or develop doctrine for use; and

“(C) the potential threat of developments related to such effects on the security interests of the United States and its friends and allies in Asia.”.

**SEC. 1222. REPEAL OF REQUIREMENT FOR REPORTING TO CONGRESS ON MILITARY DEPLOYMENTS TO HAITI.**

Section 1232(b) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65; 113 Stat. 788; 50 U.S.C. 1541 note) is repealed.

**SEC. 1223. REPORT BY COMPTROLLER GENERAL ON PROVISION OF DEFENSE ARTICLES, SERVICES, AND MILITARY EDUCATION AND TRAINING TO FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS.**

(a) STUDY.—The Comptroller General shall conduct a study of the following:

(1) The benefits derived by each foreign country or international organization from the receipt of defense articles, defense services, or military education and training provided after December 31, 1989, pursuant to the drawdown of such articles, services, or education and training from the stocks of the Department of Defense under section 506, 516, or 552 of the Foreign Assistance Act of 1961 (22 U.S.C. 2318, 2321j, or 2348a) or any other provision of law.

(2) Any benefits derived by the United States from the provision of defense articles, defense services, and military education and training described in paragraph (1).

(3) The effect on the readiness of the Armed Forces as a result of the provision by the United States of defense articles, defense services, and military education and training described in paragraph (1).

(4) The cost to the Department of Defense with respect to the provision of defense articles, defense services, and military education and training described in paragraph (1).

(b) REPORTS.—(1) Not later than April 15, 2002, the Comptroller General shall submit to Congress an interim report containing the results to that date of the study conducted under subsection (a).

(2) Not later than August 1, 2002, the Comptroller General shall submit to Congress a final report containing the results of the study conducted under subsection (a).

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

**PROVIDING FOR CONSIDERATION OF MOTIONS TO SUSPEND THE RULES**

Mr. DIAZ-BALART. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 314 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 314

*Resolved*, That it shall be in order at any time on the legislative day of Wednesday, December 19, 2001, for the Speaker to entertain motions that the House suspend the rules, provided that the object of any such motion is announced from the floor at least one hour before the motion is offered. The Speaker or his designee shall consult with the minority Leader or his designee on the designation of any matter for consideration pursuant to this resolution.

The SPEAKER pro tempore. The gentleman from Florida (Mr. DIAZ-BALART) is recognized for 1 hour.

Mr. DIAZ-BALART. Mr. Speaker, for purposes of debate only, I yield the cus-

tomary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

(Mr. DIAZ-BALART asked and was given permission to revise and extend his remarks.)

Mr. DIAZ-BALART. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 314 is a rule providing for the consideration of motions to suspend the rules at any time on the legislative day of Wednesday, December 19, 2001.

The rule further provides that the object of any motion to suspend the rules should be announced from the floor at least 1 hour prior to its consideration, and that the Speaker or his designee will consult with the minority leader or his designee on any suspension considered under the rule.

It is a fair rule, Mr. Speaker. It will allow for the consideration of important legislation. I would urge my colleagues to support this straightforward, hopefully noncontroversial, rule.

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

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, under rule XV of the House rules, bills may be considered on the House floor under suspension of the rules only on Mondays and Tuesdays, and this resolution will permit bills to be considered under suspension of the rules on Wednesday, December 19.

This special rule is open-ended. It authorizes the Republican House leadership to bring up any bill under suspensions of the rules. Other special rules considered during this Congress to create new suspension days covered only specific measures.

Mr. Speaker, I am concerned that this rule requires only 1 hour's notice before bringing up a bill under suspension.

Mr. Speaker, as we all know, during the last moments of a session when Members are rushing to wrap up the year's business, it is easy to make mistakes. It is also easy to take shortcuts that undermine the deliberative process and restrict the rights of the minority. Under these circumstances, 1 hour's notice is simply not enough time.

Towards the end of the session in 1999, the House passed an open-ended suspension rule that required at least 2 hours. Near the end of the session in 1998, the House also passed an open-ended suspension rule that required at least 2 hours. I fail to see why this rule should require only 1 hour's notice.

For this reason, I must reluctantly oppose the rule.

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

Mr. DIAZ-BALART. Mr. Speaker, I yield back the balance of my time, and

I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

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

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

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question are postponed.

The point of no quorum is considered withdrawn.

□ 1200

**CONFERENCE REPORT ON H.R. 1, NO CHILD LEFT BEHIND ACT OF 2001**

Ms. PRYCE of Ohio. Mr. Speaker, by the direction of the Committee on Rules, I call up House Resolution 315 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 315

*Resolved*, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 1) to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore (Mr. SHIMKUS). The gentlewoman from Ohio (Ms. PRYCE) is recognized for 1 hour.

Ms. PRYCE of Ohio. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. SLAUGHTER), my colleague and friend, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 315 is a standard rule waiving all points of order against the conference report to accompany H.R. 1, the No Child Left Behind Act of 2001. The rule also waives all points of order against its consideration.

Mr. Speaker, today we take an historic leap forward on behalf of our children, parents and teachers across this great Nation. While lately, the attention of Americans has been focused on the war on terror, the Congress has continued to focus its attention on our Nation's most precious resource, our children. This conference report does just that and recognizes that investing in our children today will prepare them for the challenges of tomorrow.

The Committee on Education and the Workforce, assigned the demanding task of reforming our Nation's failing Federal education policy, has reported back a conference report that we all can and should support. I am pleased to

stand before my colleagues today to present a rule on a bipartisan piece of legislation that will transform the Federal role in education to ensure that indeed no child is left behind.

The education of our children is the top priority for our President and a major concern of most Americans. H.R. 1 represents the most sweeping, comprehensive education legislation to be brought before the House during our tenure.

I would like to take a moment to congratulate the gentleman from Ohio (Mr. BOEHNER), my colleague and very good friend, for his hard work and commitment to improving the educational system for our children. I would also like to commend the ranking member of the committee, the gentleman from California (Mr. GEORGE MILLER), for all his work and support for this bipartisan legislation.

Despite a decade of economic growth and Federal spending of more than \$130 billion since 1965, the achievement gap dividing our Nation's disadvantaged students and their peers has continued to widen.

Mr. Speaker, the message is loud and clear. Money alone is not the answer. It is time for accountability. It is time for reform. It is time for a renewed commitment to our children.

This conference report embodies President Bush's education vision and stays true to his four principles of education reform, accountability, flexibility and local control. It expands options for parents and funds what really works.

It all starts with determining which students are in need of additional help and which schools and school districts are in need of improvement. H.R. 1 accomplishes this task by implementing annual assessments in the core subjects of reading and math for students in grades three through eight. However, the bill also recognizes that communities know more about their children than Washington bureaucrats.

H.R. 1 respects local control, by allowing States to design and implement these tests, and provides Federal funds to aid them in this task. It also explicitly prohibits federally-sponsored national testing or curricula.

Armed with knowledge, we will be able to determine which schools are failing to educate our children. This information will be readily available to parents in the form of annual school performance report cards. Based on these facts, H.R. 1 provides a system of accountability to ensure that students do not become trapped in chronically failing schools.

H.R. 1 provides real options for parents with students in chronically failing schools. Parents would be allowed to transfer students in failing schools to better performing public or charter schools. Supplemental services would be provided from Title I funds for tutoring, after-school services, and summer school programs.

Finally, charter schools would be expanded to provide opportunities for

parents, educators and community leaders to create schools outside the bureaucratic red tape of the educational establishment.

In exchange for these new accountability measures, the plan will dramatically enhance flexibility for local school districts, granting them the freedom to transfer up to 50 percent of the Federal education dollars they receive among an assortment of ESEA programs and target the true needs of their individual communities.

Mr. Speaker, since the creation of the Elementary and Secondary Education Act in 1965, numerous programs and restrictions have been piled on the Act, creating a bureaucratic maze of duplicative policies, all well-intentioned, but amazingly inefficient. H.R. 1 will give some needed organization to this patchwork of programs by consolidating the programs under ESEA and targeting resources to existing programs that serve poor students.

We know that over 60 percent of children living in poverty are reading below the very basic level. We cannot expect these children to succeed. Children who cannot read are destined for academic underachievement. We cannot allow children to be denied access to the world that can be opened to them only through books. The President's Reading and Early Reading First programs will introduce a scientific-based comprehensive approach to reading instruction that will serve to refocus education policy on this fundamental skill.

The President's education plan, No Child Left Behind, also emphasizes two other fundamental areas of education, through the establishment of math and science partnerships. The United States cannot remain a world leader in technology and scientific discovery without fundamental math and science education.

I am pleased that H.R. 1 includes an initiative which will encourage States to partner with institutions of higher learning, businesses and nonprofit math and science entities to bring enhanced math and science educational opportunities to our children.

Mr. Speaker, H.R. 1 is filled with calculated reforms that will restructure Federal education policy. It includes provisions to increase safety in our schools, promote English fluency and improve teacher quality, and provides the most important change in Federal education policy in almost 40 years.

Every Member of this House has a vested interest in the education of our children. We cannot afford to sit idly by or be timid in fulfilling our responsibility to ensure that every child has access to an education that gives them every chance to reach their full potential and exceed their goals and their parents' dreams for their future.

I urge my colleagues to keep the children at the forefront of our focus. Support this rule, adopt this conference report and send this historic legislation to the President of the United States so that no child is left behind.

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

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

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

Ms. SLAUGHTER. Mr. Speaker, I thank the gentlewoman from Ohio (Ms. PRYCE) for yielding me the customary 30 minutes.

Mr. Speaker, this is a measure that many of us have been worried might not ever see the light of day. As the measure moved through the House, the thoughtful and carefully crafted compromise almost collapsed as extreme measures such as vouchers and block grants became attached.

I am pleased to report cooler heads have prevailed in conference. What has emerged is one of the most critical pieces of one of the most important pieces of domestic policy to emerge from the Congress this year.

This education bill has the potential to truly make a difference in the lives of our children. Congress, for the first time, has tackled the inexcusable achievement gap between rich and poor students and minority and non-minority students that has plagued our educational system for decades.

In addition, for the first time in history we set as Federal law that teachers must be qualified in their subject area within four years. That is a very important step. Moreover, this measure provides funding adequate enough to match our rhetoric. Over \$27 billion has been authorized in fiscal year 2002 for Federal elementary and secondary education programs. This is \$3.5 billion more than the amount authorized by the House and is well needed.

For the first time, Congress is giving teachers the resources for training, support and mentoring that they need to reach the goals. Many of us were concerned that the administration failed to request any significant increase in funding to back up the broad outline of the President's for reform.

It is now my understanding that labor HHS appropriations bill which will be considered shortly will provide nearly \$4 billion more in funding for all elementary and secondary education programs funded by the Federal Government, nearly a 20 percent increase in appropriations.

This is a historic bill because it targets Federal dollars better than ever before to those students who need it most. Moreover, this bill finally fulfills the promise made in 1965 with the passage of the Elementary and Secondary Education Act. The promise to ensure that all children have an opportunity to learn regardless of income, background or ethnic identity.

Mr. Speaker, it is really a shame that it has taken us from 1965 to call for a quality and equity in education.

Finally, Congress will back up our commitment with a set of unambiguous expectations, time lines and resources and accountability will be a

part of it. I am really pleased to support this rule and this bill.

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

Ms. PRYCE of Ohio. Mr. Speaker, I yield 4 minutes to my distinguished colleague, the gentleman from Georgia (Mr. ISAKSON), a member of the Committee on Education and the Workforce and someone very instrumental in the good work that has gone into this bill.

Mr. ISAKSON. Mr. Speaker, I thank the gentlewoman from Ohio (Ms. PRYCE) for her leadership and for yielding me time. I thank the Members on both sides of the aisle for the words that have been spoken and will be spoken about No Child Left Behind.

A year ago next Friday, then President-elect George Bush invited 16 members of House and Senate, Republicans and Democrats, all members of the Committee on Education and the Workforce. He expressed his vision for No Child Left Behind, and then did what is so exemplary of our President. He asked all of our opinions on what we thought. And it was from that basis that House Resolution 1 was introduced about 12 months ago and we began the work which results today in the final conference committee report on No Child Left Behind.

Everyone had a chance to have their say. Every issue of importance had its chance to have a vote. And in the end, bipartisanship prevailed and the interests of the America's poorest students most in need has been met, and, in fact, I believe exceeded beyond the wildest dreams of me or our President or the other members some 12 months ago.

Mr. Speaker, I am very fortunate. I was born to a loving mother and father who nurtured me and made education important, who gave me the resources and the discipline and made the demands to ensure that I learned to read and to write. I owe them very much. On the other hand, I also recognize I owe very much to those who were not nearly as fortunate as I was.

No one should mistake what this bill is all about. It is about seeing to it that those who are the most disadvantaged, those who are the most poor, those who are the most at risk are given the resources and the institutions that teach them the accountability to ensure that they are not left behind, that they can read, that they can compute, that they can graduate, and they can realize the American dream.

While someone may nitpick over something they did not get in this bill, every child in America and every American taxpayer is getting the benefit of a better, more intelligently, more proud and more self-assured population in the future because we will leave no child behind. And today this Congress will adopt the dream of this President in his most important promise of his campaign just a year ago.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I thank my friend for yielding me time.

Mr. Speaker, I rise in support of the rule and of the conference report. The work that has been done on this bill by the President, by the leaders of our efforts, the gentleman from Ohio (Chairman BOEHNER) and the ranking member, the gentleman from California (Mr. MILLER) are to be commended, as well as the efforts of Senator KENNEDY and Senator GREGG.

We will hear more about the overall themes of this bill during the general debate. I wanted to extend my appreciation to these leaders for including in this legislation two initiatives which have great importance to me that I have worked on throughout this process. The first is a provision that will permit for the first time Title IV money to be used to broaden prekindergarten opportunities for 3, 4 and 5 year olds across the country.

The evidence is overwhelming that children who receive a high quality prekindergarten education perform better throughout their school careers and throughout their lives. For the first time, because of the inclusion of this provision, we will be able to reach more children.

Second, we have had an epidemic of school violence in our country which we all regret. One of the ways that has been proven successful to deal with school violence is peer mediation programs among students. Because of a provision that is in this bill, we have been able to provide for the use of Safe and Drug Free Schools money to promote the use of peer mediation programs among students across the country so they may learn to talk about their differences and resolve them before those differences spill over to bloodshed and violence in our schools.

There are many good things in this legislation. I am appreciative of the cooperation of the bipartisan leadership in including these two initiatives in the bill. I would urge my colleagues to support both the rule and the bill.

□ 1215

Ms. PRYCE of Ohio. Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I am very pleased to yield 2 minutes to the gentleman from Indiana (Mr. ROEMER).

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

Mr. ROEMER. Mr. Speaker, I thank the gentlewoman for yielding me this time. The poet Shelley once wrote that it is very important that children believe in belief; that children believe in Santa Claus; that children believe that pumpkins can turn into carriages; and that children believe that little elves can whisper into people's ears.

For too long, Mr. Speaker, we have believed that we provide a good, excellent education to all children in this country and that title I helps the disadvantaged. With this bill we shatter and attempt to destroy the myth that

poor children cannot learn as well as wealthier children and that we really have targeted resources to help these disadvantaged children over the last 30 years.

This bill, with good people working on a good product, achieving good results in a bipartisan way, has really brought great credit to this institution. And a lot of people deserve credit for that achievement. The gentleman from Ohio (Mr. BOEHNER), our Republican chairman and my classmate, has worked hard on this bill and brought trust to the process; the gentleman from California (Mr. GEORGE MILLER) has fought hard for accountability and new ideas so that poor children can get great teachers; the President brought many of us together in Austin, Texas, and showed passion on this issue; new Democrats helped put together a bill that probably is 65 to 70 percent in this bill, demanding results for the poorest children.

I just want to conclude, Mr. Speaker, and I will talk more on the bill itself later, that this bill, this achievement of good people with good policy brings great credit to the institution of Congress. I wish and pray that this is a model for more of this behavior and these results in future Congresses.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 2 minutes to my distinguished colleague, the gentleman from Florida (Mr. KELLER), a member of the Committee on Education and the Workforce.

Mr. KELLER. Mr. Speaker, I thank the gentlewoman for yielding me this time, and I rise today as a strong supporter of President Bush's No Child Left Behind Act.

I support this important education reform legislation because it will bring about a meaningful change in what I call the three R's: reading, resources, and red tape relief.

First, I will address the reading issue. A child's success in school, and indeed in life, is dependent on his or her ability to read. Unfortunately, 70 percent of the fourth graders in our inner-city schools cannot read at a basic level. In other words, they cannot read and understand a short paragraph that one would find in a simple children's book.

This legislation addresses that issue head on by investing \$5 billion over the next 5 years in reading for children in grades K through 2. That means that next year Federal funds for improving reading will be triple.

The second reason I support this legislation is because this bill represents the single largest investment of Federal dollars in K through 12 education in the history of the United States.

For example, we are investing 43 percent more dollars in education than last year, and we have a 57 percent increase in the amount of money we are investing in title I. This will help to

make sure that all children, rich or poor, will have the opportunity for a first-class education.

The third reason I am supporting this legislation is because of red tape relief. This bill gives our local school boards the freedom to do their job without a lot of unnecessary red tape from Washington.

For example, under this legislation, local school districts will have the flexibility to spend up to 50 percent of the Federal dollars they receive on locally determined priorities, from class size reduction, to higher teacher salaries, to more computers in the classroom. And 95 percent of the funds will go directly to the classroom.

In short, this education reform legislation achieves the three R's of reading improvement, resources, and red tape relief. For these reasons, I urge my colleagues to vote "yes" on H.R. 1.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. KIND).

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

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

As a member of the Committee on Education and the Workforce, I rise in support of the rule and also in support of the reauthorization act before us today. President Lyndon Baines Johnson helped usher the first Elementary and Secondary Education Act through Congress back in 1965, and he was fond of saying that nothing matters more to the future of our country than education. I believe that, and I believe the American people believe that. That is why there is such overwhelming support throughout the country for us to do more to improve the education for all our children.

Is this a perfect bill? No. But it is a bill that is the product of a good process. And for that I commend the chairman of our committee, the gentleman from Ohio (Mr. BOEHNER); the ranking member, the gentleman from California (Mr. GEORGE MILLER); my colleagues on the Committee on Education and the Workforce; and those who served on the conference committee for helping make the process work in away in which it is intended.

This was a product of much compromise and much negotiation. The administration and the President himself injected himself in the process when we needed some logjams to be broken. I commend Sandy Kress in the role he played; Secretary Paige and the role he played; because overall this is a very good bill that advances the cause of education. It has a lot of good features in it: more funding and better targeted assistance to the most disadvantaged students in our country, the consolidation of Federal programs, and greater flexibility to school districts to better target the money in the ways they see fit to work in their own local area. There is a heavy emphasis on professional development and the recognition

that we need quality teachers in the classroom. And in an area I did particular work on, an emphasis on professional development of the leadership of our school districts, principals and superintendents.

But I also think there are some question marks remaining in regards to the overall bill, and one is the testing element and the accountability; whether we are providing enough resources to allow the school districts to develop and implement these tests for diagnostic purposes, and whether we are providing enough resources for remediation of those students who are falling behind.

Another glaring absence is the failure of this Congress to recognize our obligation to fully fund special education. We are supposed to fund it at 40 percent. We are only funding it at 15 percent. And that is the number one most pressing financial issue affecting school districts throughout our country. It is an issue we need to address next year with the reauthorization of IDEA, while also addressing the funding issue for special education.

At the beginning of this year, Congress set out to improve the quality of education in America's public schools through the reauthorization of the 35-year-old Elementary and Secondary Education Act (ESEA). As a member of the Education and Workforce Committee, I am pleased that I had the opportunity to work on reauthorization of ESEA and I would like to praise my colleagues for the bipartisan effort that was put forth to enact true education reform; it is a victory for America's students.

#### PROFESSIONAL DEVELOPMENT

This bill will continue the federal government's commitment to assist schools in teaching low-income and low-achieving students by offering more flexibility to schools using federal funds while requiring them to show that their student's learning is improved by the investment. While this bill encompasses many reforms, one issue in which I was actively involved during committee consideration of ESEA was improving professional development for our teachers, principals, and administrators. They are key to our children's success in school and we need to acknowledge their hard work and dedication.

That is why I offered two amendments to ESEA that focused on professional development. The first amendment establishes teacher and principal corps, which are designed to recruit, prepare, and support college graduates or mid-career professionals as they begin a teaching career or pursue further professional development to become a principal.

The second amendment I offered develops leadership academies, which will train the best and brightest candidates to become effective educators. The academies will focus their efforts on training current principals and superintendents to become outstanding managers and educational leaders. I am pleased that my colleagues recognize our country's need for strong leadership for our students. It is not only important to have the best principals, but recent reports estimate that 40% of today's principals are eligible to retire in the next five years, and 50% of school districts nationwide are already experiencing a principal shortage.

#### EDUCATION TECHNOLOGY

Technology is another tool that is critical in educating our youth in the 21st century. Technology, when used effectively, can stimulate learning, enrich lives, and create greater opportunity for our students. All students, regardless of the socioeconomic conditions of their communities or families, should be able to access and use the technology that is driving the New Economy. It is also very important to ensure that our teachers are equipped with the necessary tools and skills to use technology effectively in the classroom. I am pleased that after the initial proposed cuts in funding for technology is ESEA, that the final agreement authorized the education technology program at one billion dollars.

#### RURAL EDUCATION INITIATIVE

During committee consideration of ESEA, I also worked with several of my colleagues to ensure that ESEA included the Rural Education Initiative. This program authorizes new funding and increased flexibility for rural school districts. Across the nation, many of our rural schools cannot compete for federal education grants because they do not have adequate resources. As a result, many of our students' academic performance suffers.

Furthermore, due to the fact that rural school districts do not lie near population or commercial centers and generally have small staffs, their schools have a harder time attracting personnel and taking advantage of training and technical assistance. Rural schools also frequently face higher costs associated with building infrastructure and upgrading technology.

#### INDIVIDUALS WITH DISABILITIES IN EDUCATION ACT (IDEA)

Although I am pleased with the ESEA conference report, I am concerned that the government continues to impose federal mandates on the states in the area for special education, while not providing the necessary resources. In addition, these mandates are occurring when many of these states are already facing budget shortfalls.

Since 1975, when IDEA was enacted, Congress told the states they must educate all children with disabilities, regardless of costs. Yet, because educating students with disabilities is typically twice as expensive as educating non-disabled students, Congress made a commitment to the states that the federal government would pay 40% of the cost of educating disabled children. But 26 years later, we have not kept that promise. Congress funds only 15% of the cost of special education.

The financial burden of meeting the costs of this important program falls directly on states and local communities in every congressional district. We have an obligation to ensure that a fundamental and fair educational opportunity exists for all our students, regardless of physical or developmental ability. The lack of adequate funding for special education misses the opportunity to truly leave no child behind.

#### MANDATORY TESTING

Furthermore, I fear that this lack of funding for IDEA will ultimately result in inadequate resources for states to being implementing the mandatory annual tests. This bill imposes significant new demands on schools to annually test 3rd–8th grade students in reading and math. Although there are assurances that the Federal Government will pay its required share of the costs for the new tests if the government fails to pay its share, then the state

will not be required to implement the annual tests. This is troublesome because in the end if there is not enough money to ensure accountability, then it will be the students whole will suffer.

## CONCLUSION

Nonetheless, I am pleased with the overall outcome of the conference report and I commend the conference committee for the hard work and dedication over the past couple of months. I am honored to have worked with my colleagues on both sides of the aisle over the past year on this piece of legislation, which is guaranteed to make a difference in the nation's public schools. I find satisfaction in knowing that it is within those public schools back in western Wisconsin and throughout the nation where we will find our future leaders.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from Kentucky (Mr. FLETCHER), also a member of the Committee on Education and the Workforce.

Mr. FLETCHER. Mr. Speaker, certainly in response to my colleague who last spoke, let me say that if he looks historically over the last several years in the funding for IDEA, he will find that since the Republicans have taken control of Congress, percentage-wise we have increased the funding for IDEA substantially over what previously had been funded, and I think we are doing a remarkable job as we increase the funding for that.

I also rise to lend my enthusiastic support to President Bush's education reform plan, No Child Left Behind. First, I would like to congratulate the Committee on Education and the Workforce chairman, the gentleman from Ohio (Mr. BOEHNER), and the ranking member, the gentleman from California (Mr. GEORGE MILLER) for this landmark piece of legislation and thank them for nearly one full year of work to produce a true education reform bill. I would like also to thank the conferees, both those in the House and the other body, whose work and support were vital to this bill.

President Bush took office and immediately began his efforts to reform education in America. We tried to reauthorize the Elementary and Secondary Education Act in the 106th Congress; but at that time, because of partisanship, even though we had crafted a good bill under Mr. Goodling, we were unable to overcome that partisanship to get that legislation enacted.

This year, H.R. 1 is not just a good bill, it represents true education reform in America and will begin to correct the shortcomings and failures of the Federal role in education in America since ESEA was first authorized in the 1960s.

We will hear a lot today about funding for education and how important that is and how some Members in this body do not believe there is enough funding for education. I believe we should provide funding for education, and I have supported that idea with my votes here in the House since elected to Congress.

A little over 2 months ago, the House approved the education spending package for this fiscal year that provided \$3.5 billion over the budget request for the programs included in the President's elementary and secondary education initiatives authorized in H.R. 1 and special education programs. Total funding for elementary and secondary education funds was \$29.9 billion, \$4.9 billion over last year's levels.

But just throwing money at problems we face in the education of America's children is not enough. President Bush has made it clear we must tie funding and resources to reform. The President outlined four pillars of education reform, and the conference report we are considering today has all of them: flexibility and local control; accountability; expanded choices for parents and a reemphasis on the role of the parent in education; and, finally, the idea that we need to fund programs that work, including the President's newly created Reading First and Early Reading First initiative, which is a scientifically based approach to overcoming illiteracy in America.

The President has stated, since taking office, that the Federal role in education is not to serve the system, it is to serve the children. I am glad we have someone in the White House who is willing to hammer home this truth, and I am proud to support this rule and urge my colleagues to vote both for the rule and the passage of the conference report.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I appreciate the gentleman's courtesy.

For the second day in a row, Mr. Speaker, we are seeing the House move forward with important items for America's future. Yesterday, it was election reform. Today, education is our priority. We are moving in the right direction, not necessarily allowing the perfect to be the enemy of the good. There is something in this legislation for everyone to support.

I personally am deeply appreciative for the work of the committee dealing with areas of special education and school modernization. But I would, Mr. Speaker, just like to say a word about leadership. I have been somewhat critical of some things that our President has done in the domestic area. This showed what our President can do when he focuses and works with the congressional leadership, and I think the product has been worth his efforts and I commend him.

I think it is important also to acknowledge the chairmanship of the gentleman from Ohio (Mr. BOEHNER), who much has been said about already, much more will be said on the floor, and I think it is all deserved.

But I would, if I may, Mr. Speaker, say a word about the gentleman from California (Mr. GEORGE MILLER), our friend from California. He is a man of

great passion about a whole range of issues, but he has dedicated years of his life to advancing the interests of America's children. Nobody in this Chamber has worked longer or harder than the gentleman from California, not just publicly in this arena but doing private things. I know that for months he would teach children in an alternative high school before getting on a plane and flying back here to Washington, D.C. Fighting on behalf of America's children and their future is something that has been worth doing. This legislation would not have happened without him.

I hope the hard work of the gentleman from California, Chairman BOEHNER, and the President will set the tone for the progress of this Congress in the last year of this session. I think America needs it.

Ms. PRYCE of Ohio. Mr. Speaker, may I inquire as to how much time remains?

The SPEAKER pro tempore (Mr. SHIMKUS). The gentlewoman from Ohio (Ms. PRYCE) has 15 minutes remaining, and the gentlewoman from New York (Ms. SLAUGHTER) has 19 minutes remaining.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Michigan (Mr. SMITH).

Mr. SMITH of Michigan. Mr. Speaker, I thank the gentlewoman for this opportunity, and I commend the entire conference committee and staff for their hard work in getting this report, and certainly thank the Committee on Rules for a fair rule.

One aspect of the bill that is especially important to me are the provisions for math and science education. In the Subcommittee on Research that I chair, we held several hearings on how to improve math and science education, where we have not been doing very well, especially considering the challenges ahead of us and the high-tech world that young people will be entering into.

□ 1230

Today's information-driven economy and high-tech industry require workers, not just the specialists, not just the scientists, but the workers to have more math and science and technology skills than ever before. Understanding basic math and science is essential for individual prosperity and our Nation's continued economic growth.

In this bill, we call on our world-class universities to play a greater role in improving the K-12 education, especially in math and science. And through research, through partnerships with local schools to develop better and more rigorous math and science curricula, and fellowships for elementary and secondary teachers, we can improve our math and science education in this country.

I hope this legislation helps to ensure that every child develops the knowledge and skills needed to succeed in the 21st century. I support the rule, and I encourage my colleagues to vote "yes."

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

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

Ms. JACKSON-LEE of Texas. Mr. Speaker, so many of us in this body are products of the public school system. So many of us got our start because teachers gave us an opportunity. I represent many districts in my congressional district, school districts, which do not have the necessary resources, pens, paper and computers to teach the students as they should.

I rise to support this rule and this bill and to support this concept. I thank the gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER) for working together. I thank the committee for working together, the conference for working together. I thank the gentleman from Michigan (Mr. KILDEE), and many others.

I know that Secretary Paige coming from Houston had a hand in a lot of this because we have made some strides in Houston, Texas, and I thank him for putting his handprint, along with the aggressive leadership of President Bush.

There are some good points in this legislation we should note. The commitment to close over a 12-year period the gap between poor and disadvantaged children and those in more influential and wealthier schools. It is also very important that we emphasize the importance of making sure that in testing the children, it is diagnostic testing and that we provide in the diagnostic testing the resources. I hope to have more resources, but the one point that is very good is that parents, when they find out that the children are not making the grade, will be able to secure resources from the school districts to provide extra tutoring for the children. They will be able to secure the type of tutoring that is most helpful to their child. In addition, we have restored funding for school construction and after-school programs, teacher development, principal development and administrative development will be funded.

I believe the important challenge that we have in the future is to continue education and work with the special needs children. It is a difficult hurdle for parents with special needs children. We have done great things today, and I hope that we pass this legislation so we can support the education of the Nation's children.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. OSBORNE), a member of the Committee on Education and the Workforce.

Mr. OSBORNE. Mr. Speaker, I, too, thank the gentleman from Ohio (Mr. BOEHNER) for his leadership, not only in the committee, but in the conference. It has been a long, arduous task. I also thank the ranking member,

the gentleman from California (Mr. GEORGE MILLER), who I think has shown exceptional leadership throughout the process, and to the staff of the Committee on Education and the Workforce which I understand basically has not been to bed for 2-3 days.

Mr. Speaker, I am relatively new here and I have been told how contentious the Committee on Education and the Workforce is, but I saw little of that. I was impressed with the spirit of cooperation and the fact that this is truly a bipartisan bill. Something had to be done. When we think about the fact that 40 percent of our 4th graders are functionally illiterate, we rank something like 19 out of 21 countries on international math scores. I think there are 3 or 4 things that I would like to mention that are particularly noteworthy about this particular bill.

First of all, the issue of accountability. It has been my experience, unless there is accountability, there is no possible way to have excellence. In this bill we hold the teachers, the students and the schools to a relatively high standard of accountability. I think this will pay off.

Secondly, I think the flexibility, the ability to use Federal funds at the local level in ways that the local school boards feel is important will help education and help our local agencies.

Thirdly, small schools really have suffered in terms of competing for grants. They do not have grant writers. This allows schools with 600 students to receive at least \$20,000 and to pool their funds.

On the issue of mentoring, we find that many young people today are in dysfunctional situations. For children in dysfunctional situations, it is difficult to come to school with any ability to learn anything. We find that pairing a student with a caring adult who is an adequate role model certainly helps.

Mr. Speaker, I urge passage of H.R. 1, and want to commend those who have been involved in authoring it.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. BACA).

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

Mr. BACA. Mr. Speaker, I stand in support of this rule. I commend the committee on a bipartisan effort. We really have come together and compromised. Education is our top priority, and should always be our top priority. We want to make sure that every child has an opportunity to learn and be all that he or she can be.

We believe that H.R. 1 returns those original goals to targeting the funding for students who need it most, closing the achievement gap between the rich and poor, minority and non-minority. If we state that no child is left behind, we have to address this issue. H.R. 1 begins to address that issue, and I commend President Bush in making the

statement that no child be left behind. This begins to address that.

It is important that each and every one of our students receive the appropriate education, the training, and that we do have accountability. This provides for accountability in our schools. It provides opportunity for parental involvement in our schools which is very important. It is important that our students receive motivation, self-esteem, that they are able to go on. It is with dedicated teachers and accountability. I know because my son, Joe Baca, Jr., is a teacher in secondary schools. My wife has been a substitute teacher for over 20 years. My daughter is a teacher's aide.

This is a step in the right direction. We still have a lot of work ahead of us as we look at class size reduction, school modernization and special ed. We want to make sure that every child is prepared to go into the 21st century, to make sure that he or she can be all that they want to be, that they can obtain jobs and employment, but have the same advantages as others.

This also addresses a critical issue, the Hispanic dropout rate. When we look at the dropout rate, we have a 30 percent high school dropout rate. It addresses issues which are important to us, and hopefully we can reduce those numbers and provide opportunities and ensure that these students finish high school and go on. With that I say, let us support this bill. It is moving in the right direction.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. HOEKSTRA).

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

Mr. Speaker, while the conference report that we are considering today includes some important and exciting education reforms, I will not be able to support this bill. However, I do encourage my colleagues to vote for the rule and move the bill forward. The bill is an important component that the President has outlined for education reform. However, it is only part of the President's vision.

The mandates and the testing requirements in this bill are not balanced with the remainder of the President's bill, the parts that empower parents and free schools from the Federal bureaucracy. New mandates should not be the first step in education reform. I am encouraged that this bill has seen some progress since the original bill that left the House. High stakes testing, testing with rewards and sanctions tied to test performance, that has been removed. There are provisions that will hold schools accountable for student performance, and give children in failing schools opportunities for a better education.

Also, States will only have to implement new testing requirements if the Federal Government steps up and fully funds this new mandate.

As I said, I am also most encouraged that this bill is only a part of the

President's vision. I look forward to working with the President and the administration in implementing the remainder of the vision that he outlined to the American people. These important steps, including empowering parents, giving States and schools more flexibility and fully funding our commitment to special education, with these opportunities, the accountability that is outlined in H.R. 1 becomes a reality because information is only useful if parents and schools can act on the information that they receive.

As the President's No Child Left Behind plan originally stated, systems are often resistant to change, no matter how good the intentions of those who lead them. Information and parental empowerment can be the stimulus a bureaucracy needs in order to change. Once these additional steps that the President has outlined are taken, I believe we will have completed the goal of education reform that will give all students a chance to learn and succeed. We will have completed the remainder of the plan and vision of the President that was left behind. Through accountability, through parental empowerment and through flexibility at the State and local level, we will have a plan that will leave no child behind.

Mr. Speaker, I encourage my colleagues to vote for the rule. Let us move this process forward and let us move on to the other parts of the President's agenda.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. OWENS), a valued member of the Committee on Education and the Workforce.

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

Mr. OWENS. Mr. Speaker, I join my colleagues in praising this bill, and I would like to point out a few things. The conference report maintains strong civil right protections prohibiting organizations from discriminating against employee and program participants.

The conference report increases funding for after-school programs by about 18 percent over the amount appropriated last year. Unfortunately, the conference report does not provide increased funding for school construction. School construction and repairs are totally ignored, and that is unfortunate.

H.R. 1 increases support for teachers through increased professional development, mentoring and recruitment. However, the failure to provide greater funding does not relieve local school districts of certain burdens that would allow them to transfer funds into teacher salaries.

We have a serious problem with teachers' salaries in New York City. In Middleton, Connecticut there was a strike by teachers. Members might have seen them humiliated before the television cameras, in handcuffs and prison suits. Those teachers are fight-

ing for a decent health care plan. Teachers should not be held in contempt and treated as if they are at the bottom of the professional ladder. They need decent salaries and benefits.

The testing provisions ensure that States can no longer ignore the academic performance of poor and minority children. That is a big plus. H.R. 1 improves targeting for schools located in underserved communities. The President is to be applauded for interfering with a trend that had taken place to spread out the money and lessen its effectiveness. Title I was originally intended to target poor children in poor districts, and we have returned to that.

The Reading First Program is a great step forward, almost \$1 billion to focus primarily on reading in K-3. The conference report includes \$250 million for school libraries which shows that we mean business about reading.

Mr. Speaker, this is a good new beginning. President Johnson made a great step forward in this area, and this bill follows in those footsteps. We need more funding and resources for education.

Ms. PRYCE of Ohio. Mr. Speaker, I reserve the balance of my time.

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Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. UDALL).

(Mr. UDALL of Colorado asked and was given permission to revise and extend his remarks.)

Mr. UDALL of Colorado. I thank the gentlewoman for yielding me this time.

Mr. Speaker, I support this rule and the underlying conference report. I am particularly proud of two provisions that the conference committee adopted that I have championed since coming to Congress. I am very happy that the conferees have seen fit to authorize significant increases in funding for after-school programs. In 1999, the gentlewoman from Nevada (Ms. BERKLEY) and I first introduced the After School Education and Anti-Crime Act, a bill to increase funding for after-school programs. Since then, we have worked to see federally funded after-school programs grow from a few million dollars in fiscal year 1999 to today's landmark increase. These funding levels will provide nearly 4 million children in need access to after-school programs by 2007.

I am also proud that the conferees have included in the final report the High Performance Schools Act, a bill I first introduced in 1999. High performance schools are a win for energy savings and a win for the environment, but best of all they are also a win for student performance. A growing number of studies link student achievement and behavior to the physical building conditions.

We have an enormous opportunity, Mr. Speaker, to build a new generation of sustainable schools, schools that incorporate the best of today's designs and technologies and as a result pro-

vide better learning environments for our children, cost less to operate and help protect our local and global environment. I am glad that the conferees agreed with me on the importance of this opportunity. I thank them again for including the High Performance Schools Act in H.R. 1. I support the rule and I support the underlying bill.

Ms. PRYCE of Ohio. Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. MCCARTHY).

Mrs. MCCARTHY of New York. Mr. Speaker, I rise today in strong support for this education bill. I want to take this opportunity to thank Chairman BOEHNER, Ranking Member MILLER, and the rest of the conference committee members for their hard work on behalf of all of our children.

I am really proud of this bill. This bill not only puts \$26.5 billion into education, it provides accountability measures for these Federal dollars. In addition, it gives flexibility to schools on how they spend their Federal dollars. Today's bill includes my amendment that gives our school Federal funds to pay for their own school nurse. Never before have schools been able to use Federal dollars to pay for school nurses. No longer will school districts have to share a nurse.

This bill also provides essential teacher mentoring programs. Through my mentoring amendment, we are providing new teachers with one-on-one mentoring by veteran teachers. Now our new teachers will find the support they need to stay in the profession. With the dropout especially in teaching after 5 years, we have to do more to retain our teachers. As a member of the committee, I am thrilled to mention that today's bill invests an additional \$154 million in after-school programs, for a total of \$1 billion. After-school programs, as we all know, are the cornerstones to keeping our children safe and giving them extra time to learn.

Finally, this bill, through my academic intervention amendment, schools can develop programs to help troubled students stay focused and achieve their goals. I certainly urge all of my colleagues to support this education bill. I am looking forward to next year when we will be tackling the problems that we are having with IDEA. Certainly I know with our committee we will be fighting to increase the funding to help those children with disability.

I thank the staff. I know how long and hard it has been for all of them. It has been a long battle, because both sides had disagreements. But it kind of shows when we work together, we can get this done. I thank everyone who was involved.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 3 minutes to the distinguished gentlewoman from New Jersey (Mrs. ROUKEMA), a member of the Committee on Education and the Workforce.

Mrs. ROUKEMA. Mr. Speaker, I rise in strong support of this conference report. I commend Chairman BOEHNER and Ranking Member MILLER for their leadership and their diligence in bringing this bipartisan bill to us. It is certainly an example of excellent bipartisanship and compromise. Although it has not been an easy process, it shows that we have all agreed that children are the future of our great democracy and the foundation of our global economic leadership. I truly believe that this bill will prove to be landmark legislation. Also, I should commend President Bush for his leadership on this.

But in any case, I do want to point out a couple of particular areas where it is especially advanced in giving leadership. One is the accountability demands here. We are not saying again that we just give money to State and local school systems, unless they demonstrate clearly accountability standards are being met in terms of math, English and reading, reading abilities, and the science abilities. These tests are specifically evaluated not only by State standards but also verify the State standards by sampling through the national assessment test. That is good, it is objective, and it really demands that students and staff and school boards are being held accountable for national standards.

I do want to make a point about the mental health provisions here. I was a leader on the bill; and I was more than a little disappointed that we did not receive a separate authorization in one area in the final conference report, but we do have in the final bill, nevertheless, important school-based mental health provisions in the safe and drug-free school programs, and certainly that is an advancement certainly with the kinds of violence that we have seen in our schools today. It is not as much as I wanted, but it is an excellent giant step forward.

I do want to also point out, and this is something that was rather controversial in the bill and in the final, but it has to do with the IDEA, special education. Here I want to make the commitment. This was inappropriate to put in this particular bill, but the commitment for next year, and I plan to take leadership on this, is that our education committee deals with IDEA reauthorization and deals with those controversial issues that have come up about discipline and specialization and integration, et cetera. So we are going to reform IDEA based on legitimacy of the questions that are involved and bring all the proper authorities in to discuss this. That is something that has been postponed until next year. It was appropriate to do. I just ask our colleagues to strongly support this landmark legislation. Leave no child behind.

I rise in strong support of the conference report. First and foremost, I would like to commend the Education and Workforce Committee Chairman BOEHNER and Ranking Member GEORGE MILLER for their leadership, hard

work, and diligence to complete our work on education reform.

This bill is truly an example of bipartisanship and compromise. But make no mistake—this has not been an easy process. There were many hurdles along the way and many times we all thought an impasse had been reached. But no one on either side ever lost sight of the goal: to ensure that every child, in every public school in America receive a quality education. This process has not been about politics. This process has been about the children who are the future of our great democracy and the foundation of our global economic leadership.

#### BUSH PLAN

On his second day in office, President Bush made it his first priority to ensure that every child in America learns. I am pleased that this conference report reflects President Bush's vision for education reform—to have the best education system possible to ensure that no child is left behind. The H.R. 1 conference report ensures accountability through testing and provides flexibility and local control.

H.R. 1 provides unprecedented flexibility and local control. Educators are given the flexibility to shape federal education programs in ways that work best for our teachers and students. Cutting federal education regulations and providing more flexibility to states and local school districts is vitally important. Flexibility allows school districts the ability to target federal resources where they are needed the most. This will ensure that state and local officials can meet the unique needs of their students.

H.R. 1 dramatically enhances flexibility for local schools. H.R. 1 allows school districts to transfer a portion of their funds among an assortment of ESEA programs as long as they demonstrate results. Every local school district in America will immediately receive the freedom to transfer up to 50 percent of the federal dollars they receive among an assortment of programs. In addition, the bill provides for the establishment of up to 150 local flexibility demonstration projects across the nation. Local school districts choosing to participate would receive a virtual waiver from federal education rules in exchange for signing an "accountability contract" with the Education Secretary, in which the school district would agree to improve student achievement.

The conference report provides more state flexibility than the House passed bill. All 50 states would immediately receive the freedom to transfer up to 50 percent of the non-Title I state activity funds they receive from the federal government among an assortment of ESEA programs. In addition seven states would be allowed flexibility in the use of 100 percent of non-Title I federal funds in a variety of categories.

#### H.R. 1 ENHANCES ACCOUNTABILITY AND DEMANDS RESULTS

As we provide more flexibility, we must also ensure that federal education programs produce real, accountable results. Too many federal education programs have failed. For example, even though the federal government has spent more than \$120 billion on the Elementary and Secondary Act (ESEA) since its inception in 1965, it is not clear that ESEA has led to higher academic achievement. Federal education programs must contain mechanisms that make it possible for the American people to evaluate whether they work. This bill provides accountability and demands results

through high standards and assessments. And it provides appropriate responses to address failure.

Specifically, the H.R. 1 Conference Report requires states using federal education dollars to demonstrate results through annual reading and math assessments for students in grades 3 through 8. \$400 million is authorized to help states design and administer these tests. To demonstrate not just that overall student achievement is improving, but also that achievement gaps are closing between disadvantaged students and other groups of students, states would be required to disaggregate test results by race, gender, and other criteria. Further, in order to provide parents with information about the quality of their children's schools, the qualifications of the teachers teaching their children, and their children's progress in key subjects, the bill requires annual report cards on school performance and statewide results.

As a means of verifying the results of statewide assessments, the conference report requires a small sample of students in each state to participate in the fourth and eighth grade National Assessment Educational Progress (NAEP) in reading and math every other year. The bill includes a number of improvements to the NAEP to ensure that the test remains an independent, high-quality, accurately-reported test.

This bill does not just require assessments. It also ensures results by focusing funding on what works.

Reading: The bill is grounded in the principle that every child should be reading by the third grade. The Reading First initiative will work to accomplish this goal by using federal dollars to improve literacy and by promoting research based reading instruction in the classroom. In addition, allocating funds to ensure that children begin school with the pre-reading skills they need to be able to read by third grade.

Teachers: To help school improve states will be required to have a highly-qualified teacher in every classroom by 2005. We make it easier for local schools to recruit and retain excellent teachers: current programs are consolidated into a new Teacher Quality Program that would allow greater flexibility for local school districts in achieving a quality teaching force. Teacher Opportunity Payments provide funds for teachers to choose professional development activities.

Technology: H.R. 1 streamlines duplicative technology programs into a performance based technology grant program that sends more money to schools. In doing so, it facilitates comprehensive and integrated education technology strategies that target the specific needs of individual schools. It also ensures that schools will not have to submit multiple grant applications and incur the associated administrative burdens to obtain education technology funding. States and local school districts may use this funding to increase access to technology, improve or expand teacher professional development in technology, or promote innovative state and local technology initiatives that increase academic achievement.

#### MENTAL HEALTH PROVISIONS

I am pleased that the final conference report retains important mental health provisions from the House bill. Currently, schools are not adequately equipped to address the mental

health needs of students. Even before September 11, our nation was experiencing an urgent need for school-based mental health services.

The serious shortage of counseling programs in America's schools has further undermined efforts to make our schools safe. In addressing school safety, it is critical that we ensure that children with mental health problems are identified early and provided with services they so desperately need. Many youth who may be headed toward school violence or other tragedies can be helped if we address their early symptoms.

I should say that I am disappointed that the Elementary and Secondary Counseling program did not receive a separate authorization in the final Conference report, as was done in the House bill. The School Counseling Program has a track record of preventing school violence. This is a vital program that helps students develop the tools they need to interact with their peers, make healthy decisions, and succeed in school. Currently, this is only federal program designed to increase students' access to qualified school-based mental health professionals.

The School Counseling Program directs much-needed federal resources for school-based mental health programs. At the current funding level, 382 schools in 29 states benefit from counseling programs under this provision. It is obvious that many more schools are in need of these funds to provide counseling services to their students. I will work diligently to ensure that funding for this program will grow to meet the mental health needs of our nation's children.

The final bill does retain the important school-based mental health provisions in the Safe and Drug Free Schools Program that I worked to include in the House bill. These provisions provide resources to ensure that mental health screening and services are made available to young people.

At the local level, school districts are allowed to use their Safe and Drug-Free Schools funds for the expansion and improvement of mental health services. In addition, governors are required to give special consideration in awarding competitive Safe and Drug-Free Schools grants to those school districts that incorporate school based mental health services programs in their drug and violence prevention activities.

#### IDEA MANDATORY FUNDING

One of the major hurdles in this Conference was the issue of full funding of the Individuals with Disabilities Act (IDEA). Everyone agrees that the federal government is failing to pay its fair share of the costs of special education and all sides agree on the need for more money for students with disabilities. The problem is that this bill is not the appropriate vehicle to address the IDEA funding problem because funding and reform must be linked.

I want to alert and focus the attention of my colleagues on the fact that IDEA reauthorization is the next major education priority for the Education Committee. We must focus on reforms that would ease the special education burden on states and local schools while making the system work properly for students with disabilities. The Department of Education and the President's Commission on Excellence in Special Education is preparing to assist Congress in a comprehensive, evidence-based review of IDEA's programs.

#### VOTE FOR THE CONFERENCE REPORT

I am confident that this bill will prove to be landmark legislation—it is not perfect, but provides a firm foundation for reforming our nation's education system. I recognize that we cannot allow the perfect to be the enemy of the good. Is this a good bill? Yes. Does it reflect the President's priorities? Absolutely. Will it improve education in America today? I have no doubt about that. The bill we are voting on today takes a meaningful step towards leaving no child behind. I urge all of my colleague to support it.

Ms. SLAUGHTER. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Florida (Mr. DAVIS).

(Mr. DAVIS of Florida asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Florida. Mr. Speaker, I rise in support of the rule and the conference report and want to highlight two points in particular from the conference report.

The first is that this bill authorizes for the first time a proposal that the gentleman from Indiana (Mr. ROEMER), the gentleman from Delaware (Mr. CASTLE), and myself introduced a couple of years ago called the Transition to Teaching Act which provides a financial incentive for people to consider making a midlife career change into teaching, subject to the same rigorous standards that anybody has to meet to be certified as a teacher in a State. This bill will authorize up to \$150 million for that program. Universities, colleges of education, school districts can team up with the private sector to provide this way to deal with our growing crisis in this country as we face the need for over 160,000 new school teachers in my State alone, Florida, and 2.2 million nationally.

The second thing I want to highlight about this bill has to do with the standardized testing section. I want to thank the gentleman from California (Mr. GEORGE MILLER), the gentleman from Indiana (Mr. ROEMER), and Senator KENNEDY for working hard to include in the reporting language the requirement that testing provide diagnostic value. By that, I mean that when a child is subjected to a standardized test, as that child's parent, if my son is not doing well in fourth grade math, I want to know what the problem is; and most importantly, I want to know how to fix it. The reporting language in this bill says that a State should take that testing information, should share it with teachers, share it with principals, share it with parents, share it with students so they understand what the problem is and how to fix it, because that is the purpose of testing.

Please do not let happen to your State what has happened to my wonderful State, Florida. The politicians have hijacked standardized testing in Florida. It is a crime in my State to share the content of the test or the test results with a parent, a teacher or principal. That is a crime in and of itself. Testing should be used to help

teachers teach, children learn, and parents take responsibility for their children's education. Let us do standardized testing the right way. It should have diagnostic value. That should be the principal purpose of testing. This bill provides a model for those States that are going to develop standardized testing and hopefully a first step towards getting States like mine back on the right track.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 1 minute to the distinguished gentleman from Maryland (Mr. GILCHREST).

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

Mr. GILCHREST. I thank the gentleman for yielding me this time.

Mr. Speaker, I would like to reemphasize some of the comments. I also support the rule. I will vote for the rule, but I will not vote for the conference report. There are many good things in this legislation. The President has helped the House and the Senate develop a lot of positive things that the Federal Government can do to become involved in the process of stimulating curiosity, intellectual curiosity and knowledge. But the critical area that fails in this legislation in my opinion is based on the conversation that the gentleman from Florida just mentioned, and, that is, that the Federal Government is requiring, through a pretty heavy hand, that the State governments create a testing tool, whether it is diagnostic or not, that will have a fairly riveting effect, in my judgment, of sterilizing and taking away the uniqueness of each individual teacher's expertise. When you do that, you do not create an academic environment that the teachers thrive on or the parents or the students.

Unfortunately, I rise to support the rule but oppose the conference report.

I rise in opposition to the Conference Report on HR 1. While I am thankful for the President's commitment to improving America's schools, particularly those failing our most vulnerable children, I feel strongly that this legislation will take us in the wrong direction, and, in the end, alienate parents from their local schools, rob teachers of their passions and gifts, and deprive children of not only the opportunity to learn through curiosity, imagination, and investigation, but also the realization that a lifetime of education can be exciting and invigorating.

Although this debate over how best to address the problems of our public schools has focused our attention on an issue we all cherish—but too often neglect—and forced us to search for common ground—something we too often forgo—I am more convinced now than ever that, through this legislation, we will be turning our backs on the heart of successful public education: local control of curriculum, parental and community involvement in school decisions, and the utilization of individual teachers' unique excitement and expertise. For this reason, I will not vote for the Conference Report.

Throughout much of the 20th Century, Congress often followed a single formula when addressing domestic problems: take away the

authority of local governments and rely on federal control. In many instances this formula left citizens and communities out of the process and forced federal taxes and spending through the roof. We also know that this formula failed to solve—and often made worse—many of our most serious problems. And yet, despite these lessons, this House is going to apply this same failed formula to public education.

The testing provisions in the Conference Report are most indicative of this continued mindset and are the elements that trouble me the most. Because many here in Washington have decided testing is the key to school reform and accountability, this legislation will force states to create monolithic tests and subject curriculums, which the states will force upon local schools. Once again, we revert to believing all wisdom flows from Washington and state capitals.

The unavoidable consequence of this legislation will be less freedom for school boards, principals, teachers, and parents to decide what is best for their schools. Tests, ordered by federal bureaucrats and crafted by state bureaucrats, will be the dim light guiding our schools. Tests will determine what gets taught, what gets left out, which schools get more funding, and which teachers get raises. All the while, parents and teachers, those most committed to the well being of our children, will be left with their hands tied, interpreting test results published in the newspapers.

At times, however, this Conference Report seems to realize, though vaguely, that our schools should not be simply creatures of the Federal Government. It provides for increased funding going directly to localities and greater flexibility in the use of these funds. But if we trust the towns, counties, and neighborhoods of this country to make the right decisions with all of these federal dollars, why do we fail to trust them when it comes to what should be taught on the front line, day-to-day in the classroom?

We are putting power in the wrong place, creating an environment where vindictive behavior can thrive, sterilizing curiosity and creativity and ensuring mediocrity. Competition between schools will not be academically motivated, but rather more politicized.

Whether we are fighting for peace and stability around the globe, trying to create a more productive work place, or attempting to build dynamic research institutions, Americans have learned that one rule predominates: give honorable, hardworking, dedicated humans the freedom to think and create, and they will excel every time. Constant testing is not the answer. Empowering parents, teachers, and principals is. Democracy of the intellect is preferable to an aristocracy of the intellect.

Ms. SLAUGHTER. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from California (Ms. SOLIS), a member of the committee.

Ms. SOLIS. Mr. Speaker, I also want to join my colleagues in support of the rule and the conference report. I am proud to be here to support this education reform legislation. I know this measure is going to go a long way in helping all the students that I represent in my district. I want to applaud our chairman and our ranking member and all the members of the conference committee for their hard work in compromising in this whole area of edu-

cation reform and making it work so that kids in my district, kids who do not have a fighting chance in many cases, will have an opportunity to learn, and those that are limited-English proficient will be able to acquire those skills, have testing and also be served by teachers that will have enough funding to be credentialed or get that credential.

Not only that, I am very, very pleased that the conference committee also encouraged more support for paraprofessionals, paraprofessionals that also work sometimes as instructors with our students, and they help provide a helping hand to many of our students. I want to also commend our side as well as the other side for providing so much support in title I funding for low-income disadvantaged students. Now we can honestly say that we are doing the right thing; that hopefully no child will be left behind; and that in years to come when we look back at the work that has been done here, we can with all assurances know that our effort was not for naught, that we really did do something good to make our children of all cultures and all races a part of the American dream. That American dream means do not leave any child behind and make education available to them in what language they need to acquire English skills. I applaud the conference committee.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 2 minutes to the distinguished gentlewoman from Illinois (Mrs. BIGGERT), a hard-working and very important member of the Committee on Education and the Workforce.

Mrs. BIGGERT. I thank the gentlewoman for yielding me this time.

Mr. Speaker, I rise today to express my support for the rule on H.R. 1, the No Child Left Behind Act of 2001. This bill empowers parents, helps children learn to read at an early age, and grants unprecedented new flexibility to local school districts while demanding accountability.

I would like to focus on two sections of H.R. 1 that have not received as much attention as others. First, I am proud that this legislation authorizes \$70 million per year for homeless education. This will have a profound impact on the estimated 1 million homeless children in our Nation. Being without a home should not mean being without an education. This legislation expands our commitment to these special kids who face desperate circumstances.

I am also pleased that this legislation provides \$450 million for math and science teacher training. Our new high-tech economy demands that children have stronger math and science skills. That means that teachers also need better training in these areas.

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This new program will help teachers prepare better for students for careers in engineering or the hard sciences.

This result will be a workforce better able to compete globally. Congress is giving America's teachers and students the best possible holiday present through this legislation. I congratulate the gentleman from Ohio (Chairman BOEHNER) and the conferees for their hard work.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Mrs. SUSAN DAVIS).

(Mrs. DAVIS of California asked and was given permission to revise and extend her remarks.)

Mrs. DAVIS of California. Mr. Speaker, I am very pleased to support the rule and the report today. We have heard today the results of months of work by the Committee on Education and the Workforce of the House and the Senate Education Committee, and following that, by the conference committee, and I honor those Members who have struggled so diligently to reach this goal.

As a Member of the California Assembly, I worked to establish similar accountability measures for California schools, programs which began 2 years ago. I applaud the committees for bringing this reform to all of the States.

It will not be easy, nor will it be troublefree. However, requiring testing and accountability reporting which tracks the progress of distinct groups of children also encompasses the need for local schools and states to identify curriculum goals and academic standards. This is a good foundation for improving the focus of teaching. And, most important, as stated earlier by my colleagues, the critical aspect of our testing should be diagnostic. I am pleased that this is clearly stated in our rationale and implementation support.

Important parts of this program are those that will enable teachers to improve their teaching skills. High quality teachers are the most critical predictor of student achievement. I am particularly pleased that the bill will continue to support programs like the National Board for Professional Teaching Standards Credential Program that provide the opportunity for teachers to demonstrate high standards of their actual teaching accomplishment over a year of classroom performance.

Like many of my colleagues and a majority of the Senate conferees, I am disappointed that as we are mandating programs to local school districts and have expressed our intent to fund them adequately, while we have done that, we have failed to phase in funding to meet the commitment Congress made 26 years ago to fund special education. It is particularly ironic that as we have rightly focused H.R. 1 on the needs of the poorest children through Title I, we have failed to recognize that two-thirds of all children with disabilities are also eligible for Title I funds. We must work forcibly next year to meet this promise.

There is much hope in H.R. 1, and I am happy to support this new focus on

the importance of teaching all of our children.

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

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would just like to close by saying this is a standard rule for the consideration of a conference report, and it will allow us to consider historic education that will provide parents, schools and communities with the tools needed to better educate our children. H.R. 1, the No Child Left Behind Act, is the vision of our President, and promises to bring accountability, flexibility and consolidation to Federal education policy.

Once again, Mr. Speaker, I would like to say that this Nation owes a big thank you to the gentleman from Ohio (Chairman BOEHNER), the ranking member, the gentleman from California (Mr. GEORGE MILLER) and for our President for showing us that this Congress can work together in a bipartisan basis and, at the same time, do what is right and good for our kids.

Mr. Speaker, I urge all my colleagues to support this straightforward rule and the bipartisan bill which it backs up.

Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. BOEHNER. Mr. Speaker, pursuant to House Resolution 315, I call up the conference report on the bill (H.R. 1), to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 315, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of December 13, 2001, Part II.)

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. BOEHNER).

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

Mr. Speaker, almost 37 years ago, the Federal Government made a promise to the children of our Nation, a promise that all children, regardless of race, income, faith or disability, would have an equal chance to learn and to succeed. Thirty-seven years later, the Federal Government is still failing to meet that promise, and Republicans and Democrats have come together to say enough is enough. No more false hope for our children, no more broken promises, and no more mixed results.

The legislation before us today lays the foundation for the most significant Federal education reforms in a generation. If properly implemented, these reforms will bring purpose to a Federal law that has lost its focus and never met its promise. It will mean immediate new hope for students in failing schools and new choices for parents who want the best education possible for their children. It will mean new freedom for teachers and school districts to meet higher expectations and give our children the chance to learn and to succeed.

Others before us have renewed this law, and have made similar claims. We must have the courage not just to vote for these reforms today, but to ensure that they are implemented.

This process began nearly a year ago in Austin, Texas, thanks to the leadership and courage of President Bush. It is marked not just by bipartisanship, but by a willingness on the part of those involved to take a gamble on behalf of our poorest students. It has been marked by the courage of legislators on both sides of the aisle to challenge conventional thinking and party orthodoxy for the sake of meaningful change.

I want to acknowledge my partner in this process, the gentleman from California (Mr. GEORGE MILLER). We have many different views and we disagree instinctively on many things, but I would suggest that when it comes to the education of our children, there is no Member of this body who is less content to accept the status quo than the gentleman from California (Mr. GEORGE MILLER). His courage, his honesty and his leadership throughout this process has been instrumental, and, without it, we would not be standing here today.

I also want to thank our colleagues on both sides of the aisle who have worked so hard on behalf of America's students: The gentleman from Delaware (Mr. CASTLE), the gentleman from California (Mr. MCKEON), the gentleman from Georgia (Mr. ISAKSON), the gentleman from Wisconsin (Mr. PETRI), the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Tennessee (Mr. HILLEARY), and the gentleman from South Carolina (Mr. GRAHAM); and on the Democrat side, let me recognize the contributions of the gentleman from Michigan (Mr. KILDEE), the gentleman from New York (Mr. OWENS), the gentleman from New Jersey (Mr. ANDREWS), the gentlewoman from Hawaii (Mrs. MINK) and the gentleman from Indiana (Mr. ROEMER), all who have been vital to the success of this very important bill.

I know the gentleman from California (Mr. GEORGE MILLER) joins me in giving particular thanks to our staff, who have made incredible sacrifices to bring this bill to completion.

I want to thank Sally Lovejoy of the House Committee on Education and the Workforce majority staff, who has put her heart and soul into this, and

her counterpart on the Democrat side, Charlie Barone, who have worked literally 10 times more hours than the gentleman from California (Mr. GEORGE MILLER) and I in putting all of the incredible intricate legislative language together that allows us to be here today.

I also want to thank Danica Petrosius of Senator KENNEDY's staff, Townsend McNitt of Senator GREGG's staff and Denzel McGuire of the Senate HELP Committee, who worked with us day and night over the last year to bring this bill together.

I also want to thank my own committee staff, George Conant, Pam Davidson, Kirsten Duncan, Scott Galupo, Joyce Gates, Kate Gorton, Blake Hegeman, Cindy Herrle, Charles Hokanson, Patrick Lyden, Doug Mesecar, Maria Miller, Paula Nowakowski, Lisa Paschal, Krisann Pearce, Kim Proctor, Ron Reese, Whitney Rhoades, Deborah Samantar, David Schnittger, Kevin Smith, Kathleen Smith, Jo-Marie St. Martin, Linda Stevens, Rich Stombres, Bob Sweet, Holli Traud and Heather Valentine, who all have participated in this very worthwhile project.

Let me also thank the staff of our conferees, James Bergeron, Jeff Dobrozi on my staff, Jessica Efrid, Kara Hass, Mike Kennedy, Lesli McCollum, Janel Prescott and Glee Smith, for all of their efforts.

We are also grateful for the enormous efforts and assistance that we have received from the Secretary of Education, Rod Paige, and his staff at the Department of Education. His expertise as a former superintendent of a major urban school system has been invaluable. Let me also recognize Margaret Spellings and Sandy Kress from the White House staff, who I expect will be here today with us, for the instrumental role that they played in this process.

But, most of all, however, I believe we should recognize the role of our President. Without his courage in proposing these reforms and his courage in continuing to press for them after taking office, none of this would have been possible. These reforms mark the first time in a generation that Washington has returned a meaningful degree of authority to parents at the expense of the education bureaucracy. They will streamline a significant share of the Federal education bureaucracy in one stroke, and, most importantly, they will provide new hope for the next generation of disadvantaged students, and we can help them avoid the misery of low expectations. If implemented properly and reinforced by a continuing commitment to real reform, it will bring an era of false hope to a long overdue end.

I am grateful to my colleagues on both sides of the aisle who have worked hard to turn the President's vision for education reform into a reality. I believe we produced a plan that is worthy not just of the support of Republicans

and Democrats and independents, but also of teachers, parents and, most of all, our children.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, let me begin by saying that I believe that today the Committee on Education and the Workforce brings a product that we can all be very proud of and that I believe everyone in this House can support.

I want to begin by thanking a lot of people that made this possible. The merits of this bill and the content of this bill is pretty widely disbursed right now, so I want to take a moment to thank those individuals that made this bipartisan product possible.

I want to begin with the gentleman from Ohio (Chairman BOEHNER). It just simply can be said that without him, this conference would have never been successful, and without him, we would not be standing here today to present a dramatically new reform of a 30-year-old program that is going to provide, I think, a greater educational opportunity for America's disadvantaged children. He kept his word about where we were going, he worked hard to see that we got there, and he worked very hard the last 24 hours to drag us across the finish line. I cannot think of a better working experience I could have had with the chairman of my committee.

I also want to thank my Democratic Members of the conference committee: The gentleman from Michigan (Mr. KILDEE), who probably knows more about reauthorizing ESCA than anybody else in the House of Representatives, the gentlewoman from Hawaii (Mrs. MINK), the gentleman from New York (Mr. OWENS), the gentleman from New Jersey (Mr. ANDREWS) and the gentleman from Indiana (Mr. ROEMER), all of whom contributed an immense amount of time, an immense amount of knowledge on this subject, and a commitment to our children.

I want to say the same for the gentleman from Georgia (Mr. ISAKSON), the gentleman from California (Mr. MCKEON), the gentleman from Tennessee (Mr. HILLEARY) and the gentleman from South Carolina (Mr. GRAHAM), the Republican Members of our working group who helped us frame this piece of legislation, to present it to the committee, and, ultimately, to present it to the House, where we received an overwhelming vote of 384 to 45.

I want to thank our Senate counterparts, Chairman TED KENNEDY of the Senate Committee on Education, and Senator JUDD GREGG, the senior Republican on that committee, that were so helpful to us in the conference committee.

Clearly the involvement and the support of Secretary Paige and the President's special assistant on this matter, Sandy Kress, who, again, helped guide us through this process.

The staff of this committee has worked long and hard. They have spent many days where they worked 24 hours, or longer, 30 hours, going through this legislation and getting it in shape so we could bring it before you. I want to begin by thanking Charles Barone, John Lawrence and Danny Weiss of my staff and of the committee staff, and special thanks to Alex Nock, who worked for the gentleman from Michigan (Mr. KILDEE), who, again, just had a tremendous amount of expertise on the history of this bill, the intent of this bill, the purpose of this bill, and where we should be going would it. To Denise Forte, who worked hard on civil rights.

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I want to thank Denise Forte, who worked hard on the civil rights, and Mark Zuckerman, who was our pit bull here, our House attorney, and to Ruth Friedman and James Kvall, all of whom provided support for this legislation. I just want to mention that Denise Forte cannot be here today as we pass this legislation because she is out receiving an award from the National Youth Law Center for her work on juvenile justice legislation that we addressed earlier in the year.

I also want to give special thanks to Brendan O'Neil, who works for the gentlewoman from Hawaii (Mrs. MINK), who was very, very helpful to us, and Maggie McDow who works for the gentleman from Indiana (Mr. ROEMER), who was helpful in constructing a way out of a room that maybe I had painted our conferees into, but she constructed a way out that I think is going to provide a new day for local districts and the flexible use of their fundings.

I want to thank Danica Petroschius from Senator KENNEDY's office, who really led much of the effort on our side. To Sally Lovejoy, let me just say thank you. Thank you. Thank you for urging us on all of the time and thank you for your cooperation in working with our staff. And to Paula, thank you for overseeing this. Sometimes just sitting there kind of silently rolling her eyes thinking, what is it you are talking about and why do you not stop talking and move on. But we thank you for that effort.

Obviously, when we do a reform of this magnitude and this nature and this far-reaching, there is a lot of people on the outside who have serious concerns about the impact on this Nation's children. I want to thank the individuals from Education Trust, Kati Haycock and Amy Wilkins, and I want to thank Bill Taylor and Dianne Piche from the Citizen's Commission on Civil Rights, and the people from the Center for Law and Education, Paul Weckstein from the Center for Law and Education for their help and guidance that they gave us in making sure that this bill really was an improvement for disadvantaged children in this Nation. That was our intent. I believe that is what we accomplished.

I will have a little bit more to say about it, but I want to make sure that we have time for the members of the conference committee and members of the committee to talk in support of this legislation and give us the benefit of their thoughts.

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

Mr. BOEHNER. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Wisconsin (Mr. PETRI), a valued member of the committee and one of our conferees who has worked diligently over the years on behalf of our children.

Mr. PETRI. Mr. Speaker, I thank my chairman for his leadership on this important issue.

I rise in support of the conference report to accompany H.R. 1. This is a significant accomplishment of this Congress and a great achievement for President Bush, who made education the top priority of his domestic agenda. The conference report largely reflects his priorities and his active support and involvement in this process, which has been crucial in bringing us to this point.

There are many features of this bill that represent significant departures in Federal education policy. In this bill, we have given States and school districts more flexibility to use Federal funds as they see fit. We have included, as one of the many new options for children trapped in failing schools, an opportunity to use title I money to purchase supplemental services such as tutoring, which is a reform that many in this House have advocated for years. We have also consolidated many of the current duplicative education programs to better focus money to the students who need help the most, while continuing proven initiatives such as the Troops to Teachers program which has put several thousand high-quality teachers in our high-need schools since 1993.

To be sure, I have some misgivings about the new accountability provisions in this conference report. Many States such as Wisconsin have spent years developing successful accountability systems that do not necessarily involve testing all students on an annual basis. For the Federal Government to now demand that annual testing in reading and math take place every year in grades 3 through 8 amounts to a new mandate placed on the States.

On the other hand, given that the national government has poured upwards of some \$130 billion in the elementary and secondary education over the last 36 years with no discernible improvement in educational outcomes for our most disadvantaged students, I fully understand the urgent need to find some ways to make sure that new Federal resources are tied to results.

In any case, I am pleased that this conference report makes a credible attempt to address my concerns about saddling States with this new responsibility. This conference increases the

amount of money authorized to help States develop and administer the tests.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. KILDEE), who is our ranking member on the Subcommittee on Elementary and Secondary Education; and I want to publicly thank him for his work to make sure that we had an independent, freestanding after-school program as a part of this legislation.

Mr. KILDEE. Mr. Speaker, I thank the gentleman for yielding me this time.

I want to start by thanking both the gentleman from California (Mr. GEORGE MILLER) and the gentleman from Ohio (Mr. BOEHNER) for their strong leadership during this very historic conference. Their bipartisan mission was to produce a bill that will truly help the most disadvantaged children. The conference report before the House accomplishes this feat, and I urge Members to support its passage. This legislation has many, many positive aspects; but in the short time I have, I will only touch upon a few of them.

Mr. Speaker, H.R. 1 rejects attempts to authorize private school vouchers and Straight A block grants. The conference report does, under the Roemer provision enacted in the House, authorize additional flexibility for local school districts while maintaining accountability and targeting of resources. In short, this bill returns ESEA to its original focus by primarily centering on increasing educational opportunity for disadvantaged children.

H.R. 1 also does not block grant the 21st Century and Safe and Drug-Free Schools programs. It maintains both of these authorities separately.

In addition, the conference report will make much-needed improvements to the 21st Century program to increase community involvement, extend the grant cycle, and require a match of local resources. Most importantly, the 21st Century program will have a renewed focus on quality and academics, reinforcing current administration of the program.

This bill will build upon the disaggregation requirements of the 1994 reauthorization of ESEA by ensuring that State accountability systems do not mask the failure of at-risk subgroups of children. No longer will subpar results for minority, low-income, disabled, and limited-English proficiency children be masked by the higher performance of the majority.

In addition, H.R. 1 vastly improves the targeting of resources to disadvantaged areas, while not stripping funds from localities which presently receive them. One of the main points of contention during the 1994 reauthorization of ESEA was the difference between the two bodies on title I formula. I believe the compromise that we will ratify here today was reached through hard work and compromise on all sides.

When the Congress last reauthorized ESEA in 1994, I was chairman of the subcommittee. We produced a strong, bipartisan bill in 1994 that gained the support of a large majority of the House. But under the leadership of the gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER), we have produced a much better bill today. I urge all Members to support this conference report.

Finally, Mr. Speaker, I want to thank the chairman and the ranking member for their leadership during this conference.

Mr. BOEHNER. Mr. Speaker, I am pleased to yield 4 minutes to the gentleman from Georgia (Mr. ISAKSON), one of our conferees and one of our real partners throughout the process, a former president of the State school board of the State of Georgia and a member of our committee.

Mr. ISAKSON. Mr. Speaker, I come to the well in lieu of the desk so I can look the gentleman from Ohio (Mr. BOEHNER), the chairman of the committee, and the gentleman from California (Mr. GEORGE MILLER), the ranking member, in the eye and say "thank you," not out of courtesy, but out of great admiration for the great job these two men have done. Both had the opportunity to succumb to unbelievable pressures, both partisan and political, and neither did. They kept the interest of America's children and the number one issue of our President paramount. Because of them and the gentleman from Michigan (Mr. KILDEE), the gentleman from New Jersey (Mr. ANDREWS), the gentleman from Indiana (Mr. ROEMER), the gentleman from South Carolina (Mr. GRAHAM), the gentleman from California (Mr. MCKEON), and the gentleman from Delaware (Mr. CASTLE), and the hard work of Ms. Lovejoy and, for me, without the help of Glee Smith, it would have been impossible to spend the time.

I am a subscriber to a great quote: "Our children are a message we send to a time we will never see." The last generation of American politicians, though unintended, sent a mixed message. Our richest and most affluent children have prospered and succeeded and grown, but our poorest and our most disadvantaged have not progressed; and in fact, the gap between them and our best and most affluent has widened.

We will send a new message to a generation that we probably will not see with the development of this legislation.

Robert Browning said that education is a journey, it is not a destination; and I know from my work in Georgia that it is a process, it is not an event. Over time, the investment of this bill means that 13 years from now when this year's kindergarten graduates from high school, our dropout rate will be lower, our reading comprehension rate will be higher, and America's children will enjoy the promise of Amer-

ica: employment, wealth, and, most of all, self-pride.

I could talk for hours about the opportunity this bill gives, but I want to summarize by saying this: to parents, it gives choices of academic enrichment; to students, it gives the investment of resources they have never had; to teachers, the flexibility to use the materials they believe are right; to school boards, it gives the direct order, we are going to leave no child behind. You will have the resources, but you will also have the responsibility. And to America's taxpayer, for the first time, it gives accountability for the dollars that are invested in America's children.

Mr. Speaker, I do not know how long I will serve in Congress, and I have been fortunate enough to be in public life for 24 years. Today is the most important day, and this is the most important event, I have ever been a part of; and I would venture to say, regardless of what the future holds, when my career is over, I will say the same. I have had the occasion to work for a great chairman, a great ranking member, and with men and women who are dedicated to leaving no child behind. I am pleased to serve under a President who has led our party in a positive direction toward the education of our children, all of our children, rich and poor alike. We are a great Nation and the generation that we are about to send into the future will be better off because of the efforts of this Congress and this President.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 3 minutes to the gentlewoman from Hawaii (Mrs. MINK). Again, I want to thank her so much for really being so tenacious on the question of making sure that these resources were targeted and that they were going to be there for the disadvantaged population and also for her outspoken support of the Women's Equity program in this legislation.

Mrs. MINK of Hawaii. Mr. Speaker, I thank the gentleman from California (Mr. GEORGE MILLER), the ranking member of our committee, for his kind words and for giving me the opportunity to serve on the small task force that worked on this bill prior to its coming to the floor of the House, and again, appointing me to the conference committee so that I could have a chance to monitor the discussions and the debates on this bill.

I want to join the comments of the gentleman from California (Mr. GEORGE MILLER) and commendations to the gentleman from Ohio (Mr. BOEHNER) and all of the Members on his side for their great efforts in bringing us to this point today. I would not want to describe it as a miracle, but a near miracle that we were able to put such a monumental piece of legislation together and to win the consensus of such a wide-ranging group of people that come to the table with some very, very strong ideas about education.

□ 1330

This bill was in the making for well over 3 years. We have debated many, many issues. In the process, we have worked together by consensus to an agreement on the importance of developing legislation that prescribes programs and allocates money and encourages school districts to perform so that our children can have a better opportunity in the end.

What is remarkably different about this bill is that it sets guidelines in a very forceful way which will challenge our school districts to do better because they will have the opportunity to use the resources that the Congress will be providing in a way that will be helpful to children.

I know there has been a long harangue about the tests. I was one of them who said that this is a very onerous burden to place upon our schools, to have testing each of the years from 3 to 8, and the inability of many school districts to pay for it was also part of the discussion.

But in the end, with the tests, which will be put together by the States, it will be under their judgment; and we will have a chance to look at all the school districts in the country and measure them against national standards. Parents all across this country will finally have an opportunity to know whether their schools are performing to the best interests of their children. So I think that is a remarkable difference.

In the end, what is going to make this bill an opportunity for our children and allow the promise of the President that no child shall be left behind to be fulfilled, that will happen only if our local administrators will read this bill and take to heart that they have a special responsibility and challenge to use the tools that this legislation will provide.

My district has a horrible problem in getting teachers, and there are 500 or 600 vacancies every September that cannot be filled. We have roamed the country to try to find teachers. But in this bill is the way and the method for our school districts to use the monies that are being provided to take care of the essential requirements of our school districts.

Mr. Speaker, I urge the House to support this legislation.

Mr. BOEHNER. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from South Carolina (Mr. GRAHAM), one of the integral members of this conference who helped push us along.

Mr. GRAHAM. Mr. Speaker, I will lend my voice to the chorus. I feel like we are preaching the eulogy for the gentleman from California (Mr. GEORGE MILLER) and the gentleman from Ohio (Mr. BOEHNER) here; and they are still alive and well, for people listening in.

But these two gentlemen deserve our praise, and they are going to add much more to the future of education to

come. This is not the end of our work day; this is just the beginning. But it was a great job well done in a bipartisan manner.

Mr. Speaker, this is a great move forward; but at the end of the day, local control is still dominant in education. We have increased funding dramatically under the bill; but 90 percent-plus of funds for education come from the local area, from the State area. The formula for education excellence has not changed at all. It is a parent and a child with a good teacher and a caring community, and that is still the formula for success.

But what we have tried to do is build on that formula and change the way we do business in Washington. The President gave Congress a test when he came into power. He asked us, is the current situation okay? And the right answer was, "no." So we passed the test. The answer was "reform." This bill is big on reform, and the students are at the center of everything we have done. There is more money, but that is not the answer. There is more accountability; that is not the answer. The two together are the answer: more accountability and the funds to get there.

I am proud to be part of this work product. Our children are going to benefit. We have a good mix of local control with national standards to be implemented at the local level, and we are going to actually see how our children are doing in the area of math and reading from the third through the eighth grade nationwide, and let each State move forward.

If we have a school district that fails our children, we are not going to just sit on the sidelines anymore; we are going to make that school district better, and we are going to give some options they never had.

We are getting close to the holidays, and I think this is Congress' holiday present to the American people and the schoolchildren of this country: a bill that focuses on the student and not on bureaucracy; more money, more accountability.

I am proud to be part of a Congress that actually delivered and passed the test.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. ANDREWS), and I would thank him for all of his help here with the preschool portions of this bill and also the efforts to expand and support charter schools. I thank him for his work.

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

Mr. ANDREWS. Mr. Speaker, I begin by offering my thanks and appreciation to the gentleman from Ohio (Chairman BOEHNER) and the gentleman from California (Mr. GEORGE MILLER), our ranking member, for their very gifted leadership; for the diligence of my Republican and Democratic colleagues on this conference; for the professionalism of the staff on both sides that did such

an outstanding and hard-working job; and especially to Matt Walker of my own staff.

Mr. Speaker, this is an achievement that presents us with both a golden opportunity and a great responsibility. To understand that golden opportunity, we need to understand what life has been like for one of the children who have had the misfortune of attending one of the dark and often violent places called schools where not much learning has gone on in recent years in America.

When that child fails year after year, or when that child is failed by her school or his school year after year, they just move on to third grade or fourth grade or fifth grade, and then fifth grade becomes junior high school, and then too often junior high school leads to the streets or to a drug rehab center or to a dead end job, or to a morgue.

These schools have failed these children year after year, and this bill I believe can make a great difference because this bill says that America's taxpayers will no longer sit back and permit that failure to occur.

If a school continues to fail its children year after year, something is going to happen. Instead of spending money on public relations for the board of education or a new hire who is the Mayor's brother-in-law, the money is going to go to tutors and technology and summer school and after-school programs.

And if it does not, something is going to change. The people who refused to make that change will be replaced and removed, and that child will have a new opportunity.

We have a great responsibility that accompanies that golden opportunity, because we have to make this work. We have given the Department of Education and the States and the teachers and the school districts and the students of this country tools to make this happen, but we need to make sure that it works; that the excuses are cast aside and the attempts to evade this new responsibility are not tolerated.

Mr. Speaker, this conference, of which I have been honored to be a part, has done a great job to write what I believe is a strong law; but we all have ahead of us a new responsibility to make sure it works.

When it does, I believe people will look back on this day as a day that education changed for the least fortunate students in this country and became more than just a promise, but became a reality in their lives and in the lives of our Nation.

I would urge an overwhelming "yes" vote for this great piece of legislation, and again thank our leadership for this bill.

Mr. BOEHNER. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Tennessee (Mr. HILLEARY), who provided a special focus on this conference to the needs of rural schoolchildren.

Mr. HILLEARY. Mr. Speaker, I thank the chairman of the committee for everything that he has done, along with the ranking member, the gentleman from California (Mr. GEORGE MILLER), as well as all our colleagues on the conference committee, and the staffs, the staffs from both ends of this building, for putting together what I think is a great product here today.

I am also thankful to the administration, President Bush and Secretary Paige, who I think is exactly the right man at the right time with the right qualifications to get the job done for our children in this country as Secretary of Education.

Education must remain a primary responsibility of State and local school systems. I hope it will always remain so. But in many cases, even though we have many diamonds in the rough, in many cases that job is not getting done; and it is simply not fair for the children to continue to fall through the cracks while we are waiting for them to get their acts together.

That is what this bill does, in effect. It does have more flexibility for local school systems, it requires more accountability; and in exchange for that, it provides more dollars so that they can get the job done.

As the chairman of the committee mentioned, a special part of this bill was the part that I was able to have a big part in, and that was providing a little more money for rural school systems. They sometimes operate at a competitive disadvantage to their affluent suburban counterparts and their inner-city counterparts because of the formula scheme with title I, as well as the fact that rural school systems do not have an army of grant-writers to compete really on an even playing field. So hopefully we will begin the process of evening the playing field.

We also protected the Boy Scouts in this legislation, which I also authored, which I appreciate the gentleman's cooperation in in keeping that in the bill; and we have required that military recruiters have access to the schools, so that especially at a time like now, when it is so important, they can recruit the best and brightest, and at least give the young high school graduates an opportunity to serve in the military.

Finally, I just want to say that we have worked awfully hard on this, and it is a great product. I just hope that everybody will give the children of this country a Christmas present this year by voting for this bill. I urge passage of the bill.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana (Mr. ROEMER), and publicly again I just want to thank him for all of the work that he did on flexibility, where he helped us overcome what was going to be a terrible, terrible political stalemate and I think worked out to the satisfaction of all of the members of the conference committee.

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

Mr. ROEMER. Mr. Speaker, this is not a perfect bill, but it has been almost a perfect process.

Due to the integrity and the leadership and the skills of the gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER), we are at a point of passing landmark and historic legislation to help poor children get a truly good opportunity in this country to get a great education.

There is a lot of credit that goes around. I want to thank the working group, a number of Republicans and Democrats that have met for the last 10 months and with tenacity and intelligence worked through these issues.

I want to thank my staff member, Maggie McDowell, who helped us balance principle and politics. I want to thank the professional staff on both sides. I want to thank the New Democrats that helped us design a bill that is 65 or 70 percent of this bill.

Also, I want to thank the President of the United States for his leadership and passion on this issue.

Mr. Speaker, this country, with the passage of this bill, will no longer tolerate meaningless degrees. We will no longer tolerate saying that children who come from poor backgrounds can get less of an education. We will no longer tolerate unqualified teachers in poor schools that are not working well.

How do we achieve all this? Briefly, we have diagnostic tests, not high-stakes punitive tests, but tests that will help us actually find out why that child is not reading well, and remediate.

Secondly, we have the resources to help get the tutoring from private and public sources to help these children; and we will have to fight for more resources, especially for IDEA, children with disabilities.

Thirdly, we have set a standard, 4 years for all teachers to be qualified.

Fourth, we have the flexibility that the gentleman from California (Mr. GEORGE MILLER) mentioned: flexibility to move funds within different accounts, except title I, and to transfer when they meet those programmatic goals in technology, or with qualified teachers. If they have met those goals, we provide the transferability and flexibility to move some money around from account to account.

We have public school choice and charter schools, and more help for those needed charter schools; and we have the NAPE test, a test that will help us gauge the strength of our State tests.

Mr. Speaker, in my 11 years as a Member of this body, today especially I am proud to be a Member of this great institution, this law-making body that combined process with product to help our Nation's poorest children get a better education. I am very proud of this bill.

Mr. BOEHNER. Mr. Speaker, I am pleased to yield 4 minutes to the gentleman from California (Mr. MCKEON), the chairman of the Subcommittee on 21st Century Competitiveness on the Committee on Education and the Workforce and a valued member of our team.

Mr. MCKEON. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in strong support of the conference for H.R. 1, the No Child Left Behind Act of 2001. This landmark legislation will reform our Nation's public school system.

As a grandfather of 24, all of whom having reached the proper age and are attending public schools, I stand here with great pride to support a bill which embodies the principles President Bush has championed since taking office in January of this year.

Leadership really does make a difference; and last year, many of us on the committee, along with Senators on education, were called to Austin to meet with then President-elect Bush. He put forth the principles that he believed in, and he gave us all an opportunity to tell him how we felt.

And then the gentleman from Ohio (Chairman BOEHNER) and the gentleman from California (Mr. GEORGE MILLER) took up that challenge, and they have worked together very diligently. They have provided an atmosphere where all of us could participate and be a part of working on this great bill. I want to thank them for that.

□ 1345

This bill contains the President's vision that the best way to improve America's schools is to hold them accountable, to increase local and State flexibility, to fund what works and to expand parental options.

Even though the centerpiece of the President's proposal is the annual testing, where problems can be found before it is too late to fix them, and parents can be given information to choose a better performing school, I would like to touch on a few other provisions which I believe are very important.

First, the bill will provide unprecedented new flexibility for all 50 States in every local school district in America in the use of Federal education funds. Having served on a local school board for 9 years I know that those school boards will appreciate that flexibility. I know that the superintendents will appreciate that flexibility.

Under the conference report, every local school district will immediately receive freedom from red tape to transfer up to 50 percent of the Federal dollars that they receive among an assortment of programs. It will also allow up to 150 local flexibility demonstration projects, where locals can receive a waiver from Federal education rules in exchange for signing an accountability contract with the Department of Education, and it will allow seven States

to receive waivers from various Federal education requirements. Hopefully these demonstration projects will help us in further moving more freedom of flexibility to all the other local schools.

State and local officials know best how to educate our children. This bill will allow States and local school districts to advance their own priorities such as reducing class size, hiring new teachers or buying new textbooks and computers.

Next, as chairman of the Subcommittee on the 21st Century Competitiveness, I am especially pleased to see this conference report includes strong teacher professional and education technology sections. The bill retains key provisions that the gentleman from California (Mr. GEORGE MILLER), my colleague and good friend, and I, along with many others, have been working on over the last Congress with the flexibility to decide whether to spend funds on hiring new teachers or improving the skills of the teachers already in the classroom.

Technology can be a powerful means for improving student achievement and academic achievement. In fact, States and local school districts are already experimenting with promising technology programs, everything from on-line research to distance learning. Such innovation should be encouraged by the Federal Government and bolstered by Federal spending.

To help further the effort to integrate technology into teaching, we need to make sure teachers know how to use that technology in their teaching and increase access to technology for their students.

The conference report on H.R. 1 accomplishes this by consolidating a number of technology programs into a single stream of funding to our local school districts. Further, the bill fully integrates technology into the curriculum by increasing access to the highest quality teachers and courses possible, regardless of where the students live.

Mr. Speaker, I just want to again thank the gentleman from California (Mr. GEORGE MILLER), the gentleman from Ohio (Mr. Boehner), and all those who have worked so diligently to pass this bill that will help further the education of all of our children and leave none of them behind.

I urge support of this bill.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. OWENS) and thank him for all of his work. He probably said it many times in this committee, that if we gave disadvantaged children an opportunity to learn with all of the resources necessary and the well-trained teacher, he was fully prepared to accept the accountability, believing that those children could meet and exceed those marks of accountability, and I think it kept us focused on that central theme of this legislation.

Mr. OWENS. Mr. Speaker, I want to thank and congratulate the gentleman from California (Mr. GEORGE MILLER), my leader, the ranking Democrat on the committee, and thank and congratulate the gentleman from Ohio (Mr. BOEHNER), the chairman of the committee. They did a marvelous job of fashioning this bill through a process with a lot of creative, independent minds on both sides of the aisle, and we have arrived at a bill I think we can all be proud of.

It is in the details. If my colleagues look in the details, we find a lot of hard work has been done, a lot of creative work has been done here, and we should not leave out congratulations and thanks to a job well done by a hardworking staff. I think the leadership of Sally Lovejoy in her stern, productive way, has produced some details in this bill which carry forth the real meaning of what we do in education reform.

I also want to thank my staff member, Larry Walker. They spent a large part of the summer here and late nights and long days, and they are to be congratulated for producing the document which in the details we will find a lot of creativity.

I also want to note the fact that this is great step forward. Lyndon Johnson took the first great step forward when he initiated the Elementary Secondary Education Assistance Act after many long years of the Federal Government insisting that it had no role in elementary secondary education, and now we are taking the next great step forward building on what Lyndon Johnson started.

The President is to be congratulated for taking such divisive nonproductive items as vouchers off the table as Federal policy. He needs to be congratulated for concentrating back on the poor and the disabled, as Lyndon Johnson originally intended. We can go forward within this framework.

The only problem is the problem we ended up with in the committee, a fervent plea for the funding of IDEA. If we funded special education, we would be on our way toward providing more resources for education at a level that is great enough to make a significant difference. There are increases here, make no bones about that. There are increases here, but they are not great enough.

We have a situation where the Federal Government of the United States only covers 7 percent of the overall expenditure for education, and this includes higher education. It is far too little. We should move toward a more rational figure like 25 percent. We are the only industrialized Nation that has such meager support at the national level for education. It is an extreme. We are at the extreme with 7 percent. We do not want to centralize our education. We do not think there is any great virtue there, but why be at the extreme? There ought to be a medium, a means somewhere that we could

strive for, where more resources are given for education to relieve the local education agencies and the States of the great burdens they have.

I am proud to be a part of this effort, and we must take the next step in terms of providing more resources.

The SPEAKER pro tempore (Mr. THORNBERRY). The Chair would announce the gentleman from Ohio (Mr. BOEHNER) has 10 minutes remaining. The gentleman from California (Mr. GEORGE MILLER) has 10 minutes remaining.

The Chair recognizes the gentleman from Ohio (Mr. BOEHNER).

Mr. BOEHNER. Mr. Speaker, I yield 4 minutes to the gentleman from Delaware (Mr. CASTLE), the chairman of the Subcommittee on Education Reform, a gentleman who has been at the heart of this process for a number of years, and the former governor of the State of Delaware.

Mr. CASTLE. Mr. Speaker, I thank the gentleman, not just for his kind words of introduction but for the work that he and the gentleman from California (Mr. GEORGE MILLER) did which has been stated by practically everybody which very sincerely was extraordinary on this legislation.

Thirty-five years ago, Congress made equal access to a quality public education a birthright for all Americans. Today education is the foundation for future success as an individual and a source of strength for our Nation. Yet too many Americans are unable to participate fully in the American dream. Worse, those with the greatest academic difficulties include a disproportionate share of children from low income families and racial and ethnic minority groups.

For these reasons I am pleased to express my strong support for the conference report to H.R. 1, the No Child Left Behind Act. Over the course of the year Republicans and Democrats put an end to the divisive tactics that have stymied recent reform efforts and produced a serious bipartisan agreement to improve the way we educate our children for the better.

As a primary goal, this legislation strives for excellence in education by encouraging improvements in academic achievement while also securing greater assistance for those who are having the most difficulty mastering academic content and as a result, have fallen behind their peers. To that I want to discuss just three reasons, and there are many, many more why we should embrace this agreement.

First, H.R. 1 fully authorizes the President's request for \$975 million to ensure that every child can read by third grade. The reading programs contained in this bill will identify students at risk for reading failure and then provide intensive instruction by trained educators to bring them up to a proficient level. In this way, we will reduce the number of learning disabled students referred to special education and we will give all students the tools

they need to master more advanced course work.

Second, to ensure our children are learning, H.R. 1 asks States to access students in grades 3 through 8 annually in math and reading. The results of these assessments will provide parents and the public an effective, highly visible measure of how well their children are performing in school. This in turn will help parents, teachers and school officials diagnose problems and design remedies to improve student achievement.

The bill also recognizes the best way to ensure achievement is to hold the system accountable at all levels, not just the individual student level. For this reason, H.R. 1 gauges each school's academic success by the progress of every student in that school, not just the average student.

Finally, the new flexibility in this bill will allow State and local districts to better align Federal dollars for their own education priorities. In addition, the 2 new flexibility demonstrations, H.R. 1 allows States and locals to transfer up to 50 percent of Federal formula grants between programs. Unlike earlier flexibility provisions, this option is available to any State or school division and it is automatic.

For too long we have allowed our most disadvantaged children to be promoted through our public schools without regard to actual achievement. For too long we have allowed Federal dollars to flow to failure, convincing ourselves that some children were simply beyond our reach. For the first time, H.R. 1 fulfills the promise of education and opportunity for all children, rich and poor, black and white.

Finally, to those who will argue that Members should oppose or recommit this legislation because it does not include IDEA mandatory funding, I ask that you not scuttle a generally good bill. Forty-eight million public school students have waited patiently for the Congress to take notice of their plight and provide the help they so desperately need. Let us not make them wait any longer. Let us approve this bill and send it to the President this year and then beginning next year, I invite you to work with me when this committee takes a comprehensive look at the Individuals With Disabilities Education Act. In that way, we will ensure that our special needs children get the financial resources and the academic support they need to realize their greatest potential.

I do want to express their gratitude to the chairman, the gentleman from Ohio (Mr. BOEHNER) and to the ranking member, the gentleman from California (Mr. GEORGE MILLER), and to all the other colleagues on this. As everyone knows, this was a great team and a great staff effort by everybody. Those who sacrificed many weekends and summer vacations to produce a legislation. My staff in particular, Kara Haas; and the President of the United States, who was so involved in this. We thank President Bush as well.

I encourage everyone to support this legislation which will help all children.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. HINOJOSA).

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

Mr. HINOJOSA. Mr. Speaker, I rise today in support of the conference report on H.R. 1, the Elementary and Secondary Education Act.

First, I want to congratulate the gentleman from Ohio (Chairman BOEHNER) and the ranking member, the gentleman from California (Mr. GEORGE MILLER) for their responsible leadership in holding our bipartisan coalition together and for crucial support for individual members' concerns regarding the policy and resource allocation and recommendations. It was an honor for me to work with all the members of Committee on Education and the Workforce. I also congratulate Senator KENNEDY and Senator GREGG for their valuable contribution and I thank President Bush and his administration.

I also wish to recognize the extremely important support of the Congressional Hispanic Caucus led by the gentleman from Texas (Mr. REYES) in fighting for provisions very important to the Hispanic community.

There are many positive features to commend in the conference agreement, and I wish to mention just a few of them. This bill will give many disadvantaged students a great opportunity to excel and to reach as high as they can dream. The conference agreement protects the principle of public funds for public schools.

There are many, many things, and there is not enough time to thank everyone and to mention all of these things in the provision, but I urge my colleagues to vote for this bill.

It was an honor for me to work with all the members of the Education Committee. I also congratulate Senator KENNEDY and Senator GREGG for their valuable contribution and I thank President Bush and his administration. I also wish to recognize the extremely important support of the Congressional Hispanic Caucus, led by Chairman REYES in fighting for provisions very important to the Hispanic Community.

There are many positive features to commend in the conference agreement and I wish to mention a few of them. The bill will provide local flexibility, with accountability for reaching performance goals and formulas that target funds to schools with the greatest needs. This bill will give many disadvantaged students a great opportunity to excel and to reach as high as they can dream.

The conference agreement protects the principal of public funds for public schools. Program authorization and funding will be provided for school construction and modernization as well as for funding for separate federal after-school and violence prevention programs. Civil rights protections are still included and teacher quality programs will be increased in funding authority by forty percent.

I am very pleased that the Bilingual and Immigrant Education programs will be protected

and expanded and that program accountability and funding for teacher-training will be increased. Hispanic parents will find some previously established barriers removed and will find it easier to participate in school improvement committees.

Migrant students will be provided additional resources and both bilingual and migrant students will be assisted in program enhancement with the continuation of national information clearinghouse for research and evaluation. The Department of Education will assist the states in the interstate electronic transfer of crucial migrant records. Time does not permit me to point out other positive provisions. However, I do want to encourage the members of the Appropriations Committees in both chambers to accept the recommendations of the authorizing committees and to fully fund these programs. Reform without resources is meaningless. I urge all my colleagues on both sides of the aisle to help us pass this bipartisan conference report on H.R. 1.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from California (Ms. WOOLSEY).

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

Ms. WOOLSEY. Mr. Speaker, I rise also to support this conference report. And I say, good job, gentlemen. It was hard but they made it happen.

I would prefer a bill, however, that includes more funding for all that we are asking of our schools and of our teachers. We have made quite a list of accomplishments. We need to fund them so they can have the help they need.

I particularly regret that we are not fully funding our Federal share of special education. There is not a school district in this Nation that is not having trouble meeting those costs.

I am pleased, however, that the bill keeps funding for hate crime prevention intact. It is so important because as a result of the 11th of September, there has been a dramatic increase in hate crimes, particularly crimes directed at innocent people and innocent children, including school children.

□ 1400

Now, more than ever, because we have this in the bill, we will be able to teach our children constructive ways to express their feelings.

Nothing matters more to the future of this country than the education of our children. They are the workers, the soldiers, the diplomats, and voters of tomorrow. Congratulations, gentlemen.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Speaker, I thank the gentleman for yielding me this time, and I would like to thank both the gentleman from California (Mr. GEORGE MILLER) and the gentleman from Ohio (Mr. Boehner) for the bill we have before us today.

I rise in support of H.R. 1, a bill that truly takes a step forward in helping

our children get an education in the United States. Under this bill, our Nation's schools will now take steps to narrow the achievement gap between high- and low-income students.

For example, in Santa Ana Unified or Anaheim High School District or the Anaheim Elementary School District, these are all some of the poorest school districts in our Nation and certainly some of the most overcrowded in our Nation. Over 50 percent of the students who are taught in these districts go to school in portable classrooms. H.R. 1 will help our Nation take a significant step forward in helping students like those in these school districts that I have the pleasure of representing.

This bill increases funding for title I programs, increases funding for bilingual education and authorizes funding for school construction and modernization. It also includes funding for pedestrian and bicycle safety, a great issue of importance in my district.

Although Congress still needs to do more to assist schools that teach children with special needs, H.R. 1 is a critical step in ensuring that no child is left behind.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. HOLT), a member of the committee.

Mr. HOLT. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in support of H.R. 1, a truly landmark piece of legislation. I think it shows what we as a Congress can accomplish when we are willing to sit down and work together.

Along those lines, I would like to heap more praise on the chairman and the gentleman from California, and I think the President deserves a good measure of praise for his constructive role in this, too.

The agreement, I am pleased to see, addresses the subject of math and science education, especially the recruitment and professional development of teachers. And if we are going to continue to grow as a Nation, science and math education is critical.

I am also pleased that the legislation authorizes increased funding for a number of programs targeted to the neediest and poorest, programs for title I and teacher quality, bilingual and immigrant education.

But I do want to raise two items that I am disappointed about. I am disappointed this legislation does not adequately address the Federal Government's share of Individuals with Disabilities Education Act. In New Jersey, the communities I represent tell me this is one of the biggest challenges they face.

Secondly, I am disappointed this legislation does not address the issue of pesticides in our schools and does not include notification of parents and teachers when potentially dangerous chemicals are used around their children.

But despite these concerns, however, Mr. Speaker, I want to reiterate my

support for the bill and thank the conferees for work very well done.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. ETHERIDGE).

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

Mr. ETHERIDGE. Mr. Speaker, I want to commend the conferees for a job well done.

Mr. Speaker, I rise to speak about the conference report on H.R. 1, the Leave No Child Behind Act. I want to commend Ranking Democrat GEORGE MILLER, Chairmen JOHN BOEHNER and Congressmen DALE KILDEE and MIKE CASTLE for their leadership over the past many months on this most important issue.

As the only Member of the United States Congress who has actually run a state school system, I have a unique perspective on federal support for public education. Perhaps the most important provisions of this legislation are those that are not contained in this conference report. There are no vouchers to siphon public dollars to private schools. There are no irresponsible block grants like those that have been proposed before in this Chamber. There is no effort to close the U.S. Education Department by the Republican Leadership. And there are no massive cuts to public education like those we have defeated time and again in this body. Those are very significant accomplishments, and I especially commend my Democratic colleagues for maintaining our party's historic commitment to quality public education for all children.

As the former Superintendent of North Carolina's public schools, I know firsthand what it takes to achieve real results in academic improvement. It takes setting high standards and ensuring accountability. But most importantly, it takes a commitment to ensure that all of our children have quality educational opportunities to achieve the goal of "no child left behind."

Although this bill falls short of fulfilling our commitment to fund the federal mandate on special education, I am pleased that this conference report takes significant steps toward substantial improvement in education. The bill targets federal funds toward the neediest students to close the achievement gap between disadvantaged children and their more affluent peers and between minority and non-minority students. The conference report strengthens teacher training so that our school teachers are qualified to teach in their subject matter. It provides new resources for mentoring, training, salary enhancement and other improvements that give teachers the resources they need to do their very important jobs.

For the first time in federal law, this bill will require that parents are clearly informed about the quality of their children's education. And it makes a significant new commitment to bilingual and immigrant education.

I am disappointed that the conferees did not include the Wamp-Etheridge amendment to provide \$50 million in dedicated funding for character education. The conference report instead includes character education in the Secretary's discretionary Fund for the Improvement of Education, and I call on the Secretary to fully fund character education, which we have pioneered in North Carolina to strengthen values-based lessons for our children.

Finally, Mr. Speaker, this country faces several critical educational challenges beyond the

scope of this legislation. First, we must take action to relieve the crisis of the lack of adequate school facilities in this country. In my district, our schools are bursting at the seams, and too many children are stuffed into overcrowded classrooms or second rate trailers. We must pass school construction legislation to help build new schools for our children. We must invest in science and math to ensure America's global economic leadership in the 21st century. We must increase aid for college so middle class families have the opportunity to achieve the American Dream. We have so many educational challenges ahead of us that we must treat this bill as the very beginning of our commitment to improving education and not the end of the process.

In conclusion, this legislation will only work if we back up its requirements with the resources to get the job done. Tough reform without resources simply amounts to cruelty to our children. I understand that the appropriations bill nearing completion contains enhanced education resources for next year. We still must do much more to live up to the federal commitment under the Individuals with Disabilities Education Act (IDEA), and I will be working during next year's reform of that statute to fulfill that commit. My biggest concern is that in the hears to come, especially when the full effects of this year's massive tax bill are felt, Congress will neglect to provide the necessary resources to fulfill the promises of H.R. 1. I will fight every step of the way to make sure that does not happen.

Mr. Speaker, this bill represents a hopeful first step toward better schools for all children in America. I will vote to pass the conference report on H.R. 1, and I urge my colleagues to join me in doing so.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield such time as she may consume to the gentlewoman from California (Ms. WATSON).

(Ms. WATSON of California asked and was given permission to revise and extend her remarks.)

Ms. WATSON of California. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise today in support of H.R. 1, the "No Child Left Behind Act." I comment the sponsors and conferees of this ambitious bill that seeks to address many educational reform goals. H.R. 1 is a bill with good intentions that moves education in the right direction. My question is, "Are we going to see the results that we want, given the proposed authorization levels?"

Mr. Speaker, new federal mandates without providing the necessary resources to implement them will simply set children and schools up for failure. Funding has increased, yet many key education programs, such as Title I, are currently unable to serve all eligible students. In addition, states facing serious economic downturn coupled with rising school enrollments are already moving to cut critical education programs.

Mr. Speaker, directly after the tragic events of 9-11, President Bush asked for \$40 billion dollars to fund home land security and emergency relief efforts. Congress moved quickly, in a bipartisan manner, to address our national security needs. Education funding is just as critical to our national security. Education is the cornerstone of our society. Education of our children is important to the American ideal of democracy.

Mr. Speaker, I urge all my colleagues to consider seriously increases in education funding next session so that we can truly "Leave No Child Behind."

Mr. Speaker, I submit for the RECORD a letter from the NSBA regarding this bill:

NATIONAL SCHOOL BOARDS  
ASSOCIATION,

Alexandria, VA, December 12, 2001.

Re Conference Report on the Elementary and Secondary Education Act.

MEMBER,  
House of Representatives,  
Washington, DC.

DEAR REPRESENTATIVE: On behalf of the nation's 95,000 local school board members, we wish to express our disappointment that the conference report on the Elementary and Secondary Education Act (ESEA) fails to address the ever-expanding financial burdens that the federal government imposes on the nation's school systems and local taxpayers.

Unfortunately, the conference committee rejected an opportunity that would have recognized both the financial realities confronting local school systems and the opportunity to make this legislation the full success it should be. Had the conferees accepted the Senate provision for the mandatory funding of the federal share of the Individuals with Disabilities Education Act (IDEA), some of the pressure that this special education mandate places on school districts would have been relieved and more local funds would have been released to at least partially support compliance with the new federal ESEA provisions.

The legislation does provide a promising framework for raising standards and accountability for all students—with an important emphasis on raising the achievement of educationally disadvantaged students. However, the accomplishment of that goal also involves new mandates; some are explicitly set forth in the legislation while others will naturally result from the additional classroom resources that will be needed. Unfortunately, the legislation does not contain any commitment by the federal government to adequately fund these new costs or its ongoing obligation under IDEA.

Meanwhile, across the nation virtually every state is experiencing revenue shortfalls. Even small states are experiencing shortfalls in the billion-dollar range over their biennial budgets. As a result, reductions in state aid are forcing cuts in school district budgets. Now, as school systems must also look toward funding the new requirements in this bill, as well as serving expanding enrollments of Title I eligible students, as well as meeting the expanding costs of the under-funded federal special education mandate (IDEA), they will have no choice but to raise local property taxes where they can or suffer severe cut backs in their general programming. This should not become the local legacy of ESEA.

Given the unique and historic role that this important legislation can play in American education, state and local policy makers should not, as a result of inadequate funding, be forced to lower their sights on high academic standards, limit their use of the many public school choice options that are now available, or lose the opportunity to enrich classroom instruction by having to settle for cheap test prep programs to drill lower achieving students to pass a test. Without adequate resources what other results can we expect? With the shortfall in state and federal funding, what other impact can we expect than increases in local taxation?

The stark financial reality of the ESEA reauthorization will become clear across the

nation when school opens next fall. As attractive as the incremental increase to the pending FY 2002 education appropriations bill may appear, it does not match the needs under IDEA or the new ESEA requirements, which the Congress is about to adopt.

Local educators and local school board members want this legislation to work, and more importantly, they want the nation's 47 million public schoolchildren to reach higher levels of academic achievement. They are also very appreciative of the increased flexibility that the legislation provides in their use of federal funds. But they do not want to be set up to fail because of a lack of financial accountability by the federal government.

Despite our financial concerns, NSBA does not oppose the passage of this legislation because the bill does establish a promising framework for raising student achievement. However, we urge Congress to view the passage as the first of a series of steps during the remainder of the 107th Congress to ensure that both the new requirements of ESEA and the federal share of the cost of IDEA are fully funded.

Sincerely,

JAMES R. RUHLAND,

President.

ANNE L. BRYANT,

Executive Director.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. CROWLEY).

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

Mr. CROWLEY. Mr. Speaker, I too would like to express my support for H.R. 1.

It gives appropriators the authority to allocate a 20 percent increase in federal education spending, over the 3 percent the President requested. It allows for the creation of a formula to target federal aid to where the greatest needs in bi-lingual education exist. It provides new resources for mentoring, training, salary enhancement, and other improvements.

This bill provides a promising framework for raising standards and accountability for all students, and this bill will mean a great deal to New York City.

It allocates approximately \$636 million for FY2002 to New York City, a 28 percent increase from last year, and \$141 million in Title I funding, a 20 percent increase.

With New York City threatening massive across the board cuts, this increased Federal funding is more important than ever.

And, while I am disappointed that this bill doesn't make federal spending on disabled students an entitlement program, and that it does not include desperately needed funding for the rebuilding and modernization of crumbling overcrowded schools in my district I nevertheless applaud the hard work of the House and Senate conferees in bringing this long overdue reform bill to the floor today.

H.R. 1 gives students a chance, parents a choice, and America's schools the mandate to be the best in the world.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 30 seconds to the gentleman from Texas (Mr. GREEN).

(Mr. GREEN of Texas asked and was given permission to revise and extend his remarks.)

Mr. GREEN of Texas. Mr. Speaker, I want to congratulate the chairman of

the committee, the gentleman from Ohio (Mr. BOEHNER), and the ranking member, the gentleman from California (Mr. GEORGE MILLER). As an alumni of the Committee on Education and the Workforce, I can say that this is great work that they did on this, which provides additional funding for bilingual education, ESA, and the commitment for special education.

Mr. Speaker, I rise today in support of H.R. 1, legislation to reauthorize the Elementary and Secondary Education Act (ESEA), and Title I in particular, has meant so much to low-income students across this country. This legislation provides crucial funding for school districts that might not otherwise have the resources they need to provide a quality education.

I think we can all agree that we must hold school districts accountable for the federal dollars they receive. And this legislation has a number of important testing provisions to ensure that our students are receiving the education they need to thrive in the 21st Century. But equally, perhaps even more important, we must provide schools with the resources they need to meet those standards. By doubling Title I funding over the next five years, I believe we will see a dramatic improvement in low-income, lower-achieving schools.

I am also pleased to see increases to the Bilingual and Immigrant Education programs. As our most recent census reports, there has been incredible growth among Latino populations. Many of these first-generation Americans are not exposed to English in their homes, and have limited English proficiency. We must target resources at school districts with high populations of Limited English Proficiency students, to ensure that all children, regardless of their ethnic background, receive a high quality education.

Finally, Mr. Speaker, I would like to comment on the testing provisions. In Texas, we have annual testing for children in grades three through eight. Because our state standardized test are equivalent, Texas will not have to implement new tests. I hope that all other states which adopt these tests will have the same successes that we've seen in Texas.

Mr. Speaker, this is a good, bipartisan, consensus bill. It is probably the first truly bipartisan bill we've seen this Congress. Support H.R. 1, and let our parents, teachers and administrators prepare our next greatest generation.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. DAVIS).

(Mr. DAVIS of Florida asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Florida. Mr. Speaker, I thank the gentleman for yielding me this time.

I rise today in support of the conference report on the reauthorization of the Elementary and Secondary Education Act (ESEA). I commend Chairman BOEHNER and Ranking Member GEORGE MILLER for their commitment to our students in working to ensure the development of a strong law to govern our schools.

The bill before us today will ensure that all children have an opportunity to learn and that we will not tolerate the failure of our poorest students. For the first time, we have established clear goals and a timeline for narrowing

the achievement gap between disadvantaged children and their more affluent peers and between minority and non-minority students. I would also like to point out that this bill provides a significant increase in funding levels for ESEA programs. This bill provides our appropriators with the authority to increase education funding by 20 percent for the next fiscal year. This a great achievement for which I again applaud Mr. BOEHNER and Mr. MILLER.

Today, however, I would like to focus on two matters that I have spent a significant amount of time pushing for. First, I would like to talk about the need to recruit and train qualified teachers, which is addressed in H.R. 1.

As we all know, we are approaching an education crisis in our country. Over the next decade, school districts throughout the country will need to hire 2 million new teachers. In my home, Hillsborough County, Florida, our school district needs to hire more than 7,000 new teachers over the next decade. To meet this need, talented Americans of all ages should be recruited to become successful, qualified teachers.

We need to find creative ways to address the critical shortage of teachers that our school districts are facing. For that reason, my colleague from Indiana, TIM ROEMER, and I, passed legislation in the 106th Congress, the Transition to Teaching Act, to target mid-career professionals who are looking for a career change and want to be a teacher. The Transition to Teaching program will help move people from the boardroom to the classroom, from the firehouse to the schoolhouse or from the police station on Main Street to the classroom on Main Street.

During the last Congress, we were successful in getting a temporary authorization for this program and small amount of initial funding. I am pleased today that the Conference Report to H.R. 1 provides permanent authorization for their very valuable program. In addition, this bill provides a significant increase in funding for the Transition to Teaching program. Under this bill, our appropriators will be able to provide \$150 million to help us recruit new, qualified teachers under this program for Fiscal Year 2002. While this is only the one step in helping our schools deal with the teacher crisis over the next decade, it is a significant step in the right direction.

Now, I would like to address student testing. At the beginning of this year, I got an earful from parents, teachers and students who are concerned that standardized educational testing in Florida has run amuck. When the House considered H.R. 1 earlier this year, I rose on behalf of hundreds of thousands of Florida public school students subjected to these tests and expressed my concerns that the principal purpose of testing should be diagnostic—to help teachers teach and students learn. I had previously expressed my concerns on this issue to the Secretary of Education and the President's Chief Advisor on his education proposal. Both of them said they agreed with me.

Testing should determine where my child is at the beginning of the school year and what he needs to work on to get where he should be at the end of that school year. Testing should tell my child, his teacher, my wife and me what we need to know to help him improve as a student.

As many of you know, Florida is already testing students in grades three through eight

in reading and math. The Florida Comprehensive Assessment Test (FCAT) also tests writing in grades four, eight and ten. Unfortunately, as I stated above, the purpose of the FCAT is to grade our schools and implement high stakes penalties or rewards based on their scores, not to see where our students need help to boost their performance.

That's right. Under the FCAT, teachers, principals, parents and students get no information from the test identifying the needs of individual students and how to help them improve. Therefore, it was important that the federal law provide some direction on this matter.

The original House bill was silent on this issue. However, I am very pleased that the Conference Report before us today is no longer silent on the need for diagnostic testing of our students. This bill contains a reporting requirement that requires our schools to produce individual student interpretive, descriptive, and diagnostic reports. This new requirement will ensure that our parents, teachers, and principals will know and be able to address the specific academic needs of students. More importantly, this new requirement will ensure that as soon as is practicably possible after the test is given, this diagnostic information will be provided in an understandable and uniform format, and to the extent practicable, in a language that parents can understand.

With the diagnostic provisions included in this Conference Report, we will give our teachers the tools they need to teach and to make sure that our students are learning. I commend the House conferees for fighting for this very important student centered testing. I look forward to our states, including Florida, making the necessary changes under this new law.

In closing, Mr. Speaker, I urge my colleagues to adopt the Conference Report to H.R. 1, which is truly a bipartisan effort. This is a significant step in the right direction to make sure that our public schools continue on the right track.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. ENGEL).

Mr. ENGEL. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise to engage in a colloquy with the chairman of the Committee on Education and the Workforce. I support the bill, I think the bill does what it says, and I appreciate all the hard work the chairman and ranking member have put into this bill.

But I am extremely upset about one single provision that only affects New York City and Hawaii. The provision known as the County Provision divides New York City as no other Federal law does. New York City is one unique local education agency; yet this provision mandates that the city be treated as five separate LEAs when it comes to title I funding. The provision, which was added in 1994 to the ESEA, allows for Staten Island to receive almost 150 percent more in title I funds than the city-wide average. In fiscal year 2001, Staten Island received \$1,718 for a title I student, whereas Brooklyn receive \$811 and the Bronx, which I represent, receives only \$552 per title I student.

This provision undermines the very premise of the bill. We tried to elimi-

nate this provision. We thought we had a compromise, but we did not quite reach it.

Overall I support this bill. It ensures that all teachers are qualified to teach in their subject matter, supports teachers by giving them the resources they need to do their jobs, targets federal aid for bilingual and immigrant education to those students who need it the most, and expands after-school programs.

A compromise that was reached by the conferees from New York would have held Staten Island harmless, keeping it at \$1718 for the life of this authorization while allowing the per pupil allocations in the other boroughs to creep up, was rejected.

I am extremely upset that while the title of this bill is "No Child Left Behind" the poor children in the Bronx will continue to be left behind.

I would like to thank the Chairman, the gentleman from New York, Mr. OWENS, and Senator CLINTON for all of the work they have done to right this wrong. I look forward to working with them in the future to put an end to the County Provision.

I would say to the chairman that this county provision needs to be revisited, and I would like his comments on it because I know he has publicly said they were going to make this more equitable.

Mr. BOEHNER. Mr. Speaker, I yield myself 1 minute.

I understand the discrepancy in the funding in New York City. This was part of the 1994 act, under agreement by the Members from New York City, and I do think it had unintended consequences. We sat out early this year to try to bring some resolution, and the conference committee believed that the Members from New York should work this out amongst themselves and, frankly, they were unable to.

As I have learned more about this issue, I do understand the gentleman's concerns, and I have expressed to other Members of the New York City delegation and to Senator CLINTON that as we proceed in the coming years, that we would continue to look at this and to work with this to see if we cannot bring about some better resolution.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. FATTAH).

Mr. FATTAH. Mr. Speaker, I add to the compliments for my colleague, the chairman, the gentleman from Ohio (Mr. BOEHNER), and the ranking member, the gentleman from California (Mr. GEORGE MILLER). This is a great product that the conference committee has delivered, and it goes a long way to addressing some very important issues.

I particularly want to mention a provision that would require States, over a number of years, to do a much better job in terms of providing an effective quality teacher in every classroom and also the targeting provisions of title I.

There is more work that will be required of us as we go forward, but I think this is a conference committee that we can all embrace. It is a giant

step forward, but we are still a long way from making sure that poor children do not end up with a poor quality instructor and poor quality textbooks and educational materials. This is, as a Federal Government, I think, an appropriate role for us to play.

But I want to commend the gentlemen for their work and the work of all of those on the conference committee from both Chambers, and I look forward to additional work in the future.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I rise today in very strong support of the conference report for H.R. 1, the reauthorization of the Elementary and Secondary Education Act.

Nearly a year ago, Congress embarked on a mission to improve the education of America's public school students. Today, I am proud to say that we have produced a consensus bill that, when implemented by the Administration as intended by Congress, will dramatically expand the opportunity for all children in our country to learn.

#### AN EMPHASIS ON ACCOUNTABILITY, RESOURCES, AND QUALITY

This bill is the result of many people's labor and ideas. I deeply appreciate Chairman JOHN BOEHNER for the leadership, candor and honesty that he displayed throughout his process. He has been a man of his word.

President Bush told us a year ago in Texas that he wanted to make education reform the hallmark of his administration, and that his central goal was to target federal resources towards the neediest students. We have worked with him throughout this long process, and the bill we have written meets those objections.

Senator JUDD GREGG has been deeply engaged throughout this effort, and, while we often disagreed, we were able to work successfully to resolve our differences.

And I am particularly pleased to have been able again to work closely with my longtime friend and colleague Senator TED KENNEDY, with whom I have participated in so many efforts on behalf of those who need our help the most but who are most often ignored. His commitment to a strong reform bill on behalf of all of America's children was critical to forming this final product.

Great credit, of course, goes to all of the members of the Conference Committee that produced this bill, and I also want to thank all of the members of the House Committee on Education and the Workforce who crafted this bill earlier in the year.

In particular, I want to express my appreciation for Congressman ROEMER of Indiana, whose creative contribution to the issue of flexibility formed the basis for our successful resolution to the fight over state block grants, one of the issues that delayed completion of work on this legislation earlier this year.

Last, I wish to express my appreciation to the staff of the House and the Senate education committees who worked diligently, through many nights, weekends and vacations, to see this bill through to the end. I feel particularly privileged to have as my lead education adviser Charles Barone, an enormously dedicated and capable public servant whose expertise and insight were invaluable to the successful completion of this bill.

#### AN URGENTLY NEEDED BILL

Despite a commitment by our government to the contrary, our educational system has toler-

ated extremely low educational achievement for decades. Many thousands of schools throughout this nation, disproportionately in neighborhoods serving low income and disadvantaged youth, have unacceptably high percentages of children who cannot read, write or do math at their grade level. The problem is not that they do not have the ability to succeed or that they are not capable of higher levels of achievement. The problem is that states and school districts have not provided them the opportunity to do so. Those same schools have the least qualified teachers, the highest dropout rates, and are in the greatest physical state of disrepair.

Report after report on the weakness of our educational system was published over the years with an inadequate response:

25 percent of teachers who are not qualified to teach in their subject area;

68 percent of 4th graders not able to read at a proficient level;

73 percent of 8th graders not able to conduct math at a proficient level;

An unmet school construction and repair bill of \$127 billion.

Now, with this legislation, we are not only once again committing ourselves to opening the door to quality schools for every child and closing the door on acceptable losses, but we are backing up that commitment with resources and a strong accountability system.

This year's effort is rooted in my firm belief that if teachers and their schools have adequate resources and high standards, and not just rhetorical support, America can have a world-class K-12 public school system for all its students.

I know that we can do better. Having spent over 25 years on the House education committee, 10 years as chairman of the House Select Committee on Children, Youth and Families, and having worked with and taught in schools in my congressional district over the years, I know that we can do much more to ensure that all children get the kind of education each of us would want for our own sons or daughters.

I have spent much of the past decade fighting to pass the key provisions of this bill: teacher quality, parental notification, school accountability, and new and unprecedented targeting of resources.

Given the broad support this legislation enjoys, it is difficult to believe that fewer than ten years ago, my efforts to guarantee every child a qualified teacher were dismissed by the Congress. Today we do that, and much more.

#### AN EMPHASIS ON ACCOUNTABILITY, RESOURCES, AND QUALITY

As a result of the changes we have made in the conference committee to the bill introduced earlier this year, this bill will help return our school system to the original goals of the 1965 Elementary and Secondary Education Act—to ensure that all children have an opportunity to learn regardless of income, background or racial or ethnic identity. But unlike the laws on the books over the past 35 years, we will back up our commitment with a set of unambiguous expectations, time-lines, and resources.

In this bill, we are prepared to offer a significant increase in resources in exchange for meeting real goals—teachers who teach, students who learn, and schools that succeed.

Our bill, for the first time in federal law, establishes clear goals to close the educational

achievement gap over a 12-year period. Through a system of state-based annual tests in grades three through eight that will act as a diagnostic tool, we will identify schools in need of improvement and ensure they receive adequate resources to improve.

Our bill provides for the unprecedented targeting of federal dollars to the neediest students, including a change in the Title I formula that will reward states who make strides to reduce school finance inequity.

Our bill sets the clearest educational standards in history.

For the first time in federal law we establish a clear goal of requiring that every teacher is fully qualified to teach in his or her subject area within four years. And we offer the greatest support for our teachers in history.

For the first time in federal law we establish a formula to target federal aid for bilingual education based on the number of children in a particular school district who need it.

For the first time in federal law we will require that parents receive report cards with clear and precise information on the quality of their child's school.

We will allow for unprecedented flexibility in administering programs at the local level.

We greatly expand the reading program initiated by Democrats in 1998 and favored by President Bush, including a new pre-K program.

We also ensure that all state tests would be compared against one, credible national benchmark test, the NAEP test, and not a smattering of different benchmark tests as the House bill had called for. The NAEP test is already used in a majority of states.

To ensure that the requirements of this bill can be met, we provide new resources to schools:

New money for teachers to receive mentoring, professional training, and salary enhancements. We are supporting teachers by giving them the resources they need to meet our new standards;

We significantly increase funding for Title I, the program for disadvantaged students, and better target the money to the neediest students;

We provide assistance for struggling schools;

We significantly increase funding for technology, after-school, and other programs that have proven to enhance educational quality.

Both on the House floor earlier this year, and then again during the conference committee, we successfully defeated a negative, conservative education agenda that threatened to undermine the original goals of this effort.

There are no vouchers in this bill to divert public school money to private schools.

There is no "Straight A's" state block grant to eviscerate the federal targeting of dollars to the neediest students and to waste critical education dollars on state bureaucracies.

We maintain and expand the After-School program, despite the President's attempt to eliminate it as a separate program.

We provide authority and resources for school construction, despite opposition to a federal role in modernizing school facilities by the President and Republicans in Congress.

We also defeated a negative, conservative social agenda that some attempted to insert into this bill. They wanted to eliminate the Hate Crimes program that teaches tolerance

in our schools, but we kept the bill. They wanted to weaken civil rights protections in current law, but we stopped them.

#### A REAL INCREASE IN RESOURCES

Finally, as I mentioned above, we have made great strides in boosting funding over and above what the President and Republicans in Congress offered.

The President began this effort with virtually no increase at all for education:

The President asked for only a 3% increase in ESEA. We will now see a 20% increase in ESEA in real appropriations under the FY 02 Labor-HHS appropriations bill;

The President asked for only a 3% increase for Title 1. We won a 16–20% increase in appropriations,

The President asked for only a 3% increase for teacher quality. We won more than a 40% increase in appropriations;

The President asked for zero percent (0%) for After-School programs. We won an 18% increase in appropriations.

#### COMMITMENT TO SPECIAL EDUCATION FUNDING STILL UNMET

Mr. Speaker, there is one final point, regretably, that I must raise. In this bill, unfortunately, the conferees were not able to reach an agreement on providing additional funding for special education. The Senate bill would have fully funded our federal commitment to special education, whereas the House rejected that provision. But you cannot fund only two-fifths of our commitment to special education and still “leave no child behind.”

Yet, despite strong, bipartisan and bicameral support for full and mandatory funding for special education, the conference committee twice refused to provide the funding we promised school districts and parents 26 years ago.

#### CONCLUSION

Despite our serious disagreement over the critical issue of special education, I believe that the other reforms and resources that we provide for America's school children in this bill are unprecedented achievements that deserve to be enacted into law without delay and implemented by the Administration in the very manner in which the conference committee intended.

There now lies a tremendous obligation by the Bush Administration to write the regulations for this bill and implement those regulations in a manner consistent with the urgent need that led us to write this bill in the first place.

This is a strong bill, it is a reasonable bill, and it is a historic bill that draws bright lines for our students and provides new resources to where they are needed most. I look forward to the enactment of this bill before the end of this year.

#### ACKNOWLEDGEMENTS—H.R. 1

I would like to acknowledge a number of people who helped to make this bill a reality. As I said at the outset, it was a bi-partisan and cooperative process.

I would like to acknowledge and thank President George W. Bush, Committee Chairman JOHN BOEHNER, Senator TED KENNEDY, and Senator JUDD GREGG. I would like to acknowledge and thank the other House Democratic conferees for their contributions, Representatives DALE KILDEE, PATSY MINK, Major OWENS, ROB ANDREWS and TIM ROEMER.

I would like to express my grateful appreciation for the hard work of my committee staff,

including my top education advisor Charles Barone, as well as John Lawrence, Daniel Weiss, Alex Nock, Denise Forte, Mark Zuckerman, Ruth Friedman and James Kvall, and also the staff for Congresswoman MINK, Brendan O'Neil, for Congressman ROEMER, Maggie McDow, and for Senator KENNEDY, his top education aide, Danica Petroschius.

I would like to thank Chairman BOEHNER's committee staff, his top education aide, Sally Lovejoy, and his staff director, Paula Nowakowski.

In addition, there were many experts and organizations who provided invaluable expertise to our committee as we developed this legislation. Some in particular whom I would like to thank for their help include Bill Taylor and Dianne Pichè at the Citizen's Commission on Civil Rights, Kati Haycock and Amy Wilkins at the Education Trust, and Paul Weckstein at the Center for Law and Education.

I hope that everyone who had a hand in this enormous effort feels as proud as I do today about this legislation.

Mr. Speaker, back in May, this House spoke with almost a unanimous voice, with a strong voice, regarding the kind of education bill that they wanted. I believe that we can say to the Members of this House that we have brought them back a better bill than the bill we passed.

My colleagues said they wanted accountability for closing the achievement gap, and we have provided that. They said they wanted to improve the targeting of funds on poor districts and disadvantaged children, and we have done that. They said they wanted new investments and a stronger commitment to teacher and professional development, support and mentoring, and we have done that.

They said they wanted a new formula program for bilingual students so the money would go where the students in need are, and we have done that. They wanted assistance for those schools struggling to turn themselves around, and this legislation does that. They said they wanted the expansion of the reading program, as outlined by the President and other people who are critical of the current reading resources in the Federal program, and we have done that. They wanted the use of nationwide tests so we could test whether or not the assessments made at the State level were accurately reflecting the educational achievement of those children. They also said they did not want Straight A's, and we do not have that. They said they did not want vouchers, and we do not have that. But they wanted flexibility, and we provided that flexibility without the Straight A's.

So I think we have delivered a bill that this Congress on both sides of the aisle have overwhelmingly spoken on behalf of for many years, and the results are now here.

But let me just say one thing this bill does and what it is built upon. It is built upon a deep and uncompromising belief by the chairman of this committee, by the President of the United States, by Chairman KENNEDY, by Sen-

ator GREGG and myself, and so many other Members of this Congress and this committee that all of America's children can learn. We believe that an impoverished child does not mean a child that cannot learn. We believe that because an individual is a minority does not mean they cannot learn. And the evidence is overwhelming that we are right.

What we did with this legislation was redirect those resources to dramatically enhance the opportunities for success by America's children. The opportunity for success. We cannot guarantee the success, but we can provide the opportunity.

Yesterday, the Education Trust put out a report on the eve of our consideration of this bill that identified 1,320 districts with high-poverty students, high percentage of poverty, high minority schools that are excelling in the top third of their States. We can no longer accept the level of failure that we have in the past, and this legislation says that we will not.

Yes, it is going to be hard to meet these achievements; yes it will be hard to meet these goals; and yes, it will be hard to hold ourselves accountable, but there is no option to our doing this on behalf of America's children.

We heard back in August when many people said this is impossible. I was shocked to hear it from so many educators. Maybe they are in the wrong field. Because here are 1,300 schools that are using the basic tools that are provided in this legislation, that are strengthened in this legislation, that are enhanced with the resources in this legislation, using the very tools in this bill, these 1,320 schools are among the top performers in their States. We want to replicate that all over this Nation for all of America's children.

Again, I want to thank the chairman for making this possible. I believe we will do all this with an “aye” vote on the passage of this legislation.

Mr. BOEHNER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I feel today like I did on the day of the birth of my two daughters: exhausted. It has been a long process and a long year. And as tired as I and the ranking member, the gentleman from California (Mr. GEORGE MILLER), and the members of the committee are, I think all of us understand that our staffs have done much, much more than we have, and have spent much, much more time. And I think that the Members here deserve to give our staff a big round of applause.

Mr. Speaker, there are a lot of thank-yous that have gone around today, and a number of people have mentioned the President. I think a lot of us know that President Bush, during his campaign last year, took a courageous stand, as a Republican candidate for President, when he took the issue of education and our party in a new direction. It was a bold and courageous move on his part, but he did it.

But not only did he do it during the campaign, he maintained that effort

and that focus to make this his number one domestic priority. That is when the gentleman from California (Mr. GEORGE MILLER) and I, and others, were brought down to Austin, Texas, to talk about the foundations of this bill. That is why the first full day in office, on January 22, the gentleman from California (Mr. GEORGE MILLER), Senator KENNEDY, Mr. JEFFORDS, and I were in the Oval Office with the President telling us how important this bill was.

The President believed that we needed more accountability in our Nation's schools; that we needed more flexibility for our local schools and our teachers at the local level; that we needed a new investment in early childhood reading programs and early grade reading programs; and that we needed to consolidate the number of Federal programs; and, lastly, to refocus the Federal Government's efforts at the neediest of our students.

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But as important as this bill is, there is another important dynamic that occurred over the course of the year, and that is how this bill is going to become a law.

If we go back to last year during the campaign, the President talked about the need for a new tone in Washington. The President said that we needed to be more bipartisan here in Washington, and the American people applauded him for his willingness to say that. When the President brought us to Texas on December 21 of last year, he brought us down there to talk about education, but he also talked to us about wanting to move ahead together.

And on January 22 when we were in the Oval Office, it was the President who once again said that we need to move this process together, and we need to work together. I can tell Members that I believed the President when he was a candidate, and I believed him all during this year. And I believe, as many of our Members on both sides of the aisle believe, that it is time that this body become more bipartisan.

Now if the gentleman from California (Mr. GEORGE MILLER), who, as he said, have spent 10 years throwing bricks at each other, and every Member knows that the gentleman from California (Mr. GEORGE MILLER) and I can be as partisan and as hard-nosed as anybody on either side of the aisle, if we can work together with the members of our committee, which is a very partisan committee, it has been the most partisan committee in this House for the last 3 decades, if we can do it, there is no reason why any other committee in this House cannot do it.

I can tell Members during the 20 years that I have been in this business, this is by far the most important piece of legislation that I have ever worked on. It is my proudest accomplishment. It is the work product that I am proud of; but, as importantly, the way that we did this. Bipartisanship means that

Members have to trust each other. Bipartisanship means that Members need to work together and find common ground.

To the pundits who said that the bill was stalled, were not sure we were going to get it, let me suggest the bill was never stalled. It took a great deal of patience and listening, and it took a great deal of trust to actually bring this product to where we are today.

As I said earlier, I could not have had a better partner in this process than the gentleman from California (Mr. GEORGE MILLER). We did not know each other very well when this year started, but I laid out a vision for our committee and a vision for how this bill could become law, a vision of starting in the right place in order to end up in the right place.

The gentleman from California had his critics on his side of the aisle who could not understand how he could support a bill that I was supporting; and I clearly had my share of problems with Members that could not believe I could be supporting a bill that the gentleman from California (Mr. GEORGE MILLER) was supporting.

Mr. Speaker, we went through this process together, and I could not have enjoyed our experience, nor could I have developed a better friend than the gentleman from California.

Let me say to my colleagues in the other body who worked with us over the last 4 or 5 months, Senator KENNEDY and Senator GREGG, their willingness to sit and work through this process, their willingness to take the time and to trust each other, helped to develop what I think is a landmark piece of legislation. I thank all of them for their efforts.

When we step back and look at what we are trying to do here, it is simple. The gentleman from California (Mr. GEORGE MILLER) said it in his closing remark, and that is the gentleman from California and I, Senator KENNEDY, Senator GREGG and Members on both sides of the aisle are committed to the concept that every child in America can learn, and that every child in America should have the opportunity to get a sound, basic education.

Every Member in this body understands that without a sound, basic education, the chance at the American dream does not exist. For 35 years we have promised from the Federal Government that we would help the poorest of our children. We failed, and we failed miserably.

This is not the end of this process. Let me suggest to Members, this is the beginning of the process. The writing of the rules, the implementation of this bill in each of our 50 States is going to be a Herculean battle, not unlike what we have seen over the course of this year.

Mr. Speaker, I urge my colleagues to not only vote for this bill today, but to keep up their vigilance at home to get this bill implemented correctly be-

cause at the core of it, what we are trying to accomplish here is to ensure that every child in America has a chance at a good education, and that every child in America has a chance at the American dream.

Mr. SAXTON. Mr. Speaker, I rise in strong support of H.R. 1. This bill addresses the vital school construction needs unique to federally impacted schools by authorizing a new competitive construction component within the federal Impact Aid program. In many cases the local tax base does not have the needed resources to draw upon to meet the needs of our military and Indian schools. As a result, lack of funds has until now left those schools without the resources for new construction, renovation, or modernization initiatives. H.R. 1 adds the new construction component that will allow these schools to complete important projects by enabling them to compete for funding, on the basis of need.

However, I am disappointed that this bill does not allow for separate construction funding sources for all eligible categories of federally impacted schools. While the current provision appears to benefit the entire Impact Aid community, the military component of the program has little prospect to successfully compete for discretionary money, as Indian districts have the greatest need for emergency funds. While unintentional this Bill would leave military districts with pressing construction needs on the side of the road once again. From my own travels to several military installations, it is clear that more—much more—needs to be done to ensure adequate funding for both of these eligible categories.

In closing, I want to express my appreciation to my colleagues for their concern in addressing this problem overall and I look forward to working together in the future to create a division of these construction funds to ensure the unique needs of the two major categories of federally connected school districts are met.

Mr. REYES. Mr. Speaker, I rise today in strong support of the Elementary and Secondary Education Authorization Act Conference Report.

I would like to join my colleagues in commending the members of the Conference Committee, namely Chairman KENNEDY, Chairman BOEHNER, and Ranking Member GEORGE MILLER, for their hard work and commitment on this conference report. This bill was truly the product of bipartisanship. The best interests of our children and teachers took priority, and because of that they will continue to prosper.

The goal of this bill was to eliminate the achievement gap between rich and poor students and minority and non-minority students that has burdened our schools for years. Not only does this bill begin to address these issues but it puts forth a realistic twelve year time frame to achieve it.

I am particularly pleased with the agreements made in regards to bilingual education. This bill will empower our parents and given them the option to remove their children from bilingual education at any time. Also, no time limit will be imposed on our students regarding their length of enrollment. The funding formula for bilingual education will base its funding levels on the size of its limited english proficiency student population. Our teachers will also be provided funds for training and professional development.

This bill also authorizes a funding increase of nearly twenty percent for elementary and secondary education programs. This is a significant and well deserved increase. Students and teachers of El Paso will surely benefit and I am pleased to show my support for its passage.

Mr. ISRAEL. Mr. Speaker, today I will vote for The No Child Left Behind Act, H.R. 1. While I support this legislation it is not without some reservations, particularly the inadequate federal support that the bill provides for the Individuals with Disabilities Education Act (IDEA). Overall, this bi-partisan legislation strengthens our commitment to closing the achievement gap between rich/poor, minority/non-minority students, improves targeting of funds to low-performing students, improves teacher quality, preserves the After-School program and key civil rights safeguards, and expands local flexibility in the use of certain federal education funds. And this bill contains the high levels of authorizations needed to assure that adequate resources will be provided to carry out the mandates of this new law.

I do, however, find the level of funding for special education to be cause for grave concern. Twenty-one years ago the federal government said it would spend 40 percent of the cost of educating children with disabilities. Yet today the government provides only 15 percent of that cost. Children with special needs often require additional resources that put a great burden upon states and local school systems.

That is why I asked the Conferees to provide the 40 percent funding that the federal government promised so long ago. I am very disappointed that they decided to wait until next year to address this issue. In the meantime, states, local school systems and families of these children will continue to suffer.

Mr. Speaker, this is not a flawless bill, but it is a very good start. Despite my concerns about funding for special education programs I am going to vote in favor of the legislation. Our children's education is far too important to let the Perfect be the enemy of the Good.

Mr. SERRANO. Mr. Speaker, I rise in support of the conference report to accompany H.R. 1, the Elementary and Secondary Education Act Reauthorization bill, also known as the No Child Left Behind Act of 2001.

At the outset, I want to thank the gentleman from Ohio, Chairman BOEHNER and our Ranking Democrat, the gentleman from California (Mr. GEORGE MILLER) for bringing to the Floor a good conference report.

This legislation reauthorizes the Elementary and Secondary Education Act for six years and authorizes \$26.5 billion for its programs in fiscal year 2002. While President Bush made education a priority at the beginning of this year, he failed to request any significant increase in funding to back up his broad outline for reform. But Congress has stepped in to provide a significant increase in real funding. The appropriations bill that goes with this reform bill will provide nearly \$4 billion more in funding for all elementary and secondary education programs funded by the federal government, nearly a 20 percent increase in appropriations. President Bush asked for only a three percent increase.

Mr. Speaker, New York City's public schools face a host of difficult challenges including: overcrowded and outdated facilities; more students with special needs; increasing teacher

shortages; and keeping up with rapidly advancing technology. I am pleased that H.R. 1 contains a number of important provisions that will help New York City meet its goals of greater student achievement levels by supporting enhanced efforts in these areas. For instance, NYC is estimated to receive an increase of \$140 million in Title I funds under pending agreements to allocate most of the new Title I money to districts serving high numbers of poor students. H.R. 1 also retains targeting for the newly consolidated teacher quality program, which will be of great value to our current teacher recruitment, retention, and training efforts.

The bill offers new flexibility to school systems through the 150-district "local A's" provision and through the "transferability" language. The flexibility, moreover, is achieved without state block grants, portability, vouchers, or other provisions that could have diluted otherwise-targeted assistance.

As a native of Puerto Rico, I am pleased that this bill moved Puerto Rico to full participation in Title I over the next 6 years in roughly 8 percent a year increments. Next year, for example, Puerto Rico's Title I funds will increase by over \$60 million, more than a 20 percent addition. But that is not all.

Under this legislation and the upcoming appropriation bill, Puerto Rico will also enjoy expanded funds for the teacher quality program which will increase by \$38 million, or 58 percent, the technology program which will increase by \$10 million, or 67 percent, and the Bilingual Education program which will grow by \$1 million, or 69 percent.

However, Mr. Speaker, despite endless negotiations between people of good faith, I have to admit that I am disappointed that the conferees did not omit the so-called "County Provision." The County Provision states that if a local education agency (LEA) contains two or more counties in its entirety, then each county is treated as if it were a separate LEA for the purpose of calculating Title I grants. The provision singles out New York City for different treatment than any other local education agency in the nation (other than Hawaii) in determining the allocation of Title I funds. The counties of Kings (Brooklyn), Manhattan, Richmond (Staten Island), Queens, and the Bronx are treated as if they are five distinct LEAs; despite the fact that under New York State law the New York City Board of Education is the only LEA in New York City. As a result, Title I funds are now distributed based on each borough's percentage of New York City's federal Census poverty count. In short, poor children in different boroughs receive differing amounts of federal education funding. Retention of this provision continues to promote inequity in funding among the counties within New York City.

This funding disparity occurs even though New York City Title I schools, regardless of their location, have almost identical costs for personnel, materials, equipment, and mandated costs to educate youngsters. I hope that we will somehow find a way to strip this inequitable provision so that needy children will receive the same level of funding without regard to where they live.

Finally, Mr. Speaker I am pleased that the Conference Committee on H.R. 1 has produced a bill that strengthens our commitment to closing the achievement gap between rich and poor, minority and non-minority students,

improves targeting of funds to low-performing students, improves teacher quality, preserves the After-School program and key civil rights safeguards, and expands local flexibility in the use of certain federal education funds. And this bill contains the high levels of authorizations needed to assure that adequate resources will be provided to carry out the mandates of this new law.

Mr. Speaker, I urge my colleagues to support the conference report.

Mr. STARK. Mr. Speaker, I rise in support of H.R. 1, the Better Education for Students and Teachers Act, which provides for increased funding for our nations school system. This bill improves current law by holding our schools accountable for providing quality education, enhancing teacher training and targeting funds to underprivileged students.

H.R. 1 makes a strong bipartisan effort to narrow the gap between the academic achievement of poor children and their more advantaged peers. It encourages schools to do a better job of educating our most vulnerable citizens. By helping disadvantaged children read and understand math, it starts them along the path to a better future. By ensuring that low performing schools are provided additional assistance, fewer underprivileged children will be ignored or allowed to be the victims of low expectations.

This bill provides accountability in public education. In the process, it makes sure that funding is available for teachers to receive high quality professional development. H.R. 1 targets schools that need extra help and also offers additional funds for educating poor children. The bill recognizes that some of our newest citizens may have limited English proficiency and makes sure they are provided the extra help they need. The state based testing system makes sure that we can more strategically direct efforts to improve the performance of children. Schools that do well will be recognized and schools that need help will be provided the assistance they need. There is much in this bill that merits our broad support.

I am also pleased with the things left out of this bill. I am pleased that Congress made the wise decision to reject private school vouchers. At the moment, public schools are underfunded. Keeping money from public education does not address the problem in our schools, it exacerbates it. Vouchers assist a small proportion of children at the expense of the rest of the student population.

While there is much to support about H.R. 1, I am disappointed that the bill does not do more to improve special education. We must make sure that the needs of disabled children are fully addressed before we can truly say that no child is left behind. I look forward to future bipartisan efforts to fulfill our promise to meet the needs of children with disabilities.

In this paralyzed Congress, enactment of this solid bipartisan bill is a great accomplishment and will improve our nations educational system. I urge my colleagues to join me in support of Elementary and Secondary Education Act. H.R. 1 is a giant step forward in improving schools for our children.

Mr. MOORE. Mr. Speaker, I rise today to express my support for the conference report for H.R. 1, the Leave No Child Behind Act. This bill is a great improvement over the legislation passed by the House earlier this year, both in terms of policy goals and adequate funding authority. While this legislation is not

perfect, we should not let the perfect be the enemy of the good.

As a father and grandfather, I take the future of our education system very seriously. I have always believed that the federal government is an important junior partner in creating education policy. As such, I believe sound federal education policy must include targeted help for low-income kids and struggling schools, as well as local control, flexibility and support for school officials and teachers.

Following House passage of H.R. 1, I wrote to the conferees and requested that the conference committee meet minimum standards to ensure my support of the bill. I believe that they have met my requirements, and I will support the conference report.

Not only is education key to our country's economic success in the twenty-first century, the right to a high quality public education goes to the very core of the American values of fairness, opportunity, hard work, and democracy. Ensuring that all American children can get an adequate education, despite their family income, race, or accident of geography, will pull families out of poverty and make our country stronger. This conference report goes a long way towards targeting funding and assistance to the schools and the kids that need it most. The bill improves targeting of federal funds to low-income schools districts. It also establishes a new, formula-driven Bilingual and Immigrant Education program to provide services to English-language learners that most need them. Additionally, the conference report restores after-school and violence prevention program funding that was eliminated from the original House bill.

I have made a commitment to parents and students in my district that I will oppose any legislation that uses vouchers to siphon public money into private schools. The conference report provides public school choice for children in consistently failing schools. The bill also includes provisions that help local school districts address the practical matter of school choice, such as transportation costs. Furthermore, the bill does not include block grants that undermine the targeting of funds to students that need them the most.

Schools in my own Third District of Kansas are in severe need of repair and reconstruction. Seventy-six percent of American schools are currently in disrepair. Yet, the original House-passed H.R. 1 did not include funding for locally-controlled school construction. The conference report authorizes funding to continue the vital school construction program created by President Clinton.

More, than ever, we need to ensure that low-income children get the quality teachers certified in their area of instruction. The conference report doubles President Bush's proposed funding for teacher quality and will give teachers the support, mentoring and salary incentives they need to ensure that we continue to have a strong, professional teaching force.

Since taking office, superintendents and principals in the Third District have told me that Congress needs to step back and allow them to do the jobs they were hired to do without excessive red tape, bureaucracy and federal micromanagement. This conference report reduces the number of federal programs and significantly increases state and local control of education decisions. It allows local school districts to transfer up to 50 percent of funds between programs and gives states ad-

ditional flexibility to transfer funds between programs as long as they demonstrate results.

The report gives the states the flexibility to design and select their own tests for math and reading and has made a "commitment" to states to cover the costs of administering the test. I am supporting this legislation today, in part because I fully expect the House to fulfill this funding commitment, as promised by the conferees, this year. As I have long worked to fully fund the federal government's commitment to special needs kids through IDEA, I will not support creation of another unfunded mandate.

Additionally, the bill provides a national benchmark to ensure the rigor of state tests without crating a new, overly burdensome national test. The bill allows states to use their own report cards, so parents will know their child's school measures up.

Although I was disappointed that the Class Size Reduction program and the Eisenhower Professional Development programs were combined into one grant, I am satisfied by the fact that funds were not cut for the programs and school districts will be held harmless and receive at least as much funding as they received in FY 2001.

Finally, I want to send a clear message to my colleagues regarding funding of our national education priorities. It is critically important that states and local school districts get the funding they need to implement these new policies. Many promises have been made in this bill, and as a Member of the Budget Committee, I will make every effort next spring to ensure that these promises to fund these new priorities are kept. I had hoped that the conferees would take a stronger stand and make a commitment to fully fund IDEA and not put this important job off until next year. Nevertheless, my commitment to adequate funding for IDEA and other national education priorities, both new and old, remains strong.

Mr. ACEVEDO-VILA. Mr. Speaker, I rise today to commend my colleagues that worked together to bring this Education conference report to the floor. This legislation is good to every child in America. The President stated that "no child be left behind," with this legislation Congress makes sure that the expression "no child" would include the Puerto Rican children.

In the area of Title I, Puerto Rico's funding was capped at 75 percent of what other U.S. jurisdictions received. Puerto Rico has operated under this unfair formula even though the Island must meet all Title I program requirements.

Language in this report corrects the unfairness by increasing Puerto Rico's Title I funds from 75 percent to 100 percent of our fair share over a 6 year period. This is the most important federal legislation for education that has been approved for Puerto Rico in the last 30 years.

In addition, Puerto Rico will benefit from other programs included in the federal legislation, such as increased funds for reading and math tests for students in the third through eighth grades; teacher training programs, after school tutoring and technology programs.

In these times of economic hardship, the best investment we can make is in the education of our children. I urge my colleagues to vote in favor of this legislation, and to reaffirm to the American people that education is still a top priority.

Mr. HONDA. Mr. Speaker, I rise to express my reluctant support of the conference report on the Elementary and Secondary Education Act. While this legislation makes a significant strides in the field of education reform, it fails to honor an important commitment to our nation's children.

Over the last quarter century, Congress has been shortchanging the federal commitment to education by grossly underfunding the Individual with Disabilities Education Act, or IDEA, in its annual appropriations process. This failure on the part of Congress has hurt local school districts in their efforts to fulfill their education mission, as they struggle to meet the mandates of IDEA without sufficient federal support. Earlier this year, I sent a letter signed by one hundred and thirty-four Members of Congress urging support of mandatory, full funding of IDEA. Despite the support of a bipartisan group of Members and education groups across the country, this bill fails to fully fund the federal share of IDEA. Congress made a promise to our nation's children, and I will continue to fight to make sure this commitment is met in the future.

Mr. Speaker, while I am disappointed that Congress failed to provide this critical resource, I am pleased that this legislation establishes a promising framework for raising student achievement. This legislation will provide greater opportunities for our nation's disadvantaged children and will hold schools accountable for the academic achievement of students across this country. The bill will help schools in need, rather than instantly punishing them; it will give greater flexibility to local schools who make the day-to-day decisions about our children's education; and it will dramatically expand and increase support for locally-designed approaches to help students learn English and achieve academically. I am particularly pleased that the bill increases funding for teacher training, requires states to develop plans to ensure that all teachers are provided professional development to become fully qualified in four years, and does not require mandatory testing of veteran teachers.

Mr. Speaker, as a former teacher and principal, I understand that accountability is a two-way street. Education reform will only succeed when it is adequately funded. Our nation's schools cannot be expected to provide a top-quality education if they do not have the resources to do so. This legislation is an important first step in improving our nation's educational system, but it is not the last. Congress must continue to commit the necessary resources to make reform a success. Only then will we truly leave no child behind.

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today in strong support of the reauthorization for arts in education in the Conference Report of H.R. 1, the Elementary and Secondary Education Authorization Act. I applaud the efforts of my colleagues in developing consensus on this measure to improve elementary and secondary education for our children—our future. According to the Conference Report, Subpart 15, Section 5551, "the purposes of this subpart are the following: (1) To support systemic education reform by strengthening arts education as an integral part of the elementary school and secondary school curriculum. (2) To help ensure that all students meet challenging State academic content standards and challenging State student academic achievement standards in the

arts. (3) To support the national effort to enable all students to demonstrate competence in the arts." I have long been a champion of arts and music education in our schools. The investment in these initiatives is one I remain committed to achieving.

H.R. 1 authorizes structural changes that will improve our country's education system. As we implement these changes, we must continue to provide opportunities in arts and music education programs for our children. Arts in our school make a difference. The students who pick up a saxophone, a paintbrush, or a pen channels their energies into positive action. Affording children access to the arts through education yields dividends to our society as they develop into productive adults. Children who are involved in arts and music programs have reduced criminal tendencies, increased academic success, concentration, and self-discipline. These characteristics need to be emphasized in our children. The provision of arts in education programs is integral to the development of these qualities in our nation's youth.

It is because of the documented benefits of arts and music education that these programs should receive increased funding in the appropriation process. While a start, merely authorizing these programs is not enough. We must provide federal funding so that every child in every school has the ability to access arts and music education programs or we fail to allow children to utilize their full potential. The structural changes authorized today will not be as successful if we neglect the creative side of education. Arts and music education allow children to flourish, not only in music, art, and drama, but also in math and science and social skills.

I commend the conferees on their continued dedication to arts in education and their commitment to enhancing the education of our children through this comprehensive measure. I strongly support increased resources in the upcoming Appropriations process and adoption of this Conference Report.

Mr. LARSON of Connecticut. Mr. Speaker, I submit this statement today in support of the Conference Report for Elementary and Secondary Education Authorization Act. Although I could not be here today during this debate because of a death in my family, I want to say for the record that the bill before us today is the end result of a year-long process between leaders in both parties to achieve compromise on what is surely one of the most important issues on the national agenda: the education and development of our nation's future, our children.

It is no secret that America has long recognized that its long-term strength and security, and its ability to recover and sustain high levels of economic growth, depends on maintaining its edge in the quality of its workforce, its scientific achievement and the technological innovation it produces. Biomedical advances have permitted us to live longer, healthier, and more productively. Advances in agricultural technology have permitted us to be able to feed more and healthier people at a cheaper cost, more efficiently. The information revolution can be seen today in the advanced instruments schools are using to instruct our children and in the vast information resources that are opened up as a result of the linkages created by a networked global society. Our children today can grow up to know, see, and

read more, be more diverse, and have more options in their lives for learning and growing. Some emerging technologies—such as nanotechnology and biotechnology—have untold potential to make our lives more exciting, secure, prosperous, and challenging.

Many countries also recognize this and they, therefore, focus their industrial, economic, and security policies on nurturing and developing an educational system that responds to the needs of its citizens and their societies. Countries that follow this path of nurturing educational achievement focus their efforts into ensuring that a pipeline which pumps talented and imaginative minds and skills is connected to the needs of the country's socio-economic and security enterprise.

Yet here in this country, this pipeline is broken, threatening the competitive edge we enjoy in the business of personal and economic growth, and technological innovation.

The only acceptable course of action for a country that wishes to maintain its edge in the global system is to have a long-term educational policy that responds to the challenge of a declining public school system with vigorous and renewed effort and commitment. That is why this bill before us today is truly historic.

This bill strengthens education in this country by enhancing accountability of our public schools, increasing overall funding for education for disadvantaged students, for science and math education, and for technology programs.

I am heartened that the bill would provide nearly \$1 billion for a new program aimed at having all children reading by the third grade. It would require states to develop a plan to have a qualified teacher in every classroom within four years. It also would give local school districts greater flexibility in spending federal money.

The bill increases federal funding under the Elementary and Secondary Education Act by \$3.7 billion. Funding for Title I, the federal government's main education program for the disadvantaged, would increase by \$1.7 billion under the law and technology programs would be increased by about \$150 million.

But the bill is not perfect however. Currently, the federal government does not meet the financial obligations for special education it committed to in 1975 when the Education for all Handicapped Children Act (renamed Individuals with Disabilities Act in 1990) was first passed by Congress. This shortfall places an onerous financial burden on local communities who must find alternate resources, such as higher property taxes, to fund special education. The bill before us today does not address this injustice.

The Individuals with Disabilities Education Act (IDEA) is a civil rights statute that provides funding to states and helps states fulfill their constitutional obligation to provide a public education for all children with disabilities. IDEA serves more than six and a half million children today. Underlying IDEA is the basic principle that states and school districts must make available a free and appropriate public education (FAPE) to children with disabilities between the ages of 3 and 21, and must be educated with children who are not disabled "to the maximum extent appropriate."

Since 1975, Congress has authorized a federal commitment to special education funding at a level of 40 percent of the average per

pupil expenditure (APPE) on special education services. However, Congress has only appropriated funds to meet between 5 and 14 percent of APPE, with FY 2001 appropriations setting a record at 14.9 percent, or about \$7.4 billion. But that is still only little more than third of the, so far embarrassingly unfulfilled, Federal commitment to our children.

As a former teacher, member of a school board, State Senator, and now Congressman, I have constantly heard a clear message from local educators and administrators that more resources must be committed to provide fair and adequate educational opportunities to children with special needs, and that the federal government must meet its commitment under IDEA. In the past, "fully funding" IDEA (meeting the 40% authorization) has generally been a theme for a handful of Republicans, but with the trade-off that other educational programming must be sacrificed.

Let me be clear, this is a constitutional right. Local school districts do not have the discretion to not fulfill their obligations to children with special needs. Where does the approximately \$10 billion in unfulfilled Federal pledges to the States come from? It has to be made up somewhere and will most likely come from other important, but not constitutionally mandated, priorities. This is the real cost of our inaction. It is either a tradeoff in spending or a property tax increase. It does not have to be this way, of course. And I believe the American people deserve better from us.

Still, failure to include this important provision will not stop me from fully supporting the underlying bill. It is a very good bill and I support it for the opportunity—the hope—that it represents for this country: commitment to our education system and a good start. And since I see as merely a start, I will not stop my efforts to enact legislation—such as my bill, H.R. 1829—that would fulfill our commitment to our children, to our communities, and to our public schools by fully funding IDEA—and together with the bill before us today, our promise to the nation.

Ms. HARMAN. Mr. Speaker, as a product of the Los Angeles public school system, I know the value of public education.

As a businesswoman, I also know the value of flexibility to allow our schools to develop innovative solutions to the problems our public education system faces today.

Too many of our schools today are starved for funding, frustrated by regulations that hamstringing their ability to create the programs they know will help students, or held unaccountable for providing a substandard education to students.

The status quo for public education is unacceptable. Thoughtful reform that improves opportunities for all students is the only path that builds an exceptional education system.

By improving our public education system, we reduce inequalities between individuals of different economic and racial backgrounds. I firmly believe that a quality education for all students is the best affirmative action program for our nation.

To achieve this goal, elementary and secondary education must provide students the skills they need to excel in the new economy. This means first and foremost an emphasis on basic skills—schools cannot graduate students without strong reading, writing, and analytical skills. But we must also ensure that students are well versed in the latest technologies and

have the opportunity to develop their full potential in the arts, sciences, or literature.

The Conference Report helps us take the first step toward reinvigorating our public education system—and provides schools the resources they need to implement reform.

This legislation will require an unprecedented testing regime to hold schools accountable for improving the achievement of all students. Schools that fail to make the grade will at first receive more federal assistance to improve their curricula, then if they continue to fail, will have to provide funds to their students for tutoring or to travel to another public school.

The bill provides funds to local school districts to implement these reforms. It increases federal education funding by 20 percent—an increase of almost \$4 billion—to allow schools to develop accurate tests, improve the training and recruitment of teachers, buy computers, and develop afterschool programs. It targets these funds at the school districts that need it most—those with a large number of low income students—while allowing all school districts more flexibility in how they use federal funds.

I am however, deeply disappointed that this Conference Report did not increase federal funding for special education. Special education remains the biggest constraint on the budget for school districts in my district and the federal government must live up to its commitment to pay 40 percent of the cost of educating students with special needs. I will continue to fight for increased appropriations for special education while I am in Congress. There are legitimate arguments for why this program needs reform, but these concerns cannot be an excuse for not meeting our federal obligation on special education.

I support this Conference Report as a strong and significant step toward an education system for the 21st century.

Mr. THOMAS. Mr. Speaker, I rise in support of H.R. 1, the No Child Left Behind Act of 2001. This legislation fulfills President Bush's promise to provide every child the opportunity to learn and to hold schools accountable to parents, and I commend the President and my colleagues, particularly Chairman BOEHNER, for all of their hard work on this important legislation.

First, Mr. Speaker, our local schools will immediately have additional resources at their disposal as a result of this legislation's requirement that 95 percent of federal education dollars go directly to America's classrooms. Currently, as a result of 40 years of Democratic control of this body, the federal education system takes more than 30 cents of every education dollar to support its own administrative bureaucracy, rather than the needs of our children. This sad situation will end because of the legislation we are passing today; almost all of the funding now will go to provide our teachers with the technology, textbooks, and training they need to help our students succeed.

Having taught in the California Community College system for 10 years before being elected to the California State Assembly, I want to address what enactment of H.R. 1 will mean for America's teachers. Our teachers face an enormous task every day to provide our young people with the tools needed to succeed in the 21st Century world. Teachers make sacrifices often at the expense of their

own time, and in some cases, their own funds. Furthermore, our current educational system has for too long fostered mediocrity and stifled creativity. This legislation will give teachers the resources they need and will financially reward them for their excellence when their students make significant achievement gains.

Of great importance, the No Child Left Behind Act will also give teachers the help they need to control their classrooms by directing schools to develop policies which will discipline disruptive students and control classroom behavior. Finally, the Act will make it easier for school districts to recruit and train qualified teachers, and encourages school districts to hire secondary teachers who have advanced education in the subject they will teach.

It is clear, Mr. Speaker, that this bill is good for America's teachers, America's parents, and most importantly, America's children. Thus, I encourage my colleagues to join me in supporting the No Child Left Behind Act.

Mr. GILMAN. Mr. Speaker, I rise today in support of this conference report which reauthorizes and reforms the Elementary and Secondary Education Act H.R. 1. I am pleased that the House and Senate conferees have drafted a bipartisan bill which will bring about the most significant federal education reforms in a generation, providing local school districts with the opportunity to use federal funds for a variety of programs that will benefit both educators and students.

This measure provides states and local school districts the authority to participate in state and local flexibility demonstration projects, to ensure that federal education funds are used most effectively to meet the unique needs of our students. Moreover, the conference report consolidates and streamlines programs and targets resources to existing programs that serve poor students and it also allows federal Title I funds, approximately \$500 to \$1,000 per child, to be used to provide supplemental educational services—including tutoring, after school services, and summer school programs—for children in failing schools.

The conference report also helps school districts with the evergrowing teacher shortage problem by giving local schools new freedom to make spending decisions in up to 50 percent of the non-Title I federal funds they receive. With this new freedom, a local school district can decide to use additional funds for hiring new teachers, increasing teacher pay, improving teacher training and development or other uses. This measure will make it easier for local schools to recruit and retain excellent teachers. It also consolidates current programs into a new Teacher Quality Program which allows greater flexibility for local school districts. In addition, the report includes Teacher Opportunity Payments, which provides funds for teachers to be able to choose their own professional development activities.

I am particularly pleased that language from the Foundations for Learning Act, which I worked on with Representative and Co-Sponsored PATRICK KENNEDY and Senator TED KENNEDY is included in this conference report, allowing local school districts to use federal funds to establish or contribute to existing pre-kindergarten programs. These programs will help our children to be better prepared for kindergarten by focusing on social and emotional growth, in addition to educational instruction.

By preparing these children for kindergarten, they can enter school at higher social and emotional levels. They will know how to work with their classmates and will be accustomed to the basic rules of a classroom setting. This will allow teachers to focus more of their attention on actually teaching the class rather than working on acceptable social behaviors.

Moreover, this legislation includes funding for youth violence prevention and before and after school activities, two issues in which I have spent a great deal of time working on over the past 5 years. By providing children with options during non-school hours, we are giving them the guidance and tools they need to reject violent and destructive behaviors and giving them the chance to grow up and mature into productive and happy young adults. With many single parent families and families with two working parents, millions of children need a place to go to before and after school. By allowing school districts to use federal funds for these programs, many children across the nation will not be sitting home alone or getting involved with a bad crowd while waiting for their parents to get home from work.

Although this bill does not address the issue of fully funding the Individuals with Disabilities Education Act, it does lay the groundwork for important reforms in the program, which will be the next major education reform project the Congress should address. I look forward to working on legislation that will finally fulfill the federal government's commitment to fully fund IDEA.

I commend my colleagues who have spent the last few months working on this conference report, especially the gentleman from Ohio, the distinguished Chairman of our Education and Workforce Committee, Mr. BOEHNER. Accordingly I urge my colleagues to support this conference report which will improve the nation's education system, ensuring that we "Leave No Child Behind."

Mr. BENTSEN. Mr. Speaker, I rise in support of this legislation, which provides for reauthorization of the Elementary and Secondary Education Act. H.R. 1 provides for a reform of the basic federal laws that support America's elementary and secondary public schools. Passage of this legislation will help return our school system to the original goals of the 1965 Elementary and Secondary Education Act—to ensure that all children have an opportunity to learn regardless of income or background.

I applaud the work of the conferees on this legislation, who have produced a bill that strengthens our commitment to closing the achievement gap between rich and poor students, improves targeting of funds for low-performing students, improves teacher quality, preserves critical after-school programs and expands local flexibility in the use of federal education funds. With respect to overall funding levels, this conference report provides a significant increase in funding for assistance to school districts to help improve student achievement, including a 57 percent increase in Title I resources, which are targeted for economically disadvantaged students. The agreement also reauthorizes most federal elementary and secondary education programs, bilingual education, teacher training and safe-school programs for six years. Perhaps most importantly, this bill contains the necessary authorization levels to assure that adequate resources are provided to carry out the mandates provided under this new law.

I am also pleased that the Conference Agreement contains language included in the original House bill that establishes annual student testing in grades three through eight in math and science. The testing provision is designed to better inform parents and school officials about students' academic progress. For students in low-performing schools, the agreement requires districts to implement certain corrective actions, and if adequate progress is not achieved after one year, school districts would have to allow students to transfer to other public schools, and assist parents with the associated transportation costs. Rightly, this agreement does not mandate or impose a federal testing provision. Instead, under H.R. 1, states will design and select their own tests, and allows states 4 years to develop and implement the tests for every child in these six grades.

Along with annual testing, this legislation includes a number of accountability provisions intended to help hold schools reach high levels of academic achievement for their students, including state, school district and school "report cards" to parents and the public on school performance and teacher qualification. These provisions are critical to ensure that while we are asking much of our students academically, we are asking schools to maintain a high degree of professional standards and excellence. For the first time, this legislation establishes a federal law that teachers must be qualified in their subject area within four years. And this measure provides them with the resources for training, support and mentoring that they need to reach that goal.

The conference report also provides a significant new commitment to bilingual and immigrant education. For the first time in federal law, this measure establishes a formula that will target federal aid to where the greatest need in bilingual education exists. Under this provision, the Department of Education would distribute the funds to states according to a formula based 80 percent on the number of children with limited English proficiency in the state and 20 percent on the number of immigrant children in the state. Further, the agreement eliminates the existing requirement that 75 percent of the funds be used to support programs in which the child is taught in his or her native tongue, and allows local school districts to determine the best method of instruction to teach children with limited English proficiency. As a representative of Texas, a border state, I strongly support these provisions, which will provide school districts with expanded resources and flexibility to assist students with limited English proficiency.

While on balance, this bill is an important achievement, I am disappointed that the conferees did not include a provision to convert the special education programs from a discretionary spending program into a mandatory spending program. Earlier this year, with my colleague CHARLES BASS (R-NH), I introduced legislation (H.R. 737) that would make IDEA funding mandatory. Under H.R. 737, the federal government would be obligated to increase its share of funding by 5 percent a year for the next five years until full funding for IDEA is reached in 2006. It is important to point out that since its enactment in 1975, IDEA committed the federal government to fund up to 40 percent of the educational costs for children with disabilities. However, the federal government's contribution has never ex-

ceeded 15 percent, a shortfall that has caused financial hardships and difficult curriculum choices in local school districts. I believe Congress must abide by its commitment and provide the financial resources to help local school districts provide a first rate education to students with disabilities, and I am hopeful that the leadership of the House and Senate, as well as the Administration will address this issues next year when we consider reauthorization of IDEA.

Like many of my colleagues, I have long sought many of the key provisions of this bill, including enhanced teacher quality, parental notification, school accountability, and new and better targeted resources. Given the broad support this legislation enjoys, it is clear that a bipartisan majority in the Congress support these critical provisions. H.R. 1 offers the right combination of accountability and resources and I am proud to support its passage today.

Mrs. MCCARTHY of New York. Mr. Speaker, although I rise in strong support for the Elementary and Secondary Education bill, I am disappointed that it does not fully fund the Individuals with Disabilities Education Act (IDEA). The basic principle of IDEA is that a free and appropriate public education should be provided to children with disabilities between the ages of 3 and 21, and that these children should be educated with children who are not disabled "to the maximum extent appropriate."

In the 1975 law, Congress pledged to provide up to 40 percent of the average per pupil expenditure on special education services. However, we have not kept our promise. Congress has appropriated only funds to meet between 5 and 14 percent of the average per pupil expenditure with FY2001 appropriations setting a record at 14.9 percent.

Since Congress has not fully funded IDEA, our schools must spend more of their own money to meet the regulation of providing free and appropriate education to children with disabilities. Mr. Speaker, when everyone in government is finally making education a top priority, we must provide our schools with the funding we promised them.

As I meet with my schools each week, I've been hearing a clear message from my superintendents and principal that more resources must be committed to provide fair and adequate educational opportunities to children with special needs, and that the federal government can help in a dramatic way by moving towards the maximum authorization level.

In the past, "fully funding" IDEA (meeting the 40 percent authorization) has generally been a trade-off that for sacrificing other educational programming.

And although today I believe we have missed a historic opportunity to meet our federal commitment to local schools this year, I believe in Chairman BOEHNER'S commitment to passing this legislation next year.

Mr. Speaker, I look forward to working with my colleagues in the Education and Workforce Committee to fully fund IDEA when we reauthorize the program next year.

Mr. FORD. Mr. Speaker, I rise today in support of the conference report on H.R. 1.

This bill represents a major step forward in education policy. For the first time, federal funding will be tied to results, to actual student achievement. The system of accountability and standards implemented by H.R. 1 is long past due.

Results cannot be achieved without resources—for good reason, the consideration of H.R. 1 has been linked to substantial increases in appropriations. For decades, the federal government has made promises to local schools that we will provide them with the resources they need to raise student achievement.

Now, we are imposing accountability measures requiring schools to perform. So it is absolutely crucial that the resources be there. And we are providing substantial increases for ESEA funding to school districts.

That said, this legislation, by itself, cannot fulfill some of the claims that have been made. Calling it the "No Child Left Behind Act" exaggerates what we are doing here, and I fear it makes false promises to the children who will still be left behind.

This week, this Congress passed up a historic opportunity to make good on a commitment we made to children with disabilities in 1975 with the passage of IDEA. With IDEA, the federal government promised to fund 40% of the costs to states of providing a quality education for children with special needs.

But year after year, Congress has fallen well short of making good on that promise. This week, we fell short once again. We owe it to children with disabilities—and to all of our children—to come back here next year and ensure that IDEA is fully funded.

Another shortcoming of this legislation is its silence on school construction and renovation. Millions of students, including thousands of children in my district, attend schools that are in desperate need of extensive repair or outright replacement. This problem has not gone away. Our children deserve safe, comfortable, modern schools.

And while this bill dramatically raises authorization levels, it provides true funding increases only for fiscal year 2002. I recognize that compromises had to be made to gain the broad bipartisan support that this bill enjoys. But if we are serious about leaving no child behind, we have to continue our commitment to education funding next year, and every year.

This conference report represents a large step forward for education. I commend Chairman BOEHNER, Ranking Member MILLER, and the conferees for working hard over many months to produce this bipartisan legislation. We have lifted the hopes and brightened the futures of million of children.

However, to close the achievement gap, to improve our schools, to give every American child the same opportunities to succeed in the 21st century workforce—our work is far from done.

Mr. BLUMENAUER. Mr. Speaker, today I will vote in favor of H.R. 1, the Leave No Child Behind Act. Since coming to Congress my goal has been to ensure that the Federal Government is a better partner in building more livable communities. Access to quality public education is a key component of a community that is safe, healthy and economically secure.

While not perfect, the final version of H.R. 1 represents a bipartisan agreement that will move us in the right direction by providing more support and investment for public education. This bill establishes clear goals and a timeline for narrowing the achievement gap and targets federal dollars toward the neediest children. It sets a four-year goal for ensuring that all teachers are qualified to teach in their

subject matter and provides resources for mentoring, training and salary enhancements to help us meet this critical four-year goal. It helps bilingual education and eliminates the highly punitive elements of the President's original plan. Also important is what is not in the bill, efforts to repeal after-school program funding or divert money away from our public schools were rejected. I applaud the addition of a section dealing with school construction.

I support the overall framework that the bill provides, but I have concerns about imposing new multi-year mandates without matching multi-year funding, failing to help local communities deal with their growing education budget shortfalls in the wake of September's events and the lack of full funding for special education.

The federal government should lead by example in offering the best possible public education to our nation's children. H.R. 1 is a good start and it will certainly help return our school systems to the original goals of the 1965 Elementary and Secondary Education Act and ensure that all students have an opportunity to grow academically.

Mr. BEREUTER. Mr. Speaker, this Member wishes to add his support for the H.R. 1 conference report, and his appreciation to the distinguished gentleman from Ohio [Mr. BOEHNER], the Chairman of the House Education and the Workforce Committee, and the distinguished gentleman from California [Mr. MILLER], the ranking member of the House Education and the Workforce Committee, for bringing this important legislation to the House Floor today.

This is the most important action we have taken regarding elementary and secondary education since this Member first came to Congress. The H.R. 1 conference report, makes states that use Federal dollars accountable for improving student achievement, grants unprecedented new flexibility to local school districts, empowers parents and provides an escape route for children trapped in failing schools.

The No Child Left Behind Act enhances flexibility for local school districts by allowing them to transfer up to 50 percent of their Federal education dollars among an assortment of ESEA programs as long as they demonstrate results. In addition, the H.R. 1 conference report consolidates a host of duplicative programs to ensure that state and local officials can meet the unique needs of students. The legislation also gives low-performing schools the chance to improve by offering necessary financial and other technical assistance.

In addition, the No Child Left Behind Act provides a "safety value" for children trapped in failing schools. The conference report provides that if a school fails to make adequate yearly progress for two consecutive years, then a district would have to offer to the student in that school the opportunity to transfer to another public school. The legislation also allows children in failing schools to obtain supplemental education services, such as tutoring.

Furthermore, the conference report for H.R. 1 continues and updates the authorization for the National Writing Project. The legislation supports the Center for Civic Education and its education program that encourages instruction on the principles of our constitutional democracy, the history of the U.S. Constitution and the Bill of Rights. The measure also supports

annual competitions of stimulated congressional hearings for secondary school students. This Member is pleased that the conference report also includes reauthorization of the Close Up Program.

When the House initially considered H.R. 1, this Member voted against an amendment that required states to annually test students in grades 3–8 in reading and math. This Member believes that the Federal Government's role in education should be to support proven state and local reform efforts rather than to create additional requirements for out local schools. By mandating new testing requirements on every child, every year from grades 3–8, as is provided in the H.R. 1 conference report, this measure will take teachers and students out of class, take dollars out of state and local education budgets, and undermine successful reform efforts already underway in Nebraska. This Member is also very concerned that this provision will force teachers to "teach-for-the-test." Although the conference report continues the House decision to allow states to design and select their own test, this Member continues to have these same concerns.

Mr. Speaker, this Member is also very concerned that the H.R. 1 conference report does not include a provision that would create mandatory full funding of the Individuals with Disabilities Education Act (IDEA). Only July 19, 2001, this Member sent a joint letter to the distinguished gentleman from Ohio [Mr. BOEHNER], along with several other Members of Congress, requesting that Mr. BOEHNER work with the other House and Senate conferees on the reauthorization of the Elementary and Secondary Education Act (ESEA) to improve the current ESEA reauthorization bill by including a mandatory IDEA full funding measure in the conference report. It is very unfortunate that such language was not included in the agreement.

Currently, the Federal Government is funding an average of 12.6 percent of the per pupil expenditure for children with disabilities. The other 27.4 percent of this unfulfilled congressional promise is a burden for state and local governments as they are forced into providing these funds. This Member has said, for many years now, that the one significant way that Congress could possibly help decrease property taxes for Nebraskans is to keep the congressional promise to provide 40 percent of the costs of special education, as this would enable a local school board to either lower property taxes or use such funding for other priority school needs as determined by the local school board. Therefore, this Member strongly urges this body to revisit this issue immediately in the upcoming Second Session of the current 107th Congress.

Mr. Speaker, in closing, this Member asks his colleagues to support the H.R. 1 conference report.

Mrs. MORELLA. Mr. Speaker, I rise today to congratulate my colleagues on both sides of the aisle for their hard work to reach a consensus on what we have come to know as the "No Child Left Behind Act of 2001." The Elementary and Secondary Education Act Authorization (H.R. 1) is a good bill and will improve education for millions of America's children. But Mr. Speaker we are leaving some of our children behind. I am talking about America's children in dire need of special education. I understand the agreement to deal with the funding issues posed by the Individuals with

Disabilities Education Act, also known as IDEA, when it comes up for reauthorization next year. I do hope that Congress will agree that time is of the essence and that it is time to fix IDEA.

Mr. Speaker, I believe that IDEA is one of the most important civil rights laws ever signed into law. This legislation sends a message that in America, education is not a privilege, but a fundamental right belonging to all Americans. More than twenty-six years ago, on December 2, 1975 President Gerald Ford signed the "Education for All Handicapped Children Act." This later became known as IDEA, the basic premise of this federal law, is that all children with disabilities have a federally protected civil right to have a federally protected civil right to have available to them a free appropriate public education that meets their education and related services needs in the least restrictive environment. The statutory right articulated in IDEA is grounded in the Constitution's guarantee of equal protection under law and the constitutional power of Congress to authorize and place conditions on participation in federal spending programs.

Mr. Speaker, in 1970, before enactment of the federal protections in IDEA, schools in America educated only one in five students with disabilities. More than one million students were excluded from public schools, and another 3.5 million did not receive appropriate services. Many states had laws excluding certain students, including those who were blind, deaf, or labeled "emotionally disturbed" or "mentally retarded." Almost 200,000 school-age children with mental retardation or emotional disabilities were institutionalized. The likelihood of exclusion was greater for children with disabilities living in low-income, ethnic and racial minority, or rural communities. A recent government study published by the National Council on Disability finds that 25 years after enactment of IDEA, not one single state is in compliance. States cannot afford to be in compliance. States' school boards are trying to meet the requirements of IDEA but are struggling because the Federal government has not fulfilled its commitment to provide funding at 40% of the average per pupil expenditure to assist with the costs of educating students with disabilities.

Today IDEA is funded at about 14.9% of the average per pupil expenditure—much higher than the 7 percent of 5 years ago, but this, as we all know in this room today, is not good enough. We must continue to increase funding to reach the 40 percent of the average pupil expenditure funding level mandated in law. I can tell you that the schools in my district are struggling to carry out IDEA, and my concern is that without the 40% percent federal support, we will see a backlash against those students with disabilities. Congress must fulfill its commitment assist States and localities with educating children with disabilities. Congress must ensure that the Federal government lives up to the promises it made to the students, parents, and schools more than two decades ago. Congress needs to fully fund IDEA and maintain its commitment to existing federal educational programs. We should ensure that children with disabilities receive a free and appropriate public education and at the same time ensure that all children have the best education possible.

Mr. Speaker, IDEA is a landmark civil rights law that was intended to open the doors to

education and success for more than six million American children each year. This was followed by another landmark civil rights law, the Americans with Disabilities Act (ADA) which was signed by President Bush in 1990. It is my hope that this President will follow these former Presidents and show our Nation that indeed no child will be left behind and that when IDEA comes up for reauthorization that he too leaves a legacy for protecting the rights of people with disabilities.

Ms. SCHAKOWSKY. Mr. Speaker, I rise in support of H.R. 1, the reauthorization of the Elementary and Secondary Education Act. I support this bill because it reauthorizes a broad array of targeted programs that work toward improving public education. It focuses on maintaining high standards in every classroom, strengthening teacher and principal quality, supporting a safe, healthy, disciplined, and drug-free learning environment and improving student performance.

H.R. 1 will help to close the gap between disadvantaged children and their more affluent peers, and between minority and non-minority students. The conference report includes unprecedented targeting of Title I funds to the neediest communities. The 50 school districts with the highest percentage of poor students will receive a 10% increase in Title I funding solely as a result of proposed Title I formula grants. In addition, Title I schools will receive more funds due to increases in appropriations. Congress, and the country at-large, cannot continue to ignore the gap between rich and poor and minority and non-minority students. This bill represents a fight against the status quo.

H.R. 1 will ensure that all teachers are qualified to teach in the subject matter for which they are responsible. The bill includes an authorization of \$3.2 billion for teacher training and class-size reduction, a \$1 billion (or 46%) increase from the FY 2001 funding level. It provides new resources for mentoring, training, salary enhancement and other improvements. We are supporting teachers by giving them the resources they need to do their jobs. Our teachers will now be better prepared to give students the tools and know-how to be successful students.

H.R. 1 includes a historical 57% funding increase in bilingual education programs. For the first time ever, our education legislation has recognized that this country is growing closer and closer to our creed, *E Pluribus Unum*, "Out of Many, One". This bill will ensure that language barriers will not leave our many immigrant and bilingual children behind.

Additionally, H.R. 1 contains no vouchers, no state block grants, and no repeal of after-school programs and a section was added for school construction. The bill also kept hate crimes programs and civil rights protections. Efforts to hold schools accountable without providing the resources and protections needed to meet high standards were defeated.

I contacted major disability groups, such as, The Arc and the Easter Seal Society. These groups expressed their disappointment in the loss of IDEA funding. The NEA, AFT, and NSBA offered similar opinions on the bill. All three groups also express disappointment that Congress could not agree to fulfill its promise to fully-fund IDEA at 40 percent. Congress made a commitment 26 years ago to fund federally mandated special education programs at 40 percent of average per pupil expenditures.

By simply fulfilling our promise to fully fund our share of IDEA, Congress could improve public education three-fold. First, school districts would have substantial resources freed up for other essential or innovative educational programs. Second, we would remove the unpredictability of the annual appropriations process, replacing confusion with stability for local schools when formulating their budgets. And last but not least—we would be giving special education students the tools needed to overcome the many obstacles they face on a daily basis. Despite this shortcoming, these groups support the goals of raising achievement, increasing accountability, and improving teacher quality, and I agree with them.

I believe the education of the 21st century must change to suit different learning styles and include a wider variety of programming that focuses on the application of classroom lessons—math, science, social sciences—to real world situations. Too often, lessons are taught in a way that makes it difficult to connect book lessons to the real world; we must better bridge this gap. In a world that evolves more closely everyday, 2nd language classes should be encouraged at early ages. We simply must ensure that our education system keeps up with our world. We are in a critical transition stage; new techniques, new ideas, and new visions must be the order of the day, in order for our students to remain competitive.

We have the opportunity to uncup a wealth of human resources that lay under-appreciated and underestimated in urban and rural school districts across the country. The next generation of great thinkers, writers, scientists, doctors, educators, actors and lawmakers, are waiting for us to activate and motivate them. It is our responsibility to devise a new definition of success. We must let our students know that our future is nothing without them. It is our responsibility to show them that there is a world that they can—not only be a part of—but also change and improve. If we invest in our students, we invest in a future of innovation and growth. The H.R. 1 conference agreement is a strong, positive step toward a new education system that focuses on preparing our youth to make our world the best it can be. I urge all my colleagues to support the passage of this conference report.

Mr. EHLERS. Mr. Speaker, I rise in strong support of H.R. 1, the No Child Left Behind Act Conference Report. I commend our Chairman for his strong leadership and members of the conference committee for their tireless efforts to send a bill to the President's desk before we adjourn this session. As a scientist and former professor with twenty-two years of experience working at the K-12 level to improve math and science education, I have tried to bring my expertise to the table in the drafting of this legislation.

H.R. 1 encompasses the four elements of President Bush's education reform plan: demanding results from states and schools, providing flexibility in the use of federal funds, reducing the red tape in federal programs, and expanding school choice. This legislation will do much to close the achievement gap between our nation's rich and poor students.

This legislation also addresses another achievement gap—the gap between U.S. students and their international peers in science. International tests place our students in the bottom third of industrialized nations in their

performance in science, and dead last in high school physics. Recently, the Department of Education released results from the 2000 NAEP and found no improvement in science literacy in grades 4 and 8, and a decline in science performance in grade 12 since 1996. Science education is vitally important to our country's economic and national security, and we must hold states and schools accountable for student performance in science, as well as reading and math.

The conferees recognize the importance of science education by requiring states to set standards in science by the 2005-2006 school year. I am pleased that the conference report also includes my amendment to H.R. 1, which requires states and schools to test students in science by the 2007-2008 school year.

Such testing requires that teachers be knowledgeable in—and skilled in the teaching of—science and math. Professional development for science and math teachers is vitally important, and I am pleased to see the conference report incorporate my legislation to create summer professional development institutes in the math-science partnership program. These math-science partnerships of higher education institutions, states, and schools will provide sustained, high-quality professional development through these institutes for our Nation's math and science teachers. I am hopeful that the conference report authorization of \$450 million for this crucial program will be fully funded. While this bill will do much to improve our nation's math and science education, work remains to ensure that sufficient resources are made available in the appropriations process for math and science professional development. I encourage my colleagues to finish the job and fully fund the math and science partnerships for fiscal year 2002.

Again, I would like to thank the Chairman for working with me to incorporate my science education provisions into the conference report and I again thank the conferees for producing this excellent compromise legislation. I yield back the balance of my time.

Ms. KILPATRICK. Mr. Speaker, I rise today in support of H.R. 1, "The Leave No Child Behind Act." I thank the leadership from both sides of the aisle, Chairman BOEHNER and Ranking Member MILLER, for their diligence and commitment in constructing a bipartisan bill that represents a promising framework for our public educational system. The promise of a brighter future for all our nation's children through excellence in education should be the most important goal for Congress.

This Conference Report contains promising steps to improving education for our nation's students by providing significant increases in educational funding for key programs. The increase in Title I funding will help to close the achievement gap that currently exists between low-income, disadvantaged students and their more affluent peers. It provides funding for after-school programs that ensure our children have access to quality, enriching programs during non-school hours. It provides funding to improve teacher quality in our nation's classrooms and gives States and local districts flexibility over the use of federal funds in order to improve the level of achievement for all students. The Conference Report also includes funding for school construction, strong civil rights protections and funding for hate-crime prevention, which Democrats fought hard to

include. This bill also affords parents the tools they need to ensure that their children are receiving a quality education.

However, as I do rise in support of this bill, it is not without reservation. In a year where the President and Congress have pledged to "leave no child behind," we, unfortunately, do not fulfill this commitment to those children with special education needs. Congress needs to make funding for special education mandatory, so that schools, teachers, and students with special education needs will have the tools they need to perform successfully. Congress also needs to continue its commitment to excellence in education and realize the need to provide more funding in the years ahead to ensure that our nation's public schools are able to meet the requirements laid out in this bill and face the challenges ahead of them.

I am hopeful that this bill puts us on the right track to meeting the educational needs of all of America's students. I urge Congress to commit to providing additional resources for educational programs and providing full funding for special education. This will ensure that we meet the goal of educational excellence for all our nation's youth.

Mr. HORN. Mr. Speaker, today the House takes up historic legislation. We will consider the conference report for H.R. 1, the No Child Left Behind Act of 2001, which will provide the most significant education legislation since Congress enacted the Elementary and Secondary Education Act in 1965 and I am very proud to be a cosponsor of the original legislation and to play a small role in the landmark reforms the legislation enacts.

As we all know, the cornerstone of H.R. 1 is increased flexibility for local schools in exchange for greater accountability for student progress. Every school and every school district is different and has different needs. For the first time, states and local school districts can target funds where they are needed most. For example, in my home state of California, we have already begun to lower class size. Under H.R. 1, we can use these funds in other areas where we desperately need resources, such as teacher training or special education. Title I funds are protected, ensuring that the needs of disadvantage students are met. Spending decisions are made by state and local officials, who are the most familiar with the particular strengths and needs of their schools, and can best decide how to spend federal funds.

H.R. 1 also helps schools help themselves. If a school fails to demonstrate adequate yearly progress, it is given the assistance it needs to turn itself around. At the same time, students can transfer out of that school. They are not stuck in a school that cannot teach them what they need to know. Additionally, students in schools that chronically fail to demonstrate progress are given the supplemental education services they need to catch up with their peers in better performing schools.

I am particularly pleased with the "Reading First Initiative" created by H.R. 1. Today, almost 70 percent of fourth graders in our poorest schools cannot read. If a student cannot read by the fourth grade, he or she will continue to fall further and further behind his or her peers. Obviously, we must do something to make sure that these children develop the skills necessary for a successful academic career and a productive life. H.R. 1 triples fed-

eral funding for scientifically based literacy programs to a total \$900 million for next year. This "Reading First" initiative will ensure that every child, no matter his or her background, can read by the third grade. Addressing reading problems early will also prevent children from being mistakenly classified as special needs and entering an already over-taxed and underfunded special education system.

H.R. 1 demonstrates our bipartisan commitment to improving educational opportunities for every child. This is our chance to radically reform education for all students. They deserve nothing less. I urge my colleagues to support the conference report and make sure that no child is left behind.

The SPEAKER pro tempore (Mr. THORNBERRY). All time for debate has expired.

Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

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

RECORDED VOTE

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

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, this 15-minute vote on the conference report to accompany H.R. 1 will be followed by a 5-minute vote, if ordered, on the question of adopting H. Res. 314.

The vote was taken by electronic device, and there were—ayes 381, noes 41, not voting 12, as follows:

[Roll No. 497]

AYES—381

Abercrombie	Bryant	DeLauro
Ackerman	Burr	DeMint
Aderholt	Buyer	Deutsch
Allen	Callahan	Diaz-Balart
Andrews	Calvert	Dicks
Armey	Camp	Dingell
Baca	Cannon	Doggett
Bachus	Cantor	Dooley
Baird	Capito	Doolittle
Baker	Capps	Doyle
Baldacci	Cardin	Dreier
Baldwin	Carson (IN)	Dunn
Ballenger	Carson (OK)	Edwards
Barcia	Castle	Ehlers
Barr	Chabot	Ehrlich
Barrett	Chambliss	Emerson
Barton	Clay	Engel
Bass	Clayton	English
Becerra	Clement	Eshoo
Bentsen	Clyburn	Etheridge
Bereuter	Coble	Evans
Berkley	Collins	Everett
Berman	Combest	Farr
Berry	Condit	Fattah
Biggert	Conyers	Ferguson
Bilirakis	Cooksey	Fletcher
Bishop	Costello	Foley
Blagojevich	Cox	Forbes
Blumenauer	Coyne	Ford
Blunt	Cramer	Fossella
Boehlert	Crenshaw	Frelinghuysen
Boehner	Crowley	Frost
Bonilla	Cummings	Galleghy
Bonior	Cunningham	Ganske
Bono	Davis (CA)	Gekas
Boozman	Davis (FL)	Gephardt
Borski	Davis (IL)	Gibbons
Boswell	Davis, Jo Ann	Gillmor
Boucher	Davis, Tom	Gilman
Boyd	Deal	Goodlatte
Brady (PA)	DeFazio	Gordon
Brown (FL)	DeGette	Goss
Brown (SC)	Delahunt	Graham

Granger	Lucas (KY)	Roukema
Graves	Lucas (OK)	Royal-Ballard
Green (TX)	Lynch	Royce
Green (WI)	Maloney (CT)	Rush
Greenwood	Maloney (NY)	Ryan (WI)
Grucci	Markey	Sanchez
Gutierrez	Mascara	Sandlin
Hall (OH)	Matheson	Sawyer
Hall (TX)	Matsui	Saxton
Hansen	McCarthy (MO)	Schakowsky
Harman	McCarthy (NY)	Schiff
Hart	McCrery	Schrock
Hastert	McDermott	Scott
Hastings (FL)	McGovern	Serrano
Hastings (WA)	McHugh	Shaw
Hayes	McInnis	Shays
Hayworth	McIntyre	Sherman
Herger	McKeon	Sherwood
Hill	McKinney	Shimkus
Hilleary	McNulty	Shows
Hilliard	Meehan	Shuster
Hinchee	Meeks (NY)	Simmons
Hinojosa	Menendez	Simpson
Hobson	Mica	Skeen
Hoefel	Millender	Skelton
Holden	McDonald	Slaughter
Holt	Miller, Dan	Smith (MI)
Honda	Miller, Gary	Smith (NJ)
Hooley	Miller, George	Smith (TX)
Horn	Miller, Jeff	Smith (WA)
Houghton	Mink	Snyder
Hoyer	Mollohan	Solis
Hulshof	Moore	Souder
Hunter	Moran (VA)	Spratt
Hyde	Morella	Stark
Inslie	Murtha	Stenholm
Isakson	Myrick	Strickland
Israel	Nadler	Stump
Issa	Napolitano	Stupak
Istook	Neal	Sununu
Jackson (IL)	Nethercutt	Sweeney
Jackson-Lee	Ney	Tanner
(TX)	Northup	Tauscher
Jefferson	Norwood	Tauzin
Jenkins	Nussle	Taylor (MS)
John	Oberstar	Terry
Johnson (CT)	Obey	Thomas
Johnson (IL)	Ortiz	Thompson (CA)
Johnson, E. B.	Osborne	Thompson (MS)
Johnson, Sam	Ose	Thornberry
Jones (OH)	Otter	Thune
Kanjorski	Owens	Thurman
Kaptur	Oxley	Tiberi
Keller	Pallone	Tierney
Kelly	Pascrell	Toomey
Kennedy (RI)	Pastor	Towns
Kildee	Payne	Trafficant
Kilpatrick	Pelosi	Turner
Kind (WI)	Peterson (PA)	Udall (CO)
King (NY)	Petri	Udall (NM)
Kingston	Phelps	Upton
Kirk	Pickering	Velazquez
Kleczka	Platts	Visclosky
Knollenberg	Pombo	Vitter
Kolbe	Pomeroy	Walden
Kucinich	Portman	Walsh
LaFalce	Price (NC)	Wamp
LaHood	Pryce (OH)	Watkins (OK)
Lampson	Putnam	Watson (CA)
Langevin	Quinn	Watt (NC)
Lantos	Radanovich	Watts (OK)
Largent	Rahall	Waxman
Larsen (WA)	Rangel	Weiner
Latham	Regula	Weldon (PA)
LaTourette	Rehberg	Weller
Leach	Reyes	Wexler
Lee	Reynolds	Whitfield
Levin	Riley	Wicker
Lewis (CA)	Rivers	Wilson
Lewis (GA)	Rodriguez	Wolf
Linder	Roemer	Woolsey
Lipinski	Rogers (KY)	Wu
LoBiondo	Rogers (MI)	Wynn
Lofgren	Ross	Young (FL)
Lowey	Rothman	

NOES—41

Akin	Goode	Pence
Bartlett	Gutknecht	Peterson (MN)
Burton	Hefley	Pitts
Capuano	Hoekstra	Ramstad
Crane	Jones (NC)	Rohrabacher
Culberson	Kennedy (MN)	Ryan (KS)
DeLay	Kerns	Sabo
Duncan	Lewis (KY)	Sanders
Filner	Manzullo	Schaffer
Flake	McCullum	Sensenbrenner
Frank	Moran (KS)	Sessions
Gilchrest	Paul	

Shadegg Tancredo Tiahrt  
Stearns Taylor (NC) Weldon (FL)

NOT VOTING—12

Brady (TX) Hostettler Olver  
Brown (OH) Larson (CT) Ros-Lehtinen  
Cubin Luther Waters  
Gonzalez Meek (FL) Young (AK)

□ 1442

Messrs. SESSIONS, AKINS and CRANE changed their vote from “aye” to “no.”

Mrs. NORTHUP changed her vote from “no” to “aye.”

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. LARSON of Connecticut. Mr. Speaker, I unfortunately was required to attend a funeral in my Congressional District today and missed rollcall Vote No. 497. Had I been present and voting, I would have voted “aye”.

PROVIDING FOR MOTIONS TO SUSPEND THE RULES

The SPEAKER pro tempore (Mr. THORNBERRY). The pending business is the question de novo on agreeing to the resolution, H. Res. 314, on which further proceedings were postponed earlier today.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution.

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

RECORDED VOTE

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

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5 minute vote.

The vote was taken by electronic device, and there were—ayes 306, noes 100, not voting 27, as follows:

[Roll No. 498]

AYES—306

Abercrombie Boswell Crane  
Ackerman Boucher Crenshaw  
Aderholt Boyd Culberson  
Akin Brady (PA) Cummings  
Allen Brown (SC) Cunningham  
Armey Bryant Davis (FL)  
Bachus Burr Davis, Jo Ann  
Baker Burton Deal  
Baldacci Buyer Delahunt  
Ballenger Callahan DeLay  
Barcia Calvert Dicks  
Barr Camp Dooley  
Bartlett Cannon Doolittle  
Barton Cantor Doyle  
Bass Capito Dreier  
Bentsen Cardin Duncan  
Bereuter Carson (OK) Dunn  
Berkley Castle Edwards  
Berman Chabot Ehrlich  
Berry Chambliss Engel  
Biggert Clay English  
Bilirakis Clement Eshoo  
Bishop Clyburn Evans  
Blagojevich Coble Everett  
Blunt Collins Fattah  
Boehkert Combest Ferguson  
Boehner Cooksey Flake  
Bonilla Costello Fletcher  
Bono Cox Foley  
Boozman Coyne Forbes  
Borski Cramer Ford

Fossella Lee  
Frelinghuysen Lewis (CA)  
Frost Lewis (GA)  
Ganske Lewis (KY)  
Gekas Linder  
Gibbons Lipinski  
Gilchrest LoBiondo  
Gillmor Lucas (KY)  
Gilman Lucas (OK)  
Goode Maloney (CT)  
Goodlatte Manzullo  
Gordon Mascara  
Goss Matheson  
Graham McCarthy (MO)  
Granger McCarthy (NY)  
Graves McCrery  
Green (TX) McHugh  
Green (WI) McClintock  
Greenwood McIntyre  
Grucci McKeon  
Gutknecht Meehan  
Hall (TX) Mica  
Hansen Millender-  
Hart McDonald  
Hastings (WA) Miller, Dan  
Hayes Miller, Gary  
Hayworth Miller, Jeff  
Herger Mollohan  
Hilleary Moran (KS)  
Hobson Moran (VA)  
Hoekstra Morella  
Holden Murtha  
Hooley Myrick  
Horn Nadler  
Houghton Nethercutt  
Hulshof Ney  
Hunter Northup  
Isakson Norwood  
Israel Nussle  
Issa Ortiz  
Istook Osborne  
Jackson (IL) Ose  
Jackson-Lee Otter  
(TX) Oxley  
Jefferson Pascrell  
Jenkins Pastor  
John Paul  
Johnson (CT) Pence  
Johnson (IL) Peterson (MN)  
Johnson, E. B. Peterson (PA)  
Johnson, Sam Petri  
Jones (NC) Phelps  
Kanjorski Pickering  
Keller Pitts  
Kelly Platts  
Kennedy (MN) Pombo  
Kennedy (RI) Pomeroy  
Kerns Portman  
Kind (WI) Pryce (OH)  
King (NY) Putnam  
Kingston Quinn  
Kirk Radanovich  
Kleczka Rahall  
Knollenberg Ramstad  
Kolbe Regula  
LaFalce Rehberg  
LaHood Reynolds  
Largent Riley  
Larsen (WA) Rivers  
Latham Roemer  
LaTourette Rogers (MI)  
Leach Rohrabacher

NOES—100

Andrews Filner  
Baca Frank  
Baird Gephardt  
Baldwin Gutierrez  
Barrett Hall (OH)  
Becerra Harman  
Blumenauer Hastings (FL)  
Bonior Hefley  
Brown (FL) Hill  
Capps Hilliard  
Capuano Hinchey  
Carson (IN) Hinojosa  
Clayton Hoefel  
Condit Holt  
Conyers Honda  
Crowley Hoyer  
Davis (CA) Inslee  
Davis (IL) Jones (OH)  
DeFazio Kaptur  
DeGette Kildee  
DeLauro Kilpatrick  
Deutsch Kucinich  
Doggett Lampson  
Etheridge Langevin  
Farr Levin

Sabo Snyder  
Sandlin Solis  
Sawyer Spratt  
Schakowsky Stark  
Schiff Strickland  
Scott Tauscher  
Serrano Tierney  
Sherman Udall (CO)  
Smith (WA) Udall (NM)

NOT VOTING—27

Brady (TX) Gallegly Meeks (NY)  
Brown (OH) Gonzalez Obey  
Cubin Hostettler Olver  
Davis, Tom Hyde Rogers (KY)  
DeMint Lantos Ros-Lehtinen  
Diaz-Balart Larson (CT) Roukema  
Dingell Luther Sanchez  
Ehlers McNulty Waters  
Emerson Meek (FL) Young (AK)

□ 1454

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. LARSON of Connecticut. Mr. Speaker, I unfortunately was required to attend a funeral in my Congressional District today and missed roll call vote No. 498. Had I been present and voting, I would have voted “aye”.

Mr. EHLERS. Mr. Speaker, on rollcall No. 498 I failed to receive notice that this vote was being held. Had I been present, I would have voted “aye.”

GENERAL LEAVE

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the conference report to H.R. 1, the No Child Left Behind Act.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

DIRECTING THE CLERK TO MAKE TECHNICAL CORRECTIONS IN ENROLLMENT OF H.R. 1, NO CHILD LEFT BEHIND ACT OF 2001

Mr. BOEHNER. Mr. Speaker, I offer a concurrent resolution (H. Con. Res. 289) directing the Clerk of the House of Representatives to make technical corrections in the enrollment of the bill H.R. 1, and ask unanimous consent for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 289

*Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H.R. 1) to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind, the Clerk of the House of Representatives shall, with respect to the title IX that is contained within quotation marks and that immediately precedes title X of the bill, make the following corrections:*

(1) Insert before such title IX the following:

TITLE IX—GENERAL PROVISIONS

SEC. 901. GENERAL PROVISIONS.

Title IX (20 U.S.C. 7801 et seq.) is amended to read as follows:

Lofgren  
Lowey  
Lynch  
Maloney (NY)  
Markey  
Matsui  
McCollum  
McDermott  
McGovern  
McKinney  
Menendez  
Miller, George  
Mink  
Moore  
Napolitano  
Neal  
Oberstar  
Owens  
Pallone  
Payne  
Pelosi  
Price (NC)  
Rangel  
Reyes  
Rodriguez

(2) Insert at the end of such title IX closed quotation marks and a period.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. GEORGE MILLER of California. Mr. Speaker, reserving the right to object, although I do not intend to object, I would yield to the gentleman for an explanation of his request.

Mr. BOEHNER. Mr. Speaker, I want to thank my colleague and friend from California for yielding.

Mr. Speaker, the concurrent resolution before us allows the Enrolling Clerk to make a technical correction in the conference report to H.R. 1.

Mr. GEORGE MILLER of California. Mr. Speaker, further reserving the right to object, I thank the gentleman for his explanation.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

#### REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1109

Mr. EHRLICH. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 1109.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

#### LEGISLATIVE PROGRAM

(Mr. MENENDEZ asked and was given permission to address the House for 1 minute.)

Mr. MENENDEZ. Mr. Speaker, I take this time to inquire about next week's schedule.

I am pleased to yield to the distinguished majority leader.

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I am pleased to announce that the House has completed its legislative business for the week.

The House will next meet for legislative business on Tuesday, December 18, at 12:30 p.m. for morning hour debate, and 2 o'clock p.m. for legislative business. The House will consider a number of measures under suspension of the rules, a list of which will be distributed to Members' offices tomorrow. On Tuesday, no recorded votes are expected before 6:30 p.m.

Mr. Speaker, I would also like to report that we are continuing to work very hard on the economic security package. It is my hope that I will be able to schedule it for consideration in the House on next Tuesday night.

On Wednesday and the balance of the week, the House will consider the following measures to complete our business for the year: The Labor, Health

and Human Services, and Education Appropriations Conference Report; the Department of Defense Appropriations Conference Report; and the Foreign Operations Appropriations Conference Report.

Mr. MENENDEZ. Mr. Speaker, reclaiming my time, am I to understand from the gentleman's statement that Members should expect the stimulus bill on the floor Tuesday after the votes at 6:30?

Mr. ARMEY. Mr. Speaker, I thank the gentleman for that inquiry. I can see that quiet look of confident optimism on the face of the gentleman from New York (Mr. RANGEL) behind the gentleman, so it encourages me, knock on wood.

Mr. Speaker, I would say this is a very important piece of legislation. It is important to the Nation.

□ 1500

We are working hard in this conference, and I believe we are working in good faith with one another. We are preparing ourselves for the completion of the year's work which we would anticipate would involve our being able to do the stimulus package Tuesday night and the remaining appropriations bills. That will mean that there will be a lot of very hard work done in all of these conferences between now and then. But I believe the time is drawing near that we must redouble our efforts and come to these opportunities for closure.

So I would tell our Members that we would expect that we would be able to go to work on the floor and have the debate on a rule regarding the stimulus package between 5:30 and 6:30 on Tuesday evening next; we would expect to have the suspension votes and that rule vote; and then, after that period of time, sometime Tuesday night, 7:00, 7:30, we would be expecting to be taking up debate on the stimulus package.

Mr. MENENDEZ. Mr. Speaker, I thank the gentleman.

I have two further questions. The broadband Tauzin-Dingell bill is not on the schedule. Does that mean it is not going to happen in this year?

Mr. ARMEY. Mr. Speaker, if the gentleman will continue to yield, let me again thank the gentleman for the question. Mr. Speaker, I believe the broadband bill should be expected sometime in March of next year.

Mr. MENENDEZ. March of next year.

Finally, Mr. Speaker, I see that the gentleman is saying that we hope to end on Thursday. Can Members expect to be done for the year on Thursday?

Mr. ARMEY. Mr. Speaker, I thank the gentleman for the inquiry, and let me just say to the gentleman, with all my heart I hope so, and to the very best of my ability to understand it, I expect so.

Mr. OBEY. Mr. Speaker, would the gentleman yield?

Mr. MENENDEZ. I am happy to yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Speaker, I would appreciate it if the majority leader could

respond to one question. As he knows, one of the contentious items still remaining is the final disposition of the supplemental, and the issue within that that is causing the most heartburn is whether there will be any significant increase in funding for homeland security.

In light of the fact that I note today that a coalition of Mayors and Governors have appealed to the Congress and the White House to provide funds in addition to those being requested by the administration for things such as aid to local communities for homeland security costs and aid to local communities to upgrade their public health services; and in light of the fact that Governor Engler has been one of the lead spokesmen on that, I would simply ask the gentleman, again, within the leadership circles on that side of the aisle, to urge that we listen to those expressions of concern and find a way to provide at least the amount that was provided in the Senate action early last week on homeland security.

Mr. ARMEY. Mr. Speaker, let me thank the gentleman for those observations, and if the gentleman from New Jersey would continue to yield, let me just say that we have great confidence in the conferees on this bill. We obviously understand, and the President has said repeatedly, that additional requests in order to repair the damage that has been inflicted to compensate for the hardships endured and prepare America for a reaffirmation of its own soundness is something that he expects to send to us early next year, and it may be that many of these eleventh-hour requests will be considered in the White House at that time. I thank the gentleman for his interest.

Mr. OBEY. Mr. Speaker, I thank the gentleman from New Jersey for yielding. I hope that we can respond to the Governors' and the Mayors' request this year rather than next.

Mr. MENENDEZ. Mr. Speaker, I thank the gentleman for his answers, and I simply hope that on the stimulus package we can certainly respond to the growing unemployment needs of working men and women who have suffered as a result of September 11. As we seek to finalize that work, hopefully we can also give them hope as we approach the holiday season.

#### ADJOURNMENT TO MONDAY, DECEMBER 17, 2001

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 2 p.m. on Monday next.

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

There was no objection.

#### HOOR OF MEETING ON TUESDAY, DECEMBER 18, 2001

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that when the

House adjourns on Monday, December 17, 2001, it adjourn to meet at 12:30 p.m. on Tuesday, December 18 for morning hour debates.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR  
WEDNESDAY BUSINESS ON  
WEDNESDAY NEXT

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

VICTIMS OF TERRORISM RELIEF  
ACT OF 2001

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that it be in order at any time to take from the Speaker's table the bill (H.R. 2884) to amend the Internal Revenue Code of 1986 to provide tax relief for victims of the terrorist attacks against the United States on September 11, 2001, with Senate amendments thereto, and to consider in the House, without intervention of any point of order, any motion, or any demand for division of the question, a single motion offered by the chairman of the Committee on Ways and Means or his designee that the House concur in the Senate amendments with the amendment I have placed at the desk; that the Senate amendments and the motion be considered as read; that the motion be debatable for 40 minutes, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; and that after such debate, the motion be considered as adopted; and that the amendment I have placed at the desk be considered as read for the purpose of this request.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. RANGEL. Mr. Speaker, reserving the right to object. Mr. Speaker, I would ask the gentleman from California to describe the substance of the bill before us today and how it differs from the bill that was passed by the Senate.

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

Mr. RANGEL. I yield to the gentleman from California.

Mr. THOMAS. Mr. Speaker, perhaps in the explanation if we could start with the bill that originated in the House, which was an attempt to take current law that is available to service members and civilians overseas in a terrorist attack, which would provide income tax relief and estate tax relief, and we brought them to the gentle-

man's city to say that the New York area was, in fact, tantamount to a war zone and that the victims in that area should receive the same benefit as current law provides for people who are victims of terrorist acts overseas. That was the sum and substance of the bill we sent to the Senate.

For the 3 months that the Senate has had the bill, they examined it in a number of different ways. They added a particular death benefit for those individuals who were involved not only in the September 11 terrorist attacks, but also the Oklahoma City bombing of 6 years ago and for those individuals who, through no fault of their own, were victims from anthrax attacks.

In addition to that, they added a number of particular provisions dealing with charitable organizations, disaster relief payments, victims' compensation funds, and a number of other items.

What we did was examine those items and, where it was appropriate, offer a generic response. I will give the gentleman an example. Oftentimes, in dealing with disaster situations, disability trust funds will be established for individuals. The problem has been there has been no consistent approach to the way in which those disability funds would be treated from disaster to disaster. However, there is a typical response which occurs, but it has never been codified.

What we tried to do in this, working together, is to find those areas in terms of structured settlements, disability trusts, and similar arrangements that could be handled on a consistent basis, regardless of which disaster is involved, using this particular vehicle to assist us in that broad-based arrangement.

In addition to that, we have one additional amendment which examines the geographic area of New York that is a zone that is clearly described in the legislation and provide a number of tax measures to relieve those individuals, authorize the issue of tax-exempt private activity bonds, create a 30 percent bonus of depreciable property in the recovery zone as defined, a 10-year life on leaseholder build-outs for those individuals who own commercial property and want to rebuild it so that the vital aspects of New York City, which we visited, the restaurants and the shops and the others, can be restored as quickly as possible, and then extension of certain replacement period provisions which those of us on the Committee on Ways and Means know are extremely important in making sure that people make a decision quickly to move back in or to establish in the recovery zone to assist in the recovery of New York City.

Mr. RANGEL. Mr. Speaker, further reserving the right to object, could the chairman of the committee share with a member of the committee with whom he discussed the remedies for the problems that we face in this city? The chairman constantly referred to "we." Is there a particular group from the

City of New York that the gentleman met and discussed these issues with?

Mr. THOMAS. Mr. Speaker, if the gentleman will yield, I will tell the gentleman that I had the privilege at one time, for example, of accompanying the gentleman to Ground Zero, which I had not done, given the duties that we had here, and spent some time with a number of city business leaders that the gentleman and others were kind enough to bring together at the stock exchange location and, over lunch for several hours, listened to the particular concerns that those individuals had about the need and the way in which we needed to respond. I met with several New York City, New York State governmental teams, including the Mayor, and, of course, listening to on both sides of the aisle the members from the New York delegation, both from the city and the State.

In addition to that, as we all know, there are several other States that are just across the river and our colleagues from New Jersey and Pennsylvania had significant concerns as well. All of those came together culminating in this package today.

And I would be remiss if I did not thank the gentleman from New York (Mr. RANGEL) for his immediate and continuing offering and the members' willingness to accept his kind invitation to come and visit the city, albeit not in the way most of us had visited New York in the past on those wonderful trips that we used to have, but a very realistic trip to understand firsthand what had happened to the Big Apple.

Mr. RANGEL. Mr. Speaker, I withdraw my reservation, because it is so important to my city that we get as much relief as possible from both Houses. But it really never ceases to amaze me of the creative legislative ability of our distinguished chairman to bring together ideas and to pull them together without the input of the members of the committee, without hearings; it is just absolutely fascinating how the things that we have taken for granted that we do as a Congress or we do as a committee have been substituted by the inquiries that the Chair can make in the great City of New York and with people that have an interest in the City of New York.

So this is not the time to object; this is the time to move the consideration of this bill forward.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The text of the Senate amendments is as follows:

Senate amendments:

Strike out all after the enacting clause and insert:

**SECTION 1. SHORT TITLE; ETC.**

(a) *SHORT TITLE.*—This Act may be cited as the "Victims of Terrorism Tax Relief Act of 2001".

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

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

Sec. 1. Short title; etc.

**TITLE I—RELIEF PROVISIONS FOR VICTIMS OF TERRORIST ATTACKS**

- Sec. 101. Income and employment taxes of victims of terrorist attacks.
- Sec. 102. Estate tax reduction.
- Sec. 103. Payments by charitable organizations treated as exempt payments.
- Sec. 104. Exclusion of certain cancellations of indebtedness.
- Sec. 105. Treatment of certain structured settlement payments and disability trusts.
- Sec. 106. No impact on social security trust funds.

**TITLE II—GENERAL RELIEF FOR VICTIMS OF DISASTERS AND TERRORISTIC OR MILITARY ACTIONS**

- Sec. 201. Exclusion for disaster relief payments.
- Sec. 202. Authority to postpone certain deadlines and required actions.
- Sec. 203. Internal Revenue Service disaster response team.
- Sec. 204. Application of certain provisions to terroristic or military actions.
- Sec. 205. Clarification of due date for airline excise tax deposits.
- Sec. 206. Coordination with Air Transportation Safety and System Stabilization Act.

**TITLE III—DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS**

- Sec. 301. Disclosure of tax information in terrorism and national security investigations.

**TITLE I—RELIEF PROVISIONS FOR VICTIMS OF TERRORIST ATTACKS**

**SEC. 101. INCOME AND EMPLOYMENT TAXES OF VICTIMS OF TERRORIST ATTACKS.**

(a) IN GENERAL.—Section 692 (relating to income taxes of members of Armed Forces on death) is amended by adding at the end the following new subsection:

“(d) INDIVIDUALS DYING AS A RESULT OF CERTAIN TERRORIST ATTACKS.—

“(1) IN GENERAL.—In the case of any individual who dies as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on April 19, 1995, or September 11, 2001, or who dies as a result of illness incurred as a result of a terrorist attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002, any tax imposed by this subtitle shall not apply—

“(A) with respect to the taxable year in which falls the date of such individual’s death, and

“(B) with respect to any prior taxable year in the period beginning with the last taxable year ending before the taxable year in which the wounds, injury, or illness were incurred.

“(2) EXCEPTIONS.—

“(A) TAXATION OF CERTAIN BENEFITS.—Subject to such rules as the Secretary may prescribe, paragraph (1) shall not apply to the amount of any tax imposed by this subtitle which would be computed by only taking into account the items of income, gain, or other amounts attributable to—

“(i) amounts payable in the taxable year by reason of the death of an individual described in paragraph (1) which would have been payable in such taxable year if the death had occurred by reason of an event other than an event described in paragraph (1), or

“(ii) amounts payable in the taxable year which would not have been payable in such tax-

able year but for an action taken after the date of the applicable terrorist attack.

“(B) NO RELIEF FOR PERPETRATORS.—Paragraph (1) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in any event described in paragraph (1), or a representative of such individual.”.

(b) REFUND OF OTHER TAXES PAID.—Section 692, as amended by subsection (a), is amended by adding at the end the following new subsection:

“(e) REFUND OF OTHER TAXES PAID.—In determining the amount of tax under this section to be credited or refunded as an overpayment with respect to any individual for any period, such amount shall be increased by an amount equal to the amount of taxes imposed and collected under chapter 21 and sections 3201(a), 3211(a)(1), and 3221(a) with respect to such individual for such period.”.

(c) CONFORMING AMENDMENTS.—

(1) Section 5(b)(1) is amended by inserting “and victims of certain terrorist attacks” before “on death”.

(2) Section 6013(f)(2)(B) is amended by inserting “and victims of certain terrorist attacks” before “on death”.

(d) CLERICAL AMENDMENTS.—

(1) The heading of section 692 is amended to read as follows:

“**SEC. 692. INCOME AND EMPLOYMENT TAXES OF MEMBERS OF ARMED FORCES AND VICTIMS OF CERTAIN TERRORIST ATTACKS ON DEATH.**”

(2) The item relating to section 692 in the table of sections for part II of subchapter J of chapter 1 is amended to read as follows:

“Sec. 692. Income and employment taxes of members of Armed Forces and victims of certain terrorist attacks on death.”.

(e) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending before, on, or after September 11, 2001.

(2) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

**SEC. 102. ESTATE TAX REDUCTION.**

(a) IN GENERAL.—Section 2201 is amended to read as follows:

“**SEC. 2201. COMBAT ZONE-RELATED DEATHS OF MEMBERS OF THE ARMED FORCES AND DEATHS OF VICTIMS OF CERTAIN TERRORIST ATTACKS.**

“(a) IN GENERAL.—Unless the executor elects not to have this section apply, in applying section 2001 to the estate of a qualified decedent, the rate schedule set forth in subsection (c) shall be deemed to be the rate schedule set forth in section 2001(c).

“(b) QUALIFIED DECEDENT.—For purposes of this section, the term ‘qualified decedent’ means—

“(1) any citizen or resident of the United States dying while in active service of the Armed Forces of the United States, if such decedent—

“(A) was killed in action while serving in a combat zone, as determined under section 112(c), or

“(B) died as a result of wounds, disease, or injury suffered while serving in a combat zone (as determined under section 112(c)), and while in the line of duty, by reason of a hazard to which such decedent was subjected as an incident of such service, or

“(2) any individual who died as a result of wounds or injury incurred as a result of the ter-

rorist attacks against the United States on April 19, 1995, or September 11, 2001, or who died as a result of illness incurred as a result of a terrorist attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002. Paragraph (2) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in any such terrorist attack, or a representative of such individual.

“(c) RATE SCHEDULE.—

“If the amount with respect to which the tentative tax to be computed is:	The tentative tax is:
Not over \$150,000 .....	1 percent of the amount by which such amount exceeds \$100,000.
Over \$150,000 but not over \$200,000.	\$500 plus 2 percent of the excess over \$150,000.
Over \$200,000 but not over \$300,000.	\$1,500 plus 3 percent of the excess over \$200,000.
Over \$300,000 but not over \$500,000.	\$4,500 plus 4 percent of the excess over \$300,000.
Over \$500,000 but not over \$700,000.	\$12,500 plus 5 percent of the excess over \$500,000.
Over \$700,000 but not over \$900,000.	\$22,500 plus 6 percent of the excess over \$700,000.
Over \$900,000 but not over \$1,100,000.	\$34,500 plus 7 percent of the excess over \$900,000.
Over \$1,100,000 but not over \$1,600,000.	\$48,500 plus 8 percent of the excess over \$1,100,000.
Over \$1,600,000 but not over \$2,100,000.	\$88,500 plus 9 percent of the excess over \$1,600,000.
Over \$2,100,000 but not over \$2,600,000.	\$133,500 plus 10 percent of the excess over \$2,100,000.
Over \$2,600,000 but not over \$3,100,000.	\$183,500 plus 11 percent of the excess over \$2,600,000.
Over \$3,100,000 but not over \$3,600,000.	\$238,500 plus 12 percent of the excess over \$3,100,000.
Over \$3,600,000 but not over \$4,100,000.	\$298,500 plus 13 percent of the excess over \$3,600,000.
Over \$4,100,000 but not over \$5,100,000.	\$363,500 plus 14 percent of the excess over \$4,100,000.
Over \$5,100,000 but not over \$6,100,000.	\$503,500 plus 15 percent of the excess over \$5,100,000.
Over \$6,100,000 but not over \$7,100,000.	\$653,500 plus 16 percent of the excess over \$6,100,000.
Over \$7,100,000 but not over \$8,100,000.	\$813,500 plus 17 percent of the excess over \$7,100,000.
Over \$8,100,000 but not over \$9,100,000.	\$983,500 plus 18 percent of the excess over \$8,100,000.
Over \$9,100,000 but not over \$10,100,000.	\$1,163,500 plus 19 percent of the excess over \$9,100,000.
Over \$10,100,000 .....	\$1,353,500 plus 20 percent of the excess over \$10,100,000.

“(d) DETERMINATION OF UNIFIED CREDIT.—In the case of an estate to which this section applies, subsection (a) shall not apply in determining the credit under section 2010.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 2011 is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(2) Section 2053(d)(3)(B) is amended by striking “section 2011(e)” and inserting “section 2011(d)”.

(3) Paragraph (9) of section 532(c) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is repealed.

(c) CLERICAL AMENDMENT.—The item relating to section 2201 in the table of sections for subchapter C of chapter 11 is amended to read as follows:

“Sec. 2201. Combat zone-related deaths of members of the Armed Forces and deaths of victims of certain terrorist attacks.”.

(d) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

(1) **EFFECTIVE DATE.**—The amendments made by this section shall apply to estates of decedents—

(A) dying on or after September 11, 2001, and  
(B) in the case of individuals dying as a result of the April 19, 1995, terrorist attack, dying on or after April 19, 1995.

(2) **WAIVER OF LIMITATIONS.**—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including *res judicata*), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

**SEC. 103. PAYMENTS BY CHARITABLE ORGANIZATIONS TREATED AS EXEMPT PAYMENTS.**

(a) **IN GENERAL.**—For purposes of the Internal Revenue Code of 1986—

(1) payments made by an organization described in section 501(c)(3) of such Code by reason of the death, injury, wounding, or illness of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, or a terrorist attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002, shall be treated as related to the purpose or function constituting the basis for such organization's exemption under section 501 of such Code if such payments are made using an objective formula which is consistently applied, and

(2) in the case of a private foundation (as defined in section 509 of such Code), any payment described in paragraph (1) shall not be treated as made to a disqualified person for purposes of section 4941 of such Code.

(b) **EFFECTIVE DATE.**—This section shall apply to payments made on or after September 11, 2001.

**SEC. 104. EXCLUSION OF CERTAIN CANCELLATIONS OF INDEBTEDNESS.**

(a) **IN GENERAL.**—For purposes of the Internal Revenue Code of 1986—

(1) gross income shall not include any amount which (but for this section) would be includible in gross income by reason of the discharge (in whole or in part) of indebtedness of any taxpayer if the discharge is by reason of the death of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, or a terrorist attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002, and

(2) return requirements under section 6050P of such Code shall not apply to any discharge described in paragraph (1).

(b) **EFFECTIVE DATE.**—This section shall apply to discharges made on or after September 11, 2001, and before January 1, 2002.

**SEC. 105. TREATMENT OF CERTAIN STRUCTURED SETTLEMENT PAYMENTS AND DISABILITY TRUSTS.**

(a) **IMPOSITION OF EXCISE TAX ON PERSONS WHO ACQUIRE CERTAIN STRUCTURED SETTLEMENT PAYMENTS IN FACTORING TRANSACTIONS.**—

(1) **IN GENERAL.**—Subtitle E is amended by adding at the end the following new chapter:

**“CHAPTER 55—STRUCTURED SETTLEMENT FACTORING TRANSACTIONS**

“Sec. 5891. Structured settlement factoring transactions for certain victims of terrorism.

**“SEC. 5891. STRUCTURED SETTLEMENT FACTORING TRANSACTIONS FOR CERTAIN VICTIMS OF TERRORISM.**

“(a) **IMPOSITION OF TAX.**—There is hereby imposed on any person who acquires directly or indirectly structured settlement payment rights in a structured settlement factoring transaction a tax equal to 40 percent of the factoring discount as determined under subsection (c)(4) with respect to such factoring transaction.

“(b) **EXCEPTION FOR CERTAIN APPROVED TRANSACTIONS.**—

“(1) **IN GENERAL.**—The tax under subsection (a) shall not apply in the case of a structured settlement factoring transaction in which the transfer of structured settlement payment rights is approved in advance in a qualified order.

“(2) **QUALIFIED ORDER.**—For purposes of this section, the term ‘qualified order’ means a final order, judgment, or decree which—

“(A) finds that the transfer described in paragraph (1)—

“(i) does not contravene any Federal or State statute or the order of any court or responsible administrative authority, and

“(ii) is in the best interest of the payee, taking into account the welfare and support of the payee's dependents, and

“(B) is issued—

“(i) under the authority of an applicable State statute by an applicable State court, or

“(ii) by the responsible administrative authority (if any) which has exclusive jurisdiction over the underlying action or proceeding which was resolved by means of the structured settlement.

“(3) **APPLICABLE STATE STATUTE.**—For purposes of this section, the term ‘applicable State statute’ means a statute providing for the entry of an order, judgment, or decree described in paragraph (2)(A) which is enacted by—

“(A) the State in which the payee of the structured settlement is domiciled, or

“(B) if there is no statute described in subparagraph (A), the State in which either the party to the structured settlement (including an assignee under a qualified assignment under section 130) or the person issuing the funding asset for the structured settlement is domiciled or has its principal place of business.

“(4) **APPLICABLE STATE COURT.**—For purposes of this section—

“(A) **IN GENERAL.**—The term ‘applicable State court’ means, with respect to any applicable State statute, a court of the State which enacted such statute.

“(B) **SPECIAL RULE.**—In the case of an applicable State statute described in paragraph (3)(B), such term also includes a court of the State in which the payee of the structured settlement is domiciled.

“(5) **QUALIFIED ORDER DISPOSITIVE.**—A qualified order shall be treated as dispositive for purposes of the exception under this subsection.

“(c) **DEFINITIONS.**—For purposes of this section—

“(1) **STRUCTURED SETTLEMENT.**—The term ‘structured settlement’ means an arrangement—

“(A) which is established by—

“(i) suit or agreement for the periodic payment of damages excludable from the gross income of the recipient under section 104(a)(2), or

“(ii) agreement for the periodic payment of compensation under any workers' compensation law excludable from the gross income of the recipient under section 104(a)(1), and

“(B) under which the periodic payments are—

“(i) of the character described in subparagraphs (A) and (B) of section 130(c)(2), and

“(ii) payable by a person who is a party to the suit or agreement or to the workers' compensation claim or by a person who has assumed the liability for such periodic payments under a qualified assignment in accordance with section 130.

“(2) **STRUCTURED SETTLEMENT PAYMENT RIGHTS.**—The term ‘structured settlement payment rights’ means rights to receive payments under a structured settlement relating to claims for death, wounding, injury, or illness as a result of the terrorist attacks against the United States on September 11, 2001, or a terrorist attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002.

“(3) **STRUCTURED SETTLEMENT FACTORING TRANSACTION.**—

“(A) **IN GENERAL.**—The term ‘structured settlement factoring transaction’ means a transfer of structured settlement payment rights (including portions of structured settlement payments) made for consideration by means of sale, assign-

ment, pledge, or other form of encumbrance or alienation for consideration.

“(B) **EXCEPTION.**—Such term shall not include—

“(i) the creation or perfection of a security interest in structured settlement payment rights under a blanket security agreement entered into with an insured depository institution in the absence of any action to redirect the structured settlement payments to such institution (or agent or successor thereof) or otherwise to enforce such blanket security interest as against the structured settlement payment rights, or

“(ii) a subsequent transfer of structured settlement payment rights acquired in a structured settlement factoring transaction.

“(4) **FACTORIZING DISCOUNT.**—The term ‘factoring discount’ means an amount equal to the excess of—

“(A) the aggregate undiscounted amount of structured settlement payments being acquired in the structured settlement factoring transaction, over

“(B) the total amount actually paid by the acquirer to the person from whom such structured settlement payments are acquired.

“(5) **RESPONSIBLE ADMINISTRATIVE AUTHORITY.**—The term ‘responsible administrative authority’ means the administrative authority which had jurisdiction over the underlying action or proceeding which was resolved by means of the structured settlement.

“(6) **STATE.**—The term ‘State’ includes the Commonwealth of Puerto Rico and any possession of the United States.

“(d) **COORDINATION WITH OTHER PROVISIONS.**—

“(1) **IN GENERAL.**—If the applicable requirements of sections 72, 104(a)(1), 104(a)(2), 130, and 461(h) were satisfied at the time the structured settlement involving structured settlement payment rights was entered into, the subsequent occurrence of a structured settlement factoring transaction shall not affect the application of the provisions of such sections to the parties to the structured settlement (including an assignee under a qualified assignment under section 130) in any taxable year.

“(2) **NO WITHHOLDING OF TAX.**—The provisions of section 3405 regarding withholding of tax shall not apply to the person making the payments in the event of a structured settlement factoring transaction.

“(3) **NO INFERENCE.**—No inference shall be drawn from the application of this subsection to only those payment rights described in subsection (c)(2).”

(2) **CLERICAL AMENDMENT.**—The table of chapters for subtitle E is amended by adding at the end the following new item:

“Chapter 55. Structured settlement factoring transactions.”

(3) **EFFECTIVE DATES.**—

(A) **IN GENERAL.**—The amendments made by this subsection (other than the provisions of section 5891(d) of the Internal Revenue Code of 1986, as added by this subsection) shall apply to structured settlement factoring transactions (as defined in section 5891(c) of such Code (as so added)) entered into on or after the 30th day following the date of the enactment of this Act.

(B) **CLARIFICATION OF EXISTING LAW.**—Section 5891(d) of such Code (as so added) shall apply to structured settlement factoring transactions (as defined in section 5891(c) of such Code (as so added)) entered into on or after such 30th day.

(C) **TRANSITION RULE.**—In the case of a structured settlement factoring transaction entered into during the period beginning on the 30th day following the date of the enactment of this Act and ending on July 1, 2002, no tax shall be imposed under section 5891(a) of such Code if—

(i) the structured settlement payee is domiciled in a State (or possession of the United States) which has not enacted a statute providing that the structured settlement factoring transaction is ineffective unless the transaction has been

approved by an order, judgment, or decree of a court (or where applicable, a responsible administrative authority) which finds that such transaction—

(I) does not contravene any Federal or State statute or the order of any court (or responsible administrative authority), and

(II) is in the best interest of the structured settlement payee or is appropriate in light of a hardship faced by the payee, and

(iii) the person acquiring the structured settlement payment rights discloses to the structured settlement payee in advance of the structured settlement factoring transaction the amounts and due dates of the payments to be transferred, the aggregate amount to be transferred, the consideration to be received by the structured settlement payee for the transferred payments, the discounted present value of the transferred payments (including the present value as determined in the manner described in section 7520 of such Code), and the expenses required under the terms of the structured settlement factoring transaction to be paid by the structured settlement payee or deducted from the proceeds of such transaction.

(b) **PERSONAL EXEMPTION DEDUCTION FOR CERTAIN DISABILITY TRUSTS.**—

(1) **IN GENERAL.**—Section 642(b) (relating to deduction for personal exemption) is amended—

(A) by striking “An estate” and inserting:

“(1) **IN GENERAL.**—An estate”, and

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

“(2) **FULL PERSONAL EXEMPTION AMOUNT FOR CERTAIN DISABILITY TRUSTS.**—Paragraph (1) shall not apply, and the deduction under section 151 shall apply, to any disability trust described in subsection (c)(2)(B)(iv), (d)(4)(A), or (d)(4)(C) of section 1917 of the Social Security Act (42 U.S.C. 1396p) for a beneficiary disabled as the result of a wounding, injury, or illness as a result of the terrorist attacks against the United States on April 19, 1995, or September 11, 2001, or a terrorist attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002.”.

(2) **EFFECTIVE DATE; WAIVER OF LIMITATIONS.**—

(A) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to taxable years ending before, on, or after September 11, 2001.

(B) **WAIVER OF LIMITATIONS.**—If refund or credit of any overpayment of tax resulting from the amendments made by this subsection is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

**SEC. 106. NO IMPACT ON SOCIAL SECURITY TRUST FUND.**

(a) **IN GENERAL.**—Nothing in this title (or an amendment made by this title) shall be construed to alter or amend title II of the Social Security Act (or any regulation promulgated under that Act).

(b) **TRANSFERS.**—

(1) **ESTIMATE OF SECRETARY.**—The Secretary of the Treasury shall annually estimate the impact that the enactment of this Act has on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401).

(2) **TRANSFER OF FUNDS.**—If, under paragraph (1), the Secretary of the Treasury estimates that the enactment of this Act has a negative impact on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401), the Secretary shall transfer, not less frequently than quarterly, from the general revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of such trust funds are not reduced as a result of the enactment of this Act.

**TITLE II—GENERAL RELIEF FOR VICTIMS OF DISASTERS AND TERRORISTIC OR MILITARY ACTIONS**

**SEC. 201. EXCLUSION FOR DISASTER RELIEF PAYMENTS.**

(a) **IN GENERAL.**—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and inserting after section 138 the following new section:

**“SEC. 139. DISASTER RELIEF PAYMENTS.**

“(a) **GENERAL RULE.**—Gross income shall not include—

“(1) any amount received as payment under section 406 of the Air Transportation Safety and System Stabilization Act, or

“(2) any amount received by an individual as a qualified disaster relief payment.

“(b) **QUALIFIED DISASTER RELIEF PAYMENT DEFINED.**—For purposes of this section, the term ‘qualified disaster relief payment’ means any amount paid to or for the benefit of an individual—

“(1) to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster,

“(2) to reimburse or pay reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence or repair or replacement of its contents to the extent that the need for such repair, rehabilitation, or replacement is attributable to a qualified disaster,

“(3) by a person engaged in the furnishing or sale of transportation as a common carrier by reason of the death or personal physical injuries incurred as a result of a qualified disaster, or

“(4) if such amount is paid by a Federal, State, or local government, or agency or instrumentality thereof, in connection with a qualified disaster in order to promote the general welfare,

but only to the extent any expense compensated by such payment is not otherwise compensated for by insurance or otherwise.

“(c) **QUALIFIED DISASTER DEFINED.**—For purposes of this section, the term ‘qualified disaster’ means—

“(1) a disaster which results from a terroristic or military action (as defined in section 692(c)(2)),

“(2) a Presidentially declared disaster (as defined in section 1033(h)(3)),

“(3) a disaster which results from an accident involving a common carrier, or from any other event, which is determined by the Secretary to be of a catastrophic nature, or

“(4) with respect to amounts described in subsection (b)(4), a disaster which is determined by an applicable Federal, State, or local authority (as determined by the Secretary) to warrant assistance from the Federal, State, or local government or agency or instrumentality thereof.

“(d) **COORDINATION WITH EMPLOYMENT TAXES.**—For purposes of chapter 2 and subtitle C, a qualified disaster relief payment shall not be treated as net earnings from self-employment, wages, or compensation subject to tax.

“(e) **NO RELIEF FOR CERTAIN INDIVIDUALS.**—Subsection (a) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in a terroristic action (as so defined), or a representative of such individual.”.

(b) **CONFORMING AMENDMENTS.**—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

“Sec. 139. Disaster relief payments.

“Sec. 140. Cross references to other Acts.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years ending on or after September 11, 2001.

**SEC. 202. AUTHORITY TO POSTPONE CERTAIN DEADLINES AND REQUIRED ACTIONS.**

(a) **EXPANSION OF AUTHORITY RELATING TO DISASTERS AND TERRORISTIC OR MILITARY AC-**

**TIONS.**—Section 7508A is amended to read as follows:

**“SEC. 7508A. AUTHORITY TO POSTPONE CERTAIN DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER OR TERRORISTIC OR MILITARY ACTIONS.**

“(a) **IN GENERAL.**—In the case of a taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (as defined in section 1033(h)(3)) or a terroristic or military action (as defined in section 692(c)(2)), the Secretary may specify a period of up to one year that may be disregarded in determining, under the internal revenue laws, in respect of any tax liability of such taxpayer—

“(1) whether any of the acts described in paragraph (1) of section 7508(a) were performed within the time prescribed therefor (determined without regard to extension under any other provision of this subtitle for periods after the date (determined by the Secretary) of such disaster or action),

“(2) the amount of any interest, penalty, additional amount, or addition to the tax for periods after such date, and

“(3) the amount of any credit or refund.

“(b) **SPECIAL RULES REGARDING PENSIONS, ETC.**—In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a disaster or action described in subsection (a), the Secretary may specify a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this title. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.

“(c) **SPECIAL RULES FOR OVERPAYMENTS.**—The rules of section 7508(b) shall apply for purposes of this section.”.

(b) **CLARIFICATION OF SCOPE OF ACTS SECRETARY MAY POSTPONE.**—Section 7508(a)(1)(K) (relating to time to be disregarded) is amended by striking “in regulations prescribed under this section”.

(c) **CONFORMING AMENDMENTS TO ERISA.**—

(1) Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

**“SEC. 518. AUTHORITY TO POSTPONE CERTAIN DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER OR TERRORISTIC OR MILITARY ACTIONS.**

“In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Presidentially declared disaster (as defined in section 1033(h)(3) of the Internal Revenue Code of 1986) or a terroristic or military action (as defined in section 692(c)(2) of such Code), the Secretary may, notwithstanding any other provision of law, prescribe, by notice or otherwise, a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this Act. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.”.

(2) Section 4002 of Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302) is amended by adding at the end the following new subsection:

“(i) **SPECIAL RULES REGARDING DISASTERS, ETC.**—In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Presidentially declared disaster (as defined in section 1033(h)(3) of the Internal Revenue Code of 1986) or a terroristic or military action (as defined in

section 692(c)(2) of such Code), the corporation may, notwithstanding any other provision of law, prescribe, by notice or otherwise, a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this Act. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.”.

(d) **ADDITIONAL CONFORMING AMENDMENTS.**—

(1) Section 6404 is amended—

(A) by striking subsection (h),

(B) by redesignating subsection (i) as subsection (h), and

(C) by adding at the end the following new subsection:

“(i) **CROSS REFERENCE.**—

“**For authority of the Secretary to abate certain amounts by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.**”.

(2) Section 6081(c) is amended to read as follows:

“(c) **CROSS REFERENCES.**—

“**For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.**”.

(3) Section 6161(d) is amended by adding at the end the following new paragraph:

“(3) **POSTPONEMENT OF CERTAIN ACTS.**—

“**For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.**”.

(d) **CLERICAL AMENDMENTS.**—

(1) The item relating to section 7508A in the table of sections for chapter 77 is amended to read as follows:

“Sec. 7508A. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terrorist or military actions.”.

(2) The table of contents for the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 517 the following new item:

“Sec. 518. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terrorist or military actions.”.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to disasters and terrorist or military actions occurring on or after September 11, 2001, with respect to any action of the Secretary of the Treasury, the Secretary of Labor, or the Pension Benefit Guaranty Corporation occurring on or after the date of the enactment of this Act.

#### **SEC. 203. INTERNAL REVENUE SERVICE DISASTER RESPONSE TEAM.**

(a) **IN GENERAL.**—Section 7508A, as amended by section 202(a), is amended by adding at the end the following new subsection:

“(d) **DUTIES OF DISASTER RESPONSE TEAM.**—The Secretary shall establish as a permanent office in the national office of the Internal Revenue Service a disaster response team which, in coordination with the Federal Emergency Management Agency, shall assist taxpayers in clarifying and resolving Federal tax matters associated with or resulting from any Presidentially declared disaster (as defined in section 1033(h)(3)) or a terrorist or military action (as defined in section 692(c)(2)).”.

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

#### **SEC. 204. APPLICATION OF CERTAIN PROVISIONS TO TERRORISTIC OR MILITARY ACTIONS.**

(a) **EXCLUSION FOR DEATH BENEFITS.**—Section 101 (relating to certain death benefits) is amend-

ed by adding at the end the following new subsection:

“(i) **CERTAIN EMPLOYEE DEATH BENEFITS PAYABLE BY REASON OF DEATH FROM TERRORISTIC OR MILITARY ACTIONS.**—

“(1) **IN GENERAL.**—Gross income does not include amounts which are received (whether in a single sum or otherwise) if such amounts are paid by an employer by reason of the death of an employee incurred as a result of a terrorist or military action (as defined in section 692(c)(2)).

“(2) **NO RELIEF FOR CERTAIN INDIVIDUALS.**—Paragraph (1) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in a terrorist action (as so defined), or a representative of such individual.

“(3) **TREATMENT OF SELF-EMPLOYED INDIVIDUALS.**—For purposes of this subsection, the term ‘employee’ includes a self-employed person (as described in section 401(c)(1)).”.

(b) **DISABILITY INCOME.**—Section 104(a)(5) (relating to compensation for injuries or sickness) is amended by striking “a violent attack” and all that follows through the period and inserting “a terrorist or military action (as defined in section 692(c)(2)).”.

(c) **EXEMPTION FROM INCOME TAX FOR CERTAIN MILITARY OR CIVILIAN EMPLOYEES.**—Section 692(c) is amended—

(1) by striking “outside the United States” in paragraph (1), and

(2) by striking “SUSTAINED OVERSEAS” in the heading.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years ending on or after September 11, 2001.

#### **SEC. 205. CLARIFICATION OF DUE DATE FOR AIRLINE EXCISE TAX DEPOSITS.**

(a) **IN GENERAL.**—Paragraph (3) of section 301(a) of the Air Transportation Safety and System Stabilization Act (Public Law 107-42) is amended to read as follows:

“(3) **AIRLINE-RELATED DEPOSIT.**—For purposes of this subsection, the term ‘airline-related deposit’ means any deposit of taxes imposed by subchapter C of chapter 33 of such Code (relating to transportation by air).”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect as if included in section 301 of the Air Transportation Safety and System Stabilization Act (Public Law 107-42).

#### **SEC. 206. COORDINATION WITH AIR TRANSPORTATION SAFETY AND SYSTEM STABILIZATION ACT.**

No reduction in Federal tax liability by reason of any provision of, or amendment made by, this Act shall be considered as being received from a collateral source for purposes of section 402(4) of the Air Transportation Safety and System Stabilization Act (Public Law 107-42).

### **TITLE III—DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS**

#### **SEC. 301. DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS.**

(a) **DISCLOSURE WITHOUT A REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.**—Paragraph (3) of section 6103(i) (relating to disclosure of return information to apprise appropriate officials of criminal activities or emergency circumstances) is amended by adding at the end the following new subparagraph:

“(C) **TERRORIST ACTIVITIES, ETC.**—

“(i) **IN GENERAL.**—Except as provided in paragraph (6), the Secretary may disclose in writing return information (other than taxpayer return information) that may be related to a terrorist incident, threat, or activity to the extent necessary to apprise the head of the appropriate Federal law enforcement agency responsible for investigating or responding to such terrorist incident, threat, or activity.

The head of the agency may disclose such return information to officers and employees of

such agency to the extent necessary to investigate or respond to such terrorist incident, threat, or activity.

“(ii) **DISCLOSURE TO THE DEPARTMENT OF JUSTICE.**—Returns and taxpayer return information may also be disclosed to the Attorney General under clause (i) to the extent necessary for, and solely for use in preparing, an application under paragraph (7)(D).

“(iii) **TAXPAYER IDENTITY.**—For purposes of this subparagraph, a taxpayer’s identity shall not be treated as taxpayer return information.

“(iv) **TERMINATION.**—No disclosure may be made under this subparagraph after December 31, 2003.”.

(b) **DISCLOSURE UPON REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.**—Subsection (i) of section 6103 (relating to disclosure to Federal officers or employees for administration of Federal laws not relating to tax administration) is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

“(7) **DISCLOSURE UPON REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.**—

“(A) **DISCLOSURE TO LAW ENFORCEMENT AGENCIES.**—

“(i) **IN GENERAL.**—Except as provided in paragraph (6), upon receipt by the Secretary of a written request which meets the requirements of clause (ii), the Secretary may disclose return information (other than taxpayer return information) to officers and employees of any Federal law enforcement agency who are personally and directly engaged in the response to or investigation of any terrorist incident, threat, or activity.

“(ii) **DISCLOSURE TO STATE AND LOCAL LAW ENFORCEMENT AGENCIES.**—The head of any Federal law enforcement agency may disclose return information obtained under clause (i) to officers and employees of any State or local law enforcement agency but only if such agency is part of a team with the Federal law enforcement agency in such response or investigation and such information is disclosed only to officers and employees who are personally and directly engaged in such response or investigation.

“(iii) **REQUIREMENTS.**—A request meets the requirements of this clause if—

“(I) the request is made by the head of any Federal law enforcement agency (or his delegate) involved in the response to or investigation of any terrorist incident, threat, or activity, and

“(II) the request sets forth the specific reason or reasons why such disclosure may be relevant to a terrorist incident, threat, or activity.

“(iv) **LIMITATION ON USE OF INFORMATION.**—Information disclosed under this subparagraph shall be solely for the use of the officers and employees to whom such information is disclosed in such response or investigation.

“(B) **DISCLOSURE TO INTELLIGENCE AGENCIES.**—

“(i) **IN GENERAL.**—Except as provided in paragraph (6), upon receipt by the Secretary of a written request which meets the requirements of clause (ii), the Secretary may disclose return information (other than taxpayer return information) to those officers and employees of the Department of Justice, the Department of the Treasury, and other Federal intelligence agencies who are personally and directly engaged in the collection or analysis of intelligence and counterintelligence information or investigation concerning any terrorist incident, threat, or activity. For purposes of the preceding sentence, the information disclosed under the preceding sentence shall be solely for the use of such officers and employees in such investigation, collection, or analysis.

“(ii) **REQUIREMENTS.**—A request meets the requirements of this subparagraph if the request—

“(I) is made by an individual described in clause (iii), and

“(II) sets forth the specific reason or reasons why such disclosure may be relevant to a terrorist incident, threat, or activity.

“(iii) REQUESTING INDIVIDUALS.—An individual described in this subparagraph is an individual—

“(I) who is an officer or employee of the Department of Justice or the Department of the Treasury who is appointed by the President with the advice and consent of the Senate or who is the Director of the United States Secret Service, and

“(II) who is responsible for the collection and analysis of intelligence and counterintelligence information concerning any terrorist incident, threat, or activity.

“(iv) TAXPAYER IDENTITY.—For purposes of this subparagraph, a taxpayer’s identity shall not be treated as taxpayer return information.

“(C) DISCLOSURE UNDER EX PARTE ORDERS.—

“(i) IN GENERAL.—Except as provided in paragraph (6), any return or return information with respect to any specified taxable period or periods shall, pursuant to and upon the grant of an ex parte order by a Federal district court judge or magistrate under clause (ii), be open (but only to the extent necessary as provided in such order) to inspection by, or disclosure to, officers and employees of any Federal law enforcement agency or Federal intelligence agency who are personally and directly engaged in any investigation, response to, or analysis of intelligence and counterintelligence information concerning any terrorist incident, threat, or activity. Return or return information opened pursuant to the preceding sentence shall be solely for the use of such officers and employees in the investigation, response, or analysis, and in any judicial, administrative, or grand jury proceedings, pertaining to such terrorist incident, threat, or activity.

“(ii) APPLICATION FOR ORDER.—The Attorney General, the Deputy Attorney General, the Associate Attorney General, any Assistant Attorney General, or any United States attorney may authorize an application to a Federal district court judge or magistrate for the order referred to in clause (i). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that—

“(I) there is reasonable cause to believe, based upon information believed to be reliable, that the return or return information may be relevant to a matter relating to such terrorist incident, threat, or activity, and

“(II) the return or return information is sought exclusively for use in a Federal investigation, analysis, or proceeding concerning any terrorist incident, threat, or activity.

“(D) SPECIAL RULE FOR EX PARTE DISCLOSURE BY THE IRS.—

“(i) IN GENERAL.—Except as provided in paragraph (6), the Secretary may authorize an application to a Federal district court judge or magistrate for the order referred to in subparagraph (C)(i). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that the requirements of subparagraph (C)(ii)(I) are met.

“(ii) LIMITATION ON USE OF INFORMATION.—Information disclosed under clause (i)—

“(I) may be disclosed only to the extent necessary to apprise the head of the appropriate Federal law enforcement agency responsible for investigating or responding to a terrorist incident, threat, or activity, and

“(II) shall be solely for use in a Federal investigation, analysis, or proceeding concerning any terrorist incident, threat, or activity. The head of such Federal agency may disclose such information to officers and employees of such agency to the extent necessary to investigate or respond to such terrorist incident, threat, or activity.

“(E) TERMINATION.—No disclosure may be made under this paragraph after December 31, 2003.”

(c) CONFORMING AMENDMENTS.—

(1) Section 6103(a)(2) is amended by inserting “any local law enforcement agency receiving in-

formation under subsection (i)(7)(A),” after “State.”

(2) Section 6103(b) is amended by adding at the end the following new paragraph:

“(11) TERRORIST INCIDENT, THREAT, OR ACTIVITY.—The term ‘terrorist incident, threat, or activity’ means an incident, threat, or activity involving an act of domestic terrorism (as defined in section 2331(5) of title 18, United States Code) or international terrorism (as defined in section 2331(1) of such title).”

(3) The heading of section 6103(i)(3) is amended by inserting “OR TERRORIST” after “CRIMINAL”.

(4) Paragraph (4) of section 6103(i) is amended—

(A) in subparagraph (A) by inserting “or (7)(C)” after “paragraph (1)”, and

(B) in subparagraph (B) by striking “or (3)(A)” and inserting “(3)(A) or (C), or (7)”.

(5) Paragraph (6) of section 6103(i) is amended—

(A) by striking “(3)(A)” and inserting “(3)(A) or (C)”, and

(B) by striking “or (7)” and inserting “(7), or (8)”.

(6) Section 6103(p)(3) is amended—

(A) in subparagraph (A) by striking

“(7)(A)(ii)” and inserting “(8)(A)(ii)”, and

(B) in subparagraph (C) by striking

“(i)(3)(B)(i)” and inserting “(i)(3)(B)(i) or (7)(A)(ii)”.

(7) Section 6103(p)(4) is amended—

(A) in the matter preceding subparagraph (A)—

(i) by striking “or (5),” the first place it ap-

pears and inserting “(5), or (7),” and

(ii) by striking “(i)(3)(B)(i),” and inserting

“(i)(3)(B)(i) or (7)(A)(ii),” and

(B) in subparagraph (F)(ii) by striking “or

(5),” the first place it appears and inserting “(5)

or (7),”.

(8) Section 6103(p)(6)(B)(i) is amended by

striking “(i)(7)(A)(ii)” and inserting

“(i)(8)(A)(ii)”.

(9) Section 6105(b) is amended—

(A) by striking “or” at the end of paragraph

(2),

(B) by striking “paragraphs (1) or (2)” in

paragraph (3) and inserting “paragraph (1), (2),

or (3)”,

(C) by redesignating paragraph (3) as para-

graph (4), and

(D) by inserting after paragraph (2) the fol-

lowing new paragraph:

“(3) to the disclosure of tax convention infor-

mation on the same terms as return information

may be disclosed under paragraph (3)(C) or (7)

of section 6103(i), except that in the case of tax

convention information provided by a foreign

government, no disclosure may be made under

this paragraph without the written consent of

the foreign government, or”.

(10) Section 7213(a)(2) is amended by striking

“(i)(3)(B)(i),” and inserting “(i)(3)(B)(i) or

(7)(A)(ii),”.

(d) EFFECTIVE DATE.—The amendments made

by this section shall apply to disclosures made

on or after the date of the enactment of this Act.

Amend the title so as to read: “An Act to

amend the Internal Revenue Code of 1986 to

provide tax relief for victims of the terrorist

attacks against the United States, and for

other purposes.”.

MOTION OFFERED BY MR. THOMAS

Mr. THOMAS. Mr. Speaker, pursuant to the order of the House, I offer a motion.

The SPEAKER pro tempore. The Clerk will designate the motion.

The text of the motion is as follows:

Mr. THOMAS moves that:

In lieu of the matter proposed to be inserted by the Senate amendment to the text of the bill, insert the following:

**SECTION 1. SHORT TITLE; ETC.**

(a) SHORT TITLE.—This Act may be cited as the “Victims of Terrorism Tax Relief Act of 2001”.

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

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

Sec. 1. Short title; etc.

**TITLE I—RELIEF PROVISIONS FOR VICTIMS OF TERRORIST ATTACKS**

Sec. 101. Income taxes of victims of terrorist attacks.

Sec. 102. Exclusion of certain death benefits.

Sec. 103. Estate tax reduction.

Sec. 104. Payments by charitable organizations treated as exempt payments.

**TITLE II—OTHER RELIEF PROVISIONS**

Sec. 201. Exclusion for disaster relief payments.

Sec. 202. Authority to postpone certain deadlines and required actions.

Sec. 203. Application of certain provisions to terroristic or military actions.

Sec. 204. Clarification of due date for airline excise tax deposits.

Sec. 205. Treatment of certain structured settlement payments.

Sec. 206. Personal exemption deduction for certain disability trusts.

**TITLE III—TAX BENEFITS FOR AREA OF NEW YORK CITY DAMAGED IN TERRORIST ATTACKS ON SEPTEMBER 11, 2001**

Sec. 301. Tax benefits for area of New York City damaged in terrorist attacks on September 11, 2001.

**TITLE IV—DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS**

Sec. 401. Disclosure of tax information in terrorism and national security investigations.

**TITLE V—NO IMPACT ON SOCIAL SECURITY TRUST FUNDS**

Sec. 501. No impact on social security trust funds.

**TITLE I—RELIEF PROVISIONS FOR VICTIMS OF TERRORIST ATTACKS**

**SEC. 101. INCOME TAXES OF VICTIMS OF TERRORIST ATTACKS.**

(a) IN GENERAL.—Section 692 (relating to income taxes of members of Armed Forces on death) is amended by adding at the end the following new subsection:

“(d) INDIVIDUALS DYING AS A RESULT OF CERTAIN ATTACKS.—

“(1) IN GENERAL.—In the case of a specified terrorist victim, any tax imposed by this chapter shall not apply—

“(A) with respect to the taxable year in which falls the date of death, and

“(B) with respect to any prior taxable year in the period beginning with the last taxable year ending before the taxable year in which the wounds, injury, or illness referred to in paragraph (2) were incurred.

“(2) SPECIFIED TERRORIST VICTIM.—For purposes of this subsection, the term ‘specified terrorist victim’ means any decedent—

“(A) who dies as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on April 19, 1995, or September 11, 2001, or

“(B) who dies as a result of illness incurred as a result of an attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002.

Such term shall not include any individual identified by the Attorney General to have been a participant or conspirator in any such

attack or a representative of such an individual.”

(b) CONFORMING AMENDMENTS.—

(1) Section 5(b)(1) is amended by inserting “and victims of certain terrorist attacks” before “on death”.

(2) Section 6013(f)(2)(B) is amended by inserting “and victims of certain terrorist attacks” before “on death”.

(c) CLERICAL AMENDMENTS.—

(1) The heading of section 692 is amended to read as follows:

**“SEC. 692. INCOME TAXES OF MEMBERS OF ARMED FORCES AND VICTIMS OF CERTAIN TERRORIST ATTACKS ON DEATH.”**

(2) The item relating to section 692 in the table of sections for part II of subchapter J of chapter 1 is amended to read as follows:

“Sec. 692. Income taxes of members of Armed Forces and victims of certain terrorist attacks on death.”

(d) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending before, on, or after September 11, 2001.

(2) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

**SEC. 102. EXCLUSION OF CERTAIN DEATH BENEFITS.**

(a) IN GENERAL.—Section 101 (relating to certain death benefits) is amended by adding at the end the following new subsection:

“(i) CERTAIN EMPLOYEE DEATH BENEFITS PAYABLE BY REASON OF DEATH OF CERTAIN TERRORIST VICTIMS.—

“(1) IN GENERAL.—Gross income does not include amounts (whether in a single sum or otherwise) paid by an employer by reason of the death of an employee who is a specified terrorist victim (as defined in section 692(d)(2)).

“(2) LIMITATION.—Subject to such rules as the Secretary may prescribe, paragraph (1) shall not apply to amounts which would have been payable if the individual had died other than as a specified terrorist victim (as so defined).

“(3) TREATMENT OF SELF-EMPLOYED INDIVIDUALS.—For purposes of paragraph (1), the term ‘employee’ includes a self-employed individual (as defined in section 401(c)(1)).”

(b) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

(1) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending before, on, or after September 11, 2001.

(2) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

**SEC. 103. ESTATE TAX REDUCTION.**

(a) IN GENERAL.—Section 2201 is amended to read as follows:

**“SEC. 2201. COMBAT ZONE-RELATED DEATHS OF MEMBERS OF THE ARMED FORCES AND DEATHS OF VICTIMS OF CERTAIN TERRORIST ATTACKS.**

“(a) IN GENERAL.—Unless the executor elects not to have this section apply, in ap-

plying sections 2001 and 2101 to the estate of a qualified decedent, the rate schedule set forth in subsection (c) shall be deemed to be the rate schedule set forth in section 2001(c).

“(b) QUALIFIED DECEDENT.—For purposes of this section, the term ‘qualified decedent’ means—

“(1) any citizen or resident of the United States dying while in active service of the Armed Forces of the United States, if such decedent—

“(A) was killed in action while serving in a combat zone, as determined under section 112(c), or

“(B) died as a result of wounds, disease, or injury suffered while serving in a combat zone (as determined under section 112(c)), and while in the line of duty, by reason of a hazard to which such decedent was subjected as an incident of such service, and

“(2) any specified terrorist victim (as defined in section 692(d)(2)).

“(c) RATE SCHEDULE.—

“If the amount with respect to which the tentative tax to be computed is:

Not over \$150,000 .....	1 percent of the amount by which such amount exceeds \$100,000.
Over \$150,000 but not over \$200,000.	\$500 plus 2 percent of the excess over \$150,000.
Over \$200,000 but not over \$300,000.	\$1,500 plus 3 percent of the excess over \$200,000.
Over \$300,000 but not over \$500,000.	\$4,500 plus 4 percent of the excess over \$300,000.
Over \$500,000 but not over \$700,000.	\$12,500 plus 5 percent of the excess over \$500,000.
Over \$700,000 but not over \$900,000.	\$22,500 plus 6 percent of the excess over \$700,000.
Over \$900,000 but not over \$1,100,000.	\$34,500 plus 7 percent of the excess over \$900,000.
Over \$1,100,000 but not over \$1,600,000.	\$48,500 plus 8 percent of the excess over \$1,100,000.
Over \$1,600,000 but not over \$2,100,000.	\$88,500 plus 9 percent of the excess over \$1,600,000.
Over \$2,100,000 but not over \$2,600,000.	\$133,500 plus 10 percent of the excess over \$2,100,000.
Over \$2,600,000 but not over \$3,100,000.	\$183,500 plus 11 percent of the excess over \$2,600,000.
Over \$3,100,000 but not over \$3,600,000.	\$238,500 plus 12 percent of the excess over \$3,100,000.
Over \$3,600,000 but not over \$4,100,000.	\$298,500 plus 13 percent of the excess over \$3,600,000.
Over \$4,100,000 but not over \$5,100,000.	\$363,500 plus 14 percent of the excess over \$4,100,000.
Over \$5,100,000 but not over \$6,100,000.	\$503,500 plus 15 percent of the excess over \$5,100,000.
Over \$6,100,000 but not over \$7,100,000.	\$653,500 plus 16 percent of the excess over \$6,100,000.
Over \$7,100,000 but not over \$8,100,000.	\$813,500 plus 17 percent of the excess over \$7,100,000.
Over \$8,100,000 but not over \$9,100,000.	\$983,500 plus 18 percent of the excess over \$8,100,000.
Over \$9,100,000 but not over \$10,100,000.	\$1,163,500 plus 19 percent of the excess over \$9,100,000.
Over \$10,100,000 .....	\$1,353,500 plus 20 percent of the excess over \$10,100,000.

“(d) DETERMINATION OF UNIFIED CREDIT.—In the case of an estate to which this section applies, subsection (a) shall not apply in determining the credit under section 2010.”

(b) CONFORMING AMENDMENTS.—

(1) Section 2011 is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(2) Section 2053(d)(3)(B) is amended by striking “section 2011(e)” and inserting “section 2011(d)”.

(3) Paragraph (9) of section 532(c) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is repealed.

(c) CLERICAL AMENDMENT.—The item relating to section 2201 in the table of sections for subchapter C of chapter 11 is amended to read as follows:

“Sec. 2201. Combat zone-related deaths of members of the Armed Forces and deaths of victims of certain terrorist attacks.”

(d) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents—

(A) dying on or after September 11, 2001, and

(B) in the case of individuals dying as a result of the April 19, 1995, terrorist attack, dying on or after April 19, 1995.

(2) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

**SEC. 104. PAYMENTS BY CHARITABLE ORGANIZATIONS TREATED AS EXEMPT PAYMENTS.**

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986—

(1) payments made by an organization described in section 501(c)(3) of such Code by reason of the death, injury, wounding, or illness of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, or an attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002, shall be treated as related to the purpose or function constituting the basis for such organization’s exemption under section 501 of such Code if such payments are made—

(A) in good faith using a reasonable and objective formula which is consistently applied, and

(B) in furtherance of public rather than private purposes, and

(2) in the case of a private foundation (as defined in section 509 of such Code), any payment described in paragraph (1) shall not be treated as made to a disqualified person for purposes of section 4941 of such Code.

(b) EFFECTIVE DATE.—This section shall apply to payments made on or after September 11, 2001.

**TITLE II—OTHER RELIEF PROVISIONS**

**SEC. 201. EXCLUSION FOR DISASTER RELIEF PAYMENTS.**

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and inserting after section 138 the following new section:

**“SEC. 139. DISASTER RELIEF PAYMENTS.**

“(a) GENERAL RULE.—Gross income shall not include any amount received by an individual as a qualified disaster relief payment.

“(b) QUALIFIED DISASTER RELIEF PAYMENT DEFINED.—For purposes of this section, the term ‘qualified disaster relief payment’ means any amount paid to or for the benefit of an individual—

“(1) to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster,

“(2) to reimburse or pay reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence or repair or replacement of its contents to the extent that the need for such repair, rehabilitation, or replacement is attributable to a qualified disaster,

“(3) by a person engaged in the furnishing or sale of transportation as a common carrier by reason of the death or personal physical injuries incurred as a result of a qualified disaster, or

“(4) if such amount is paid by a Federal, State, or local government, or agency or instrumentality thereof, in connection with a qualified disaster in order to promote the general welfare,

but only to the extent any expense compensated by such payment is not otherwise compensated for by insurance or otherwise.

“(c) QUALIFIED DISASTER DEFINED.—For purposes of this section, the term ‘qualified disaster’ means—

“(1) a disaster which results from a terrorist or military action (as defined in section 692(c)(2)),

“(2) a Presidentially declared disaster (as defined in section 1033(h)(3)),

“(3) a disaster which results from an accident involving a common carrier, or from any other event, which is determined by the Secretary to be of a catastrophic nature, or

“(4) with respect to amounts described in subsection (b)(4), a disaster which is determined by an applicable Federal, State, or local authority (as determined by the Secretary) to warrant assistance from the Federal, State, or local government or agency or instrumentality thereof.

“(d) COORDINATION WITH EMPLOYMENT TAXES.—For purposes of chapter 2 and subtitle C, a qualified disaster relief payment shall not be treated as net earnings from self-employment, wages, or compensation subject to tax.

“(e) NO RELIEF FOR CERTAIN INDIVIDUALS.—Subsections (a) and (f) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in a terrorist action (as so defined), or a representative of such individual.

“(f) EXCLUSION OF CERTAIN ADDITIONAL PAYMENTS.—Gross income shall not include any amount received as payment under section 406 of the Air Transportation Safety and System Stabilization Act.”

(b) CONFORMING AMENDMENTS.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

“Sec. 139. Disaster relief payments.

“Sec. 140. Cross references to other Acts.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after September 11, 2001.

**SEC. 202. AUTHORITY TO POSTPONE CERTAIN DEADLINES AND REQUIRED ACTIONS.**

(a) EXPANSION OF AUTHORITY RELATING TO DISASTERS AND TERRORISTIC OR MILITARY ACTIONS.—Section 7508A is amended to read as follows:

**“SEC. 7508A. AUTHORITY TO POSTPONE CERTAIN DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER OR TERRORISTIC OR MILITARY ACTIONS.**

“(a) IN GENERAL.—In the case of a taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (as defined in section 1033(h)(3)) or a terrorist or military action (as defined in section 692(c)(2)), the Secretary may specify a period of up to one year that may be disregarded in determining, under the internal revenue laws, in respect of any tax liability of such taxpayer—

“(1) whether any of the acts described in paragraph (1) of section 7508(a) were performed within the time prescribed therefor (determined without regard to extension under any other provision of this subtitle for

periods after the date (determined by the Secretary) of such disaster or action),

“(2) the amount of any interest, penalty, additional amount, or addition to the tax for periods after such date, and

“(3) the amount of any credit or refund.

“(b) SPECIAL RULES REGARDING PENSIONS, ETC.—In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a disaster or action described in subsection (a), the Secretary may specify a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this title. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.

“(c) SPECIAL RULES FOR OVERPAYMENTS.—The rules of section 7508(b) shall apply for purposes of this section.”.

(b) CLARIFICATION OF SCOPE OF ACTS SECRETARY MAY POSTPONE.—Section 7508(a)(1)(K) (relating to time to be disregarded) is amended by striking “in regulations prescribed under this section”.

(c) CONFORMING AMENDMENTS TO ERISA.—

(1) Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

**“SEC. 518. AUTHORITY TO POSTPONE CERTAIN DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER OR TERRORISTIC OR MILITARY ACTIONS.**

“In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Presidentially declared disaster (as defined in section 1033(h)(3) of the Internal Revenue Code of 1986) or a terrorist or military action (as defined in section 692(c)(2) of such Code), the Secretary may, notwithstanding any other provision of law, prescribe, by notice or otherwise, a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this Act. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.”.

(2) Section 4002 of Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302) is amended by adding at the end the following new subsection:

“(i) SPECIAL RULES REGARDING DISASTERS, ETC.—In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Presidentially declared disaster (as defined in section 1033(h)(3) of the Internal Revenue Code of 1986) or a terrorist or military action (as defined in section 692(c)(2) of such Code), the corporation may, notwithstanding any other provision of law, prescribe, by notice or otherwise, a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this Act. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.”.

(d) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 6404 is amended—

(A) by striking subsection (h),

(B) by redesignating subsection (i) as subsection (h), and

(C) by adding at the end the following new subsection:

“(i) CROSS REFERENCE.—

**“For authority to suspend running of interest, etc. by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.”.**

(2) Section 6081(c) is amended to read as follows:

“(c) CROSS REFERENCES.—

**“For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.”.**

(3) Section 6161(d) is amended by adding at the end the following new paragraph:

“(3) POSTPONEMENT OF CERTAIN ACTS.—

**“For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terrorist or military action, see section 7508A.”.**

(d) CLERICAL AMENDMENTS.—

(1) The item relating to section 7508A in the table of sections for chapter 77 is amended to read as follows:

“Sec. 7508A. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terrorist or military actions.”.

(2) The table of contents for the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 517 the following new item:

“Sec. 518. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terrorist or military actions.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to disasters and terrorist or military actions occurring on or after September 11, 2001, with respect to any action of the Secretary of the Treasury, the Secretary of Labor, or the Pension Benefit Guaranty Corporation occurring on or after the date of the enactment of this Act.

**SEC. 203. APPLICATION OF CERTAIN PROVISIONS TO TERRORISTIC OR MILITARY ACTIONS.**

(a) DISABILITY INCOME.—Section 104(a)(5) (relating to compensation for injuries or sickness) is amended by striking “a violent attack” and all that follows through the period and inserting “a terrorist or military action (as defined in section 692(c)(2)).”.

(b) EXEMPTION FROM INCOME TAX FOR CERTAIN MILITARY OR CIVILIAN EMPLOYEES.—Section 692(c) is amended—

(1) by striking “outside the United States” in paragraph (1), and

(2) by striking “SUSTAINED OVERSEAS” in the heading.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after September 11, 2001.

**SEC. 204. CLARIFICATION OF DUE DATE FOR AIRLINE EXCISE TAX DEPOSITS.**

(a) IN GENERAL.—Paragraph (3) of section 301(a) of the Air Transportation Safety and System Stabilization Act (Public Law 107-42) is amended to read as follows:

“(3) AIRLINE-RELATED DEPOSIT.—For purposes of this subsection, the term ‘airline-related deposit’ means any deposit of taxes imposed by subchapter C of chapter 33 of such Code (relating to transportation by air).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 301 of the Air Transportation Safety and System Stabilization Act (Public Law 107-42).

**SEC. 205. TREATMENT OF CERTAIN STRUCTURED SETTLEMENT PAYMENTS.**

(a) IN GENERAL.—Subtitle E is amended by adding at the end the following new chapter:

**“CHAPTER 55—STRUCTURED SETTLEMENT FACTORING TRANSACTIONS**

“Sec. 5891. Structured settlement factoring transactions.

**“SEC. 5891. STRUCTURED SETTLEMENT FACTORING TRANSACTIONS.**

“(a) IMPOSITION OF TAX.—There is hereby imposed on any person who acquires directly or indirectly structured settlement payment rights in a structured settlement factoring transaction a tax equal to 40 percent of the factoring discount as determined under subsection (c)(4) with respect to such factoring transaction.

“(b) EXCEPTION FOR CERTAIN APPROVED TRANSACTIONS.—

“(1) IN GENERAL.—The tax under subsection (a) shall not apply in the case of a structured settlement factoring transaction in which the transfer of structured settlement payment rights is approved in advance in a qualified order.

“(2) QUALIFIED ORDER.—For purposes of this section, the term ‘qualified order’ means a final order, judgment, or decree which—

“(A) finds that the transfer described in paragraph (1)—

“(i) does not contravene any Federal or State statute or the order of any court or responsible administrative authority, and

“(ii) is in the best interest of the payee, taking into account the welfare and support of the payee’s dependents, and

“(B) is issued—

“(i) under the authority of an applicable State statute by an applicable State court, or

“(ii) by the responsible administrative authority (if any) which has exclusive jurisdiction over the underlying action or proceeding which was resolved by means of the structured settlement.

“(3) APPLICABLE STATE STATUTE.—For purposes of this section, the term ‘applicable State statute’ means a statute providing for the entry of an order, judgment, or decree described in paragraph (2)(A) which is enacted by—

“(A) the State in which the payee of the structured settlement is domiciled, or

“(B) if there is no statute described in subparagraph (A), the State in which either the party to the structured settlement (including an assignee under a qualified assignment under section 130) or the person issuing the funding asset for the structured settlement is domiciled or has its principal place of business.

“(4) APPLICABLE STATE COURT.—For purposes of this section—

“(A) IN GENERAL.—The term ‘applicable State court’ means, with respect to any applicable State statute, a court of the State which enacted such statute.

“(B) SPECIAL RULE.—In the case of an applicable State statute described in paragraph (3)(B), such term also includes a court of the State in which the payee of the structured settlement is domiciled.

“(5) QUALIFIED ORDER DISPOSITIVE.—A qualified order shall be treated as dispositive for purposes of the exception under this subsection.

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

“(1) STRUCTURED SETTLEMENT.—The term ‘structured settlement’ means an arrangement—

“(A) which is established by—

“(i) suit or agreement for the periodic payment of damages excludable from the gross income of the recipient under section 104(a)(2), or

“(ii) agreement for the periodic payment of compensation under any workers’ compensation law excludable from the gross income of the recipient under section 104(a)(1), and

“(B) under which the periodic payments are—

“(i) of the character described in subparagraphs (A) and (B) of section 130(c)(2), and

“(ii) payable by a person who is a party to the suit or agreement or to the workers’ compensation claim or by a person who has assumed the liability for such periodic payments under a qualified assignment in accordance with section 130.

“(2) STRUCTURED SETTLEMENT PAYMENT RIGHTS.—The term ‘structured settlement payment rights’ means rights to receive payments under a structured settlement.

“(3) STRUCTURED SETTLEMENT FACTORING TRANSACTION.—

“(A) IN GENERAL.—The term ‘structured settlement factoring transaction’ means a transfer of structured settlement payment rights (including portions of structured settlement payments) made for consideration by means of sale, assignment, pledge, or other form of encumbrance or alienation for consideration.

“(B) EXCEPTION.—Such term shall not include—

“(i) the creation or perfection of a security interest in structured settlement payment rights under a blanket security agreement entered into with an insured depository institution in the absence of any action to redirect the structured settlement payments to such institution (or agent or successor thereof) or otherwise to enforce such blanket security interest as against the structured settlement payment rights, or

“(ii) a subsequent transfer of structured settlement payment rights acquired in a structured settlement factoring transaction.

“(4) FACTORING DISCOUNT.—The term ‘factoring discount’ means an amount equal to the excess of—

“(A) the aggregate undiscounted amount of structured settlement payments being acquired in the structured settlement factoring transaction, over

“(B) the total amount actually paid by the acquirer to the person from whom such structured settlement payments are acquired.

“(5) RESPONSIBLE ADMINISTRATIVE AUTHORITY.—The term ‘responsible administrative authority’ means the administrative authority which had jurisdiction over the underlying action or proceeding which was resolved by means of the structured settlement.

“(6) STATE.—The term ‘State’ includes the Commonwealth of Puerto Rico and any possession of the United States.

“(d) COORDINATION WITH OTHER PROVISIONS.—

“(1) IN GENERAL.—If the applicable requirements of sections 72, 104(a)(1), 104(a)(2), 130, and 461(h) were satisfied at the time the structured settlement involving structured settlement payment rights was entered into, the subsequent occurrence of a structured settlement factoring transaction shall not affect the application of the provisions of such sections to the parties to the structured settlement (including an assignee under a qualified assignment under section 130) in any taxable year.

“(2) NO WITHHOLDING OF TAX.—The provisions of section 3405 regarding withholding of tax shall not apply to the person making the payments in the event of a structured settlement factoring transaction.”

(b) CLERICAL AMENDMENT.—The table of chapters for subtitle E is amended by adding at the end the following new item:

“Chapter 55. Structured settlement factoring transactions.”

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section (other than the provisions of section 5891(d) of the Internal Revenue Code of 1986, as added by this section) shall apply to structured settlement factoring transactions (as defined in section 5891(c) of such Code (as so added)) entered into on or after the 30th day following the date of the enactment of this Act.

(2) CLARIFICATION OF EXISTING LAW.—Section 5891(d) of such Code (as so added) shall apply to structured settlement factoring transactions (as defined in section 5891(c) of such Code (as so added)) entered into on or after such 30th day.

(3) TRANSITION RULE.—In the case of a structured settlement factoring transaction entered into during the period beginning on the 30th day following the date of the enactment of this Act and ending on July 1, 2002, no tax shall be imposed under section 5891(a) of such Code if—

(A) the structured settlement payee is domiciled in a State (or possession of the United States) which has not enacted a statute providing that the structured settlement factoring transaction is ineffective unless the transaction has been approved by an order, judgment, or decree of a court (or where applicable, a responsible administrative authority) which finds that such transaction—

(i) does not contravene any Federal or State statute or the order of any court (or responsible administrative authority), and

(ii) is in the best interest of the structured settlement payee or is appropriate in light of a hardship faced by the payee, and

(B) the person acquiring the structured settlement payment rights discloses to the structured settlement payee in advance of the structured settlement factoring transaction the amounts and due dates of the payments to be transferred, the aggregate amount to be transferred, the consideration to be received by the structured settlement payee for the transferred payments, the discounted present value of the transferred payments (including the present value as determined in the manner described in section 7520 of such Code), and the expenses required under the terms of the structured settlement factoring transaction to be paid by the structured settlement payee or deducted from the proceeds of such transaction.

**SEC. 206. PERSONAL EXEMPTION DEDUCTION FOR CERTAIN DISABILITY TRUSTS.**

(a) IN GENERAL.—Subsection (b) of section 642 (relating to deduction for personal exemption) is amended to read as follows:

“(b) DEDUCTION FOR PERSONAL EXEMPTION.—

“(1) ESTATES.—An estate shall be allowed a deduction of \$600.

“(2) TRUSTS.—

“(A) IN GENERAL.—Except as otherwise provided in this paragraph, a trust shall be allowed a deduction of \$100.

“(B) TRUSTS DISTRIBUTING INCOME CURRENTLY.—A trust which, under its governing instrument, is required to distribute all of its income currently shall be allowed a deduction of \$300.

“(C) DISABILITY TRUSTS.—

“(i) IN GENERAL.—A qualified disability trust shall be allowed a deduction equal to the exemption amount under section 151(d), determined—

“(I) by treating such trust as an individual described in section 151(d)(3)(C)(iii), and

“(II) by applying section 67(e) (without the reference to section 642(b)) for purposes of determining the adjusted gross income of the trust.

“(ii) QUALIFIED DISABILITY TRUST.—For purposes of clause (i), the term ‘qualified disability trust’ means any trust if—

“(I) such trust is a disability trust described in subsection (c)(2)(B)(iv), (d)(4)(A), or (d)(4)(C) of section 1917 of the Social Security Act (42 U.S.C. 1396p), and

“(II) all of the beneficiaries of the trust as of the close of the taxable year are determined to have been disabled (within the meaning of section 1614(a)(3) of the Social Security Act, 42 U.S.C. 1382c(a)(3)) for some portion of such year.

A trust shall not fail to meet the requirements of subclause (II) merely because the corpus of the trust may revert to a person who is not so disabled after the trust ceases to have any beneficiary who is so disabled.”

“(3) DEDUCTIONS IN LIEU OF PERSONAL EXEMPTION.—The deductions allowed by this subsection shall be in lieu of the deductions allowed under section 151 (relating to deduction for personal exemption).”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending on or after September 11, 2001.

**TITLE III—TAX BENEFITS FOR AREA OF NEW YORK CITY DAMAGED IN TERRORIST ATTACKS ON SEPTEMBER 11, 2001**

**SEC. 301. TAX BENEFITS FOR AREA OF NEW YORK CITY DAMAGED IN TERRORIST ATTACKS ON SEPTEMBER 11, 2001.**

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

**“Subchapter Y—New York Liberty Zone Benefits**

“Sec. 1400L. Tax benefits for New York Liberty Zone.

**“SEC. 1400L. TAX BENEFITS FOR NEW YORK LIBERTY ZONE.**

“(a) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001.—

“(1) ADDITIONAL ALLOWANCE.—In the case of any qualified New York Liberty Zone property—

“(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 30 percent of the adjusted basis of such property, and

“(B) the adjusted basis of the qualified New York Liberty Zone property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

“(2) QUALIFIED NEW YORK LIBERTY ZONE PROPERTY.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified New York Liberty Zone property’ means property—

“(i) (I) to which section 168 applies (other than railroad grading and tunnel bores), or

“(II) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection,

“(ii) substantially all of the use of which is in the New York Liberty Zone and is in the active conduct of a trade or business by the taxpayer in such Zone,

“(iii) the original use of which in the New York Liberty Zone commences with the taxpayer after September 10, 2001, and

“(iv) which is acquired by the taxpayer by purchase (as defined in section 179(d)) after September 10, 2001, and placed in service by the taxpayer on or before the termination date, but only if no written binding contract for the acquisition was in effect before September 11, 2001.

The term ‘termination date’ means December 31, 2006 (December 31, 2009, in the case of nonresidential real property and residential rental property).

“(B) EXCEPTIONS.—

“(i) ALTERNATIVE DEPRECIATION PROPERTY.—The term ‘qualified New York Liberty Zone property’ shall not include any property to which the alternative depreciation system under section 168(g) applies, determined—

“(I) without regard to paragraph (7) of section 168(g) (relating to election to have system apply), and

“(II) after application of section 280F(b) (relating to listed property with limited business use).

“(ii) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—Such term shall not include qualified leasehold improvement property.

“(iii) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

“(C) SPECIAL RULES RELATING TO ORIGINAL USE.—

“(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer’s own use, the requirements of clause (iv) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after September 10, 2001, and before the termination date.

“(ii) SALE-LEASEBACKS.—For purposes of subparagraph (A)(iii), if property—

“(I) is originally placed in service after September 10, 2001, by a person, and

“(II) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the lease-back referred to in subclause (II).

“(D) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—The deduction allowed by this subsection shall be allowed in determining alternative minimum taxable income under section 55.

“(b) 5-YEAR RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.—

“(1) IN GENERAL.—For purposes of section 168, the term ‘5-year property’ includes any qualified leasehold improvement property.

“(2) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—For purposes of this section—

“(A) IN GENERAL.—The term ‘qualified leasehold improvement property’ means any improvement to an interior portion of a building which is nonresidential real property if—

“(i) such building is located in the New York Liberty Zone,

“(ii) such improvement is made under or pursuant to a lease (as defined in section 168(h)(7))—

“(I) by the lessee (or any sublessee) of such portion, or

“(II) by the lessor of such portion,

“(iii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion,

“(iv) such improvement is placed in service—

“(I) after September 10, 2001, and more than 3 years after the date the building was first placed in service, and

“(II) before January 1, 2007, and

“(v) no written binding contract for such improvement was in effect before September 11, 2001.

“(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

“(i) the enlargement of the building,

“(ii) any elevator or escalator,

“(iii) any structural component benefiting a common area, and

“(iv) the internal structural framework of the building.

“(C) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

“(i) COMMITMENT TO LEASE TREATED AS LEASE.—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively.

“(ii) RELATED PERSONS.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term ‘related persons’ means—

“(I) members of an affiliated group (as defined in section 1504), and

“(II) persons having a relationship described in subsection (b) of section 267; except that, for purposes of this clause, the phrase ‘80 percent or more’ shall be substituted for the phrase ‘more than 50 percent’ each place it appears in such subsection.

“(D) IMPROVEMENTS MADE BY LESSOR.—

“(i) IN GENERAL.—In the case of an improvement made by the person who was the lessor of such improvement when such improvement was placed in service, such improvement shall be qualified leasehold improvement property (if at all) only so long as such improvement is held by such person.

“(ii) EXCEPTION FOR CHANGES IN FORM OF BUSINESS.—Property shall not cease to be qualified leasehold improvement property under clause (i) by reason of—

“(I) death,

“(II) a transaction to which section 381(a) applies, or

“(III) a mere change in the form of conducting the trade or business so long as the property is retained in such trade or business as qualified leasehold improvement property and the taxpayer retains a substantial interest in such trade or business.

“(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—The applicable depreciation method under section 168 shall be the straight line method in the case of qualified leasehold improvement property.

“(4) 9-YEAR RECOVERY PERIOD UNDER ALTERNATIVE SYSTEM.—For purposes of section 168(g), the class life of qualified leasehold improvement property shall be 9 years.

“(c) INCREASE IN EXPENSING UNDER SECTION 179.—

“(1) IN GENERAL.—For purposes of section 179—

“(A) the limitation under section 179(b)(1) shall be increased by the lesser of—

“(i) \$35,000, or

“(ii) the cost of section 179 property which is qualified New York Liberty Zone property placed in service during the taxable year, and

“(B) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified New York Liberty Zone property shall be 50 percent of the cost thereof.

“(2) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified New York Liberty Zone property which ceases to be used in the New York Liberty Zone.

“(d) TAX-EXEMPT BOND FINANCING.—

“(1) IN GENERAL.—For purposes of this title, any qualified New York Liberty Bond shall be treated as an exempt facility bond.

“(2) QUALIFIED NEW YORK LIBERTY BOND.—For purposes of this subsection, the term ‘qualified New York Liberty Bond’ means any bond issued as part of an issue if—

“(A) 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of such issue are to be used for qualified project costs,

“(B) such bond is issued by the State of New York or any political subdivision thereof,

“(C) the Governor of New York designates such bond for purposes of this section, and

“(D) such bond is issued during calendar year 2002, 2003, or 2004.

“(3) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under this subsection shall not exceed \$15,000,000,000.

“(4) QUALIFIED PROJECT COSTS.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified project costs’ means the cost of acquisition, construction, reconstruction, and renovation of—

“(i) nonresidential real property and residential rental property (including fixed tenant improvements associated with such property) located in the New York Liberty Zone, and

“(ii) public utility property located in the New York Liberty Zone.

“(B) COSTS FOR CERTAIN PROPERTY OUTSIDE ZONE INCLUDED.—Such term includes the cost of acquisition, construction, reconstruction, and renovation of nonresidential real property (including fixed tenant improvements associated with such property) located outside the New York Liberty Zone but within the City of New York, New York, if such property is part of a project which consists of at least 100,000 square feet of usable office or other commercial space located in a single building or multiple adjacent buildings.

“(C) LIMITATIONS.—Such term shall not include—

“(i) costs for property located outside the New York Liberty Zone to the extent such costs exceed \$7,000,000,000,

“(ii) costs with respect to residential rental property to the extent such costs exceed \$3,000,000,000, and

“(iii) costs with respect to property used for retail sales of tangible property to the extent such costs exceed \$1,500,000,000.

“(D) MOVABLE FIXTURES AND EQUIPMENT.—Such term shall not include costs with respect to movable fixtures and equipment.

“(5) SPECIAL RULES.—In applying this title to any qualified New York Liberty Bond, the following modifications shall apply:

“(A) Section 146 (relating to volume cap) shall not apply.

“(B) Section 147(c) (relating to limitation on use for land acquisition) shall be determined by reference to the aggregate authorized face amount of all qualified New York Liberty Bonds rather than the net proceeds of each issue.

“(C) Section 147(d) (relating to acquisition of existing property not permitted) shall be applied by substituting ‘50 percent’ for ‘15 percent’ each place it appears.

“(D) Section 148(f)(4)(C) (relating to exception from rebate for certain proceeds to be used to finance construction expenditures) shall apply to construction proceeds of bonds issued under this section.

“(E) Financing provided by such a bond shall not be taken into account under section 168(g)(5)(A) with respect to property substantially all of the use of which is in the New York Liberty Zone and is in the active conduct of a trade or business by the taxpayer in such Zone.

“(F) Repayments of principal on financing provided by the issue—

“(i) may not be used to provide financing, and

“(ii) are used not later than the close of the 1st semiannual period beginning after the date of the repayment to redeem bonds which are part of such issue.

The requirement of clause (ii) shall be treated as met with respect to amounts received

within 10 years after the date of issuance of the issue (or, in the case of refunding bond, the date of issuance of the original bond) if such amounts are used by the close of such 10 years to redeem bonds which are part of such issue.

“(G) Section 57(a)(5) shall not apply.

“(6) SEPARATE ISSUE TREATMENT OF PORTIONS OF AN ISSUE.—This subsection shall not apply to the portion of the proceeds of an issue which (if issued as a separate issue) would be treated as a qualified bond or as a bond that is not a private activity bond (determined without regard to subsection (a)), if the issuer elects to so treat such portion.

“(e) EXTENSION OF REPLACEMENT PERIOD FOR NONRECOGNITION OF GAIN.—Notwithstanding subsections (g) and (h) of section 1033, clause (i) of section 1033(a)(2)(B) shall be applied by substituting ‘5 years’ for ‘2 years’ with respect to property which is compulsorily or involuntarily converted as a result of the terrorist attacks on September 11, 2001, in the New York Liberty Zone but only if substantially all of the use of the replacement property is in the City of New York, New York.

“(f) NEW YORK LIBERTY ZONE.—For purposes of this section, the term ‘New York Liberty Zone’ means the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan in the City of New York, New York.”

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

“Subchapter Y. New York Liberty Zone Benefits.”

#### TITLE IV—DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS

##### SEC. 401. DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS.

(a) DISCLOSURE WITHOUT A REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.—Paragraph (3) of section 6103(i) (relating to disclosure of return information to apprise appropriate officials of criminal activities or emergency circumstances) is amended by adding at the end the following new subparagraph:

“(C) TERRORIST ACTIVITIES, ETC.—

“(i) IN GENERAL.—Except as provided in paragraph (6), the Secretary may disclose in writing return information (other than taxpayer return information) that may be related to a terrorist incident, threat, or activity to the extent necessary to apprise the head of the appropriate Federal law enforcement agency responsible for investigating or responding to such terrorist incident, threat, or activity. The head of the agency may disclose such return information to officers and employees of such agency to the extent necessary to investigate or respond to such terrorist incident, threat, or activity.

“(ii) DISCLOSURE TO THE DEPARTMENT OF JUSTICE.—Returns and taxpayer return information may also be disclosed to the Attorney General under clause (i) to the extent necessary for, and solely for use in preparing, an application under paragraph (7)(D).

“(iii) TAXPAYER IDENTITY.—For purposes of this subparagraph, a taxpayer’s identity shall not be treated as taxpayer return information.

“(iv) TERMINATION.—No disclosure may be made under this subparagraph after December 31, 2003.”

(b) DISCLOSURE UPON REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.—Subsection (i) of section 6103 (relating to disclosure to Federal officers or employ-

ees for administration of Federal laws not relating to tax administration) is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

“(7) DISCLOSURE UPON REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES, ETC.—

“(A) DISCLOSURE TO LAW ENFORCEMENT AGENCIES.—

“(i) IN GENERAL.—Except as provided in paragraph (6), upon receipt by the Secretary of a written request which meets the requirements of clause (iii), the Secretary may disclose return information (other than taxpayer return information) to officers and employees of any Federal law enforcement agency who are personally and directly engaged in the response to or investigation of any terrorist incident, threat, or activity.

“(ii) DISCLOSURE TO STATE AND LOCAL LAW ENFORCEMENT AGENCIES.—The head of any Federal law enforcement agency may disclose return information obtained under clause (i) to officers and employees of any State or local law enforcement agency but only if such agency is part of a team with the Federal law enforcement agency in such response or investigation and such information is disclosed only to officers and employees who are personally and directly engaged in such response or investigation.

“(iii) REQUIREMENTS.—A request meets the requirements of this clause if—

“(I) the request is made by the head of any Federal law enforcement agency (or his delegate) involved in the response to or investigation of any terrorist incident, threat, or activity, and

“(II) the request sets forth the specific reason or reasons why such disclosure may be relevant to a terrorist incident, threat, or activity.

“(iv) LIMITATION ON USE OF INFORMATION.—Information disclosed under this subparagraph shall be solely for the use of the officers and employees to whom such information is disclosed in such response or investigation.

“(B) DISCLOSURE TO INTELLIGENCE AGENCIES.—

“(i) IN GENERAL.—Except as provided in paragraph (6), upon receipt by the Secretary of a written request which meets the requirements of clause (ii), the Secretary may disclose return information (other than taxpayer return information) to those officers and employees of the Department of Justice, the Department of the Treasury, and other Federal intelligence agencies who are personally and directly engaged in the collection or analysis of intelligence and counterintelligence information or investigation concerning any terrorist incident, threat, or activity. For purposes of the preceding sentence, the information disclosed under the preceding sentence shall be solely for the use of such officers and employees in such investigation, collection, or analysis.

“(ii) REQUIREMENTS.—A request meets the requirements of this subparagraph if the request—

“(I) is made by an individual described in clause (iii), and

“(II) sets forth the specific reason or reasons why such disclosure may be relevant to a terrorist incident, threat, or activity.

“(iii) REQUESTING INDIVIDUALS.—An individual described in this subparagraph is an individual—

“(I) who is an officer or employee of the Department of Justice or the Department of the Treasury who is appointed by the President with the advice and consent of the Senate or who is the Director of the United States Secret Service, and

“(II) who is responsible for the collection and analysis of intelligence and counterintelligence information concerning any terrorist incident, threat, or activity.

“(iv) TAXPAYER IDENTITY.—For purposes of this subparagraph, a taxpayer’s identity shall not be treated as taxpayer return information.

“(C) DISCLOSURE UNDER EX PARTE ORDERS.—

“(i) IN GENERAL.—Except as provided in paragraph (6), any return or return information with respect to any specified taxable period or periods shall, pursuant to and upon the grant of an ex parte order by a Federal district court judge or magistrate under clause (ii), be open (but only to the extent necessary as provided in such order) to inspection by, or disclosure to, officers and employees of any Federal law enforcement agency or Federal intelligence agency who are personally and directly engaged in any investigation, response to, or analysis of intelligence and counterintelligence information concerning any terrorist incident, threat, or activity. Return or return information opened to inspection or disclosure pursuant to the preceding sentence shall be solely for the use of such officers and employees in the investigation, response, or analysis, and in any judicial, administrative, or grand jury proceedings, pertaining to such terrorist incident, threat, or activity.

“(ii) APPLICATION FOR ORDER.—The Attorney General, the Deputy Attorney General, the Associate Attorney General, any Assistant Attorney General, or any United States attorney may authorize an application to a Federal district court judge or magistrate for the order referred to in clause (i). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that—

“(I) there is reasonable cause to believe, based upon information believed to be reliable, that the return or return information may be relevant to a matter relating to such terrorist incident, threat, or activity, and

“(II) the return or return information is sought exclusively for use in a Federal investigation, analysis, or proceeding concerning any terrorist incident, threat, or activity.

“(D) SPECIAL RULE FOR EX PARTE DISCLOSURE BY THE IRS.—

“(i) IN GENERAL.—Except as provided in paragraph (6), the Secretary may authorize an application to a Federal district court judge or magistrate for the order referred to in subparagraph (C)(i). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that the requirements of subparagraph (C)(ii)(I) are met.

“(ii) LIMITATION ON USE OF INFORMATION.—Information disclosed under clause (i)—

“(I) may be disclosed only to the extent necessary to apprise the head of the appropriate Federal law enforcement agency responsible for investigating or responding to a terrorist incident, threat, or activity, and

“(II) shall be solely for use in a Federal investigation, analysis, or proceeding concerning any terrorist incident, threat, or activity.

The head of such Federal agency may disclose such information to officers and employees of such agency to the extent necessary to investigate or respond to such terrorist incident, threat, or activity.

“(E) TERMINATION.—No disclosure may be made under this paragraph after December 31, 2003.”

(c) CONFORMING AMENDMENTS.—

(1) Section 6103(a)(2) is amended by inserting “any local law enforcement agency receiving information under subsection (i)(7)(A),” after “State.”

(2) Section 6103(b) is amended by adding at the end the following new paragraph:

“(11) TERRORIST INCIDENT, THREAT, OR ACTIVITY.—The term ‘terrorist incident, threat, or activity’ means an incident, threat, or activity involving an act of domestic terrorism (as defined in section 2331(5) of title 18, United States Code) or international terrorism (as defined in section 2331(1) of such title).”

(3) The heading of section 6103(i)(3) is amended by inserting “OR TERRORIST” after “CRIMINAL.”

(4) Paragraph (4) of section 6103(i) is amended—

(A) in subparagraph (A) by inserting “or (7)(C)” after “paragraph (1)”, and

(B) in subparagraph (B) by striking “or (3)(A)” and inserting “(3)(A) or (C), or (7)”.

(5) Paragraph (6) of section 6103(i) is amended—

(A) by striking “(3)(A)” and inserting “(3)(A) or (C)”, and

(B) by striking “or (7)” and inserting “(7), or (8)”.

(6) Section 6103(p)(3) is amended—

(A) in subparagraph (A) by striking “(7)(A)(ii)” and inserting “(8)(A)(ii)”, and

(B) in subparagraph (C) by striking “(i)(3)(B)(i)” and inserting “(i)(3)(B)(i) or (7)(A)(ii)”.

(7) Section 6103(p)(4) is amended—

(A) in the matter preceding subparagraph (A)—

(i) by striking “or (5),” the first place it appears and inserting “(5), or (7),” and

(ii) by striking “(i)(3)(B)(i),” and inserting “(i)(3)(B)(i) or (7)(A)(ii),” and

(B) in subparagraph (F)(ii) by striking “or (5),” the first place it appears and inserting “(5) or (7).”

(8) Section 6103(p)(6)(B)(i) is amended by striking “(i)(7)(A)(ii)” and inserting “(i)(8)(A)(ii)”.

(9) Section 6105(b) is amended—

(A) by striking “or” at the end of paragraph (2),

(B) by striking “paragraphs (1) or (2)” in paragraph (3) and inserting “paragraph (1), (2), or (3)”,

(C) by redesignating paragraph (3) as paragraph (4), and

(D) by inserting after paragraph (2) the following new paragraph:

“(3) to the disclosure of tax convention information on the same terms as return information may be disclosed under paragraph (3)(C) or (7) of section 6103(i), except that in the case of tax convention information provided by a foreign government, no disclosure may be made under this paragraph without the written consent of the foreign government, or”.

(10) Section 7213(a)(2) is amended by striking “(i)(3)(B)(i),” and inserting “(i)(3)(B)(i) or (7)(A)(ii).”

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

#### TITLE V—NO IMPACT ON SOCIAL SECURITY TRUST FUNDS

##### SEC. 501. NO IMPACT ON SOCIAL SECURITY TRUST FUNDS.

(a) IN GENERAL.—Nothing in this Act (or an amendment made by this Act) shall be construed to alter or amend title II of the Social Security Act (or any regulation promulgated under that Act).

(b) TRANSFERS.—

(1) ESTIMATE OF SECRETARY.—The Secretary of the Treasury shall annually estimate the impact that the enactment of this Act has on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401).

(2) TRANSFER OF FUNDS.—If, under paragraph (1), the Secretary of the Treasury esti-

mates that the enactment of this Act has a negative impact on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401), the Secretary shall transfer, not less frequently than quarterly, from the general revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of such trust funds are not reduced as a result of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the order of the House of today, the gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. THOMAS).

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

Mr. Speaker, I want to thank the gentleman from New York for his kind observation. The Tuesday event precipitated a need for rapid response. On Thursday, the House moved. Three months later this bill now presents itself to us. I find it ironic that if the gentleman says he has been closed out of participation in this particular piece of legislation, the last time I checked, his party controlled the Senate and I would expect that at some time over the 3 months that the Senate was mulling over what it was going to do with this bill, he would have an opportunity to examine various provisions.

It is my pleasure to yield to the ranking member, the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Speaker, let me say this, that as long as the gentleman and I have served in this House of Representatives, I am confident that we will treasure this jurisdiction of the Committee on Ways and Means and try to protect it the best we can, no matter which party is in charge of this House. But I would hope that any Member of this House serving on any committee that has any interest in legislation in his or her jurisdiction would never have to appeal to the other body to be heard. I thank the gentleman for yielding.

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Mr. THOMAS. Mr. Speaker, I appreciate the gentleman’s comments. That means, then, that perhaps he was closed out on the other side, and that I will be doubly sensitive to make sure that if the gentleman’s own Members on the other side will not work with him, that we will continue to work with him.

Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from New York (Mr. HOUGHTON), someone who has had a major impact on this legislation.

Mr. HOUGHTON. Mr. Speaker, I thank the gentleman for yielding time to me, and I thank the gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) for their work.

Mr. Speaker, I am honored to stand here with several of my New York colleagues in introducing a bill which

really is going to provide much needed tax incentives for businesses to rebuild in lower Manhattan after all the massive destruction caused by the terrorist attacks of September 11.

None of us will ever forget the terrible losses of that day, the loss of life, and the most tragic being the heartache to so many families. The World Trade Center was destroyed, other buildings were damaged or collapsed, and of course the price tag is horrendous, here.

This bill includes really five provisions. I know it may be a little tedious, but I want to go through them, because I think it is important.

First of all, it is to authorize New York State to issue up to \$15 billion in tax-exempt private activity bonds over the next 3 years to help renovate and rebuild commercial property, residential property, and also private utility infrastructure;

Second, it allows taxpayers to claim an additional 30 percent first-year depreciation deduction for property located in the liberty zone, including buildings and building improvements;

Third, it provides a 5-year life for depreciating certain leasehold improvements;

Fourth, next to the last, is to increase by \$35,000 to \$59,000 the amount that can be expensed by small businesses under section 179;

Lastly, it increases the replacement period for 2 to 5 years for property that was involuntarily converted in lower Manhattan so taxpayers would not have to recognize the gain.

Mr. Speaker, I know these are detailed and sometimes technical issues, but it is very important, and this bill can be the new lifeblood, the new hope, the expectancy of a rebuilt New York.

Therefore, I want to thank the gentleman from California (Chairman THOMAS), the gentleman from New York (Mr. RANGEL), and my colleagues for being able to work on this bill. Obviously, I urge everyone to support the bill.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. HOLT).

Mr. HOLT. Mr. Speaker, I thank the distinguished ranking member from the Committee on Ways and Means for yielding time to me.

Mr. Speaker, I rise in support of seeing that we provide full recognition in debt and tax relief for the surviving families from this terrible tragedy, this terrible event.

Mr. Speaker, the workers in the World Trade Center and the passengers on board these planes were targeted because they were Americans working in a symbolic building or on board American planes. They were victimized as much as if they were soldiers, and the surviving families have had the bottom yanked out from under their feet, under their lives.

I know that Americans, big-hearted in their generous support for these sur-

viving families, want them to have tax relief: income, payroll, no taxability of debt, and credit card forgiveness. I know Americans, in their big-hearted generosity, want that for these people that they have reached out to.

Mr. Speaker, I hope that will be the result of this.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from New York (Mr. FOSSELLA), someone who has been on top of this from day one, and I appreciate his advice and counsel.

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

Mr. FOSSELLA. Mr. Speaker, I thank the chairman for yielding time to me, and for his leadership on this matter. I thank my colleagues on both sides of the aisle for once again coming forward to assist New York in its time of need.

Mr. Speaker, we understand after September 11 that not only was New York and America attacked, but we have to come together as a country to help New York rebuild. Anybody who has been to downtown Manhattan, Ground Zero, as it has come to be known, has really witnessed devastation. We have seen the utter destruction, day in and day out. We have brave men and women who are still recovering the remains of those who were there and perished; but we also have just a scene out of a bad movie.

Simultaneously, what has happened is that a lot of businesses are hurting. A lot of businesses who employ thousands of people in downtown Manhattan are either going out of business or are on the brink of bankruptcy, with employees who perhaps have no health insurance.

A lot of different problems have resounded since September 11 above and beyond, if you will, the utter destruction that has taken place. What the gentleman from California (Chairman THOMAS) and the gentleman from New York (Mr. HOUGHTON) who have stood up before will do in this proposal is provide incentives for businesses to come back to New York, back to downtown Manhattan specifically in this newly-created zone, and to build, whether it is through accelerated small business expensing benefits or a 5-year recovery period for leasehold improvements; again, an incentive to come and to rebuild.

There is nothing we can do to ever turn back the clock to September 10, but what the Congress can do, in addition to the ongoing appropriations, which I believe is going to be a multiyear process, and I credit the President for fulfilling his commitment, this is another vehicle to help New York rebuild and to provide incentives.

Over and above this proposal, I think it is important to understand that the surest way to help New York and perhaps the best way to help New York is to implement significant tax relief for

folks who are working in Manhattan and the other boroughs. That is the surest and, as I see it, is the long-term positive effect on rebuilding.

I want to thank the gentleman from California (Mr. THOMAS) for being so diligent, and the gentleman from New York (Mr. RANGEL) for bringing this forward. This is going to help New York and help New York City, and it is going to help the people that I represent in Staten Island and Brooklyn, many of whom worked in downtown Manhattan.

Again, it is just another boost, I think, from the Congress and from Washington that we are going to stand shoulder-to-shoulder with the people from New York.

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

Mr. Speaker, I include for the RECORD, since there is no committee report, the Joint Committee on Taxation's technical explanation of the bill.

The material referred to is as follows:  
TECHNICAL EXPLANATION OF H.R. 2884, THE "VICTIMS OF TERRORISM TAX RELIEF ACT OF 2001," AS CONSIDERED BY THE HOUSE ON DECEMBER 13, 2001

(Prepared by the staff of the Joint Committee on Taxation)

#### INTRODUCTION

This document, prepared by the staff of the Joint committee on Taxation, contains a technical explanation of H.R. 2884, the "Victims of Terrorism Tax Relief Act of 2001," as Considered by the House on December 13, 2002.

#### I. BACKGROUND

Historically, the Congress has provided Federal tax relief for members of the U.S. Armed Forces who serve in combat zones. In addition, the Congress has taken action on several occasions to provide Federal tax relief for service members and other individuals whose lives have been affected by particular instances of hostile action involving the United States. In 1970, the Congress enacted legislation that provided tax relief to individuals who had been removed from a U.S. vessel and dies while being illegally detained by the Democratic People's Republic of Korea during 1968. Specifically, the legislation treated these individuals as having served in a combat zone for purposes of tax provisions that apply only to individuals serving in designated combat zones. Thus, service personnel who were crewmembers of the U.S.S. *Pueblo* (which was illegally detained in 1968 by North Korea), and who died during the detention, were eligible for the income tax exclusion (and other special tax rules) available for service personnel who die in combat zones.

In 1980, the Congress enacted legislation concerning the American hostages who were held captive in Iran between November 4, 1979, and December 31, 1981, and who died as a result of injury or disease or physical or mental disability that was incurred or aggravated while in captive status. The legislation provided that no Federal income tax would be imposed with respect to the year in which the individual died or any prior year ending on or after the first day the individual was in captive status. This legislation applied to military and civilian personnel of the United States, as well as to certain other U.S. taxpayers taken captive outside Iran on or before December 31, 1981. Moreover, if there had been any unpaid income tax liability of

such an individual from years prior to captivity, the liability was forgiven. This total income tax exemption for American hostages who died as a result of captive status was available only if death occurred within two years after the individual ceased to be in captive status.

In 1984, the Congress enacted legislation after hostile action occurred in Lebanon and Grenada involving U.S. military and civilian personnel. This legislation provided special Federal income tax rules for certain individuals who die while in active service as a member of the Armed Forces of the United States or while in the civilian employment of the United States. Under the legislation, if death occurs as a result of wounds or injuries incurred outside the United States in a terrorist or military action, then no Federal income tax applies with respect to income of the individual for the year of death or for any earlier year in the period beginning with the last year ending before the year in which the wounds or injuries were incurred (sec. 692(c)). The legislation only applies to injuries or wounds that are incurred in a terrorist or military action. Thus, for example, the legislation would not have applied with respect to a U.S. servicemember stationed in Lebanon who died as a result of an accidental fall because, if not caused by hostile forces, such an injury was not incurred in a terrorist or military action. In order to apply the special tax rules provided by the legislation to other hostile actions that occurred before the date of enactment (such as the attempt to rescue the American hostages in Iran), the legislation was made effective with respect to all taxable years of individuals dying as a result of wounds or injuries incurred after December 31, 1979.

The 1984 legislation applies to the year preceding the year in which the wounds or injuries were incurred because the Congress determined that forgiveness of income tax only for the period from the year of the injuries or wounds to the year of death would have inequitable results in certain circumstances. Under such a limitation, a soldier who is killed in a terrorist attack on a U.S. base in a foreign country on January 31 would be exempt from income tax only on one month's income, while a soldier who is killed in an attack on December 31 would be exempt from income tax on an entire year's income. Accordingly, the Congress concluded that it is more equitable to extend the tax forgiveness under the provision to income for the year preceding the year of injury.

In 1990, the Congress enacted legislation providing limited income tax benefits to victims of the terrorist attack that resulted in the downing of Pan American Airways Flight 103 over Lockerie, Scotland on December 21, 1988. The legislation provided that, in the case of any individual whose death was a direct result of the terrorist attack involving Flight 103, the income tax provisions of subtitle A of the Internal Revenue Code did not apply with respect to: (1) the taxable year that included December 21, 1988; and (2) the prior taxable year. However, the income tax benefit in each taxable year was limited to an amount equal to 28 percent of the annual rate of basic pay at Level V of the U.S. Executive Schedule as of December 21, 1988. This limitation was intended to limit the amount of tax relief to that which was provided to personnel of the United States who were on Flight 103, thus providing equal relief to all of the victims who were on Flight 103. In addition, the legislation required the President to submit recommendations to Congress concerning whether future legislation should be enacted to authorize the United States to provide monetary and tax relief as compensation to U.S. citizens who are victims of terrorism.

The legislation also authorized the President to establish a board to develop criteria for compensation and to recommend changes to existing laws to establish a single comprehensive approach to victim compensation for terrorist acts.

In 1991, the Congress enacted legislation extending the benefits of the suspension of time provisions under section 7508 to any individual (and the spouse of such an individual) who performed certain services that preceded the designation of a combat zone with regard to Operation Desert Shield. The individuals eligible for such benefits included individuals who provided services in the Armed Forces of the United States (or in support of the Armed Services) if such services were performed in the area designated by the President as the "Persian Gulf Desert Shield Area" and such services were performed during the period beginning August 2, 1990, and ending on the date on which any portion of the area was designated by the President as a combat zone. After January 17, 1991 (the date on which the Persian Gulf Desert Shield Area became designated as a combat zone by the President), individuals performing such services became eligible for the benefits of the present-law tax provisions applicable to service in a designated combat zone. An Executive Order terminating the designation of the Persian Gulf Desert Shield Area as a combat zone has not been issued.

In 1996, the Congress enacted legislation concerning certain individuals serving in portions of former Yugoslavia (i.e., Bosnia and Herzegovina, Croatia, and Macedonia) as part of Operation Joint Endeavor and Operation Able Sentry. This legislation provided that such service is treated in the same manner as if it were performed in a designated combat zone for purposes of the tax provisions, applicable to service in a designated combat zone. The legislation also made the suspension of time provisions of section 7508 applicable to certain other individuals participating in Operation Joint Endeavor. In addition, the legislation increased the maximum officer combat pay exclusion from \$500 per month to the highest rate of pay applicable to enlisted personnel plus the amount of hostile fire/imminent danger pay received by the officer.

In 1997, the Congress enacted legislation authorizing procedural tax benefits with regard to Presidentially declared disasters in general. The legislation provided that the Secretary of the Treasury may prescribe regulations under which a period of up to 90 days may be disregarded for performing various acts under the Internal Revenue Code, such as filing tax returns, paying taxes, or filing a claim for credit or refund of tax, for any taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (sec. 7508A). In 2001, the Congress amended section 7508A to extend from 90 to 120 the authorized period of days that may be disregarded by the Secretary.

## II. DESCRIPTION OF H.R. 2884, THE "VICTIMS OF TERRORISM TAX RELIEF ACT OF 2001"

### A. RELIEF PROVISIONS FOR VICTIMS OF SPECIFIC TERRORIST ATTACKS

#### 1. *Income taxes of victims of terrorist attacks (sec. 101 of the bill and sec. 692 of the Code)*

##### *Present Law*

An individual in active service as a member of the Armed Forces who dies while serving in a combat zone (or as result of wounds, disease, or injury received while serving in a combat zone) is not subject to income tax or self-employment tax for the year of death (as well as for any prior taxable year ending on or after the first day the individual served in the combat zone) (sec. 6929a(1)). Special computational rules apply in the case of

joint returns. Military and civilian employees of the United States are entitled to a similar exemption if they die as a result of wounds or injury which was incurred outside the United States in terrorist or military action (sec. 692(c)).

The exemption applies not only to the tax liability of the individual attributable to income received before the date of death and reported on the decedent's final return. The exemption applies also to the liability of another person to the extent the liability is attributable to an amount received after the individual's death which would have been includible in the individual's income for the taxable year in which the date of death falls (determined as if the individual had survived). For example, the individual's final wage payment, or interest or dividends payable in the year of death with respect to the individual's assets, are exempt from income tax when paid to another person or the individual's estate after the date of death but before the end of the taxable year of the decedent (determined without regard to the death).

This exemption is available for the year of death and for prior taxable years beginning with the taxable year prior to the taxable year in which the wounds or injury were incurred. Thus, for example, if someone is injured and dies in the year the injury occurred, the exemption applies for the year of death and the prior taxable year. Similarly, if someone is injured and dies two years later, this exemption is available for the taxable year of death as well as the three prior taxable years (i.e., the year preceding the injury, the year of the injury, and the two years following the year of the injury).

##### *Explanation of Provision*

Application of relief to victims of September 11, 2001, April 19, 1995, and anthrax attacks. The bill extends relief similar to the present-law treatment of military or civilian employees of the United States who die as a result of terrorist or military activity outside the United States to individuals who die as a result of wounds or injury which were incurred as a result of the terrorist attacks that occurred on September 11, 2001, or April 19, 1995, and individuals who die as a result of illness incurred due to an attack involving anthrax that occurs on or after September 11, 2001, and before January 1, 2002. Under the bill, such individuals generally are exempt from income tax for the year of death and for prior taxable years beginning with the taxable year prior to the taxable year in which the wounds or injury occurred. The exemption applies to these individuals whether killed in an attack (e.g., in the case of the September 11, 2001, attack in one of the four airplanes or on the ground) or in rescue or recovery operations.

The provision does not apply to any individual identified by the Attorney General to have been a participant or conspirator in any terrorist attack to which the provision applies, or a representative of such individual.

*Simplified refund procedures.* It is intended that the Secretary will establish procedures to simplify refunds of these amounts, including expanding the directions in Revenue Procedure 85-35 to include specific instructions for Form 1041.

##### *Effective Date*

The provision is effective for taxable years ending before, on, or after September 11, 2001.

A special rule extends the period of limitations to permit the filing of a claim for refund resulting from this provision until one year after the date of enactment, if that period would otherwise have expired before that date.

2. Exclusion of certain death benefits (sec. 102 of the bill and sec. 101 of the Code)

*Present Law*

In general, gross income includes income from whatever source derived (sec. 61), including payments made as a result of the death of an individual. Certain exceptions to this general rule of inclusion may apply to such payments in certain cases.

For example, gross income generally does not include the amount of any damages (other than punitive damages) received (whether by suit or agreement and whether as lump sums or as periodic payments) on account of personal physical injury (including death) or sickness (sec. 104(a)(2)). Further, gross income does not include amounts received (whether in a single sum or otherwise) under a life insurance contract if such amounts are paid by reason of the death of the insured (sec. 101(a)).

In addition, gifts are not includible in gross income (sec. 102). However, with very limited exceptions, payments made by an employer to, or for the benefit of, an employee are not excluded from gross income as gifts (sec. 102(c)). In business contexts in which section 102(c) does not apply, payments are excludable as gifts only if objective inquiry demonstrates that the payments were made out of "detached and disinterested generosity" and not in return for past or future services or from motives of anticipated benefit.

*Explanation of Provision*

The bill generally provides an exclusion from gross income for amounts received if such amounts are paid by an employer (whether in a single sum or otherwise) by reason of the death of an employee who dies as a result of wounds or injury which were incurred as a result of the terrorist attacks that occurred on September 11, 2001, or April 19, 1995, or as a result of illness incurred due to an attack involving anthrax that occurs on or after September 11, 2001, and before January 1, 2002. Subject to rules prescribed by the Secretary, the exclusion does not apply to amounts that would have been payable if the individual had died for a reason other than the attack. For example, the provision does not apply to payments by an employer under a nonqualified deferred compensation plan to the extent that the amounts would have been payable if the death had occurred for another reason.

For purposes of the exclusion, self-employed individuals are treated as employees. Thus, for example, payments by a partnership to the surviving spouse of a partner who died as a result of the September 11, 2001, attacks may be excludable under the provision.

The provision does not apply to any individual identified by the Attorney General to have been a participant or conspirator in any terrorist attack to which the provision applies, or a representative of such individual.

No change to present law is intended as to the deductibility of death benefits paid by the employer or otherwise merely because the payments are excludable by the recipient. Thus, it is intended that payments excludable from income under the provision are deductible to the same extent they would be if they were includible in income.

The bill is not intended to narrow the scope of any applicable exclusion under present law. Accordingly, payments that are not specifically excludable under the bill remain excludable to the same extent provided under present law.

In connection with the September 11, 2001, terrorist attacks, insurance companies may pay death benefits under a life insurance contract even if the contract terms provide for an exclusion for death occurring as a result of an act of terrorism or act of war. It is understood that such a death payment would fall within the present-law exclusion

(under sec. 101(a)) for payments made under the contract if it otherwise meets the requirements of the present-law exclusion.

*Effective Date*

The provision is effective for taxable years ending before, on, or after September 11, 2001.

A special rule extends the period of limitations to permit the filing of a claim for refund resulting from this provision until one year after the date of enactment, if that period would otherwise have expired before that date.

*3. Estate tax reduction (sec. 103 of the bill and sec. 2201 of the Code)**Present Law*

Present law provides a reduction in Federal estate tax for taxable estates of U.S. citizens or residents who are active members of the U.S. Armed Forces and who are killed in action while serving in a combat zone (sec. 2201). This provision also applies to active service members who die as a result of wound, disease, or injury suffered while serving in a combat zone by reason of a hazard to which the service member was subjected as an incident of such service.

In general, the effect of section 2201 is to replace the Federal estate tax that would otherwise be imposed with a Federal estate tax equal to 125 percent of the maximum State death tax credit determined under section 2011(b). Credits against the tax, including the unified credit of section 2010 and the State death tax credit of section 2011, then apply to reduce (or eliminate) the amount of the estate tax payable.

The reduction in Federal estate taxes under section 2201 is equal in amount to the "additional estate tax" with respect to the estates of decedents dying before January 1, 2005. The additional estate tax is the difference between the Federal estate tax imposed by section 2001 and 125 percent of the maximum State death tax credit determined under section 2011(b). With respect to the estates of decedents dying after December 31, 2004, section 2001 provides that the additional estate tax is the difference between the Federal estate tax imposed by section 2001 and 125 percent of the maximum state death tax credit determined under section 2011(b) as in effect prior to its repeal by the Economic Growth and Tax Relief Reconciliation Act of 2001.

*Explanation of Provision*

The bill generally treats individuals who die from wounds or injury incurred as a result of the terrorist attacks that occurred on September 11, 2001, or April 19, 1995, as a result of illness incurred due to an attack involving anthrax that occurs on or after September 11, 2001, and before January 1, 2002, in the same manner as if they were active members of the U.S. Armed Forces killed in action while serving in a combat zone or dying as a result of wounds or injury suffered while serving in a combat zone for purposes of section 2201. Consequently, the estates of these individuals are eligible for the reduction in Federal estate tax provided by section 2201. The provision applies regardless of whether the individual was killed in the attack itself (e.g., in the case of the September 11, 2001, attack, in one of the four airplanes or on the ground) or in rescue or recovery operations. The provision does not apply to any individual identified by the Attorney General to have been a participant or conspirator in any terrorist attack to which the provision applies, or a representative of such individual.

The bill also changes the general operation of section 2201, as it applies to both the estates of service members who qualify for special estate tax treatment under present law

and to the estates of individuals who qualify for the special treatment under the bill. Under the bill, the Federal estate tax is determined in the same manner for all estates that are eligible for Federal estate tax reduction under section 2201. In addition, the executor of an estate that is eligible for special estate tax treatment under section 2201 may elect not to have section 2201 apply to the estate. Thus, in the event that an estate may receive more favorable treatment without the application of section 2201 in the year of death than it would under section 2201, the executor may elect not to apply the provisions of section 2201, and the estate tax owed (if any) would be determined pursuant to the generally applicable rules.

Under the bill, section 2201 no longer reduces Federal estate tax by the amount of the additional estate tax. Instead, the bill provides that the Federal estate tax liability of eligible estates is determined under section 2001, using a rate schedule that is equal to 125 percent of the present-law maximum State death tax credit amount. This rate schedule is used to compute the tax under section 2001(b) (i.e., both the tentative tax under section 2001(b)(1) and the hypothetical gift tax under section 2201(b)(2) is computed using this rate schedule). As a result of this provision, the estate tax is unified with the gift tax for purposes of section 2201 so that a single graduated (but reduced) rate schedule applies to transfers made by the individual at death, based upon the cumulative taxable transfers made both during lifetime and at death.

In addition, while the bill provides an alternative reduced rate table for purposes of determining the tax under section 2201(b), the amount of the unified credit nevertheless is determined as if section 2201 did not apply, based upon the unified credit as in effect on the date of death. For example, in the case of victims of the September 11, 2001, terrorist attack, the applicable unified credit amount under section 2010(c) would be determined by reference to the actual section 2001(c) rate table.

As a conforming amendment, the bill repeals section 2011(d) because it no longer will have any application to taxpayers.

*Effective Date*

The provision applies to estates of decedents dying on or after September 11, 2001, or, in the case of victims of the Oklahoma City terrorist attack, estates of decedents dying on or after April 19, 1995.

A special rule extends the period of limitations to permit the filing of a claim for refund resulting from this provision until one year after the date of enactment, if that period would otherwise have expired before that date.

*4. Payments by charitable organizations treated as exempt payments (sec. 104 of the bill and secs. 501 and 4941 of the Code)**Present Law*

In general, organizations described in section 501(c)(3) of the Code are exempt from taxation. Contributions to such organizations generally are tax deductible (sec. 170). Section 501(c)(3) organizations must be organized and operated exclusively for exempt purposes and no part of the net earnings of such organizations may inure to the benefit of any private shareholder or individual. An organization is not organized or operated exclusively for one or more exempt purposes unless the organization serves a public rather than a private interest. Thus, an organization described in section 501(c)(3) generally must serve a charitable class of persons that is indefinite or of sufficient size.

Tax-exempt private foundations are a type of organization described in section 501(c)(3)

and are subject to special rules. Private foundations are subject to excise taxes on acts of self-dealing between the private foundation and a disqualified person with respect to the foundation (sec. 4941). For example, it is self-dealing if the income or assets of a private foundation are transferred to, or used by or for the benefit of a disqualified person, such as a substantial contributor to the foundation or a person in control of the foundation, and the benefit is not incidental or tenuous.

#### *Explanation of Provision*

In light of the extraordinary distress caused by the attacks on the United States of September 11, 2001, and the subsequent attacks involving anthrax, the bill provides that organizations described in section 501(c)(3) that make payments by reason of the death, injury, wounding, or illness of an individual incurred as a result of the September 11, 2001, attacks, or as a result of an attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002, are not required to make a specific assessment of need for the payments to be related to the purpose of function constituting the basis for the organization's exemption. This rule applies provided that the organization makes the payments in good faith using a reasonable and objective formula which is consistently applied and the payments further a public rather than a private interest. Therefore, as under present law, payments must serve a charitable class. For example, under this standard, a charitable organization that assists families of firefighters killed in the line of duty could make a pro-rata distribution to the families of firefighters killed in the attacks, even though the specific financial needs of each family are not directly considered. Similarly, if the amount of a distribution is based on the number of dependents of a charitable class of persons killed in the attacks and this standard is applied consistently among distributions, the specific needs of each recipient do not have to be taken into account. However, it would not be appropriate for a charity to make pro-rata payments based on the recipients' living expenses before September 11 if the result generally is to provide significantly greater assistance to person in a better position to provide for themselves than to persons with fewer financial resources. Although such a distribution might be based on objective criteria, it would not, under the statutory standard, be a reasonable formula for distributing assistance in an equitable manner. Similarly, although specific assessments of need are not required, payments that do not further public purposes are not permitted. The bill does not change the substantive standards for exemption under section 501(c)(3), including the prohibition on private inurement. It is impossible to list or anticipate the kinds of payments that meet the statutory test, but, in general, charitable that make distributions in good faith using a reasonable and objective formula will be treated as acting consistently with exempt purposes. A charity that makes payments subject to this provision should indicate clearly on the charity's information return, for example by notation at the top of the relevant page of the return, that the charity relied on this provision in making distributions. The bill also provides that if a private foundation makes payments under the conditions described above, the payment is not treated as made to a disqualified person for purposes of section 4941.

For charities making payments in connection with the September 11 attacks or attacks involving anthrax, but not in reliance on this provision, present law rules apply. It

is expected that, because of the severity of distress arising out of the September 11 and anthrax attacks and the extensive variety of needs that the thousands of victims and their family members may have, a wide array of expenses will be consistent with operation for exclusively charitable purposes. For instance, payments to permit a surviving spouse with young children to remain at home with the children rather than being forced to enter the workplace seem to be appropriate to maintain the psychological well-being of the entire family. Similarly, assistance with elementary and secondary school tuition to permit a child to remain in the same educational environment seems to be appropriate, as does assistance needed for higher education. Assistance with rent or mortgage payments for the family's principal resident or car loans also seems to be appropriate to forestall losses of a home or transportation that would cause additional trauma to families already suffering. Other types of assistance that the scope of the tragedy makes it difficult to anticipate may also serve a charitable purpose.

#### *Effective Date*

The provision applies to payments made on or after September 11, 2001.

#### B. GENERAL RELIEF FOR VICTIMS OF DISASTERS AND TERRORISTIC OR MILITARY ACTIONS

##### *1. Exclusion of disaster relief payments (sec. 201 of the bill and new sec. 139 of the Code)*

#### *Present Law*

Taxation of disaster relief payments. Gross income includes all income from whatever source derived unless a specific exception applies (sec. 61). There is no specific statutory exclusion from income for disaster payments. However, various types of disaster payments made to individuals have been excluded from gross income under a general welfare exception. The exception has been held to exclude from income payments made under legislatively provided social benefit programs for the promotion of the general welfare. The general welfare exception generally applies if the payments (1) are made from a governmental general welfare fund, (2) are for the promotion of the general welfare (on the basis of need and not to all residents), and (3) are made without respect to services rendered by the recipient. The exclusion generally applies to payments for food, medical, housing, personal property, transportation, and funeral expenses.

The general welfare exception generally does not apply to payments in the nature of income replacement, such as payments to individuals for lost wages or unemployment compensation or payments in the nature of income replacement to businesses. Income replacement payments are includable in gross income, unless another exception applies.

Disaster relief payments may be excludable under other provisions. For example, payments made by charitable relief organizations may be excluded from the gross income of the recipients as gifts. Payments made in a business context generally are not treated as gifts. Factual issues may arise as to whether a payment in the context of a business relationship is a gift or taxable compensation for services. In general, payments made by an employer to, or for the benefit of, an employee are not excluded from gross income as gifts (sec. 102(c)).

Under present law, gross income generally does not include payments received as damages (other than punitive damages) on account of personal physical injury (including death) or sickness (sec. 104(a)(2)). Such payments are excluded from gross income regardless of whether received by suit or agree-

ment and whether received as a lump sum or as periodic payments.

Section 406 of the Air Transportation Safety and System Stabilization Act provides for the payment of compensation for eligible individuals who suffered physical harm or death as a result of the terrorist-related aircraft crashes of September 11, 2001. There is no statutory provision specifically addressing the taxation of such compensation; however, such compensation may be excludable from income under generally applicable Code provisions (e.g., section 104).

Rules relating to charitable organizations. In general, organizations described in section 501(c)(3) of the Code are exempt from taxation. Contributions to such organizations generally are tax deductible (sec. 170). Section 501(c)(3) organizations must be organized and operated exclusively for exempt purposes and no part of the net earnings of such organizations may inure to the benefit of any private shareholder or individual. An organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, an organization described in section 501(c)(3) generally must serve a charitable class of persons that is indefinite or of sufficient size.

Tax-exempt private foundations are a type of organization described in section 501(c)(3) and are subject to special rules. Private foundations are subject to excise taxes on acts of self-dealing between the private foundation and a disqualified person with respect to the foundation (sec. 4941). For example, it is self-dealing if the income or assets of a private foundation are transferred to, or used by or for the benefit of a disqualified person, such as a substantial contributor to the foundation or a person in control of the foundation, and the benefit is not incidental or tenuous. Private foundations also are subject to excise taxes on taxable expenditures (sec. 4945). For example, it is a taxable expenditure if a private foundation pays an amount that does not further certain charitable purposes, or makes a grant to an individual for educational or other similar purposes without following certain procedures.

#### *Explanation of Provision*

Taxation of disaster relief payments. The bill clarifies that any amount received as payment under section 406 of the Air Transportation Safety and System Stabilization Act is excludable from gross income. In addition, the bill provides a specific exclusion from income for qualified disaster relief payments. No inference is intended as to the taxability of such payments under present law. In addition, the provision is not intended to preclude the exclusion of other types of payments under the general welfare exception or other Code provisions.

Qualified disaster relief payments include payments, from any source, to, or for the benefit of, an individual to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster. Personal, family, and living expenses are intended to have the same meaning as when used in section 262.

Qualified disaster relief payments also include payments, from any source, to reimburse or pay reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence, or for the repair or replacement of its contents, to the extent that the need for the repair, rehabilitation, or replacement is attributable to a qualified disaster. For purposes of determining the tax basis of a rehabilitated residence, it is intended that qualified disaster relief payments be treated in the same manner as amounts received on an involuntary conversion of a principal residence under section

121(d)(5) and sections 1033(b) and (h). A residence is not precluded from being a personal residence solely because the taxpayer does not own the residence; a rented residence can qualify as a personal residence.

Qualified disaster relief payments also include payments by a person engaged in the furnishing or sale of transportation as a common carrier on account of death or personal physical injuries incurred as a result of a qualified disaster. Thus, for example, payments made by commercial airlines to families of passengers killed as a result of a qualified disaster would be excluded from gross income.

Qualified disaster relief payments also include amounts paid by a Federal, State or local government in connection with a qualified disaster in order to promote the general welfare. As under the present law general welfare exception, the exclusion does not apply to payments in the nature of income replacement, such as payments to individuals of lost wages, unemployment compensation, or payments in the nature of business income replacement.

Qualified disaster relief payments do not include payments for any expenses compensated for by insurance or otherwise. No change from present law is intended as to the deductibility of qualified disaster relief payments, made by an employer or otherwise, merely because the payments are excludable by the recipients. In addition, in light of the extraordinary circumstances surrounding a qualified disaster, it is anticipated that individuals will not be required to account for actual expenses in order to qualify for the exclusion, provided that the amount of the payments can be reasonably expected to be commensurate with the expenses incurred.

Particular payments may come within more than one category of qualified disaster relief payments; the categories are not intended to be mutually exclusive. Qualified disaster relief payments also are excludable for purposes of self-employment taxes and employment taxes. Thus, no withholding applies to qualified disaster relief payments.

Under the bill, a qualified disaster includes a disaster which results from a terroristic or military action (as defined in section 692(c)(2), as amended by the bill), a Presidentially declared disaster, a disaster which results from an accident involving a common carrier or from any other event which would be determined by the Secretary to be of a catastrophic nature, or, for purposes of payments made by a Federal, State or local government, a disaster designated by Federal, State or local authorities to warrant assistance.

The exclusion from income under section 139 does not apply to any individual identified by the Attorney General to have been a participant or conspirator in the terrorist-related aircraft crashes of September 11, 2001, or any other terrorist attack, or to a representative of such individual.

*Rules applicable to charitable organizations making disaster relief payments.* Recognizing that employers and employees may also contribute to section 501(c)(3) organizations that make disaster relief payments, clarification of the type of disaster relief grants such organizations may make consistent with exempt purposes to assist individuals in distress as a result of the September 11 attacks, and more generally, may be helpful. Because the bill provides a special rule for certain payments made by reason of death, injury, wounding, or illness of an individual as a result of the September 11 attacks, and certain attacks involving anthrax, the following discussion relates to disaster relief generally.

Generally speaking a charitable organization must serve a public rather than a pri-

vate interest. Providing assistance to relieve distress for individuals suffering the effects of a disaster generally serves a public rather than a private interest if the assistance benefits the community as a whole, or if the recipients otherwise lack the resources to meet their physical, mental and emotional needs. Such assistance could include cash grants to provide for food, clothing, housing, medical care, federal costs, transportation, education and other needs. All such grants must be need-based, taking into account the family's financial resources and their physical, mental and emotional well-being.

Charitable organizations generally are in the best position to determine the type and amount of, and appropriate beneficiaries for, disaster relief. Accordingly, it is expected that the Secretary will presume that a charity providing cash assistance in good faith to victims (and their family members) of a qualified disaster is acting consistent with the requirements of section 501(c)(3) if the class of beneficiaries is sufficiently large or indefinite and the charity can demonstrate that it is applying consistent, objective criteria for assessing need.

In addition to the rules described above that are applicable to all charities, special rules apply with respect to disaster relief provided by private foundations controlled by an employer. In such cases, clarification of the appropriate treatment of the foundation and the payments may be helpful. In general, a private foundation that is established and controlled by an employer violates the requirements of section 501(c)(3) if it provides benefits to a class of beneficiaries composed exclusively of the employer's employees, and such benefits are a form of compensation. The IRS recently held in a private letter ruling, and in similar rulings, that a private foundation that is established, funded and controlled by a particular employer for the purpose of providing disaster relief for employees of a particular employer does not qualify as a charitable organization under section 501(c)(3), because the foundation is not operated solely for charitable purposes and is providing a benefit on behalf of the employer in violation of the prohibition on private inurement. Although private letter rulings do not constitute precedent for other taxpayers, considerable uncertainty exists regarding IRS' position relating to employer-controlled private foundations making disaster relief payments to employee-beneficiaries.

If payments in connection with a qualified disaster are made by a private foundation to employees (and their family members) of an employer that controls the foundation, the presumption that the charity acts consistently with the requirements of section 501(c)(3) applies if the class of beneficiaries is large or indefinite and if recipients are selected based on an objective determination of need by an independent committee of the private foundation, a majority of the members of which are persons other than persons who are in a position to exercise substantial influence over the affairs of the controlling employer (determined under principles similar to those in effect under section 4958). The presumption does not apply to grants made to, or for the benefit of, a disqualified person or member of the selection committee. However, the absence of an independent selection committee does not necessarily mean that a foundation violates the requirements of section 501(c)(3). Other procedures and standards may be adequate substitutes to ensure that any benefit to the employer is incidental and tenuous. Similarly, providing need-based payments to employees and their survivors in response to a disaster other than a qualified disaster may well further charitable purposes consistent with the requirements of section 501(c)(3).

It is intended that an employer-controlled private foundation is not providing an inappropriate benefit and is not disqualified from exemption under section 501(c)(3) if it makes a payment to an employee or a family member of an employee (who is employed by an employer who controls the foundation) relieves distress caused by a qualified disaster as defined under section 139, provided that it awards grants based on an objective determination of need using either an independent selection committee or adequate substitute procedures, as described above. It is further intended that section 102(c) of the Code, which provides that a transfer from an employer to, or for the benefit of, an employee generally is not excludable from income as a gift, does not apply to such payments. It is further expected that the Service will reconsider the ruling position it has taken to ensure that private foundations established and controlled by employers will have appropriate guidance, consistent with the principles outlined above, on the circumstances under which they may provide disaster assistance in connection with a qualified disaster specifically to the employers' employees.

It is intended that the making by a private foundation of disaster relief payments that qualify for the presumption stated above (1) will not be treated as an act of self-dealing under section 4941 merely because the recipient is an employee (or family member of an employee) of a disqualified person with respect to the foundation, (2) will be treated as in furtherance of section 170(c)(2)(B) purposes, and (3) will be considered to meet the requirements of section 4945(g) to the extent that they apply. Moreover, contributions to a section 501(c)(3) organization administering relief in a manner outlined above (including those made by employers and any of their employees) are deductible under the generally applicable rules of section 170. Finally, it is confirmed that need-based payments made by an employer-controlled foundation to an individual for exclusive charitable purposes generally are excludable from the recipients' income as gifts. Thus, such payments made by a foundation to relieve distress caused by a qualified disaster are excludable from the recipients' income regardless of whether they fall within the scope of section 139, or any other such provision of the Code providing for an exclusion. The IRS is directed to issue prompt guidance to taxpayers relating to the requirements applicable to private foundations making disaster assistance payments. The principles discussed above should apply to foundations and public charities providing relief in response to both the September 11, 2001, disaster and future qualified disasters.

#### *Effective Date*

The provision applies to taxable years ending on or after September 11, 2001.

- Authority to postpone certain deadlines and required actions (sec. 202 of the bill, sec. 7508A of the Code, and new sec. 518 and sec. 4002 of the Employee Retirement Income Security Act of 1974)*

#### *Present Law*

*In general.* In general, the Secretary of the Treasury may prescribe regulations under which a period of up to 120 days may be disregarded for performing various acts under the Internal Revenue Code, such as filing tax returns, paying taxes, or filing a claim for credit or refund of tax, for any taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (sec. 7508A).

The suspension of time may apply to the following acts: (1) Filing any return of income, estate, or gift tax (except employment

and withholding taxes); (2) payment of any income, estate, or gift tax (except employment and withholding taxes); (3) filing a petition with the Tax Court for redetermination of a deficiency, or for review of a decision rendered by the Tax Court; (4) allowance of a credit or refund of any tax; (5) filing a claim for credit or refund of any tax; (6) bringing suit upon any such claim for credit or refund; (7) assessment of any tax; (8) giving or making any notice or demand for the payment of any tax; or with respect to any liability to the United States in respect of any tax; (9) collection of the amount of any liability in respect of any tax; (10) bringing suit by the United States in respect of any liability in respect of any tax; and (11) any other act required or permitted under the internal revenue laws specified in regulations prescribed by the Secretary of the Treasury.

Individuals may, if they choose, perform any of these acts during the period of suspension.

On September 13, 2001, the IRS issued Notice 2001-61 providing relief to taxpayers affected by the September 11, 2001, terrorist attack. Prior to issuance of this notice, the President had declared certain affected areas to be disaster areas. In addition, on September 14, 2001, the IRS issued Notice 2001-63 providing additional tax relief to taxpayers who found it difficult to meet their tax filing and payment obligations.

**Employee benefit plans.** Questions have arisen about the scope of section 7508A in relation to employee benefit plans. Some acts related to employee benefit plans are not clearly covered by the suspension. For example, a plan sponsor or plan administrator may be required to provide a notice to plan participants or to make a plan contribution, or a plan participant may be required to make a benefit election or take a distribution under the plan. In addition, some acts related to employee benefit plans may be required or provided for under the Employee Retirement Income Security Act ("ERISA") or under the terms of the plan, rather than under the Internal Revenue Code. For example, on September 14, 2001, the Department of Labor issued News Release No. 01-36, announcing that the Pension and Welfare Benefits Administration, the Internal Revenue Service, and the Pension Benefit Guaranty Corporation were extending the deadline for filing Form 5500 and Form 5500-EZ.

#### *Explanation of Provision*

**In general.** The bill redrafts section 7508A to expand its scope and to clarify its application. Specifically, the bill permits the Secretary to suspend the period of time under this provision for up to one year (increased from up to 120 days). The bill also clarifies that interest on underpayments may be waived or abated pursuant to section 7508A with respect to either a declared disaster or a terrorist or military action. The bill clarifies that the Secretary of the Treasury has the authority to postpone actions pursuant to section 7508A in response to a terrorist or military action, regardless of whether a disaster area has been declared by the President in connection with the action. The bill facilitates the prompt issuance of guidance by the Secretary of the Treasury with respect to section 7508A by removing the requirement that regulations be published listing the scope of additional actions that may be postponed pursuant to section 7508(a)(1)(K); accordingly, the Secretary may provide authoritative guidance via a notice or other mechanism of the Secretary's choice that may be issued more rapidly. It is intended that the Secretary construe this authority as broadly as is necessary and appropriate to respond to specific disasters or terrorist or military actions. The author-

ity to postpone "any ... act" is sufficiently broad to encompass, for example, specific deadlines enumerated in the Code, such as those in section 1031 (relating to the exchange of property held for productive use or investment). Similarly, it is intended that the Secretary utilize this authority to address issues that arise from the discovery of tax information subsequent to the filing of a tax return that would affect the tax liability reported on that return.

**Employee benefit plans.** The bill expands and clarifies the scope of the deadlines and required actions that may be postponed pursuant to section 7508A. The bill provides that the Secretary of the Treasury may prescribe a period of up to one year which may be disregarded in determining the date by which any action by a pension or other employee benefit plan, or by a plan sponsor, administrator, participant, beneficiary or other person would be required or permitted to be completed. The bill provides similar authority to the Secretary of Labor and the Pension Benefit Guaranty Corporation with respect to actions within their respective jurisdictions.

The bill is not limited to actions under the Internal Revenue Code. Accordingly, actions under ERISA or under the terms of the plan come within the scope of this provision. Acts performed within the extended period are considered timely under the Internal Revenue Code, ERISA, and the plan. In addition, a plan is not treated as operating in a manner inconsistent with its terms or in violation of its terms merely because acts provided for under the plan are performed during the extended period.

Examples of acts covered by the provision include (1) the filing of a form with the IRS, Department of Labor or the Pension Benefit Guaranty Corporation, (2) an employer's contribution to the plan of required quarterly amounts for the current year or the prior year minimum funding amounts, (3) the filing of an application for a waiver of the minimum funding standard, (4) the payment of premiums to the Pension Benefit Guarantee Corporation, (5) a participant's election of a form of benefits under a plan, (6) the plan administrator's distribution of benefits in accordance with a participant's election, (7) notice to an employee of eligibility for continuation coverage under a group health plan, and (8) an employee's election of continuation coverage.

#### *Effective Date*

The provision applies to disasters and terrorist or military actions occurring on or after September 11, 2001, with respect to any action of the Secretary of the Treasury, the Secretary of Labor, or the Pension Benefit Guaranty Corporation on or after the date of the enactment.

#### *3. Application of certain provisions to terrorist or military actions (sec. 203 of the bill and secs. 104 and 692 of the Code)*

##### *Present Law*

Taxation of disability income of U.S. employees related to terrorist activity outside the United States. Gross income does not include amounts received by an individual as disability income attributable to injuries incurred as a direct result of a terrorist attack (as determined by the Secretary of State) which occurred while the individual was performing official duties as an employee of the United States outside the United States (sec. 104(a)(5)).

Income tax relief for military and civilian U.S. employees who die as a result of terrorist activity outside the United States. Military and civilian employees of the United States who die as a result of wounds or injury incurred outside the United States

in a terroristic or military action are not subject to income tax for the year of death and for prior taxable years beginning with the taxable year prior to the taxable year in which the wounds or injury were incurred. Accordingly, if such an individual is injured and dies in the same taxable year, this exemption from income tax is available for the taxable year of death as well as the prior taxable year.

#### *Explanation of Provision*

Taxation of disability income related to terrorist activity. The bill expands the present-law exclusion from gross income for disability income of U.S. civilian employees attributable to a terrorist attack outside the United States to apply to disability income received by any individual attributable to a terroristic or military action. The bill is not intended to apply to amounts that would have been payable even if the individual had not become disabled as a result of a terrorist or military action.

Income tax relief for individuals who die as a result of terrorist activity. The bill extends the income tax relief provided under present law to U.S. military and civilian personnel who die as a result of terroristic activity or military action outside the United States to such personnel regardless of where the terroristic activity or military action occurred.

#### *Effective Date*

The provision is effective for taxable years ending on or after September 11, 2001.

#### *4. Clarification of due date for airline excise tax deposits (sec. 204 of the bill and sec. 301 of the Air Transportation Safety And Stabilization Act)*

##### *Present Law*

Section 301 of the Air Transportation Safety and System Stabilization Act provides a special rule for the deposit of certain taxes. If a deposit of these taxes was required to be made after September 10, 2001, and before November 15, 2001, they are treated as timely made if deposited by November 15, 2001. The Secretary of the Treasury is given the authority to extend this deadline further, but no later than January 15, 2002. For eligible air carriers, the special deposit rules are applicable to the excise taxes imposed on air travel. The special deposit rules were also applied inadvertently to the deposit of the following employment taxes: both the employer and employee portions of FICA, railroad retirement taxes, and income taxes withheld by employers from employees.

#### *Explanation of Provision*

The applicability of these special deposit rules to employment taxes is repealed. The applicability of these special deposit rules to excise taxes is unaffected. It is intended that no penalties be imposed with respect to taxes that were not deposited timely in reliance on the provisions of the Air Transportation Safety and System Stabilization Act prior to the enactment of this provision.

#### *Effective Date*

The provision is effective as if included in section 301 of the Air Transportation Safety and System Stabilization Act.

#### *5. Treatment of purchase of structured settlements (sec. 205 of the bill and new sec. 5891 of the Code)*

##### *Present Law*

Present law provides tax-favored treatment for structured settlement arrangements for the payment of damages on account of personal injury or sickness.

Under present law, an exclusion from gross income is provided for amounts received for agreeing to a qualified assignment to the extent that the amount received does not exceed the aggregate cost of any qualified

funding asset (sec. 130). A qualified assignment means any assignment of a liability to make periodic payments as damages (whether by suit or agreement) on account of a personal injury or sickness (in a case involving physical injury or physical sickness), provided the liability is assumed from a person who is a party to the suit or agreement, and the terms of the assignment satisfy certain requirements. Generally, these requirements are that (1) the periodic payments are fixed as to amount and time; (2) the payments cannot be accelerated, deferred, increased, or decreased by the recipient; (3) the assignee's obligation is no greater than that of the assignor; and (4) the payments are excludable by the recipient under section 104(a)(1) or (2) as workmen's compensation for personal injuries or sickness, or as damages on account of personal physical injuries or physical sickness.

A qualified funding asset means an annuity contract issued by an insurance company licensed in the U.S., or any obligation of the United States, provided the annuity contract or obligation meets statutory requirements. An annuity that is a qualified funding asset is not subject to the rule requiring current inclusion of the income on the contract which generally applies to annuity contract holders that are not natural persons (e.g., corporations) (sec. 72(u)(3)(C)). In addition, when the payments on the annuity are received by the structured settlement company and included in income, the company generally may deduct the corresponding payments to the injured person, who, in turn, excludes the payments from his or her income (sec. 104). Thus, neither the amount received for agreeing to the qualified assignment of the liability to pay damages, nor the income on the annuity that funds the liability to pay damages, generally is subject to tax.

The exclusion for recipients of the periodic payments received under a structured settlement arrangement as damages for personal physical injuries or physical sickness can be contrasted with the treatment of investment earnings that are not paid as damages. If a recipient of damages chooses to receive a lump sum payment (excludable from income under sec. 104), and then to invest it himself, generally the earnings on the investment are includable in income. For example, if he recipient uses the lump sum to purchase an annuity contract providing for periodic payments, then a portion of each payment under the annuity contract is includable in income, and the balance is excludable under present-law rules based on the ratio of the individual's investment in the contract to the expected return on the contract (sec. 72(b)).

Present law provides that the payments to the injured person under the qualified assignment cannot be accelerated, deferred, increased, or decreased by the recipient (sec. 130). Consistent with these requirements, it is understood that contracts under structured settlement arrangements generally contain anti-assignment clauses. It is understood, however, that injured persons may nonetheless be willing to accept discounted lump sum payments from certain "factoring" companies in exchange for their payment streams. The tax effect on the parties of these transactions may not be completely clear under present law.

#### *Explanation of Provision*

The bill generally imposes an excise tax on any person who acquires certain payment rights under a structured settlement arrangement from a structured settlement recipient for consideration. The amount of the excise tax is 40 percent of the excess of (1)

the undiscounted amount of the payments being acquired, over (2) the total amount actually paid to acquire them.

The 40-percent excise tax does not apply, however, if the transfer is approved in advance in a final order, judgment or decree that: (1) finds that the transfer does not contravene any Federal or State statute or the order of any court or responsible administrative authority; (2) finds that the transfer is in the best interest of the payee, taking into account the welfare and support of the payee's dependents; and (3) is issued under an applicable State statute by a court or is issued by the responsible administrative authority. Rules are provided for determining the applicable State statute.

The provision also provides that the acquisition transaction does not affect the application of certain present-law rules, if those rules were satisfied at the time the structured settlement was entered into. The rules are section 130 (relating to an exclusion from gross income for personal injury liability assignments), section 72 (relating to annuities), sections 104(a)(1) and (2) (relating to an exclusion for amounts received under workers' compensation acts and for damages on account of personal physical injuries or physical sickness), and section 461(h) (relating to the time of economic performance in determining the taxable year of a deduction).

#### *Effective Date*

The provision generally is effective for acquisition transactions entered into on or after 30 days following enactment. A transition rule applies during the period from that date to July 1, 2002. Under the transition rule, if no applicable State law (relating to the best interest of the payee) applies to a transfer during that period, then the exception from the 40 percent excise tax is available without the otherwise required court (or administrative) order, provided certain disclosure requirements are met. Under the transition rule, the person acquiring the structured settlement payments is required to disclose in advance to the payee: (1) the amounts and due dates of the payments to be transferred; (2) the aggregate amount to be transferred; (3) the consideration to be received by the payee; (4) the discounted present value of the transferred payments; and (5) the expenses to be paid by the payee or deducted from the payee's proceeds.

The provision providing that the acquisition transaction does not affect the application of certain present-law rules is effective for transactions entered into on or after the 30th day following enactment.

#### *6. Personal exemption deduction for certain disability trusts (sec. 206 of the bill and sec. 642 of the Code)*

##### *Present Law*

Present law provides a \$300 personal exemption for trusts that are required by their governing instruments to currently distribute all of their income. For other trusts, present law provides a \$100 personal exemption. These deductions are in lieu of the personal exemption that generally is provided under section 151 for individuals (sec. 642(b)).

Under present law, a grantor who transfers property to a trust while retaining certain powers or interests over the trust is treated as the owner of the trust for income tax purposes under the so-called "grantor trust rules" (secs. 671-677). Similarly, a third party who is not adverse to the grantor is treated as the owner of the trust under these rules to the extent that the third party is granted certain powers over the trust. If a grantor or third party is treated as the owner of a trust

(a "grantor trust"), the income and deductions of the trust are included directly in the taxable income of the grantor or third party. Because the personal exemption under section 642(b) applies to income that is taxable to a trust (rather than a grantor or third party), the personal exemption under section 642(b) does not apply to grantor trusts.

#### *Explanation of Provision*

The bill provides that certain disability trusts may claim a personal exemption in an amount that is based upon the personal exemption provided for individuals under section 151(d), rather than the \$300 or \$100 personal exemption provided under present law. The provision applies to disability trusts described in certain subsections of 42 U.S.C. sec. 1396p (relating to liens, adjustments, transfers of assets, and the treatment of trust amounts for purposes of determining eligibility for benefits under Medicaid State plans).

The provision only applies to disability trusts the beneficiaries of which are disabled (other than holders of a remainder or reversionary interest in the trust), within the meaning of 42 U.S.C. sec. 1382c(a)(3) (relating to the definition of a "disabled individual" for purposes of determining eligibility for Supplemental Security Income), and only if such beneficiaries are receiving government disability benefits based upon a determination of disability under 42 U.S.C. sec. 1382c(a)(3).

The provision applies if all of the beneficiaries of the trust at the end of the taxable year are determined under 42 U.S.C. sec. 1382c(a)(3) to be disabled for some portion of such year. Thus, a disability trust may claim the personal exemption under the provision even if one or more of the beneficiaries becomes no longer disabled during the taxable year. However, the trust may claim the personal exemption for the following taxable year only if such individual or individuals are no longer beneficiaries of the trust at the end of the following taxable year (i.e., all remaining beneficiaries of the trust at the end of the following taxable year are disabled or were disabled during some portion of such year). In the case of a disability trust with a single beneficiary, the trust may claim the personal exemption under the provision for the taxable year during which the beneficiary becomes no longer disabled, but not for subsequent taxable years.

The personal exemption provided for disability trusts under the provision is equal in amount to the section 151(d) personal exemption for unmarried individuals with no dependents and is subject to a phaseout, which is determined by reference to the phaseout of the personal exemption for such individuals under sec. 151(d)(3)(C)(iii). For purposes of computing the phaseout of the personal exemption under the provision, the adjusted gross income of the trust is determined by reference to section 67(e) (relating to the determination of adjusted gross income of estates and trusts for purposes of computing the 2-percent floor on miscellaneous itemized deductions).

The provision does not affect the determination of whether a disability trust is treated as a grantor trust under the present-law grantor trust rules, and does not change the inapplicability of the personal exemption under section 642(b) to grantor trusts. Thus, the provision does not apply to disability trusts that are treated as grantor trusts.

#### *Effective Date*

The provision applies to taxable years of disability trusts ending on or after September 11, 2001.

C. TAX BENEFITS FOR AREA OF NEW YORK CITY DAMAGED IN TERRORIST ATTACKS ON SEPTEMBER 11, 2001

1. *Special depreciation allowance for certain property (sec. 301(a) of the bill and new sec. 1400L of the Code)*

*Present Law*

**Depreciation deductions.** A taxpayer is allowed to recover, through annual depreciation deductions, the cost of certain property used in a trade or business or for the production of income. The amount of the depreciation deduction allowed with respect to tangible property for a taxable year is determined under the modified accelerated cost recovery system ("MACRS"). Under MACRS, different types of property generally are assigned applicable recovery periods and depreciation methods. The recovery periods applicable to most tangible personal property (generally tangible property other than residential rental property and nonresidential real property) range from 3 to 25 years. The depreciation methods generally applicable to tangible personal property are the 200-percent and 150-percent declining balance methods, switching to the straight-line method for the taxable year in which the depreciation deduction would be maximized. In lieu of depreciation, a taxpayer with a sufficiently small amount of annual investment may elect to deduct up to \$24,000 (for taxable years beginning in 2001 or 2002) of the cost of qualifying property placed in service for the taxable year (sec. 179). For taxable years beginning in 2003 and thereafter, the amount deductible under section 179 is increased to \$25,000.

Section 167(f)(1) provides that capitalized computer software costs, other than computer software to which section 197 applies, are recovered ratably over 36 months.

*Explanation of Provision*

The provision allows an additional first-year depreciation deduction equal to 30 percent of the adjusted basis of qualified New York Liberty Zone ("Liberty Zone") property. The additional depreciation deduction is allowed for both regular tax and alternative minimum tax purposes for the taxable year in which the property is placed in service. The basis of the property and the depreciation allowances in the year of purchase and later years are appropriately adjusted to reflect the additional first-year depreciation deduction. A taxpayer is allowed to elect out of the additional first-year depreciation for any class of property for any taxable year.

Property qualifies for the additional first-year depreciation deduction if the property is (1) property to which MACRS applies except qualified leasehold improvement property and any railroad grading or tunnel bore, or (2) computer software other than computer software covered by section 197 and, substantially all of the use of such property is in the Liberty Zone. In order to be qualified Liberty Zone property, the original use of the property in the Liberty Zone must commence with the taxpayer on or after September 11, 2001. A special rule precludes the additional first-year depreciation deduction for property that is required to be depreciated under the alternative depreciation system of MACRS.

In addition, property qualifies only if acquired by purchase by the taxpayer (1) after September 10, 2001 and placed in service on or before December 31, 2006, and no binding written contract for the acquisition is in effect before September 11, 2001. For nonresidential real property and residential rental property the property must be placed in service on or before December 31, 2009 in lieu of December 31, 2006. Finally, property that is manufactured, constructed, or produced by

the taxpayer for use by the taxpayer qualifies if the taxpayer begins the manufacture, construction, or production of the property after September 10, 2001, and the property is placed in service on or before December 31, 2006 (and all other requirements are met). Property that is manufactured, constructed, or produced for the taxpayer by another person under a contract that is entered into prior to the manufacture, construction, or production of the property is considered to be manufactured, constructed, or produced by the taxpayer.

The Liberty Zone means the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan in the City of New York, New York.

The following examples illustrate the operation of the provision.

**Example 1.**—Assume that on March 1, 2002, a calendar year taxpayer acquires and places in service qualified property in the Liberty Zone that costs \$1 million. Under the provision, the taxpayer is allowed an additional first-year depreciation deduction of \$300,000. The remaining \$700,000 of adjusted basis is recovered in 2002 and subsequent years pursuant to the depreciation rules of present law.

**Example 2.**—Assume that on March 1, 2002, a calendar year taxpayer acquires and places in service qualified property in the Liberty Zone that costs \$100,000. In addition, assume that the property qualifies for the expensing election under section 179. Under the provision, the taxpayer is first allowed a \$59,000 deduction under section 179. The taxpayer then is allowed an additional first-year depreciation deduction of \$12,300 based on \$41,000 (\$100,000 original cost less the section 179 deduction of \$59,000) of adjusted basis. Finally, the remaining adjusted basis of \$28,700 (\$41,000 adjusted basis less \$12,300 additional first-year depreciation) is to be recovered in 2002 and subsequent years pursuant to the depreciation rules of present law.

2. *Treatment of qualified leasehold improvement property (sec. 301(b) of the bill and new sec. 1400L of the Code)*

*Present Law*

**Depreciation of leasehold improvements.** Depreciation allowances for property used in a trade or business generally are determined under the modified Accelerated Cost Recovery System ("MACRS") of section 168. Depreciation allowances for improvements made on leased property are determined under MACRS, even if the MACRS recovery period assigned to the property is longer than the term of the lease (sec. 168(i)(8)). This rule applies regardless whether the lessor or lessee places the leasehold improvements in service. If a leasehold improvement constitutes an addition or improvement to nonresidential real property already placed in service, the improvement is depreciated using the straight-line method over a 39-year recovery period, beginning in the month the addition or improvement was placed in service (secs. 168(b)(3), (c)(1), (d)(2), and (i)(6)).

Treatment of dispositions of leasehold improvements. A lessor of leased property that disposes of a leasehold improvement which was made by the lessor for the lessee of the property may take the adjusted basis of the improvement into account for purposes of determining gain or loss if the improvement is irrevocably disposed of or abandoned by the lessor at the termination of the lease. This rule conforms the treatment of lessors and lessees with respect to leasehold improvements disposed of at the end of a term or lease. For purposes of applying this rule, it is expected that a lessor must be able to separately account for the adjusted basis of

the leasehold improvement that is irrevocably disposed of or abandoned. This rule does not apply to the extent section 280B applies to the demolition of a structure, a portion of which may include leasehold improvements.

*Explanation of Provision*

The provision provides that 5-year property for purposes of the depreciation rules of section 168 includes qualified leasehold improvement property placed in service after September 10, 2001 and before January 1, 2007. The straight-line method is required to be used with respect to qualified leasehold improvement property.

Qualified leasehold improvement property is any improvement to an interior portion of a building that is nonresidential real property if such building is located in the New York Liberty Zone, provided certain requirements are met. The improvement must be made under or pursuant to a lease either by the lessee (or sublessee) of that portion of the building, or by the lessor of that portion of the building. That portion of the building is to be occupied exclusively by the lessee (or any sublessee). The improvement must be placed in service more than three years after the date the building was first placed in service.

Qualified leasehold improvement property does not include any improvement for which the expenditure is attributable to the enlargement of the building, any elevator or escalator, any structural component benefiting a common area, or the internal structural framework of the building.

A 9-year period is specified as the class life of qualified leasehold improvement property for purposes of the alternative depreciation system. Therefore, the general rule that the class life for nonresidential real and residential rental property is 40 years does not apply to qualified leasehold improvement property.

For purposes of the provision, a commitment to enter into a lease is treated as a lease, and the parties to the commitment are treated as lessor and lessee. A lease between related persons is not considered a lease for this purpose.

Under the provision, an improvement made by the person who was the lessor of the improvement when it was placed in service generally is treated as qualified leasehold improvement property only so long as the improvement is held by that person. Exceptions are provided under this rule in the case of certain changes in form of business. Under these exceptions, property does not cease to be qualified leasehold improvement property under the provision by reason of (1) death, (2) a transaction to which section 381 (relating to carryovers in certain corporate acquisitions) applies, or (3) a mere change in the form of conducting the trade or business so long as the property is retained in the business as qualified leasehold improvement property and the taxpayer retains a substantial interest in the business.

3. *Increase in expensing treatment for business property used in the New York Liberty Zone (sec. 301(c) of the bill and new sec. 1400L of the Code)*

*Present Law*

Present law provides that, in lieu of depreciation, a taxpayer with a sufficiently small amount of annual investment may elect to deduct up to \$24,000 (for taxable years beginning in 2001 or 2002) of the cost of qualifying property placed in service for the taxable year (sec. 179). This amount is increased to \$25,000 of the cost of qualified property placed in service for taxable years beginning in 2003 and thereafter. The \$24,000 (\$25,000 for taxable years beginning in 2003 and thereafter) amount is phased-out (but not below

zero) by the amount by which the cost of qualifying property placed in service during the taxable year exceeds \$200,000.

Additional section 179 incentives are provided with respect to a qualified zone property used by a business in an empowerment zone (sec. 1397A). Such a business may elect to deduct an additional \$20,000 (i.e., a total of \$44,000) of the cost of qualified zone property placed in service in year 2001. The \$20,000 amount is increased to \$35,000 for taxable years beginning in 2002 and thereafter. In addition, the phase-out range is applied by taking into account only 50 percent of the cost of qualified zone property that is section 179 property.

The amount eligible to be expensed for a taxable year may not exceed the taxable income for a taxable year that is derived from the active conduct of a trade or business (determined without regard to this provision). Any amount that is not allowed as a deduction because of the taxable income limitation may be carried forward to succeeding taxable years (subject to similar limitations). No general business credit under section 38 is allowed with respect to any amount for which a deduction is allowed under section 179.

#### *Explanation of Provision*

The provision increases the amount a taxpayer can deduct under section 179 for qualifying property used in the New York Liberty Zone. Specifically, the provision increases the maximum dollar amount that may be deducted under section 179 by the lesser of (1) \$35,000 or (2) the cost of qualifying property placed in service during the taxable year. This amount is in addition to the amount otherwise deductible under the present-law rules of section 179.

Qualifying property means section 179 property purchased and placed in service by the taxpayer after September 10, 2001 and before January 1, 2007, where (1) substantially all of its use in the New York Liberty Zone in the active conduct of a trade or business by the taxpayer in the zone, and (2) the original use of which in the New York Liberty Zone commences with the taxpayer after September 10, 2001.

As under present law with respect to empowerment zones, the phase-out range for the section 179 deduction attributable to New York Liberty Zone property is applied by taking into account only 50 percent of the cost of New York Liberty Zone property that is section 179 property. Also, no general business credit under section 38 is allowed with respect to any amount for which a deduction is allowed under section 179.

4. *Authorize issuance of tax-exempt private activity bonds for rebuilding the portion of New York City damaged in the September 11, 2001, terrorist attack (sec. 301(d) of the bill and new sec. 1400L of the Code)*

#### *Present Law*

##### *Rules governing issuance of tax-exempt bonds*

###### *In general*

Interest on debt incurred by States or local governments is excluded from income if the proceeds of the borrowing are used to carry out governmental functions of those entities or the debt is repaid with governmental funds (sec. 103). Interest on bonds that nominally are issued by States or local governments, but the proceeds of which are used (directly or indirectly) by a private person and payment of which is derived from funds of such a private person is taxable unless the purpose of the borrowing is approved specifically in the Code or in a non-Code provision of a revenue Act. These bonds are called "private activity bonds." The term "private person" includes the Federal Government

and all other individuals and entities other than States or local governments.

##### *Private activities eligible for financing with tax-exempt private activity bonds*

Present law includes several exceptions permitting States or local governments to act as conduits providing tax-exempt financing for private activities. Both capital expenditures and limited working capital expenditures of charitable organizations described in section 501(c)(3) of the Code ("qualified 501(c)(3) bonds") may be financed with tax-exempt bonds.

States or local governments may issue tax-exempt "exempt-facility bonds" to finance property for certain private businesses. Business facilities eligible for this financing include transportation (airports, ports, local mass commuting, and high speed intercity rail facilities); privately owned and/or privately operated public works facilities (sewage, solid waste disposal, local district heating or cooling, and hazardous waste disposal facilities); privately owned and/or operated low-income rental housing; and certain private facilities for the local furnishing of electricity or gas. A further provision allows tax-exempt financing for "environmental enhancements of hydro-electric generating facilities." Tax-exempt financing also is authorized for capital expenditures for small manufacturing facilities and land and equipment for first-time farmers ("qualified small-issue bonds"), local redevelopment activities ("qualified redevelopment bonds"), and eligible empowerment zone and enterprise community businesses.

Tax-exempt private activity bonds also may be issued to finance limited non-business purposes: certain student loans and mortgage loans for owner-occupied housing ("qualified mortgage bonds" and "qualified veterans' mortgage bonds"). Purchasers of houses financed with qualified mortgage bonds must be first-time homebuyers satisfying prescribed income limits, the purchase prices of the houses is limited, the amount by which interest rates charged to homebuyers may exceed the interest paid by issuers is restricted, and a recapture provision applies to target the benefit to purchasers having longer-term need for the subsidy provided by the bonds. Qualified veterans' mortgage bonds are not subject to these limitations, but these bonds may only be issued by five States and may only be used to finance mortgage loans to veterans who served on active duty before January 1, 1977.

With the exception of qualified 501(c)(3) bonds, private activity bonds may not be issued to finance working capital requirements of private businesses.

In most cases, the aggregate volume of tax-exempt private activity bonds that may be issued in a State is restricted by annual volume limits. These annual volume limits are equal to \$62.50 per resident of the State, or \$187.5 million of greater. The volume limits are scheduled to increase to the greater of \$75 per resident of the State or \$225 million in calendar year 2002. After 2002, the volume limits will be indexed annually for inflation.

##### *Arbitrage restrictions on tax-exempt bonds*

The Federal income tax does not apply to the income of States and local governments that is derived from the exercise of an essential governmental function. To prevent these tax-exempt entities from issuing more Federally subsidized tax-exempt bonds than is necessary for the activity being financed or from issuing such bonds earlier than needed for the purpose of the borrowing, the Code includes arbitrage restrictions limiting the ability to profit from investment of tax-exempt bond proceeds. In general, arbitrage

profits may be earned only during specified periods (e.g., defined "temporary periods" before funds are needed for the purpose of the borrowing) or on specified types of investments (e.g., "reasonably required reserve or replacement funds"). Subject to limited exceptions, profits that are earned during these periods or on such investments must be rebated to the Federal Government. Governmental bonds are subject to less restrictive arbitrage rules than most private activity bonds.

##### *Miscellaneous additional restrictions on tax-exempt bonds*

Several additional restrictions apply to the issuance of tax-exempt bonds. First, private activity bonds (other than qualified 501(c)(3) bonds) may not be advance refunded. Governmental bonds and qualified 501(c)(3) bonds may be advance refunded one time. An advance refunding occurs when the refunded bonds are not retired within 90 days of issuance of the refunding bonds.

Issuance of private activity bonds is subject to restrictions on use of proceeds for the acquisition of land and existing property, use of proceeds to finance certain specified facilities (e.g., airplanes, skyboxes, other luxury boxes, health club facilities, gambling facilities, and liquor stores) and use of proceeds to pay costs of issuance (e.g., bond counsel and underwriter fees). Additionally, the term of the bonds generally may not exceed 120 percent of the economic life of the property being financed and certain public approval requirements (similar to requirements that typically apply under State law to issuance of governmental debt) apply under Federal law to issuance of private activity bonds. Present law precludes substantial users of property financed with private activity bonds from owning the bonds to prevent their deducting tax-exempt interest paid to themselves. Finally, owners of most private-activity-bond-financed property are subject to special "change-in-use" penalties if the use of the bond-financed property changes to a use that is not eligible for tax-exempt financing while the bonds are outstanding.

#### *Explanation of Provision*

The provision authorizes issuance of \$15 billion of tax-exempt private activity bonds to finance the construction and rehabilitation of commercial and residential rental real property in a newly designated Liberty Zone ("Zone") of New York City. Property eligible for financing with these bonds includes buildings and their structural components, fixed tenant improvements, and public utility property (e.g., gas, water, electric and telecommunication lines), all as designated by the Governor of New York. Bonds authorized under the provision for the Zone may be issued during the period January 1, 2002 through December 31, 2004. The Zone is defined as the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan.

If the Governor determines that it is not feasible to use all of the authorized bond proceeds for property located in the Zone, up to \$7 billion of bond proceeds may be used for the construction and rehabilitation of non-residential real property (including fixed tenant improvements) located outside the Zone and within New York City. Bond-financed property located outside the Zone is required to meet the additional requirement that the project have at least 100,000 square feet of usable office or other commercial space in a single building or multiple adjacent buildings.

Subject to the following exceptions and modifications, issuance of these tax-exempt

bonds is subject to the general rules applicable to issuance of exempt-facility private activity bonds: (1) Issuance of the bonds is not subject to the aggregate annual State private activity bond volume limits (sec. 146); (2) the restriction on use of private activity bond proceeds to finance land acquisition is determined by reference to the \$15 billion amount of bonds authorized under the provision rather than by reference to individual bond issues (sec. 147(c)); (3) the restriction on acquisition of existing property is applied using a minimum requirement of 50 percent of the cost of acquiring the building being devoted to rehabilitation (sec. 147(d)); (4) the special arbitrage expenditure rules for certain construction bond proceeds apply to construction proceeds of the bonds (sec. 148(f)(4)(C)); (5) loan repayments may not be used to originate new loans; (6) interest on the bonds is not a preference item for purposes of the alternative minimum tax preference for private activity bond interest (sec. 57(a)(5)); and (7) property located within the Zone that is financed with proceeds of these bonds (but not such property that is located outside the Zone) is not considered tax-exempt bond financed property to the extent of such financing and is eligible for cost recovery deductions computed under the general MACRS system and the bonus depreciation provided under the provision (to the extent that the property otherwise qualifies for these benefits).

#### Effective Date

The provision is effective for bonds issued during the period January 1, 2002 through December 31, 2004.

#### 5. Extension of replacement period for certain property involuntarily converted in the New York Liberty Zone (sec. 301(e) of the bill and new sec. 1400L of the Code)

##### Present Law

A taxpayer may elect not to recognize gain with respect to property that is involuntarily converted if the taxpayer acquires within an applicable period (the "replacement period") property similar or related in service or use (sec. 1033). If the taxpayer does not replace the converted property with property similar or related in service or use, then gain generally is recognized. If the taxpayer elects to apply the rules of section 1033, gain on the converted property is recognized only to the extent that the amount realized on the conversion exceeds the cost of the replacement property. In general, the replacement period begins with the date of the disposition of the converted property and ends two years after the close of the first taxable year in which any part of the gain upon conversion is realized. The replacement period is extended to three years if the converted property is real property held for the productive use in a trade business or for investment.

Special rules apply for property converted in a Presidentially declared disaster. With respect to a principal residence that is converted in a Presidentially declared disaster, no gain is recognized by reason of the receipt of insurance proceeds for unscheduled personal property that was part of the contents of such residence. In addition, the replacement period for the replacement of such a principal residence is extended to four years after the close of the first taxable year in which any part of the gain upon conversion is realized. With respect to investment or business property that is converted in a Presidentially declared disaster, any tangible property acquired and held for productive use in a business is treated as similar or related in service or use to the converted property.

#### Explanation of Provision

The provision extends the replacement period to five years for a taxpayer to purchase

property to replace property that was involuntarily converted within the New York Liberty Zone as a result of the terrorist attacks that occurred on September 11, 2001. However, the five-year period is available but only if substantially all of the use of the replacement property is in New York City. In all other cases, the present-law replacement period rules continue to apply.

#### Effective Date

The provision is effective for property in the New York Liberty Zone involuntarily converted as a result of the terrorist attacks occurring on September 11, 2001.

#### D. DISCLOSURE OF TAX INFORMATION IN TERRORISM AND NATIONAL SECURITY INVESTIGATIONS

(SEC. 401 OF THE BILL AND SEC. 6103 OF THE CODE)

##### Present Law

In general, Returns and return information are confidential (sec. 6103). A "return" is any tax return, information return, declaration of estimated tax, or claim for refund filed under the Code on behalf of or with respect to any person. The term return also includes any amendment or supplement, including supporting schedules, attachments, or lists, which are supplemental to or are part of a filed return. Return information is defined broadly. It includes the following information: A taxpayer's identity, the nature, source or amount of income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments; whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing; any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary with respect to a return or with respect to the determination of the existence, or possible existence, of liability (or the amount thereof) of any person under this title for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense; any part of any written determination or any background file document relating to such written determination which is not open to public inspection under section 6110; Any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to the agreement or any application for an advance pricing agreement; and any agreement under section 7121 (relating to closing agreements), and any similar agreement, and any background information related to such agreement or request for such agreement (sec. 6103(b)(2)).

The term "return information" does not include data in a form that cannot be associated with or otherwise identify, directly or indirectly, a particular taxpayer. "Taxpayer return information" means return information which is filed with, or furnished to, the Internal Revenue Service by or on behalf of the taxpayer to whom such return information relates.

Section 6103 provides that returns and return information may not be disclosed by the IRS, other Federal employees, State employees, and certain others having access to the information except as provided in the Internal Revenue Code. Section 6103 contains a number of exceptions to this general rule of nondisclosure that authorize disclosure in specially identified circumstances (including nontax criminal investigations) when certain conditions are satisfied.

Recordkeeping and safeguard requirements also are imposed. These requirements establish a system of records to keep track of disclosure requests and disclosures and to ensure that the information is securely stored and that access to the information is re-

stricted to authorized persons. These conditions and safeguards are intended to ensure that an individual's right to privacy is not unduly compromised and the information is not misused or improperly disclosed. The IRS also must submit reports to the Joint Committee on Taxation and to the public regarding requests for and disclosures made of returns and return information 90 days after the close of the calendar year (sec. 6103(p)(3)). Criminal and civil sanctions apply to the unauthorized disclosure or inspection of returns and return information (secs. 7213, 7213A, and 7431).

#### Disclosure of returns and return information for use in nontax criminal investigations—by ex parte court order

A Federal agency enforcing a nontax criminal law must obtain an ex parte court order to receive a return or taxpayer return information (i.e., that information submitted by or on behalf of a taxpayer to the IRS) (sec. 6103(i)(1)). Only the Attorney General, Deputy Attorney General, Assistant Attorney Generals, United States Attorneys, Independent Counsels, or an attorney in charge of an organized crime strike force may authorize an application for the order.

For a judge or magistrate to grant such an order, the application must demonstrate that: There is reasonable cause to believe, based upon information believed to be reliable, that a specific criminal act has been committed; there is reasonable cause to believe that the return or return information is or may be relevant to a matter relating to the commission of such act; the return or return information is sought exclusively for use in a Federal criminal investigation or proceeding concerning such act; and the information sought reasonably cannot be obtained, under the circumstances, from another source.

Pursuant to the ex parte order, the information may be disclosed to officers and employees of the Federal agency who are personally and directly engaged in (1) the preparation for any judicial or administrative proceeding pertaining to the enforcement of a specifically designated Federal criminal statute (not involving tax administration) to which the United States or such agency is a party, (2) any investigation which may result in such a proceeding, or (3) any Federal grand jury proceeding pertaining to enforcement of such a criminal statute to which the United States or such agency is or may be a party.

A Federal agency may obtain, by ex parte court order, the return and return information of a fugitive from justice for purposes of locating such individual (sec. 6103(i)(5)). The application for an ex parte order must establish that (1) a Federal felony arrest warrant has been issued and taxpayer is a fugitive from justice, (2) the return or return information is sought exclusively for locating the fugitive taxpayer, and (3) reasonable cause exists to believe the information may be relevant in determining the location of the fugitive. Only the Attorney General, Deputy Attorney General, Assistant Attorney Generals, United States Attorneys, Independent Counsels, or an attorney in charge of an organized crime strike force may authorize an application for this order. Once a court grants the application for an ex parte order, the return or return information may be disclosed to any Federal agency exclusively for purposes of locating the fugitive individual.

#### Agency request procedure for disclosure of return information other than taxpayer return information to the IRS for use in criminal investigations

For nontax criminal investigations, Federal agencies can obtain return information, other than taxpayer return information,

without a court order. For nontax criminal purposes, the head of a Federal agency and other persons specifically identified by section 6103 may make a written request for return information that was not provided to the IRS by the taxpayer or his representative (sec. 6103(i)(2)). The written request must contain: The taxpayer's name, and address; the taxable period for which the information is sought; the statutory authority under which the criminal investigation or judicial, administrative or grand jury proceeding is being conducted; and the reasons why such disclosure is or may be relevant to the investigation or proceeding. Unlike the requirements for an ex parte order, the requesting agency does not have to demonstrate that the information sought is not reasonably available elsewhere.

*Disclosure of return information to apprise appropriate officials of criminal activities or emergency circumstances*

*Criminal activities*

Section 6103 permits the IRS to disclose return information (other than taxpayer return information) that may be evidence of a crime (sec. 6103(i)(3)(A)). The IRS may make the disclosure in writing to the head of a Federal agency charged with enforcing the laws to which the crime relates. Return information also may be disclosed to apprise Federal law enforcement of the imminent flight of any individual from Federal prosecution. The IRS may not disclose returns under this provision.

*Emergency circumstances*

In cases of imminent danger of death or physical injury to an individual, the IRS may disclose return information to Federal and State law enforcement agencies (sec. 6103(i)(3)(B)). The statute does not grant authority, however, to disclose return information to local law enforcement, such as city, county, or town police. The statute does not permit the IRS to disclose return information concerning terrorist activities if there is no imminent danger of death or physical injury to an individual.

*Tax convention information.* With limited exceptions, the Code prohibits the disclosure of tax convention information (sec. 6105). A tax convention is any: (1) income tax or gift and estate tax convention, or (2) other convention or bilateral agreement (including multilateral conventions and agreements and any agreement with a possession of the United States) providing for the avoidance of double taxation, the prevention of fiscal evasion, nondiscrimination with respect to taxes, the exchange of tax relevant information with the United States, or mutual assistance in tax matters. Tax convention information is any: (1) agreement entered into with the competent authority of one or more foreign governments pursuant to a tax convention; (2) application for relief under a tax convention; (3) background information related to such agreement or application; (4) document implementing such agreement; and (5) other information exchanged pursuant to a tax convention which is treated as confidential or secret under the tax convention.

The general rule that tax convention information cannot be disclosed does not apply to the disclosure of tax convention information to persons or authorities (including courts and administrative bodies) that are entitled to disclosure under the tax convention and any generally applicable procedural rules regarding applications for relief under a tax convention. It also does not apply to the disclosure of tax convention information not relating to a particular taxpayer if the IRS determines, after consultation with the parties to the tax convention, that such disclosure would not impair tax administration.

*Explanation of Provision*

In general, The bill expands the availability of returns and return information for purposes of investigating terrorist incidents, threats, or activities, and for analyzing intelligence concerning terrorist incidents, threats, or activities. In general, under the bill, returns and taxpayer return information must be obtained pursuant to an ex parte court order. Return information, other than taxpayer return information, generally is available upon a written request meeting specific requirements. Present-law safeguards, recordkeeping, reporting requirements, and civil and criminal penalties for unauthorized disclosures apply to disclosures made pursuant to the bill. The bill also permits the disclosure of tax convention information for the same purposes and in the same manner that return information is made available under the bill. No disclosures may be made under the bill after December 31, 2003.

*Disclosure of returns and return information taxpayer return information—by ex parte court order*

*Ex parte court orders sought by Federal law enforcement and Federal intelligence agencies.*—The bill permits, pursuant to an ex parte court order, the disclosure of returns and return information (including taxpayer return information) to certain officers and employees of a Federal law enforcement agency or Federal intelligence agency. These officers and employees are required to be personally and directly engaged in any investigation of, response to, or analysis of intelligence and counterintelligence information concerning any terrorist incident, threat, or activity. These officers and employees are permitted to use this information solely for their use in the investigation, response, or analysis, and in any judicial, administrative, or grand jury proceeding, pertaining to any such terrorist incident, threat, or activity.

The Attorney General, Deputy Attorney General, Associate Attorney General, an Assistant Attorney General, or a United States attorney, may authorize the application for the ex parte court order to be submitted to a Federal district court judge or magistrate. The Federal district court judge or magistrate would grant the order if based on the facts submitted he or she determines that: There is reasonable cause to believe, based upon information believed to be reliable, that the return or return information may be relevant to a matter relating to such terrorist incident, threat, or activity; and the return or return information is sought exclusively for the use in a Federal investigation, analysis, or proceeding concerning any terrorist incident, threat, or activity.

Special rule for ex parte court ordered disclosure initiated by the IRS.—If the Secretary of Treasury possesses returns or return information that may be related to a terrorist incident, threat or activity, the Secretary of the Treasury (or his delegate), may on his own initiative, authorize an application for an ex parte court order to permit disclosure to Federal law enforcement. In order to grant the order, the Federal district court judge or magistrate must determine that there is reasonable cause to believe, based upon information believed to be reliable, that the return or return information may be relevant to a matter relating to such terrorist incident, threat, or activity. Under the bill, the information may be disclosed only to the extent necessary to apprise the appropriate federal law enforcement agency responsible for investigating or responding to a terrorist incident, threat, or activity and for officers and employees of that agency to investigate or respond to such terrorist incident, threat, or activity.

Further, use of the information is limited to use in a Federal investigation, analysis, or proceeding concerning a terrorist incident, threat, or activity. Because the Department of Justice represents the Secretary of the Treasury in Federal district court, the Secretary is permitted to disclose returns and return information to the Department of Justice as necessary and solely for the purpose of obtaining the special IRS ex parte court order.

*Disclosure of return information other than taxpayer return information*

Disclosure by the IRS without a request.—The bill permits the IRS to disclose return information, other than taxpayer return information, related to a terrorist incident, threat, or activity to the extent necessary to apprise the head of the appropriate Federal law enforcement agency responsible for investigating or responding to such terrorist incident, threat or activity. As under present law Code section 6103(i)(3)(A), the IRS on its own initiative and without a written request may make this disclosure. The head of the Federal law enforcement agency may disclose information to officers and employees of such agency to the extent necessary to investigate or respond to such terrorist incident, threat, or activity. A taxpayer's identity is not treated as return information supplied by the taxpayer or his or her representative.

Disclosure upon written request of a Federal law enforcement agency.—The bill permits the IRS to disclose return information, other than taxpayer return information, to officers, and employees of Federal law enforcement upon a written request satisfying certain requirements. The request must: (1) be made by the head of the Federal law enforcement agency (or his delegate) involved in the response to or investigation of terrorist incidents, threats, or activities, and (2) set forth the specific reason or reasons why such disclosure may be relevant to a terrorist incident, threat, or activity. The information is to be disclosed to officers and employees of the Federal law enforcement agency who would be personally and directly involved in the response to or investigation of terrorist incidents, threats, or activities. The information is to be used by such officers and employees solely for such response or investigation.

The bill permits the redisclosure by a Federal law enforcement agency to officers and employees of State and local law enforcement personally and directly engaged in the response to or investigation of the terrorist incident, threat, or activity. The State or local law enforcement agency must be part of an investigative or response team with the Federal law enforcement agency for these disclosures to be made.

Disclosure upon request from the Departments of Justice or Treasury for intelligence analysis of terrorist activity.—Upon written request satisfying certain requirements discussed below, the IRS is to disclose return information (other than taxpayer return information) to officers and employees of the Department of Justice, Department of Treasury, and other Federal intelligence agencies, who are personally and directly engaged in the collection or analysis of intelligence and counterintelligence or investigation concerning terrorist incidents, threats, or activities. Use of the information is limited to use by such officers and employees in such investigation, collection, or analysis.

The written request is to set forth the specific reasons why the information to be disclosed is relevant to a terrorist incident, threat, or activity. The request is to be made by an individual who is (1) an officer or employee of the Department of Justice or the

Department of Treasury, (2) appointed by the President with the advice and consent of the Senate, and (3) responsible for the collection, and analysis of intelligence and counter-intelligence information concerning terrorist incidents, threats, or activities. The Director of the United States Secret Service also is an authorized requester under the bill.

**Tax convention information.** The bill permits the disclosure of tax convention information on the same terms as return information may be disclosed under the bill, except that in the case of tax convention information provided by a foreign government, no disclosure may be made under this paragraph without the written consent of the foreign government.

**Definitions.** The term "terrorist incident threat, or activity" is statutorily defined to mean an incident, threat, or activity involving an act of domestic terrorism or international terrorism, as both of those terms were defined in the recently enacted USA PATRIOT Act.

#### *Effective Date*

The provision is effective for disclosures made on or after the date of enactment.

#### **E. NO IMPACT ON SOCIAL SECURITY TRUST FUNDS (SEC. 501 OF THE BILL)**

##### *Present Law*

Present law provides for the transfer of Social Security taxes and certain self-employment taxes to the Social Security trust fund. In addition, the income tax collected with respect to a portion of Social Security benefits included in gross income is transferred to the Social Security trust fund.

##### *Explanation Provision*

The bill provides that the Secretary is to annually estimate the impact of the bill on the income and balances of the Social Security trust fund. If the Secretary determines that the bill has a negative impact on the income and balances of the fund, then the Secretary is to transfer from the general revenues of the Federal government an amount sufficient so as to ensure that the income and balances of the Social Security trust funds are not reduced as a result of the bill. Such transfers are to be made not less frequently than quarterly.

The bill provides that the provisions of the bill are not to be construed as an amendment of title II of the Social Security Act.

#### *Effective Date*

The provision is effective on the date of enactment.

Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. FRELINGHUYSEN).

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

Mr. FRELINGHUYSEN. Mr. Speaker, I rise in support of the bill.

Mr. Speaker, I met with many of the families of the victims of September 11. I have attended funeral masses and funerals, and I have met personally, as other Members have from our area, with some of the widows of the victims of these attacks when they visited Capitol Hill on December 5. They need our help and they need it now. Many are from home towns in my district and throughout the State of New Jersey and New York and Connecticut and Virginia and Pennsylvania.

As one of the widows recently recounted to me, the charities have helped with the immediate aftermath,

but this tax relief bill will help some of their present concerns, and the victims' compensation fund will help them as they move forward into the future.

While we can never replace their loss, we can help alleviate some of the pain for these victims as they think about their immediate and future financial needs, and about how they will provide for their families in the coming years. We do so with this bill.

In this bill, we waive income tax liability for 2 years for the victims. We provide relief from the State tax, and make sure that charitable relief and other forms of financial assistance remain tax-free.

On behalf of the victims from New Jersey and the other States, Mr. Speaker, I want to thank the Speaker, the gentleman from Illinois (Mr. HASTERT), the majority leader, and particular, the chairman of the Committee on Ways and Means, for bringing up this bill expeditiously.

Our hearts go out to these families, and I want to thank my congressional colleagues for moving on this bill.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1 minute to the gentleman from New York (Mr. REYNOLDS), a member of the New York delegation.

Mr. REYNOLDS. Mr. Speaker, I thank the gentleman for yielding time to me, and I want to thank him for his leadership in moving this legislation before we end this week's work, with the hope of continuing and getting a resolve before we end the session.

I thank him for his leadership, along with that of our ranking member, the gentleman from New York (Mr. RANGEL), and particularly the gentleman from New York (Mr. FOSSELLA), who has worked diligently, as well as the New York City representative helping our conference understand clearly some of the agenda needed.

Then also we must turn to the gentleman from New York (Mr. HOUGHTON), who has the very, very important ingredient of his expertise so he was able to work with the gentleman from California (Mr. THOMAS) in helping him in this legislation. That comes from listening to our Governor and mayor on the agendas of what it is going to take to rebuild tens of millions of lost square footage of space in those 15 blocks of lower Manhattan, let alone the countless loss of jobs that have occurred in that tragedy.

Mr. Speaker, this is part of a working, fundamental solution to bring that to fruition. I salute all for bringing it to the floor today.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from New Jersey (Mr. FERGUSON).

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

Mr. FERGUSON. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I want to thank the chairman of the Committee on Ways and Means, the ranking member, and members on both sides of the aisle for working on this important legislation.

On September 11, our Nation and the world was struck with tragedy. But for 81 families in the district that I represent in New Jersey, it also meant the loss of a loved one in their own family. They have been struggling for 3 months to put their lives back together. People, Americans across the Nation and people around the world have stepped up to help them in many different ways: People have donated their time, their energy, their blood, their money. They have been assisted in many ways.

But as we know, as time goes on, the attention begins to wane and the realities of life, of mortgage payments, of credit card payments, of tuition bills and other commitments, long-term real-life commitments, begin to build up. We have to make sure that we do not forget those who have experienced this tragedy firsthand.

As my colleague, the gentleman from New Jersey (Mr. FRELINGHUYSEN) mentioned a moment ago, we have had an opportunity to meet with scores of, unfortunately, mostly widows from our districts, from New Jersey and from around our region, who are now dealing with the aftermath. They are not only dealing with the emotional and the physical excruciating pain of the loss of a loved one, but they are also struggling to rebuild their lives, to help their kids to think about the future and not simply to think about these tragedies of the recent past.

We need to do our part in this Congress, and that is why I am delighted and proud that we worked so hard and so quickly 2 days after this tragedy to pass this important legislation out of this Chamber and to send it to the other body, and am pleased now that the other body has done their work and that we have brought this back.

I am pleased that now, today, we will be able to say to these families that we have not failed them, we continue to stand by them, and we will be here with them today and tomorrow and next month and next year to help them. Whether it is tax relief or education relief or simply being a friend and neighbor, we are there to support them and support their work in rebuilding their lives. I thank this Congress for working.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. NADLER), in whose district the Twin Towers once stood high.

Mr. NADLER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, lower Manhattan, as we all know, is devastated by the attacks on the World Trade Center. Over 20 million square feet of office was destroyed and another 15 million rendered unusable, and 125,000 jobs out of the 300,000 private sector jobs in lower Manhattan were destroyed. It will take a strong private-public partnership to

revive lower Manhattan economically. A package of tax incentives, intelligently arranged, would stimulate private investment in the area.

The Houghton bill and the proposals by Senator SCHUMER and CLINTON, with the gentleman from New York (Mr. RANGEL), should be seen in tandem.

The Houghton bill is important and constructive for the long-term economic strength of New York, but does little, if anything, for our immediate critical needs. The Schumer-Clinton-Rangel package contains measures that are vital for the immediate survival of small businesses in lower Manhattan.

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The Houghton package represents an important element of the package. We need to nurse lower Manhattan back to health, but before businesses will return to lower Manhattan, we must rebuild the neighborhood's infrastructure in utilities and transportation. We must rebuild power lines, phone systems, sewers and water mains. We have to restore public transportation. This will take time. Utility facilities are so badly damaged that now cables guarded by police over land are the only facilities bringing power to downtown. We are literally one snowplow away from a blackout in lower Manhattan.

Small businesses are in critical shape and need an immediate boost. The Houghton boost will not help the small businesses survive the transitional period until the neighborhood is rebuilt and their sales recover. We must ease the period of transition until larger businesses return to the area.

Small businesses in lower Manhattan will lose an estimated \$5 billion in sales in the last quarter of 2001 alone. Many have seen their sales decline by up to 80 percent because of disruption and damage to the area. Mr. Speaker, 10,000 of the 14,000 small businesses in lower Manhattan are at risk of failure within the next several months as a direct result of the attack. If we do not give them help to enable them to survive, the longer-term proposals in the Houghton bill will come too late to revive lower Manhattan, because if 10,000 small businesses fail in lower Manhattan, the larger businesses will not want to return and residents will not want to return.

The elements of the Houghton bill are excellent and important for our long-term needs, but must be supplemented by the provisions for short-term aid, especially long-term grants, especially business grants to our small businesses and the other elements of the Rangel-Clinton-Schumer package. That package could provide immediate assistance for these businesses through expansion of the work opportunity tax credit. The work opportunity tax credit expansion and the cash grants are the two things we need immediately.

So I urge the House to adopt the Houghton bill, but to be under no illusion that the Houghton bill, absent the

work opportunity tax credit of the Rangel bill and absent large and immediate infusion of cash grants to small businesses, will save the situation.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from New York (Mr. GILMAN).

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

Mr. GILMAN. Mr. Speaker, I rise in strong support of H.R. 3373, the New York Liberty Zone Tax Relief Act of 2000. I urge my colleagues to join in supporting this vitally needed legislation which provides a number of tax provisions that are designed to help the city and State of New York to recover economically from the devastating barbaric attack of September 11, and I commend my colleagues, the gentleman from California (Mr. THOMAS), the gentleman from New York (Mr. RANGEL) and the gentleman from New York (Mr. HOUGHTON) for their diligent work on this measure.

New York City, and particularly lower Manhattan, was devastated by the terrorist attacks of September 11. Over 25 million square feet of office space has been destroyed, 15,000 jobs have been displaced in lower Manhattan, representing 2 percent of all the private sector jobs in New York City. Not only do we need to rebuild the economy in lower Manhattan, we also need to rebuild its infrastructure, power lines, water mains, public transportation and sewer lines.

Small businesses in lower Manhattan are fighting for their very survival.

This bill includes five key provisions which create some liberty zones, encouraging investment and includes issuing tax exempt liberty bonds to finance liberty zone commercial, residential rental and public utility property.

It also includes allowance of a first year 30 percent depreciation and a 5-year recovery period for leasehold improvements and a small business first year depreciation of \$35,000.

This victim tax relief bill also increases the replacement period for re-investing insurance proceeds.

Mr. Speaker, I am pleased to stand with my New York colleagues in supporting this legislation which will help rebuild a key portion of the economy of New York City and help our State. Accordingly, I urge my colleagues to join in passing this very urgently needed bill.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Mr. Speaker, I thank the gentleman from California (Mr. THOMAS) for yielding me the time. I thank him also for staying, true to his word. He said he would have this bill on the floor in three days. Actually, he had the bill on the floor just a few days after the horrific event of 9/11. We want to thank him, all of us from New Jersey, for bringing this very important legislation back to the floor with the Senate changes.

Passage of this bill, Mr. Speaker, will provide immediate and substantial tax rebates to the spouses and children of nearly 3,500 victims who met tragic deaths in the horrific attacks on September 11.

Seven hundred New Jersey residents, more than 50 from my own District, never came home on September 11. They were the first victims and the first heroes of America's war on terrorism.

There are additional heroes, Mr. Speaker, namely, the wives, the widows of those who were murdered on September 11. Over the last several weeks, both my wife, Marie, and I and members of my staff have met many of the widows, and we have been moved greatly by their loss as well as by their courage. Last week, my wife and I, as well as other members of the New Jersey delegation, joined with several of those widows from our State in a meeting with Speaker HASTERT, and he, too, was moved by what they had to say.

These brave women courageously reminded Congress of the heartbreaking burdens that they have faced since the shock of 9/11. They made it very clear that this tax relief is a matter of survival to them. Much of the money has run out that they had saved personally. For many of them, the assistance they got from charitable contributions ran out on December 1. The Victims Compensation Fund has not kicked in yet. There had to be something to provide very real money a bridge for these individuals.

The Victims Tax Relief Bill will help to do that.

Among the more moving remarks, and there were many that we have heard over the last several months, were the comments of Sheila Martello, who lost her husband Jim in the World Trade Center. Last week Mrs. Martello said "we do not want to be here in Washington fighting for this benefit. We would rather be doing what we do best, raising our children."

Again, I want to thank the chairman for his leadership on this. I thank the Speaker for his personal commitment. Both Mr. THOMAS and Speaker HASTERT moved very quickly right after this tragedy, along with the gentleman from New York (Mr. RANGEL). This is a good, bipartisan bill and will help these people through this very, very difficult time. It could not come at a more important time for them.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from New York (Mr. GRUCCI), actually Long Island.

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

Mr. GRUCCI. Mr. Speaker, I would like to thank the distinguished gentleman from California (Mr. THOMAS), chairman of the Committee on Ways and Means, and the gentleman from New York (Mr. RANGEL), the ranking member, for their commitment and their work on this program to help restore economic viability to New York

and to our country as a whole. I think this bill, the Houghton bill, is an excellent tool to accomplish that.

When we look back at the tragedy that has happened, nothing can ever replace the loss of life and the ache in the people's hearts that are experiencing that loss of life. In my district alone, I went to a number of various funerals and memorial services for where there was no funeral able to be given.

And you can see, the pain in the hearts and in the face of people, the children, the surviving spouses, the friends, the neighbors, and they will always have that pain.

There is a secondary pain that is out there, Mr. Speaker. There is a pain that is being experienced by many who worked all of their life to try to build a business, to try to create something for their family, for their children, to allow them to have something for future generations, and that was wiped out on September 11, gone completely. Devastation has set in and the only way to help them restore that kind of dream once again, the dream to be a small business entrepreneur in this country, which is something that people come here for.

I know my family, my family had migrated to this country for that very purpose, to raise their children, to raise a business and to have something. Well, this bill will put \$6.1 billion into our economy and it will enable people to do that. It will give them their hopes and their dreams back and it will enable them to build the more than 25 million square feet of space that was lost, spaces like delicatessens and boutiques and haberdasheries, and, yes, the major conglomerates and businesses of our country where hundreds of thousands people were employed.

This bill is a good bill. It is a bipartisan bill, and I urge my colleagues in this House to support it and to help America get back on their feet and help New York get back on its feet.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. SWEENEY) who, without his involvement and active participation in structuring work with the governmental officials in New York, we would not have been able to move with the haste with which we did.

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

Mr. SWEENEY. Mr. Speaker, I am proud and happy to be here on the floor today.

On September 11 all of America suffered losses. Some of us suffered more direct losses. And certainly in the last 3 months it has been an extreme struggle trying to figure out the right process, the right way to help make New Yorkers and the victims of those attacks whole again.

I want to salute the ranking member, the gentleman from New York (Mr. RANGEL) for working hard in a bipartisan fashion on this. I want to especially salute the gentleman from New

York (Mr. HOUGHTON) from the Committee on Ways and Means, a fellow New Yorker and a colleague who has dedicated every ounce of energy he has had to this effort and to this particular bill.

I especially want to recognize the chairman of the Committee on Ways and Means who made commitments repeatedly the day after the attacks and repeatedly throughout this that he was going to work with us in New York to get this done. He has worked diligently. He has done it at breakneck speed getting the bill to the floor in 3 days. I am extremely gratified.

The fact is, Mr. Speaker, the change in New York will be incremental. The rebuilding efforts will be incremental. This is an important step in the right direction. This is one of the reasons that I have been so outspoken from this side of the aisle for the need for us to pay attention and keep focused and the gentleman from California (Chairman THOMAS) kept focus and kept us focused in bringing this bill, and I am deeply grateful for that.

I would urge our friends and colleagues in the other body to move their bill. They have had it for 3 months. It is time that we move on each of these pieces as expeditiously as we can so we can ensure New Yorkers suffer no greater damage than they already have. Indeed, the rebuilding efforts are going to take time but the commitment and the moral obligation on the part of this body and this Congress is going to be longstanding and must be abided by.

I support this bill. I will urge my colleagues to support it, and once again I thank the chairman for his support.

The SPEAKER pro tempore (Mr. THORBERRY). The gentleman from California (Mr. THOMAS) has 1 minute remaining. The gentleman from New York (Mr. RANGEL) has 16 minutes remaining.

Mr. RANGEL. Mr. Speaker, I want to join with my colleagues from New York in supporting the concept of this bill and especially the gentleman from New York (Mr. HOUGHTON) who has been really a great pleasure working with over the years and especially as relates to restoring life, both economic life to our great city and our great State.

We do not know whether this is going to come back from the other side, but we do know that there is other legislation that has not passed over there, and working closely with the gentleman from California (Mr. THOMAS), I do hope that we can bring the best ideas that have come out of both Houses and do the best that we can this year by the city of New York.

I would like to say on behalf of delegation once again how grateful we are for the groundswell of support that we have received from this House of Representatives. If ever we thought that we were not a part of the Nation, all over the country and the world stood with us and we are deeply appreciative.

We have a long way to go. We have had some legislative setbacks. But I am confident that as the President moves forward to remove this type of risk from other congressional districts, other parts of the country, that we would realize more that the Americans who lost their lives on September 11 are the same type of courageous Americans that lost their lives at Pearl Harbor or at any beachhead that we have had in the United States.

We can never restore the lives to these great people or the heroes that went there to save lives at the risk of their own. But we can let friend and foe alike know that when you strike one part of our great country, you have struck all parts of it. And regardless of our backgrounds or party labels, we do come together as a Nation. And in that spirit, I hope we move forward with this legislation and join with our colleagues on the other side to see what more we can do to repair the harm that has been done.

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

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) has 1 minute remaining.

Mr. THOMAS. Mr. Speaker, Mr. Speaker, I yield myself my remaining time.

Mr. Speaker, I do want to thank my colleague from New York for the kind courtesies and generosity that he has displayed and, most importantly, the House's willingness to move as quickly as we did and recognize that these individuals were, in fact, victims in war and deserve to be focussed on, not just in terms of the symbolism because, clearly, although there were tragedies elsewhere in the United States on that same day, it is not unfair to say that New York City took it on the chin for the rest of the country. And that I, too, have been pleased with the outpouring of response.

We now know that those who died did not die in vain in terms of the symbolism, the rallying of the moral fiber of this country. But at the same time, we have to address the very real physical and material needs of these people who, after all, lost loved ones and had lives devastated.

In that regard, I am very pleased to say that this is not the end of our continued focus on the need of these individuals in New York City and elsewhere.

Mrs. MCCARTHY of New York. Mr. Speaker, I rise in support of H.R. 2884, the Victims of Terrorism Relief Act, which I am a proud cosponsor.

This legislation provides much needed tax relief to the victims of the September 11th terrorist attacks. The terrorist attacks on the World Trade Center, the Pentagon, and Pennsylvania directly affected 25,000 families, and left 15,000 children without a parent. Figures show that 35% of those who died were between the ages of 35 and 45, and 85% were 25–55 years old. Not only did these families lose an important part of their lives, but they lost a source of financial support they need and deserve.

I am overcome by the outpouring of support during this difficult time. However, spouses who lost a loved one in the attack are still enduring financial hardships. Even though many charitable organizations have provided some form of relief, the Federal government must do more. Easing their federal tax liability is a step in the right direction.

In addition, this legislation addresses some of the recovery concerns within the New York City area damaged by the terrorist attacks. The creation of the New York Liberty Zone provides numerous tax benefits for qualified property. In order to rebuild, we must also help those businesses that were impacted by the senseless acts of terrorism.

September 11th will forever be synonymous with other historical events that Americans have endured. It will serve as yet another reminder of how Americans come together during difficult times, as well as send a simple message to those who hide behind terrorism—America Will Never Fear You and We Will Always Take Care Of Our Own.

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

The SPEAKER pro tempore. All time for debate has expired.

Pursuant the order of the House of today, the motion is agreed to.

A motion to reconsider was laid on the table.

□ 1545

#### GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of H.R. 2884, the bill just passed.

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

There was no objection.

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

Mr. (DEFAZIO) addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### TRIBUTE TO SCOTT BROSIUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. WU) is recognized for 5 minutes.

Mr. WU. Mr. Speaker, I rise today to pay tribute to Scott Brosius, the starting third baseman for the New York Yankees and a resident of McMinnville, Oregon. Scott announced his retirement from major league baseball on November 27.

Born and raised in Oregon, Scott played baseball at Rex Putnam High School in Milwaukee and then at Linfield College in McMinnville. In 1987, during his junior year in college, he was drafted by the Oakland Athletics.

During his 11 seasons of major league baseball, first with the A's and later with the New York Yankees, Scott was known as a solid hitter and outstanding defensive third baseman, for which he won the Gold Glove award in 1999.

His best season came in 1998. That year, he batted 300, with 98 RBIs and was named to the American League All Star team. But his career highlight came later that year. During the World Series, in a 4-game sweep of the San Diego Padres, Scott batted 471, hit two home runs, and had six RBIs. He was the clear choice for the World Series' Most Valuable Player. He accomplished all of these post-season feats while his father was undergoing cancer surgery and chemotherapy.

Scott's flare for the dramatic resurfaced during this year's seven-game World Series between the Yankees and the Arizona Diamondbacks, which many have called the most exciting World Series ever. In game five, with the Yankees trailing 2 to 0 in the ninth inning, Scott came to the plate with two outs and a runner on second base. Scott crushed a 1-0 slider from Arizona closer Byung-Hyun Kim to tie the score and send the game into extra innings. Ultimately, the Yankees went on to win the game 3 to 2 in 12 innings.

As an All Star, a Gold Glove winner, a World Series MVP, and a member of three world championship teams, Scott has a lifetime's worth of baseball memoirs. But, Mr. Speaker, I rise today not only to recognize Scott Brosius for his outstanding baseball career but also because I believe he embodies the best of Oregon, and American values.

This year, Scott finished his contract with the New York Yankees and became eligible for free agency. At 35 years of age, and as an 11-year major league veteran, he could easily fetch millions of dollars as a free agent. But Scott turned down the money and the limelight so that he could return to McMinnville to raise his three young children. He has reenrolled at Linfield College to finish his college degree and has offered to help coach the Linfield varsity baseball team.

The example set by people like Scott Brosius reminds us of what is most important in life: values, family, and community.

I wish Scott and his family well, and I thank him for being such a positive role model. Scott, you have the admiration of us all, and personally I envy you for all the time that you will have in Oregon with your family.

#### TRIBUTE TO VICTIMS OF SEPTEMBER 11, 2001

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Illinois (Mr. SHIMKUS) is recognized for 5 minutes.

Mr. SHIMKUS. Mr. Speaker, I want to continue reading from the list of names that my colleague, the gentleman from Virginia (Mrs. JO ANN DAVIS), has been reading into the RECORD, those who fell in the September 11 tragedy:

John P. O'Neill; Peter J. O'Neill; Sean Gordon Corbet O'Neill; Ken O'Reilly; Kevin M. O'Rourke; Robert W. O'Shea; Patrick J. O'Shea; Timothy F. O'Sullivan; James A. Oakley; Dennis Oberg; Jefferson Ocampo; Douglas Oelschlager; Takashi Ogawa; Albert Ogletree; Philip Paul Ognibene; John Ogonowski; Joseph J. Ogren; Samuel Oitice; Gerald M. Olcott; Christine Ann Olender; Linda Mary Oliva; Elsy Carolina Osorio Oliva; Edward K. Oliver; Leah Oliver; Eric Olsen; Jeffrey James Olsen; Steven John Olson; Barbara Olson; Marueen "Rene" L. Olson; Toshihiro Onda; Betty Ong; Michael C. Opperman; Christopher Orgielewicz; Margaret Q. Orloske; Virginia "Ginger" Ormiston-Kenworthy; Ruben Ornedo; Juan Romero Orozco; Ronald Orsini; Peter K. Ortale; Jane Orth; Paul Ortiz; Sonia Ortiz; David Ortiz; Emilio "Peter" Ortiz, Jr.; Alexander Ortiz; Pablo Ortiz; Masaru Ose; Elsi Carolina Osorio; James Robert Ostrowski; Jason Douglas Oswald; Michael Otten; Isidro Ottenwalder; Michael Ou; Todd Joseph Ouida; Jesus Ovalles; Peter J. Owens; Adianes Oyola; Angel "Chic" Pabon; Israel Pabon; Roland Pacheco; Michael Benjamin Packer; Diana B. Padro; Chin Sun Pak; Deepa K. Pakkala; Thomas Anthony Palazzo; Jeffrey Palazzo; Richard Palazzolo; Orio Joseph Palmer; Frank Palombo; Lynn Paltrow; Alan Palumbo; Christopher Panatier; Diominique Lisa Pandolfo; Jonas Martin Panik; Paul Pansini; John Paolillo; Edward J. Papa; Salvatore Papasso; James Pappageorge; Marie Pappalardo; Vinod K. Parakat; Vijayashanker Paramsothy; Nitin Ramesh Parandker; Hardai "Casey" Parbhu; James W. Parham; Debra "Debbie" Paris; George Paris; Gye-Hyong Park; Philip L. Parker; Michael A. Parkes; Robert Emmett Parks, Jr.; Hashmukhrai C. Parmar; Robert Parro; Diane Parsons; Leobardo Lopez Pascual; Michael Pascuma; Jerrold Paskins; Horace Robert Passananti; Suzanne Passaro; Victor Antonio Martinez Pastrana; Dipti Patel; Manish K. Patel; Avnish Ramanbhai Patel; Steven B. Paterson; James M. Patrick; Lawrence Patrick; Manuel Patrocino; Clifford L. Patterson; Bernard E. "Bernie" Patterson; Ciria Marie Patti; James Robert Paul; Patrice Sobin Paz; Sharon Cristina Millan Paz; Victor Paz-Gutierrez; Stacey Lynn Peak; Richard Pearlman; Durrell Pearsall; Thomas Pecorelli; Thomas E. Pedicini; Todd D. Pelino; Michel Adrian Pelletier; Anthony Peluso; Angel Ramon Pena; Jose D. Pena; Robert Penniger; Richard A. Penny; Salvatore Pepe; Carl Allen Peralta; Robert David Peraza; Marie

Vola Percoco; Jon Anthony Perconti; Ivan A. Perez; Nancy E. Perez; Anthony Perez; Alejo Perez; Angela Susan Perez; Angel Perez; Berry Berenson Perkins; Joseph Perroncino; Edward Joseph Perrotta; John William Perry; Glenn C. Perry; Emelda Perry; Franklin Allan Pershep; Danny Pesce; Michael J. Pescherine; Donald A. Peterson; Jean Hoadley Peterson; William Russel Peterson; Davin Peterson.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 5 minutes.

Mr. SKELTON addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### NATIONAL AFFORDABLE HOUSING TRUST FUND ACT, H.R. 2394

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. SANDERS) IS RECOGNIZED FOR 5 MINUTES.

Mr. SANDERS. Mr. Speaker, I am pleased to announce today that over 1,700 local, State, and national organizations from throughout this country have endorsed H.R. 2394, legislation that I introduced last June, to create a National Affordable Housing Trust Fund. And I especially want to thank for their organizing efforts the National Low-Income Housing Coalition for all of their help in bringing these organizations together around this terribly important issue.

It is almost unprecedented to have such an outpouring of support from such a broad array of groups representing working people through their unions, business leaders, different religious affiliations, bankers, environmentalists, and, of course, affordable-housing advocates. This is perhaps one of the most significant grass roots campaigns to support legislation at one time and has helped us generate our already 126 bipartisan cosponsors. I am here today on the floor of the House to thank all of the groups that have endorsed this legislation and to ask my colleagues to cosponsor this important and much-needed bill. We have come a long way in a short time; but obviously, we need to go further.

A complete list of all of the groups that have endorsed this legislation can be found at the National Housing Trust Fund Campaign's Web site at [www.nhtf.org](http://www.nhtf.org). That is [www.nhtf.org](http://www.nhtf.org), for a complete list of all of the organizations that have endorsed the National Affordable Housing Trust Fund legislation.

Mr. Speaker, experts from across the country have acknowledged that the issue of affordable housing has rapidly become a major national problem. That is true in my State of Vermont, and it is true all across this country. It is an issue in which millions of low-income seniors, the elderly, disabled, and families with children are increasingly unable to afford decent housing.

According to HUD, about 5.4 million Americans today are paying more than half of their limited incomes, more than half of their limited incomes, on housing, or are living in severely substandard housing. Since 1990, the number of families who have "worst case housing needs" has increased by 12 percent. That is 600,000 more Americans who cannot afford a decent and safe place to live.

□ 1600

For these families living paycheck to paycheck, one unforeseen circumstance, a sick child, a needed car repair or a large utility bill can send them into homelessness.

This crisis must be addressed. Every American must be entitled to decent, affordable housing. The question is where do we begin? According to the accounting firm of Deloitte & Touche, profits generated by the Federal Housing Administration are expected to exceed \$26 billion over the next 7 years. H.R. 2394 would use the surplus to increase affordable housing by creating an affordable housing trust fund. According to housing experts, if the FHA surplus was used to build affordable housing, we could more than triple affordable housing construction next year and provide accommodations to more than 200,000 families.

Mr. Speaker, not only would a national affordable housing trust fund help solve the affordable housing crisis in the United States, it would also generate 1.8 million decent paying new jobs and nearly \$50 billion in wages according to a recent study. As today's economy continues to sputter with layoffs up over 600 percent from last year, and as millions of Americans are paying 40 to 50 percent of their limited incomes on housing, the creation of a national affordable housing trust fund is needed more than it has ever been needed.

Mr. Speaker, the bottom line here is that we can put Americans to work building the affordable housing that millions of our fellow Americans need, and we can accomplish two important goals at the same time. Number one, combatting the recession by putting people to work; and second of all, providing decent housing to the families that need it. This is a very important piece of legislation, and I am very proud that 1,700 different organizations, religious organizations, grass-roots organizations, are supporting it. I ask my colleagues to support it as well.

#### COVER-UP OF SALVATI STORY

The SPEAKER pro tempore (Mr. THORBERRY). Under a previous order of the House, the gentleman from Tennessee (Mr. DUNCAN) is recognized for 5 minutes.

Mr. DUNCAN. Mr. Speaker, I spent 7½ years just prior to coming to Congress as a criminal court judge in Tennessee trying the felony criminal cases, the murders, the armed robberies, the

rapes. I tried the attempted murder of James Earl Ray, many leading cases, but I can tell Members that I do not think that in my years of law practice or in my years as a judge that I have ever seen a worse miscarriage of justice than that done to Joseph Salvati in Massachusetts where he was made to stay in prison for over 30 years. Even the FBI knew he had not committed the crime for which he had been convicted. Sometimes we read about people who have been wrongly convicted, but almost always in those cases the prosecutors or the law enforcement people honestly thought the people were guilty, and only found out later that they were not.

But in the Salvati case, the FBI knew apparently for 30 years that this man was not guilty of the crime he had been convicted of, and yet they made him stay in prison for more than 30 years.

I can tell Members that the gentleman from Indiana (Mr. BURTON) of the Committee on Government Reform has tried to call attention to this miscarriage of justice and see that nothing like this ever happens again. He held one hearing and he attempted to hold another hearing today about it, but today the Department of Justice refused to release or submit the documents that the gentleman from Indiana (Mr. BURTON) had requested in a continuing cover-up of the original cover-up.

I think it is shameful. In fact, I think it is fair to say that I have never seen the gentleman from Indiana (Mr. BURTON) as angry as he was today, and he said that he is going to told hearings until the Department of Justice has the decency to come forward and do what they can to correct this horrible miscarriage of justice.

I remember reading a cover story in Forbes magazine, certainly a very conservative magazine, in 1993 in which they reported that the Department of Justice had more than quadrupled its budget since 1980, and that there were U.S. attorneys falling all over themselves trying to find cases to prosecute. The article discussed how Federal prosecutors were cherry-picking local cases, taking the best or easiest cases away from local prosecutors so they could have something to do.

This quadrupling of the budget and size of the Department of Justice was being done, even though 94 percent of all crimes were being handled and prosecuted by local and State law enforcement personnel and prosecutors. Even though their work was not going up, their budget and number of employees was.

This article in Forbes said too often in Federal law enforcement the name of the game is publicity, not a reduction in the amount of crime. The article in Forbes said that the Department of Justice was proving that Parkinson's law of bureaucracy was true, that work expands so as to fill the time available for its completion. As the

real or imagined work expands, the bureaucrats ask for more bureaucrats to do it.

Since then, we have expanded the Department of Justice even more. Now here we are giving them more power. Last week Joseph Califano, a former top assistant to President Johnson and a former Secretary of Health and Human Services under President Carter, wrote in *The Washington Post* last week that in all of our concerns about terrorism, we "are missing an even more troubling danger, the extraordinary increase in Federal police personnel and power."

Mr. Speaker, for the FBI to keep a man in prison for 30 years for a crime that they knew he did not commit, that should be criminal in and of itself. I described it at this hearing as saying that the arrogance of the Federal bureaucracy seems to grow with each passing year. The gentleman from Massachusetts (Mr. DELAHUNT) said I was mild in describing things in that way. It seems that we now have a government of, by and for the bureaucrats instead of one that is of, by and for the people.

I salute the gentleman from Indiana (Mr. BURTON) and commend him for continuing to try to call attention to the miscarriage of justice in the Joseph Salvati case, and to say if we keep expanding the Department of Justice and the FBI, then the abuse of the American people is going to continue to grow, and we are going to have much of our freedom taken away from us, and the American people are going to have problems that they never dreamed of. We need to bring these people under some type of control because they are certainly out of control at this time.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mrs. MINK) is recognized for 5 minutes.

(Mrs. MINK of Hawaii addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mrs. CLAYTON) is recognized for 5 minutes.

(Mrs. CLAYTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### ACHIEVEMENTS OF THE FIRST SESSION OF THE 107TH CONGRESS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentlewoman from New Mexico (Mrs. WILSON) is recognized for 60 minutes as the designee of the majority leader.

Mrs. WILSON. Mr. Speaker, during the next hour, I want to talk about some of the wonderful things that this House has achieved in this first session of the 107th Congress; but in my view, probably one of the most important

things we have achieved, we finished today here on the floor of the House, and that is the President's education bill.

Going back almost 2 years ago before the last Presidential election, and before even the primaries were finished, I was looking at the people who were putting themselves forward as potential candidates in the Republican Party, which is my party.

There was a governor from neighboring State of Texas, which being a New Mexican, is sometimes a disqualification in itself, who seemed to be saying some things that I liked to hear. Not only just saying them, but obviously deeply believing them and passionate about them.

George W. Bush was talking about no child should be left behind. There was a commitment that he made in his State of Texas, and it was not just some kind of a campaign slogan, it was something that he passionately believed, that there was a subtle bigotry of low expectations, and that, in itself, condemned children to a life of underachievement. He believed it was possible for a public school system to reform itself and to commit itself to excellence, and that every child is entitled to a great education, and that education is the next civil right.

I listened to him for several months and I decided that I liked this guy, and that I was going to back him as my preferred choice as President of the United States. After he was elected, both in his inaugural address on the steps of the west front of this Capitol and in this body in this room, when he made his first State of the Union speech, he asked us as Members of Congress to join him to ensure that no child is left behind, to reform the Federal laws on education, to make a commitment to reading, not just in the schools where all of us who are middle class have moved to, but to the schools that maybe all of us do not want our children to go to.

I believe that every parent wants a great school in their neighborhood that their kids can walk to. But even more as a community and as a society, we need to have a great school system so that a kid who gets himself up for breakfast and gets his little brother and sister up and makes their lunches and gets them out the door and walks with them to school, those are the kids that this education bill we passed is for. For the kids whose parents are not there and do not care, but that kid who still has a dream, that in America he is part of the American dream.

The bill that we passed today is a landmark piece of legislation, something that required work in both bodies and on both sides of the aisle. It is the most important Federal education bill that we have passed in 20 years. We would not have done it without the leadership of the President of the United States.

Why does it matter? Why should we care so much about education? I rep-

resent Albuquerque, New Mexico. A third of our kids in Albuquerque do not graduate from high school. For our parents and certainly for our grandparents, that was probably okay because there were still jobs that somebody could get and be able to support a family that you could do without a high school education. But in the 21st century, those jobs do not exist anymore. What was good enough for our parents and grandparents is not good enough for our children. Every child has to graduate from high school being able to read and write and work together and hold a good job. That is what this bill is about.

The No Child Left Behind Act of 2001 significantly increases Federal aid to education. Last year we had about \$18 billion in the budget for Federal aid to education, mostly to schools that serve poor communities and for special ed. The bill that we just passed authorizes \$26.5 billion in the next year for Federal aid to education. That is almost a 40 percent increase. In the last 5 years, we have close to doubled Federal aid to education. But this also includes the elements of reform, which I think will help get those dollars to the classroom where they can matter in the lives of children.

This new legislation requires annual testing in reading and mathematics for every child from grades 3-8. Some States, like New Mexico, have already moved toward annual testing and accountability for results. But if we let kids fall through the cracks, if we move them on from one grade to another grade without demanding and giving them an opportunity to master the subject matter in first grade, they are not going to make it in fourth grade.

Before I was elected to Congress, I was the cabinet secretary in the State of New Mexico for children. We had the delinquent children, the abused and neglected children, the children that were mentally ill, early childhood education. We had all of the children that nobody wanted.

When I looked at the kids that we had in our juvenile justice system, on average they were 16 years old. At that point in their lives when they first came to our juvenile prisons, they had, on average, nine prior felonies. It was very rare to have one of those kids who could read at grade level. It was very rare to see a father in their life. Very often there was drug and alcohol abuse in the family.

But the number one indicator that a kid is going to be in trouble as a teenager is their third grade reading score. Education is the way up and out for all kinds of kids. Poor kids, kids that come from broken homes, kids with fathers who are not there or who come home drunk. The public school system and the ability to read is the ticket to a dream. This Federal legislation emphasizes the importance of reading, particularly kindergarten, first, second and third grade. We must make sure

that children are able to read by the third grade.

□ 1615

This bill requires all students to be proficient at reading and math within the next 12 years. We do not just set a lofty goal, we set a goal, we provide resources, we provide the tools to achieve that goal, and then there will be accountability for results.

It also requires that we narrow the gap between the rich kids and the poor kids, between the Anglo kids and the minority kids. The truth is since we started the title I program to help schools that are in neighborhoods that do not have as much money to put in from the outside, we started that Federal program and in some areas, the gap between rich and poor, Anglo and minority, has widened rather than narrowed. The whole purpose of Federal aid to education for poor schools is so we can narrow the gap, not so that it can be widened. We must narrow that gap.

There is \$1 billion a year in this bill for the next 5 years to improve reading, three times as much as this year, with a goal of making sure every child can read by the third grade.

This bill also consolidates programs. There are wonderful ideas that legislators and the administration comes up with over the years and often those are put into law or into program documents, and you end up with small pots of money and 20,000 school districts across the country with grant writers and administrators chasing after a little piece of those pots of funds. As a result, we have all of these programs that take so much to administer and compete and award that 65 cents on the dollar even gets to the school district level, let alone down to the classroom.

We needed to consolidate those programs and get the money down to the local level, to give some flexibility to local school districts and principals so that you do not say, well, we have got this pot of money and you can use it for middle school math and science instruction and another pot of money that you can use for software for elementary schools; but what we really need is to send some money back for continuing education in how to teach reading in a particular school. We do not have any money for that even though that is the need. We have got to give some flexibility to move funds around at the local level, because the challenges that we face in Estancia, New Mexico, are not the same challenges we face on Long Island, New York. Let us give some flexibility to local school districts, to parents and teachers and principals; and then let us look at results. Let us let America surprise us by their ingenuity.

It is a wonderful bill. It took a great deal of work and bipartisan work and bicameral work. But we have achieved it. I hope that before Christmas it will be on the desk of the President of the United States and we can begin both to

celebrate it and to implement it. But we also have much more work to do.

I want to talk for a little bit about the state of the economy and jobs. In November, consumer confidence fell, plummeted really, for the fifth consecutive month. In June, July, and August when we passed the first stimulus bill, we were all hoping and we thought it was quite likely that the recession that we were on the cusp of would have a soft landing, that if it turned into a recession at all, it would be very shallow and very short. September 11 changed all that. When we saw those planes crash into the towers in New York and we saw the plane crash in Pennsylvania and here in Washington, D.C., we saw and felt a shudder through the American economy. It was not only travel and tourism that were hurt, it was consumer confidence that was hurt. We need to pass another economic stimulus bill. The President called for it in October and the House of Representatives responded.

Our economic stimulus bill in the House is not perfect. There are things about it I did not like as an individual legislator. There is almost no bill here that everybody can say, By gosh, that's something that I can support a hundred percent. There's not a word that I would change. It is not the nature of this body.

But we moved it forward. We moved the process along for a good reason. Since September 11, 700,000 Americans have lost their jobs. We have 700,000 families who are worried about where the next paycheck is coming from. Unemployment has spiked, particularly on the east coast, in the New York and down to the mid-Atlantic region. All of those families are worried about their health insurance. What happens if they do not get another job before that COBRA runs out? What happens if the unemployment benefits run out? What happens if we do not get back to growing jobs in this country? Those families are hurting. We need to help them. We have passed an economic stimulus bill in the House. I think we may end up having to pass another one next week without any additional action because things have not moved forward.

What do we want to see in an economic stimulus bill? Certainly first and foremost, we need to be able to extend health care benefits and unemployment benefits so that people who have lost their jobs due to the slowdown in the economy can make it through. All of us know neighbors who are worried about losing their job sometime this year and all of us are willing to say, "Look, we're going to help you over the hump. We're going to make sure that this awful time for you is not made worse because you can't feed your family or that you lost your health insurance." So we must have health care coverage and unemployment insurance extenders in any economic stimulus bill.

The second thing we are going to need to do is to restore confidence. We

are in the Christmas season. About two-thirds of the American economy is consumer spending. There are retail outlets and companies where half of their sales are in the Christmas period. We need to restore confidence in our consumers so that we do not have a further collapse in retail sales. We have got to restore confidence in consumers, and we have to restore confidence in the markets. If you talk to anybody around town about their retirement plans, most Americans now have 401(k)s or IRAs or pension plans. We are now investors in the stock market. One hundred million Americans own stocks, mostly in IRAs and 401(k)s, pension plans through work or Thrift Savings accounts. All of us have seen the value of our retirement savings go way down because of the economic slowdown. We have got to restore confidence in the stock market that our economy is back and turned around. We have to pass an economic stimulus bill that does that.

The third thing our economic stimulus bill has to do is to create capital to create jobs. Most of our jobs created in this country are created by small business. That is where the real job growth is. That means we have to do things like accelerate depreciation. I was a small business owner for 3 or 4 years before I went into State government. One of the things that was amazing to me is that when I did my books at the end of the year on what my profit was and my loss and how much corporate tax I had to pay, if I bought new computers as I did one year for the whole office, the whole company, new computers, upgrade everything, all at one time, at that time I could only say that I spent \$10,000 that year on what they call section 179. So even though I had to pay as a small businessperson 20 or 30,000 out of our bank account to buy the things, as far as telling the government what I owed on taxes, I could only say it was \$10,000. That did not seem right, that did not seem fair, and it certainly discouraged me the next time from getting \$35,000 worth of computers at one time. Certainly one of the things we need to do for small business is to raise those limits so that a small business looking at buying equipment, going and doing some construction, expanding their computer setup, can do so, and that will stimulate our economy.

Mr. Speaker, the gentleman from Illinois (Mr. WELLER) has joined me, who is a member of the Committee on Ways and Means and is someone who has worked very, very hard on economic stimulus and particularly looking at small business and what can we do to get back to growing jobs in this economy.

Mr. WELLER. I want to thank the gentlewoman from New Mexico for yielding and also commend her for her leadership, particularly in technology and research, which is so important to the future of the economy of our country.

Our country has a great challenge before us. Obviously, we are working to win this war against terrorism as a result of the terrorist attack, this horrible attack on our country on September 11; but also a key part of our effort in the war on terrorism is to address the economic impact of the terrorist act on September 11.

President Bush inherited a weakening economy. Economists point out it was in the spring and summer of 2000 that the economy began to turn. When he was sworn in as President in January of this year, the economy was already starting to weaken. Unfortunately, there was a psychological impact of September 11, a terrible day when our Nation was attacked by terrorists on our own soil.

Of course, as a result of that, many things happened. One of those is there was a psychological impact on our economy. Business decision-makers and consumers who had previously made decisions to move forward on investments and purchases stepped back from those investments and decisions to spend money. Of course, now we have seen the result. Thousands if not tens of thousands of residents of the State of Illinois where I live as well as New Mexico and all across our country have lost their jobs as a result of the downturn in our economy. In fact, today there are hundreds of steelworkers in the south suburbs that I represent that are here in town expressing their concern and calling on the Congress and the President to work together to find a way to get this economy moving again.

I want to point out that the House has been doing its job. Seven weeks ago, the House of Representatives passed legislation to revitalize this economy, the Economic Security and Recovery Act, legislation designed to encourage investment by business decision-makers, to create capital for investment as well as to reward investment and the creation of jobs and also to put more money in the pocketbooks of consumers to spend. I would note that some of the key provisions of the legislation that we passed and sent to the Senate obtained strong bipartisan support here in the House. I have been very, very disappointed in the other body and particularly in the leadership of the other body and their failure to move forward on economic security and economic stimulus.

I particularly want to point to one of the provisions in the legislation that the gentlewoman from New Mexico and I have been working together on, as have many other Members of this House.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PLATTS). The Chair will remind Members that it is not in order in debate to characterize Senate action or inaction. This prohibition includes debate that specifically urges the Senate to take certain action.

The Chair would ask the gentleman to be conscious of that.

Mr. WELLER. I certainly will, Mr. Speaker.

The SPEAKER pro tempore. The gentleman may proceed.

Mr. WELLER. That is, legislation to draw attention to the expensing provision that is in the Economic Security and Recovery Act of 2001. When you think about it, we are looking for ways to encourage investment and the creation of jobs. If we can encourage an employer or a business to invest in a personal computer or hardware, a pickup truck, a car, we have to remember that there are American workers who produce those products. So if we encourage business to buy them, there is a worker who is at the other end where they are being produced who is going to keep their job. We also have to realize that when someone purchases that pickup truck or that car or that other piece of equipment, there is going to be a worker that is going to operate it as well. So really any incentive that is going to attract investment is going to help create jobs.

I would note that the 30 percent expensing provision that is in this legislation which means that a business would buy a personal computer, for example, and they would be able to deduct 30 percent of the purchase price of that asset in the first year. Currently they have to, of course, depreciate a computer over 5 years. This is much more attractive. It will encourage business to purchase hardware.

I would also note, as my colleague from New Mexico pointed out, in the Economic Security and Recovery Act that the House of Representatives passed that we also provided for an increase in expensing for small business, which means that small business would have the opportunity to deduct 100 percent of the purchase of capital assets. Currently it is \$24,000. We increase that to \$35,000, a significant increase, to help small business, allowing them to deduct more from their taxable income, freeing up capital that they can then turn right around and invest in the creation of jobs.

When it comes to real estate, businesses are out there, they are working in real estate that employs the building trades, carpenters and plasterers and others. When they make improvements in their buildings, we call that buildout or tenant improvements, we change the depreciation schedule for that in this legislation as well. Currently it is 39 years, a ridiculous period of time. We reduce it to 15 years for inside buildout of a business.

The bottom line is we have accelerated cost recovery and we have expensing as well as depreciation reform in this legislation, 30 percent expensing. We increase the small business allowance up to \$35,000, and we reform how we depreciate inside improvements in buildings, providing jobs. That is the bottom line.

I would particularly note from the technology sector's perspective that in our legislation that the House passed 6

weeks ago, we also recognize there are companies losing money this year. These companies losing money are looking for capital so they can reinvest and, of course, create jobs and preserve the jobs of their workers today. Under our legislation, we allow a company that is losing money this year to carry back for 5 years. What that means is they can take this year's loss and credit against a previous profitable year sometime in the last 5 years, essentially get a tax refund, and they can use that money to reinvest in the creation of jobs. The accelerated cost recovery, the expensing and depreciation reform, helping companies that are losing money this year, is going to create jobs.

I would also note in the Economic Security and Recovery Act that we also help the middle class. We have to remember, the vast majority of Americans are middle class.

□ 1630

In the legislation we passed out of the House, the middle class tax rate is the 28 percent tax rate. That affects folks who make \$60,000 a year. That is average middle class in the district that I represent in the south suburbs and South Side of Chicago. We lower their tax rate, which is currently 28 percent, effective immediately of January of 2002 we lower it to 25 percent that is going to lower taxes, giving more spending money to middle-class taxpayers.

We also want to help low income and working families too, those who probably never pay income taxes today and may not have benefitted directly and received a tax rebate this year from the President's tax cut that we all worked together to pass earlier this year. I would note that 24 million Americans will receive a \$300 dollar stimulus payment under the legislation we passed, extra spending money. I am one of those who believes that low income families when they receive that stimulus payment check, they are going to tax it and they are going to spend it. That is going to help the economy, creating jobs and demand for goods and services.

Now, one thing I noted as we discussed this economy, unfortunately, hundreds of thousands of Americans have lost their jobs, tens of thousands in the Chicago area that I represent. I would note that in the Economic Security and Recovery Act, legislation we passed 6 weeks ago in the House, that we provide help for those who are unemployed, and we provide help for those who may have lost their health insurance coverage. In fact, we provide \$12 billion in assistance for the unemployment benefits, as well as covering the cost of health care. So we put together a pretty good package.

I would note the Economic Security and Recovery Act, legislation that passed this House of Representatives with a bipartisan support, was passed by the House of Representatives 6

weeks ago. When you think about it, when Americans are in jeopardy of losing their jobs, I am one who believes that Congress needs to act very, very quickly and put on President Bush's desk legislation to get this economy moving again.

One of the most important reasons is not only to provide incentives to invest and give consumers more money to spend, but also to give the psychological confidence to business investors and consumers that it is okay to invest again, that it is okay to spend money on their family's needs, and that their job is not going to be in jeopardy.

So my hope is we can work things out with the Senate quickly and get on President Bush's desk as soon as possible legislation to revitalize and stimulate this economy. The bottom line is we want to provide economic security for all Americans. We want to protect those who have jobs, and those who recently lost their jobs, we want to give them the opportunity to go back to work and provide a safety net while they are out of work.

Mrs. WILSON. Mr. Speaker, I thank the gentleman from Illinois, particularly for his expertise on what we need to do with respect to the economy.

There are two other areas of the economy where the House has taken very important action and we need to get a bill to the President's desk without any further delay. One is energy, and the other is Trade Promotion Authority, so that we can promote international trade. I would like to maybe take those in reverse order. The one we passed most recently was the Bipartisan Trade Promotion Authority Act which we passed last week.

Now, international trade is not something that people usually get excited about, unless it is your job that depends upon being able to sell American products abroad.

There are about 130 trade agreements that exist in the world internationally. America is party to only three of them. What that really means is that when we try to sell our products to Latin America or Asia or Europe, our companies are more heavily taxed than our competitors in Canada or Europe.

I have a little company in my district called SEMCO, and they make rock crushers. These are big barrels and drums that crush rock for the mining industry, to be able to get the minerals out of rock. It is not a very high-tech business. It is a family firm.

But I was talking last week to the owner, and he said, you know, they do not even bother to bid on jobs in Chile any more, because their competitors are Canadian and European countries, and Chile has a free trade agreement with them, and there is only a 2 percent duty on a crusher that is made in Europe or in Canada, a 2 percent tax if a Chilean mining company imports a piece of equipment. But for him, it is about 17 percent.

You cannot under sell somebody by 15 percent, 15 cents on the dollar, so he

does not even bother bidding on those jobs any more. He employs maybe 30, 35, 40 people in his operation in Albuquerque, New Mexico. I would like to be able to see him building more rock crushers and selling them to mining operations, whether they are in Australia or Canada or Latin America or Chile.

But unless we give the President the authority to negotiate tough trade agreements that reduce the tariffs on American goods abroad, we do not have a fair shot, and neither does he. To me, that is part of what it will take to get our economy back to growing jobs, and that is what this is all about.

America now is disadvantaged. On any kind of fair playing field, American companies and American workers can beat the best. We are the most productive workers in the world. We have the best technology, we have well-trained workers, and we can compete head-to-head and we can win, but we need a fair chance, and right now we do not have the fair chance.

Mr. WELLER. If the gentlewoman will yield, I absolutely agree with you. If you think about it, the globe's population, billions of people, 96 percent of the consumers on the Earth today live outside the borders of the United States. So if we want to increase the opportunity to find new markets for American farm products, for technology, for manufactured goods, for entertainment, we have to increase our access to international markets. Ninety six percent of the globe's population.

Trade Promotion Authority, it is kind of a funny name, but the bottom line is all it means is that we give President Bush the full negotiating power he needs to break down trade barriers. Without the full negotiating power, our trading partners and competitors and those who are trying to open up markets into their markets are not going to take us seriously, unless the Congress gives President Bush the full negotiating power that he needs.

I was so very, very pleased that we passed out of the House this past week with bipartisan support legislation giving President Bush what he needs. I think it is a shame there is almost 130 bilateral trade agreements, and bilateral means a trade agreement between two different countries; but out of 130 bilateral trade agreements, only about three involve the United States.

Something is wrong when the globe's greatest economy, our country, is unable to negotiate the kind of trade agreements we need to break down barriers and reduce tariff barriers and other barriers that stand in the way of markets for American manufactured goods, for farm products, for technology. That is why it is so very, very important to give the President what he needs, and that is the full negotiating power that Trade Promotion Authority gives to the President.

Mrs. WILSON. Our American farmers feed the world. In my State of New

Mexico, most folks would not suspect this, but New Mexico is the tenth largest dairy producing State in the country. It is a very fast growing dairy industry. Of course, our cattle industry in the West has always been really strong. Our New Mexico cattleman, I was talking to a rancher, and he said we really want free trade, because most people outside the United States do not eat as much beef as people inside, and we want to introduce them to the wonders of beef.

There are things that we can do to promote trade, but we have to give trade authority to do it. As you can see by this chart here, the House has passed the economic stimulus bill. We did that on October 24. We have passed now bipartisan trade authority, which would give the President the power to promote international trade and promote international business and get business for American companies abroad.

We also passed something way back actually the second of August, before the August break, the Energy Security Act. When we talk about jobs, we have lost 700,000 jobs in this country since the 11th of September. The estimates are that this energy bill, and this kind of just surprised me when I saw these two numbers, went back and looked at my notes from August, the estimate is it would create 700,000 jobs in domestic energy suppliers.

We are more dependent on foreign oil today than we were at the height of the energy crisis. Fifty-seven percent of oil is imported for America, mostly from the Middle East, a very volatile region of the world. Most folks do not know, but the number seven supplier of oil to the United States and the fastest growing supplier is Saddam Hussein's Iraq.

We need a balanced long-term energy policy that promotes both conservation and increases in production. We need a very diverse supply of energy. People get complacent. We all have gotten complacent a little bit here. The price of gasoline has gone done, the price of natural gas has gone down we have had a pretty mild winter so far, and maybe there is a sense of urgency that has left us. But the reality is we need an energy policy, and we need to reduce our reliance on oil coming from the Middle East. We should not be over a barrel begging Saddam Hussein to keep the oil spigot open. We need to be more independent.

The House passed by a very broad bipartisan vote the Energy Security Act on August 2. That should have been on the President's desk months ago. We need the first energy policy that we will have had in 20 years, and the House has passed it, and I would like to see the President be able to sign it.

I yield to my colleague from Illinois.

Mr. WELLER. I thank the gentlewoman for yielding. On energy, of course, the gentlewoman has been one of the leaders, particularly in research and development of new sources of energy and new sources of conservation,

as well as helping our country be more independent of foreign sources of energy.

I remember one of the questions that I was asked shortly after the tragedy of the terrorist attack on America. Every day I was in my district I would visit a school and I would talk with students. One of the high school students at Wilmington High School, a high school junior, asked me a very good question. He says, "You know, Congressman, Americans have very short attention spans. Will we keep our attention and will we eventually lose interest in what occurred to our Nation on September 11?"

I said, "You know, young man, you have a very good question, and that is, will America appreciate what complacency has cost us?"

Clearly what we were reminded on September 11 was the consequences, number one, of thinking it will never occur here, but also the consequences of being dependent on others in unstable areas of the world for sources of energy.

To me, I think there is something wrong when the policy of this country over the past decade has been to allow our Nation to be dependent on a majority of the oil that we use to power or our economy comes from outside the borders of the United States. Clearly, we in the Congress, I believe, have an obligation to improve the security of our country by reducing our dependence on imported energy, particularly oil.

I was proud to say that, earlier this year, and all the way back in July, now, think about that, in July we passed the Energy Security Act, legislation designed to make our country more energy independent, to emphasize conservation, to emphasize renewable sources of energy, and also to promote domestic sources of energy.

Well, think about it. How many months have passed since July? July, August, September, October, November, December. Six months have passed since we passed legislation which would provide for an opportunity to make our Nation more energy independent. Unfortunately, while the House has acted, we are still waiting for Congress to be able to send to the President legislation that brings about energy security.

I would note, not only do we provide for an opportunity to reduce our dependence on imported oil from the Midwest, but also we provide for an opportunity for investment in new technology, which will promote energy conservation.

One of the provisions in the legislation that we passed provides incentives for homeowners to make their homes more energy efficient, where they can receive up to a \$2,000 tax credit, up to 20 percent of the first \$10,000 they would spend if they better insulate their home or put in better, more energy efficient windows and more energy efficient heating or cooling for

the house. And also for a home builder. A home builder who builds a new building, whether a condo or a stand-alone house, would also be able to receive that tax credit.

I was talking to a home builder in the area that I represent in the South Suburbs, a gentleman who has built thousands of homes in the Mokena-Frankfort-New Lennox, the Lincoln Way area we call it, just east of Joliet. He said in the last 2 years he has built about 1,000 homes, but only about a dozen of his customers, those who purchased new houses, brand new houses from this home builder, said they wanted an energy efficient house. People were more willing to invest a little extra money in the kitchen or bathroom, something they can see, than into making their house more energy efficient.

But he also said when there is an incentive to help recover the cost of making that investment, those consumers are much more inclined to invest in energy efficient improvements to their existing house or to purchase a home which has more energy efficient technology in place.

That is one of the most basic centerpieces of the legislation we passed. While the House has done its job on energy, while the House has done its job on trade opportunities, while the House has done its job on revitalizing this economy, we are still waiting for the other body.

My hope is we can work together soon, within the next few days, and put together a bipartisan agreement. We all know it is in the best interests of our Nation to get this economy moving again, because far too many Americans have lost their jobs. 700,000 Americans are now unemployed, and we have yet to put on the President's desk legislation to help revitalize this economy. Something is wrong.

□ 1645

President Bush has asked us to send him a stimulus package, what we call an economic security package, to help create new jobs, protect jobs, give those that are currently out of work an opportunity to go back to work. I think it is wrong that this Congress has not completed its work, but I am proud to say the House has been doing its job. In July we passed energy security. Six, 7 weeks ago, in early November, we passed economic security. This past week we provided for greater trade opportunity. We need to work together, and I hope the other body and the House can find a way to get this job done in the next few days.

Mrs. WILSON. Mr. Speaker, I thank the gentleman from Illinois. When I started out, I talked about how we had worked together to finish the education reform bill and what a tremendous achievement that is and how it will make a wonderful difference for our communities and our families and our children over the next couple of decades. It is a landmark piece of legis-

lation. It showed that if we focus on something, with the leadership of the President and the determination of the House, that we can get things done. But there are things on the economy and jobs that we also need to get done.

We have worked cooperatively with the President and with the entire Congress to get things done with respect to the war on terrorism, and that war is going very well, although we always must expect that there will be bad days and there will be good days. But there is something else we need to focus on, and it cannot be put to the back burner. It has to be put front and center, and that is growing jobs.

The House has passed the economic stimulus bill. We passed it on October 24. We may actually pass another economic stimulus bill. It is almost as if we are pleading to get something done so we can get it to the President and get back to growing jobs. We have passed Bipartisan Trade Promotion Authority so that we can export more and grow our businesses at home so we can sell products abroad. We passed 6 months ago the Energy Security Act, which also would create jobs, probably 700,000 jobs in the energy sector. We have done things with farm security, and things are really hurting in the agriculture industry, and the House has passed a farm bill. Even back in June, in mid-June we passed an Invest for Fee Relief Act.

Most folks do not even know it, but when one trades a stock in an IRA or in a 401(k) or just in a stock account that one might have with T. Rowe Price or whomever, there is a few pennies or actually less than a penny on each transaction that goes to pay for the Securities and Exchange Commission. That rate was set when we were not doing so much stock trading and there were, instead of 100 million investors in America trading on line, there were really only a little more than a million, maybe 10 million investors and they were mostly large stockbrokers. We do not need that much money coming from all of these little trades. What this bill does, it just says, let us just have the amount of money taken off the trade that one needs to fund the SEC. That is what it was intended to do.

Six months ago we passed that legislation. It is a simple little bill. But if we watch the values of our stock portfolio go down, the IRA or 401(k), it kind of hurts that we are not acting faster and it feels as though we are throwing things over the net, and there is nobody there.

I yield to the gentleman from Illinois before we wrap up this hour.

Mr. WELLER. Mr. Speaker, I want to thank the gentlewoman from New Mexico for her leadership and setting aside this hour to talk about what the House has done. We have been hard at work over the last 12 months working to bring about change, but also working to bring about security to the average American, for our communities and for

our country. We have supported the President in the war against terrorism, giving him the full war powers that he has asked for. We provided for \$40 billion in emergency funds and we have helped our aviation sector and stabilized that after it was literally shut down for days, which cost the aviation sector billions of dollars.

But we have also worked to respond to other situations that have occurred since the terrorist attack on September 11. The bottom line is, we have to get this economy moving again. That is why the points that the gentlewoman has made are so important, when she referred to in July when the House passed energy independence and energy security legislation to reduce our dependence on imported energy.

It was in October when the House passed and sent to the other body legislation which would stimulate this economy, reward investment and the creation of jobs, help displaced workers with unemployment benefits as well as health care benefits, give extra spending money to consumers. It was in November when the House passed the Farm Security Act, legislation to help our farm economy. Again, the House has been doing its job.

It was just this past week that the House moved in a bipartisan way to give the President the full negotiating power he needs to reduce trade and tariff barriers that stand in the way of American manufactured goods as well as farm products that we produce here on our soils. Mr. Speaker, 96 percent of the Earth's population lives outside of our borders. There is a tremendous amount of market, a tremendous amount of opportunity to move goods from the United States out of our work places and manufacturing places and our farms on to the tables of those who are hungry overseas, not only for our food, but for our goods and services.

The bottom line is, we have worked hard in this House. We have been on schedule. Energy in the summer, passed energy security legislation, we have given the President full trade negotiating powers, we have worked to stimulate this economy. Unfortunately, it takes 2 Houses to get the job done. My hope is that in the next few days that the other body will come together with the House and that we can work together to stimulate the economy and to help bring greater security to our country.

I want to thank the gentlewoman for her leadership and this Special Order.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PLATTS). The Chair is required under the House rules to remind Members that it is not in order to characterize action or inaction by the other Chamber, and would ask Members to comply with that rule.

Mrs. WILSON. Mr. Speaker, I thank the gentleman from Illinois for coming down here and joining me this evening. I also wanted to commend him for his leadership in the Committee on Ways

and Means, not only on issues of economic stimulus and the committee and the gentleman have done a grade job, but on trade promotion, and particularly the things that affect our high-tech economy where the good-paying jobs are and we want those good paying jobs to be in America, and I want to thank the gentleman for all the hard work that he has done this year.

Today, the Congress had a tremendous success. We passed an education bill which is now on its way to the President that will implement his idea and his passion, that no child will be left behind in America. We have given the President legislation and money to fight the war on terrorism. The people who attacked America on September 11 underestimated the resolve of this Congress, this President, and this country. We will find those responsible, we will root them out, and we will destroy them. We are united in that resolve.

The House of Representatives has passed numerous measures to stimulate this economy. We have passed an energy bill that would give us 700,000 new jobs. We have passed an economic stimulus bill that would reduce the tax rates on middle-class Americans, put money in consumer pockets, and let small businesses invest and create jobs and restore confidence to our capital markets. We need to move forward and grow jobs in this country. Mr. Speaker, 700,000 Americans lost their jobs since September 11. We are in a terrorist-induced recession. Now is the time to act and get back to growing jobs.

#### IMMIGRATION REFORM AND CONTROL AND THE SECURITY OF OUR BORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. TANCREDO) is recognized for 60 minutes.

Mr. TANCREDO. Mr. Speaker, although I can certainly agree with many of the comments of the previous speakers with regard to what this Congress has accomplished to date, there is an issue, of course, that I must bring to the attention of the Congress, of my colleagues, and the Speaker, that has not been dealt with. It is almost incredible to stand here and say this in light of everything that has happened since September 11. We have, indeed, prosecuted a war against the perpetrators of the September 11 tragedy, and we have prosecuted it successfully. I am immensely grateful to the President of the United States for his efforts to bring these people to justice. In many ways, I am pleased with what the Congress of the United States has done in efforts, as has been stated earlier, at least on the House side, in terms of enhancing the economic viability of the Nation, passing a stimulus package, and the rest.

However, while we focus on issues like those that have been described here, having just passed a massive edu-

cation bill earlier this afternoon, we have abandoned, we have refused to deal with one of the most important, one of the most significant and uniquely Federal responsibilities given to us under the Constitution, and that is the issue of immigration control, immigration reform, and the security of our borders.

Amazingly, I say, we have refused to do that. Here we are approaching the end of this particular session of Congress. I would have hoped that all of our colleagues could have seen what most Americans see. Poll after poll after poll by Americans of every stripe, of every political philosophy, of every ethnic background, every single poll tells us something we evidently do not understand in this Congress, and that is the American people want immigration reform. They want us to do everything we can to gain control of our borders, to make them more secure, so that while we are bombing the people, al Qaeda and others responsible for the terrorist acts of September 11, while we are bombing them in Afghanistan, the people of the United States want to know that the Government of the United States is doing everything it can to protect them from more of these folks coming across these borders with the intent to do harm. Yet nothing has been done. Nothing.

We have passed stimulus packages, we have passed education reform, we have done a number of things, again, that many people can be quite proud of; but amazingly, we have refused to deal with this issue.

Mr. Speaker, I used to stand up here on the floor of the House and talk about the need for immigration reform at a point in time when there were relatively few Members of this body who were interested in doing that. I recognize that it was not a popular issue to address. Many Members on both sides have very deep-seated feelings about this issue. Some of them revolve around the political imperatives that they face in their own districts, the recognition that to talk about immigration reform always puts one into the position of being attacked for a variety of reasons, all of them unrelated to the real issue of immigration reform. But I felt it was necessary to do so. But I also understood entirely the political dynamics of this body. I am a political person; I do understand what motivates individuals in terms of their voting record.

I recognize fully well that it would be difficult to ever move this issue forward in this session, the next session, or the one after that. That was several months ago that I had that impression and knew that I was fighting an uphill battle.

□ 1700

I used to talk about the importance of gaining control of our borders and the importance of security, and I would reference the fact that we have had several instances of terrorists doing

things in the United States, certainly not to the extent in terms of the damage caused by the September 11 events, but we have had similar events. We have had all kinds of warning signs that something like September 11 was coming.

In the spring of 1993, Mr. Speaker, a Middle East terrorist named Mohamad Salameh struck the first blow at the World Trade Center.

He, if Members will recall, detonated a bomb in the garage. It killed eight and it wounded many. The mastermind of the plot was a notorious Egyptian sheikh named Omar Abdul Rahman. The sheikh had been behind the assassination attempt or the assassination of Egyptian President Anwar Sadat, had fled his own country, and was on the State Department's list of known terrorists.

However, recognizing his background, knowing who he was and what he was responsible for and what he wanted to do to us, all he had to do was to walk into an American embassy in Khartoum, claim refugee status because he had been driven out of Egypt for the murder of the President, and get it, get refugee status, and come to the United States of America, come specifically to New Jersey and begin recruiting terrorists, which he did, begin spouting his hatred of the United States, of this great satan, in the mosque in New Jersey; recruiting people into his organization, one of them being Mr. Salameh, the perpetrator of the crime in the World Trade Center.

That did not warn us? That did not tell us something about the nature of our immigration system, about the nature of our visa process, about our need to actually control the flow? That did not tell us something, that a man like this sheikh could get into this country by simply claiming refugee status, and then we, of course, open the door wide?

We now hand out refugee status like it was candy. Refugee status used to mean something. People used to have to prove beyond a reasonable doubt that their lives were in danger in the country they came from for political reasons, and that they were not, at the same time, a threat to the United States of America. It means nothing today. We hand it out like candy.

In fact, approximately 93 percent of the people who come to the United States who claim refugee status may not obtain it originally, but they simply walk away after they claim it, because at that time when you claim refugee status, you can stay while a process is under way to find out whether or not you get it, even though in New York City alone, the port of New York, at JFK, only a few thousand will be granted refugee status originally, but all the rest who claim it simply walk out the door.

They become, essentially, refugees in the United States because no one ever goes after them; no one has the slightest idea who or where they are. When one goes to the INS and asks them,

where are the people who have come here as refugees, but you have denied refugee status to them, they do what I call this logo, and this should be the logo of the INS. It is simply this: a person standing there shrugging his shoulders, hands out, saying essentially, "I don't know."

For almost everything we ask the INS about in these kinds of situations, that is the response we get: "I don't know; cannot tell you; I am not sure; I do not know; we have no figures on that; we do not keep records on that." That is the most constant refrain we get.

So in the spring of 1993, again, it should have told us something; but amazingly, it evidently did not, not enough to get this body and the administration to move in the area of border security.

Why? Because there is a fear of doing so. There is a fear of alienating a certain segment of the population in the United States, newly arrived immigrants, immigrant families, whatever; maybe the fear of alienating other nations, other countries, to tell them to try and please help us gain control of our borders.

Whatever it is, and there are plenty of reasons why we have refused to move forward, we did not. We did nothing.

In 1993, another asylum seeker entered the United States. His name was Mir Aimal Kansi, K-A-N-S-I. Mr. Kansi, as Members might recall, later shot and killed six people as they waited in their cars outside the CIA offices in McLean, Virginia. He fled back to Pakistan, probably with the aid of the Pakistani Government, and has never been seen since.

Time and time again, we have been shown that we are vulnerable; that people coming into the United States, if we do not be careful, if we do not clear them, if we do not know for sure who they are and keep track of them when they are here, if we do not do that, we are putting ourselves in jeopardy.

We had all of these warning signs. There were many more, many more times when people were apprehended for totally separate events. There was a guy caught trying to come across to the United States, come into the United States through Canada with all the bomb-making equipment and that sort of thing; and just by happenstance, totally serendipitously, it turned out he was prevented from coming in. But we know, actually now we know that thousands of people are here in the United States who we suspect now of coming in here with devious intents.

Now, when I talk about these people, I am not just talking about the people who are here illegally; they just simply come across the borders of the United States, north, south, east, and west, and are here illegally pursuing their lifestyle, attempting to achieve a better life.

Everybody knows a story of someone who has a family member or something who has come here, even illegally, with the intent of essentially just making a better life for themselves and not with the intent of doing harm to the United States. But I am talking about a lot of other people who have come here for other reasons. We know they are here, and we are not sure where. We are rounding people up, we are detaining them and trying to go through now and trying to find them.

Just recently, we have indicted someone who we found was a co-conspirator or the allegation is that he is a co-conspirator with bin Laden and al Qaeda. Guess what? Guess what they got him on? Violation of his immigration status, violation of his visa.

Every single one of the people on the planes that were here in the United States on September 11, the 19 people who in fact perpetrated the crime, all of them were here on some sort of visa status. Most of them had, as I understand it, violated their visa status in some way or another and could have been thrown out before September 11, had we paid the slightest bit of attention to the people who come in here and why they come and where they come from.

But this was not the modus operandi of the INS. The focus of the INS at the time was to say that its real purpose had little if anything to do with the enforcement of our immigration laws, but it had everything to do with trying to make sure immigrants to the United States got services, benefits, as one of the individuals from INS told a radio audience in Denver when I was home not too long ago.

She said, yes, we have a responsibility to go out there and look. We do not do this rounding up of people anymore, and going to worksites and any of that stuff. We find illegal aliens, and we try to explain to them they are here illegally, and then how they can get benefits. This is what she considered to be the job of the INS.

We had great hopes that with the change of administration from the Clinton administration to the Bush administration there would also be a change in policy with regard to immigration; that we would be able to begin to control our own borders. A new person was put in place, Mr. Ziglar, who was appointed to head the INS. But again, I must say, Mr. Speaker, we have been disappointed, disappointed with the new director and with his lack of enthusiasm for the enforcement side of his job.

As it turns out, Mr. Ziglar has an extensive background in the area of immigration law because evidently, according to his own testimony in the other body, he had been a staffer for a member over there, Mr. Kennedy, and actually helped write some of the legislation that we are now trying to deal with in terms of immigration reform, legislation that created so many loopholes, ultimately, that even Mr. Ziglar

now says hampers their ability, the INS's ability, to actually get something done. He was actually a staff member of the committee, he told the committee he was testifying in front of the other day.

So it is apparent that we have someone now running that agency who has no difference in terms of philosophy or what he believes the direction of the agency should be, no difference from any of his predecessors. He thinks of the INS as a great social service agency whose duty and responsibility is to get as many people into the country as possible and to "get them benefits as quickly as possible once they get here."

Interestingly, one of the other pieces of legislation, major pieces of legislation that was passed by this body, by this House not too long ago, just yesterday, was the so-called voter registration reform bill.

After all of the problems we saw with regard to voting and the voting machines and the chads and all the rest of that stuff, there was a great clamour for some sort of reform in the process. So we are going to spend millions of dollars to help communities buy new machines and that sort of thing.

Fascinatingly, fascinatingly, when I went to the author of the legislation and asked if there was anything in there to prevent people who are here illegally, people who are not citizens of the United States, if there was anything in the bill to prevent them from voting, he said they really could not get that through, and that he was hoping that the other body would in fact do that; that we could somehow, somewhere, add to the bill the requirement that one be a citizen to vote, "But we were fearful that that cannot be fixed."

Now, Mr. Speaker, I ask Members, am I the only one here, and my colleague, the gentleman from Ohio (Mr. TRAFICANT) often says, beam me up, beam me up, Mr. Speaker, because he cannot believe what is going on around here. I would have to add my voice to his. Beam me up, also.

Is it really true that this body cannot produce a piece of legislation that says one has to be a citizen in order to be able to vote? Much too controversial. The INS does not support it; the administration probably does not support it.

Mr. Speaker, we have not changed our attitudes, even though there are over 3,000 dead in New York, even though a plane crashes into the Pentagon just a few miles from where we stand tonight, and even though the perpetrators were all themselves non-citizens of the United States; even though we know that time and time again people have come across our borders with the intent to do us harm and have carried out many actions; and even though we know that we cannot pass anything in this body that even remotely reflects our concern for the security of our border.

Beam me up. Beam me up, Mr. Speaker. It is absolutely beyond my

ability to understand why we are so fearful, why it has taken us so long, why we have yet to deal with this issue, and why there are still people who, although they will not say as much, they will not be quite as open, quite as vociferous, quite as demanding and visible today as they were prior to the September 11 about their desire to see open borders, people who still have a desire to provide amnesty for all the people who are here illegally.

Although we do not get them saying that so often, we know that they are really still in control.

□ 1715

I go back to Mr. Ziglar's testimony just the other day in front of the Senate committee. This is the INS commissioner, John Ziglar. When he fielded a question asking whether the administration is still considering an amnesty for Mexicans and why, if the INS needs more money, does not Congress pass 245(i) extension?

Let me explain 245(i). This is simply another bureaucratic term for the process of amnesty. That is all, providing amnesty for people who are here illegally. This is a big issue in the Congress. We cannot do anything about border security, but they are still hoping that somehow, somehow, we are going to be able to get an extension of 245(i) to provide amnesty to millions of people here illegally, to give them a reward for breaking the law.

They are still trying to figure it out. They are still determining whether or not they can put it on to an appropriations bill, whether or not they can hide it in one of the bills we are going to be dealing with here next week, one of the three, two or three final appropriation bills we have in front of us, because if they can stick it in a huge package of legislation, it will be less likely for us to be able to defeat it, those of us who are opposed to it, and it will be much easier for people to vote for it because people will say I had to vote for the defense appropriation, did I not. So they are trying to figure out ways to do that.

As we stand here tonight, they are trying to figure that out. They are not dealing with the issue of border security itself, amazing again, incredible, but true, but here is the commissioner of the INS, appointed by this administration. Remember, this is not a Clinton appointee. When he was asked about this, he responded regularization, this is a euphemism, regularization, this is a euphemism for amnesty, regularization has taken a back seat, but he said the President has not abandoned it, it is just going to be on a slower track until the climate dies down. Until the climate dies down, until we no longer have our sensitivity as acutely honed as we do today to the problems with illegal immigration into the country. When it is quieter, they will sneak it by us, that is what he is saying. This is the new commissioner of the INS. Someone ought to be beamed up and he is one.

We have over 300,000 people, Mr. Speaker, approximately 318,000 that we can identify, 318,000 people who have been ordered to be deported from the United States over the last several years. We have about 100,000 go through this process every year, and some of them are actually deported, but 300,000 of them walk away. They simply walked out of the courtroom and into American society.

Please understand, Mr. Speaker, these are people who did not simply overstay their visas. These people oftentimes have committed crimes against the United States. That is how they got caught. No one gets caught for simply overstaying their visa. No one gets caught for not having a visa. So no one should be surprised that no one goes after visa violators. When we ask the INS, how many people violate their visas every year, visa status? They go into their logo stance, I do not know, got me, probably a lot, we do not know, we do not keep track of them.

Well, these 318,000 that we have found to be out there and only, by the way, after we pressed the INS for quite some time, did they release this information, when we brought every time we could possibly make the point, I would try, others would try to use this as an example of the problem, that 300,000 people were out there already, walked away and they had been ordered deported. No one had the slightest idea where they were, what they were doing.

The other day the INS finally decided they would, in fact, allow other agencies access to the names, that they would put them into the crime database. So that now if a policeman in Jefferson County, sheriff in Jefferson County, Colorado, just happens to pull somebody over for drunken driving or running a red light or whatever and enters their name into the database in the computer, it may come up and say this guy, this person is here illegally, was ordered deported.

That is a good step. I am very happy the INS did this, of course, do not get me wrong. This is what they considered to be, however, a major reform effort, putting the names into the database. I agree they should do that, do not get me wrong. The question now becomes one of what they will do once in a blue moon when somebody does, in fact, get arrested and are found to have been ordered deported, what will the INS do?

Will they do what they have done up to this point in time when they are called by local officials who say we have got a bunch of people here we just rounded up, they are all here illegally, we just stopped a car on the road because it did not have any taillights, any headlights, broken windshields, and we found out there were six people hidden in the trunk, there were was a van with 19 in there and they are all here illegally, and what will the INS tell them? I do not know what to do, let them go. Hey, what the heck. We have not got time to come out there. They are just here illegally.

Do my colleagues know what a previous INS assistant director said when he was speaking to, just a short time ago, just last year I think it was, speaking to a group of people who were here illegally? They were probably giving them a party, for all I know, probably like a cocktail party thrown by illegal aliens for the INS. It would not surprise me. It certainly should because I guarantee my colleagues they have nothing to worry about and they do owe a great deal to the INS, and the INS, this person, I wish I had the name in front of me, I have used it before on the floor, told the assembled group of illegals that being here illegally was not against the law. Now, I do not know if the people to whom he was speaking understood the English language well enough to understand the perversity of that statement. Yeah, he said being here illegally is not against the law.

So this is what we have to deal with. Should we be surprised then that it is so difficult to get the INS to change their philosophy because we have got the same people, essentially the same ideas about who we are and what we are.

I assure you, Mr. Speaker, that they will come in and say when we have asked them, why do not you try to do something about that? They will say, well, it is the resources. It is the fact that Congress has passed laws tying our hands. That is absolutely true. Plenty of dumb laws have been passed by the Congress. Plenty.

Again, I do not know where to start. There are so many goofball things we have done here to try and encourage massive immigration into the country of illegals. But combine that stupid activity and the stupid actions of Congress over the past 10 years with the incompetence and the lack of willingness to enforce immigration laws that is inbred into the INS, and it is no wonder we have a disaster of the nature that we have faced and that we are still facing, we have faced on the 11th and we are still facing.

Is there any Member of this body, is there anyone in the United States of America who does not think that there are still people either in the United States or trying to get into the United States but with the purpose of continuing the jihad against us? Is there a human being here who thinks that? Does anybody believe that even if we bomb Afghanistan into dust that our worries are over within terms of terrorist activity in the United States of America? Does anybody believe that?

I cannot imagine there is anyone, certainly in this body, and I cannot imagine that there is a thinking person in the United States that would agree that all we have to do is destroy the al Qaeda network in Afghanistan and we are all going to be okay.

So then what is it that we can and should be doing to ensure our safety in this Nation besides bombing Afghanistan? We should, of course, be defend-

ing our own borders. We should, of course, be using the National Guard to defend the borders and every State that is adjacent to the border of Canada and/or Mexico. We should be using technology to help stop people from coming.

Now we will never be perfect. We cannot be perfect. I recognize that fully well. We will work and work as hard as we can to make sure our borders are not porous and we will never be able to make it perfect. But on the other hand, does that mean that we do nothing because we are afraid of the political ramifications of saying we are going to clamp down on immigration. We are afraid that the Hispanic community in the United States would vote against us.

But I will say again, Mr. Speaker, the fascinating thing about this topic is that we can see by poll after poll after poll that those Hispanic Americans that have been here for generations, some of them a lot longer than my family has been in the United States, legal Americans, people who have been here, people who have recently immigrated to the United States legally and are of Hispanic descent, by large majorities they agree with us that the border should be enforced, the border immigration laws should be enforced.

Seventy-three percent in a recent poll said, this is Hispanic Americans, said that employer sanctions ought to be enforced for people who hire illegal immigrants. It is fallacious to think that the entire community of Hispanics living in this country today would automatically in a knee jerk fashion vote out anybody who dared suggest that we should actually try to maintain integrity of our own borders.

I will say, I would say, that regardless if I faced that kind of political problem which I may very well do. I mean, I get plenty of mail, I assure you, that suggests that my political days are numbered because of the position I have taken vis-a-vis immigration. So what? So what?

Is it not our responsibility in this body to provide for the protection of the life and property of the people in the United States? Is not that primary? Is not that the most important thing we are here for? Is not it even more important than the education bill? Is not it even more important than the economic stimulus package? To protect the life, the property of the people of the United States. How do we do that if we ignore the fact that our borders are porous, that people can come into this country at will and do harm?

How do we ignore this? Yet, we have.

We are coming to the end of this session. We have ignored the most sacred responsibility we have as Members of this body. We have done so because of our fear, our fear that our actions would be either misinterpreted or for whatever reason, we will suffer political consequences.

We have refused to do so because Members on the other side of the aisle

recognize that massive immigration into this country, both legal and illegal, eventually turns into votes for them. That is what they believe. It may be true. It does not matter. It is more important to keep this Nation safe than to worry about our political future. Because, frankly, what does it matter what our political futures are if our Nation is being destroyed around us. And there are many ways that that destruction can come.

It can come as a result of the bombs that people place in buildings, or the planes they turn into bombs and drive into buildings. And it can come from the disintegration from our own society that can happen as a result of massive immigration. Forty-five million Americans today do not speak English, cannot speak English. Forty-five million Americans cannot communicate with their fellow Americans in the language of this country. Forty-five million Americans, therefore, are inhibited from achieving full integration into this society. Many of them, of course, choose not to integrate.

□ 1730

And many of them have no reason, they think, to do so, because essentially their culture, their ideas, their language came with them and now everybody in their community speaks a language other than English and so it is quite comfortable.

And our schools, our schools continue to push bilingual education. Even today, when we passed this massive education reform bill, and this is one more thing to go on that list of incredible but true, because if we said to everyone in this Nation, if we asked everyone the following question, do you believe that a parent should have the right to determine whether or not their child should be placed into a bilingual education program, what do you think the response would be? I wonder, Mr. Speaker. I think, overwhelmingly, people would say, yes, absolutely. Seems only right. Yet we could not get that reform into this bill.

Today, even after we passed this reform bill, children all over America will be placed, involuntarily, into bilingual education classes, classes so that they will be taught in a language other than English. Therefore, their ability to achieve success in our schools and, therefore, later in life in our system, is severely jeopardized. But they will be placed there, and then it will be incumbent upon a parent to go through the hoops to try to get them out. And that is what we call reform.

But, of course, many of these parents do not understand the process all that well and are very, well, intimidated by the process; but they know in their hearts what is best for their children. They know that it would be good for the children to actually be taught in English, and to be taught English quickly, to be immersed in English, to move out of a language other than

English and into the language of commerce, into the international language of commerce and trade. They know that in their hearts; yet their children will be placed in bilingual programs without their permission. This only helps the disintegration of the culture I have described.

As I say, we can be attacked in a lot of ways, Mr. Speaker. It does not just have to be by bombs. And I believe there is a threat to the Nation that is represented by massive immigration, especially of illegal immigrants, that has to be addressed by this Congress.

I am happy to see that one of my colleagues has joined us on the floor of the House, and I would definitely yield to the gentleman for his remarks on this subject.

Mr. ROHRABACHER. Mr. Speaker, I think it is very apropos that my colleague is talking about the danger of out-of-control immigration to our country.

My staff was recently looking at some of the statements that I made back in 1997 in the CONGRESSIONAL RECORD. On September 29, 1997, there was a debate about extending 245(i), which was basically a provision which suggested that if someone was in the United States illegally, instead of having them have to go back, which they traditionally have had to do, to their home country in order to change their status and then stand in line and become a legal applicant, 245(i) would have permitted them just to give \$1,000 and to stay in the United States of America and to have their status adjusted here.

During that debate, I stated, and I think it comes right down to the safety of the country, and we are talking about immigration policy: "Extending 245(i) also raises serious national security questions." This is back in 1997. "Unlike those who enter the United States legally, 245(i) applicants are not required to go through the same criminal checks, history checks, as they do when they go through this check in their home country when they are waiting to come to this country legally. The consular offices located in the applicant's home country, along with foreign national employees working for the State Department, are in the best position to determine if an applicant has a criminal background or is a national security risk."

Again, this is in 1997. "Consulates abroad are more knowledgeable, they speak the local language, they know the different criminal justice systems in the country, and they are the ones who should be screening the people before they come to the United States so that we do not have criminals and terrorists coming to the United States, not being screened, and ending up just paying \$1,000 to be put in front of the line. Allowing these lawbreakers to apply for permanent status in the United States rather than having them returned to their home countries to do so circumvents a screening process

that has been carefully established to protect our country's security."

Now, that was back in September of 1997. And let us note that any one of the September 11 hijackers who was here in this country would have been eligible then to find a sponsor or to marry somebody, just with the restrictions that they wanted to tweak this 245(i), that would have permitted them to stay in this country. And the general idea of 245(i), had that been totally accepted, which was being pushed in 1997, none of those guys would have had to go home to get their status changed. Every one of the terrorists that slammed into those buildings and was involved in this conspiracy to kill thousands of Americans would have been given an avenue to stay right in this country legally.

Now, when we have policies, when we have people advocating this type of policy that we are going to change the way we do things around here, and this is the policy change, and it is so evidently nonchalant about the national security of our country, something is wrong.

And I would like to applaud the gentleman from Colorado (Mr. TANCREDO) for the leadership he is providing on this overall issue of immigration, because what we have here is immigration out of control. And an immigration policy that is out of control is bound to do great damage to our country, to our people, and to the national security of our country.

Already we have seen what that means just in terms of traditional national security, and that is we have lost almost 4,000 of our citizens to a terrorist attack because we did not have proper control of our borders. We had people here in our country that should not have been here, not to mention of course the failure of the CIA, the FBI, and the National Security Agency, which of course was a failure as well, but now we are just talking about specific policies.

In my State, okay, we have not lost 4,000 people to a terrorist, but we have criminals who are let loose every day in my State because we have a policy of, what? If someone is arrested and they are here illegally, that does not automatically mean that they are sent home to the country from which they come.

Mr. TANCREDO. It is called the catch and release policy.

Mr. ROHRABACHER. Imagine that. We are turning loose criminals, people who have been arrested for crimes in our country and just turning them loose among our citizens. This is outrageous.

And why are we doing this? We are doing this because Americans have good hearts and we are afraid to do things that would cause great hardship and discomfort to very good people. Ninety-five percent of the illegal immigrants, much less the legal immigrants, but 95 percent of them are wonderful people, and we are afraid to do

something that would cause them hardship.

Well, who are we representing, anyway? Who are we supposed to represent? We are supposed to represent the people of the United States, the people who happen to be of all races and all ethnic backgrounds. The people of the United States are not one race. We are not representing a racist point of view or one ethnic point of view. We are representing the patriotic interests of every American, no matter what color he or she is, or what religion he or she is.

We should have no apologies that to whomever it is we are saying, "I am sorry, because you are not here legally, you have to go home," or "you are here illegally and you cannot get benefits to take away from our citizens," we should not be afraid to do this.

Mr. TANCREDO. The gentleman is so correct. And let me say, first of all, that long before I came to the Congress of the United States, there was an individual, maybe more than one, but one I know of who has been such a stalwart on the issue of immigration, the safety of the American people brought about through the defense of our borders, and it is definitely the gentleman who has joined me on the floor tonight, the gentleman from California (Mr. ROHRABACHER). I am proud that the gentleman is here and that he is a strong supporter of our efforts.

When we talk about who are we representing, it is fascinating, because most of the immigrants into this country, legal immigrants, people who are here relatively recently and have just come into the country, most of them support our desire to try and reform immigration. So when the gentleman says, who are we representing, it is true that it is as if the majority of the body is actually representing people who are not American citizens and who are attempting to come into the country illegally. That is what it seems like we are representing here instead of our own constituency, instead of the best interests of the country.

David Letterman said on TV not too long ago in his opening monologue, he said, "The Taliban is on the run and don't know where to go. Pakistan doesn't want them. Iran doesn't want them. Of course, they will have no problem getting into this country." And he is absolutely right. Unfortunately, it is true.

I do not know if the gentleman from California heard when I was talking earlier about the INS and their attitude about 245(i), but even after everything that has happened, the gentleman who is the commissioner of the INS, James Ziglar, was speaking in front of a Senate committee and said essentially that "we've not abandoned this idea of 245(i) extension." He says, "We're just going to be on a slower track until the climate dies down."

Mr. ROHRABACHER. If the gentleman will yield, I take it the gentleman did remind everyone that on

the morning of September 11, 245(i), and the extension of it, was scheduled to be voted on right here in this body. How ironic that on the day that we suffered this horrendous attack, this monstrous atrocity that was committed against our people, that we had an attempt to open up 245(i)'s wedge into the door, open up a little more.

We were going to vote on that "reform" that day, and of course, because of the attacks, we were not able to hold a session that day. Conveniently, that proposal has been shelved recently and has not even been brought up since then. But just the insanity of the fact that people are still considering that type of thing, again making the wedge into the door a little bit bigger so people can squeeze through that opening. It is just insanity.

Now we are paying the price for this, and we are paying it in a big way. Number one, on these people who died. The people who are victims of criminal attacks. Also, our working people who are now working at less wages because illegal immigrants in particular are willing to come in and work for anything. Yes, we have a huge class of people who have benefited, and even the upper middle-class people benefited from having this great expansion in the last 10 years. But guess what, a lot of working people did not because they were competing against people who came here illegally from another country.

Now, do we really care about those people? Yes, we should care about our citizens at that income level who now have a lower standard of living. And we can be proud that, yes, the upper middle income in our country, those people benefited greatly and now they have three cars and now they have houses that are so expensive. Yes, let us feel proud that so many of our citizens, 10 percent of our citizens, can live like that.

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What about the other 25 percent of our citizens that are working class people and have found their wages stagnated for a whole decade because people come in from all over the world and undercut them in their attempts to seek higher wages.

Mr. TANCREDO. Mr. Speaker, there is a program called the H-1B program, and I am sure the gentleman is well aware what it is about. You can obtain a visa to come into the United States because your skill is so great and there is such a need that we cannot find American workers. Therefore, Congress has increased the ceiling on H-1Bs to 195,000. They usually go into the area of high tech. Most of these people are working in the computer industry, computer programmers and the like. That industry has suffered the largest decline in this recession.

Hundreds of thousands of people have been laid off, but we in Congress continue to allow H-1B workers to come into the country and take the jobs that

would be there for American citizens. Get this, we found the other day another thing for the list of incredible but true. Remember I said these are high tech, skilled workers. When we talk to people in the industry, they say we cannot find these people here. They have Ph.D.s in esoteric areas. We have to get special permission to bring them in.

Mr. Speaker, get this. Five hundred visas are specially set aside for models. Super models. You know, ladies that walk around; models. This is high tech? I mean, I think we have enough beautiful people in the United States, do we really need a special visa category. There are 500 H-1Bs for super models coming into the United States. Believe me, there are a lot of people who I think could take those jobs. But it is just a tiny example of how idiotic this whole thing is.

Mr. ROHRABACHER. If the gentleman would yield, "idiotic" is a mild word to describe this insanity. It is bizarre. It is surrealistic to see the type of immigration policy we have and the people who, with a straight face, will come and advocate these insane policies as if they are, in some way, respectable.

Frankly, I do not see how, if I was hiring myself out, like a lot of people who are advocating these things, such as former congressmen who take PR contracts, I do not see how you can advocate for this. The 24-I example and the H-1B visas, this is insanity.

I remember that debate so well because they kept saying we cannot find people to take these high tech jobs in the computer industry. I said we should try to, for example, go into the schools in the inner city and offer to pay entire college tuition for any kids who will agree to work for this high tech corporation when they get out of school. I am sure there are a couple hundred thousand kids that would love to have some type of scholarship program.

I said, what about disabled people? We are talking about computer work, after all. How much work has been done by the computer industry to recruit disabled people who can still work with their hands and be able to do that job? Well, nobody had taken that really into consideration, either. But the easy answer is, of course, to hire somebody from the south part of Asia who will come in who is 25 years old, and come in and work for \$30,000 less a year than our own people will work or than will cost us to train our own people to come in and do these jobs. In other words, it is no consideration for the Americans at all. None.

Mr. TANCREDO. Reclaiming my time, the gentleman is absolutely correct. Study after study, even from those kinds of institutions that are pro immigration, study after study shows that the people hurt most by illegal immigration into the country are people at the bottom rung of the ladder, people who are working for minimum

wage. The millions of people coming in without skills end up competing for those jobs.

Today I heard the report of the unemployment rate, and it is going up. High tech got hit first. Now we are seeing a major increase in the unemployment rate for people with low job skills, people who are often brought to our attention by the other side of the aisle, the homeless rate is going up, the number of people seeking welfare and food stamps is going up. All of that discussion about all those people, but never once have I heard those Members stand up and say we have at least 11 million people in this country illegally who are competing for those jobs. Nobody cares about that because that is part of their voter base.

Mr. ROHRABACHER. If the gentleman would yield, during this time when we do need some working people in these jobs, it is a fact, that is, when wages rise because employers are competing for better workers. During that time period, we might have created a situation where employers needed employees, and that they would have bid to get their services. We might have ended the problem of our own citizens not having health care coverage, for example, because the employers in order to get people to wash their dishes and wait on the tables, maybe they would have had to then offer those workers a health care plan. Maybe they would have had to talk to the people washing the cars and handling the parking lots, maybe they would have had to offer those people a health care plan.

Instead, we let that opportunity to raise the standard of living and help our people get those benefits from the private sector get away, and it ends up a burden on the taxpayer, not only of those other people but of the illegal immigrants as well.

Mr. TANCREDO. Mr. Speaker, as we bring this discussion to a close, I want to let individuals know there is a way to contact us about this issue, especially people who want to know more about the impact of illegal immigration and what they can do about it. This is the e-mail address and fax number. It is a way in which people can get connected to this subject and perhaps help convince their congressman of the need for reform. We desperately need a change. I thank the gentleman for joining me.

Mr. ROHRABACHER. Mr. Speaker, I salute the gentleman from Colorado (Mr. TANCREDO). This issue would not be discussed without the effort put out by the gentleman.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GONZALEZ (at the request of Mr. GEPHARDT) for today on account of personal business.

Mr. LARSON of Connecticut (at the request of Mr. GEPHARDT) for today on account of a death in the family.

Mr. LUTHER (at the request of Mr. GEPHARDT) for today on account of family matters.

Mr. MCNULTY (at the request of Mr. GEPHARDT) for today after 2:30 p.m. on account of personal reasons.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WU) to revise and extend their remarks and include extraneous material:)

Mr. DEFAZIO, for 5 minutes, today.

Mr. WU, for 5 minutes, today.

Mr. SKELTON, for 5 minutes, today.

Mr. SANDERS, for 5 minutes, today.

Mrs. MINK of Hawaii, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. SHIMKUS, for 5 minutes, today.  
Mr. DUNCAN, for 5 minutes, today.

#### SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 494. An act to provide for a transition to democracy and to promote economic recovery in Zimbabwe.

S. 1196. An act to amend the Small Business Investment Act of 1958, and for other purposes.

S.J. Res. 26. A joint resolution providing for the appointment of Patricia Q. Stonesifer as a citizen regent of the Board of Regents of the Smithsonian Institution.

#### BILLS PRESENTED TO THE PRESIDENT

Jeff Trandahl, Clerk of the House reports that on December 13, 2001 he presented to the President of the United States, for his approval, the following bills.

H.R. 10. To modernize the financing of the railroad retirement system and to provide

enhanced benefits to employees and beneficiaries.

H.R. 2540. To amend title 38, United States Code, to provide a cost-of-living adjustment in the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of such veterans.

H.R. 2716. To amend title 38, United States Code, to revise, improve, and consolidate provisions of law providing benefits and services for homeless veterans.

H.R. 2944. Making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2002, and for other purposes.

#### ADJOURNMENT

Mr. TANCREDO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 54 minutes p.m.), under its previous order, the House adjourned until Monday, December 17, 2001, at 2 p.m.