

changes in the Federal Aviation Administration personnel management system, and for other purposes.

S. 2276

At the request of Mrs. FEINSTEIN, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 2276, a bill to provide for fairness for the Federal judiciary.

S. 2284

At the request of Mr. STEVENS, his name was added as a cosponsor of S. 2284, a bill to extend the termination date for the exemption of returning workers from the numerical limitations for temporary workers.

S. 2321

At the request of Mr. SANTORUM, the names of the Senator from Indiana (Mr. LUGAR), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Hawaii (Mr. INOUE) and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. 2321, a bill to require the Secretary of the Treasury to mint coins in commemoration of Louis Braille.

S. 2322

At the request of Mr. ENZI, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 2322, a bill to amend the Public Health Service Act to make the provision of technical services for medical imaging examinations and radiation therapy treatments safer, more accurate, and less costly.

S. 2339

At the request of Mr. COBURN, the name of the Senator from North Carolina (Mr. BURR) was added as a cosponsor of S. 2339, a bill to reauthorize the HIV Health Care Services Program under title 26 of the Public Health Service Act.

S. 2370

At the request of Mr. MCCONNELL, the names of the Senator from Hawaii (Mr. AKAKA), the Senator from Nevada (Mr. ENSIGN), the Senator from Missouri (Mr. BOND), the Senator from Kansas (Mr. BROWBACK), the Senator from Delaware (Mr. CARPER) and the Senator from Georgia (Mr. CHAMBLISS) were added as cosponsors of S. 2370, a bill to promote the development of democratic institutions in areas under the administrative control of the Palestinian Authority, and for other purposes.

S. 2382

At the request of Mr. DURBIN, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 2382, a bill to establish a national health program administered by the Office of Personnel Management to offer health benefits plans to individuals who are not Federal employees, and for other purposes.

S. 2390

At the request of Mr. ENSIGN, the name of the Senator from Texas (Mr. CORNYN) was added as a cosponsor of S. 2390, a bill to provide a national innovation initiative.

S. 2400

At the request of Ms. COLLINS, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 2400, a bill to transfer authority to review certain mergers, acquisitions, and takeovers of United States entities by foreign entities to a designee established within the Department of Homeland Security, and for other purposes.

S. 2414

At the request of Mr. BAYH, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 2414, a bill to amend the Internal Revenue Code of 1986 to require broker reporting of customer's basis in securities transactions, and for other purposes.

S. 2429

At the request of Mr. BROWBACK, his name was added as a cosponsor of S. 2429, a bill to authorize the President to waive the application of certain requirements under the Atomic Energy Act of 1954 with respect to India.

S. 2450

At the request of Mr. AKAKA, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 2450, a bill to strengthen national security by encouraging and assisting in the expansion and improvement of educational programs in order to meet critical needs at the elementary, secondary, and higher education levels, and for other purposes.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. SNOWE:

S. 2457. A bill to amend the Internal Revenue Code to provide incentives for supplying health insurance to employees of small employers, and for other purposes; to the Committee on Finance.

Ms. SNOWE. Mr. President, I rise to introduce legislation that would address the crisis that faces small businesses when it comes to purchasing quality, affordable health insurance. This isn't a new crisis. Nearly 46 million Americans are uninsured, and we've now experienced double digit percentage increases in health insurance premiums in four of the past five years.

Last year, I introduced the Small Business Health Fairness Act, S. 406, which would allow small businesses to pool together, through national Association Health Plans, also known as Small Business Health Plans, SBHPs, to offer uniform health insurance products to their employees. Small businesses would receive the same benefits currently enjoyed by larger employers and union plans under Federal law.

I am encouraged by the considerable progress that has been made on SBHPs in this Senate. I would like to commend Senator MIKE ENZI for his continuing commitment to the SBHP issue, and for marking-up SBHP legislation in the Health, Education, Labor, and Pensions Committee. Plain and

simple, the Senate must take up—and pass—SBHP legislation to provide small businesses with much-needed, long-awaited relief.

While I continue to believe that SBHPs are a crucial solution to the small business health insurance crisis, we in Congress must look for other means by which to encourage small businesses to offer health insurance. I believe that we should do this by: 1. providing targeted tax incentives that encourage the smallest businesses to offer health insurance; and 2. using the tax code to inject much-needed competition in dysfunctional State small group markets.

The Small Business Health Insurance Relief Act of 2006 would achieve both of these objectives. First, I propose a targeted tax credit that would encourage our Nation's smallest businesses to offer health insurance as a workplace benefit.

Study after study tells us that the smallest businesses are the ones least likely to offer insurance and most in need of assistance. According to the Employee Benefit Research Institute, of the working uninsured, who make up 83 percent of our Nation's uninsured population, 60.6 percent either work for a small business with fewer than 100 employees or are self-employed.

Small businesses in my own State of Maine have it particularly bad. Last summer, the Maine Center for Economic Policy, MECEP, reported a 15 percent average premium increase for small businesses in Maine over the past three years. The MECEP report also highlighted several other alarming trends: Half of the small businesses surveyed raised deductibles over the past three years. Over one quarter have either increased co-payments or reduced coverage, or have delayed pay raises to cover increased costs. Eight percent of Maine's small businesses have dropped health coverage entirely.

Furthermore, coverage trends for small businesses are getting worse, not better. According to the Kaiser Family Foundation's Employer Health Benefits 2005 Annual Survey: only 47 percent of the smallest employers, those with 3 to 9 workers, now offer health insurance as a workplace benefit. This is down from 52 percent in 2004, and 58 percent in 2002. In sharp contrast, 98 percent of larger businesses, those with 200 or more workers, offer health insurance as a benefit.

The targeted tax incentives in my bill would help ensure that our Nation's smallest businesses can offer health insurance—in the same way that larger businesses currently do. My legislation targets small businesses with 50 or fewer employees because these are the small businesses most desperately in need. The maximum tax credit under the proposal would be \$1,500 for single coverage and \$3,000 for family coverage. The tax credit would phase out as a business increases in size. Notably, my proposal is neutral between types of insurance: small businesses and their employees can choose

what works best for them—traditional employer-sponsored health insurance or health savings accounts, HSAs.

Under my legislation, a small business with five employees would be eligible for a per-participant tax credit of \$3,000 for a family health insurance plan, and a potential total tax credit of \$15,000. Small businesses cite escalating cost as the number one impediment to providing health insurance. Putting \$15,000 in the hands of a small business owner could certainly help to overcome this barrier.

My proposal would also allow small businesses to establish cafeteria tax plans so that they can provide their employees with nontaxable benefits. Under current law, many larger businesses and the Federal Government enable their employees to purchase health insurance and other qualified benefits with tax-free dollars. However, small businesses face difficulty in offering cafeteria plans because they must satisfy strict nondiscrimination rules under the tax code. Although these non-discrimination rules serve a legitimate purpose, many small businesses simply cannot satisfy those mechanical rules because, through no fault of their own, they have relatively few employees and a high proportion of owners considered highly compensated individuals. This makes it difficult for small firms to offer benefits through a cafeteria plan.

It is vital that we allow small businesses to offer their employees nontaxable benefits so that they can effectively compete with their larger counterparts. Small businesses are the engine that drives economic growth and job creation, and it is critical that we put them on an equal footing with large businesses in the quest for talent.

Second, my legislation also would provide a necessary reform of the State small group health insurance markets. Plain and simple, there is no competition in the small group market, and coverage and affordability are real problems. I recently requested, along with Senators CHRISTOPHER BOND and JIM TALENT, that the Government Accountability Office, GAO, survey: 1. the number of insurance carriers licensed in the small group market; 2. the largest carriers and their market share; 3. the market share of the five largest carriers in the small group market; and 4. the combined market share of all Blue Cross and Blue Shield, BCBS, carriers in each State.

The GAO reported a frightening consolidation of control over State insurance markets. The five largest carriers now have more than 75 percent market share in 26 States, up from 19 in 2002, and more than 90 percent market share in 12 States, as opposed to 7 in 2002. In Maine, BCBS carriers now have a 63 percent market share, up from 39.1 percent in 2002, and the five largest carriers have a 98 percent share. Across the country, BCBS carriers now control 44 percent of small group market, up from 34 percent in 2002.

To counter this market consolidation, my legislation would provide insurers with a 50 percent tax deduction for claims and expenses incurred in serving the small group market and Small Business Health Plans, SBHPs. I believe this incentive will serve as a powerful motivator for new insurers to enter this dysfunctional marketplace.

My legislation would reduce barriers insurance companies face in entering new markets. Specifically, it would provide a tax credit to defray the cost of State licensing requirements. Under the proposal, an insurer can claim a tax credit of the lesser of 50 percent of qualified costs or \$10,000 to cover the administrative costs and expenses incurred in satisfying State licensing requirements. Available with respect to each State in which an insurer operates, this incentive should encourage a host of insurers to provide products in the State small group market.

Finally, my legislation would establish a pilot grant program for Small Business Development Centers to provide educational programs to small businesses designed to increase awareness regarding health insurance options available in their areas. Recent research has found that with a short, less than 10 minute education session, organizations can increase small business knowledge and interest in offering health insurance by about 33 percent.

Together with SBHP legislation, I believe that these proposals could help to solve the small business health insurance crisis. I look forward to working in a bipartisan fashion, with my colleagues on both the Finance and HELP Committees to push these proposals through the Senate.

The time for words has long passed. Now is a time for action. The Senate must take action this year to provide small businesses with much-needed relief.

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

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

S. 2457

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

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Small Business Health Insurance Relief Act of 2006”.

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

Sec. 1. Short title; table of contents.

**TITLE I—HEALTH CARE COVERAGE TAX INCENTIVES FOR SMALL BUSINESSES**  
**Subtitle A—Credit for Provision of Health Insurance**

Sec. 101. Credit for health care contributions by small business employers.

**Subtitle B—Simple Cafeteria Plans**

Sec. 111. Establishment of simple cafeteria plans for small businesses.

Sec. 112. Modifications of rules applicable to cafeteria plans.

Sec. 113. Modification of rules applicable to flexible spending arrangements.

**Subtitle C—Incentives for Insurance Companies**

Sec. 121. Special deduction for certain health insurance companies in the small group market.

Sec. 122. Credit for licensing costs of certain health insurance companies.

**TITLE II—SMALL BUSINESS HEALTH INSURANCE INFORMATION PILOT PROGRAM**

Sec. 201. Purpose.

Sec. 202. Definitions.

Sec. 203. Small Business Health Insurance Information Pilot Program.

Sec. 204. Reports.

Sec. 205. Authorization of appropriations.

**TITLE I—HEALTH CARE COVERAGE TAX INCENTIVES FOR SMALL BUSINESSES**  
**Subtitle A—Credit for Provision of Health Insurance**

**SEC. 101. CREDIT FOR HEALTH CARE CONTRIBUTIONS BY SMALL BUSINESS EMPLOYERS.**

(a) **IN GENERAL.**—Subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to other credits) is amended by adding at the end the following new section:

**“SEC. 30D. SMALL EMPLOYER HEALTH CARE CONTRIBUTIONS.**

“(a) **GENERAL RULE.**—In the case of an eligible employer, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage of the sum of—

“(1) the amounts contributed by such employer for qualified health insurance coverage with respect to any full-time employee during the taxable year, plus

“(2) the amounts contributed by such employer to any health savings account (as defined in section 223(d)) of any full-time employee who is an eligible individual (as defined in section 223(c)(1)) during the taxable year.

“(b) **LIMITATIONS.**—

“(1) **IN GENERAL.**—The amount of the credit allowed under subsection (a) with respect to any employee for any taxable year shall not exceed—

“(A) in the case of an employee with self-only coverage, \$1,500, and

“(B) in the case of an employee with family coverage, \$3,000.

“(2) **LIMITATION ON PREMIUMS.**—The amount taken into account under subsection (a)(1) with respect to any employee for any taxable year shall not exceed an amount equal to the product of—

“(A) \$1,500 (\$3,000 if coverage for all months described in subparagraph (B)(i) is family coverage), and

“(B) a fraction—

“(i) the numerator of which is the number of months during the taxable year for which such employee participated in qualified health insurance coverage, and

“(ii) the denominator of which is the number of months in the taxable year.

“(3) **LIMITATION ON HSA CONTRIBUTIONS.**—The amount taken into account under subsection (a)(2) with respect to any employee for any taxable year shall not exceed an amount equal to the product of—

“(A) \$1,500 (\$3,000 if coverage for all months described in subparagraph (B)(i) is family coverage), and

“(B) a fraction—

“(i) the numerator of which is the number of months that the employee was covered under a high deductible health plan (as defined under section 223(e)(2)) maintained by the employer, and

“(ii) the denominator of which is the number of months in the taxable year.

“(c) **APPLICABLE PERCENTAGE.**—For purposes of subsection (a), the applicable percentage shall be—

“(1) in the case of an eligible employer with less than 10 employees, 100 percent,

“(2) in the case of an eligible employer with more than 9 employees but less than 20 employees, 80 percent,

“(3) in the case of an eligible employer with more than 19 employees but less than 30 employees, 60 percent,

“(4) in the case of an eligible employer with more than 29 employees but less than 40 employees, 40 percent, and

“(5) in the case of an eligible employer with more than 39 employees, 20 percent.

“(d) ELIGIBLE EMPLOYER.—For purposes of this section, the term ‘eligible employer’ means, with respect to any taxable year, an employer—

“(1) with 50 or fewer employees, and

“(2) whose average annual gross receipts for the 3-taxable year period ending with the taxable year preceding such taxable year does not exceed \$10,000,000.

“(e) QUALIFIED HEALTH INSURANCE COVERAGE.—For purposes of this section, the term ‘qualified health insurance coverage’ means health insurance coverage purchased or provided by an eligible employer. Such term includes health insurance coverage purchased through a small business health plan (as defined in section 833(b)(4)(C)).

“(f) SPECIAL RULES.—For purposes of this section—

“(1) DETERMINATION OF NUMBER OF EMPLOYEES.—

“(A) IN GENERAL.—The number of employees of an employer with respect to any year shall be determined by the using the average number of full-time employees of the employer on business days during the 2 preceding years. For purposes of this subparagraph, a year may only be taken into account if the employer was in existence throughout the year.

“(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination under subparagraph (A) shall be based on the average number of full-time employees that it is reasonably expected such employer will employ on business days in the current calendar year.

“(C) SPECIAL RULES.—

“(i) PREDECESSORS.—Any reference in this paragraph to an employer shall include a reference to any predecessor of such employer.

“(ii) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person.

“(2) SELF-EMPLOYED INDIVIDUAL TREATED AS EMPLOYEE.—For purposes of this section, rules similar to the rules of section 401(c) shall apply.

“(3) SALARY REDUCTION CONTRIBUTIONS.—For purposes of subsection (a)(1), amounts contributed under a cafeteria plan under section 125 shall not be considered to be amounts contributed by the eligible employer for qualified health insurance coverage.

“(4) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed for the taxable year for that portion of amounts contributed for qualified health insurance coverage and to health savings accounts during the taxable year which is equal to the credit determined under subsection (a).

“(5) ELECTION NOT TO CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.

“(6) SPECIAL RULE FOR MARRIED INDIVIDUALS.—For purposes of subsection (b)(2), rules similar to the rules of section 223(b)(5) (other than subparagraph (B)(i) thereof) shall apply.

“(g) CARRYOVER OF UNUSED CREDIT AMOUNTS.—

“(1) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under paragraph (1) for such taxable year, such excess shall be allowed—

“(A) as a credit carryback to each of the 3 taxable years preceding such year, and

“(B) as a credit carryforward to each of the 10 taxable years following such year.

“(2) AMOUNT CARRIED TO EACH YEAR.—For purposes of this paragraph, rules similar to the rules of section 39(a)(2) shall apply.

“(h) COST-OF-LIVING ADJUSTMENTS.—

“(1) LIMITATION.—In the case of taxable years beginning after 2007, each of the \$1,500 and \$3,000 amounts under subsection (b) shall each be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2006’ for ‘1992’ in subparagraph (B) thereof.

If any dollar amount as increased under this clause is not a multiple of \$100, such dollar amount shall be rounded to the next lowest multiple of \$100.

“(2) ELIGIBLE EMPLOYER.—In the case of taxable years beginning after 2007, the \$10,000,000 amount under subsection (d)(2) shall be increased by an amount equal to—

“(A) \$10,000,000, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘2006’ for ‘1992’ in subparagraph (B) thereof.

If any dollar amount as increased under this clause is not a multiple of \$100,000, such dollar amount shall be rounded to the next lowest multiple of \$100.

“(i) REGULATIONS.—The Secretary shall promulgate regulations to prevent employer contributions to health savings accounts under subsection (a)(2) to be used for purposes other than qualified medical expenses (as defined in section 223(d)(2)).”

(b) CONFORMING AMENDMENT.—Section 6501(m) of the Internal Revenue Code of 1986 is amended by inserting “30D(f)(5),” after “30C(e)(4).”

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 30C the following new item:

“Sec. 30D. Small employer health care contributions.”

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2006.

#### Subtitle B—Simple Cafeteria Plans

### SEC. 111. ESTABLISHMENT OF SIMPLE CAFETERIA PLANS FOR SMALL BUSINESSES.

(a) IN GENERAL.—Section 125 of the Internal Revenue Code of 1986 (relating to cafeteria plans) is amended by redesignating subsections (h) and (i) as subsections (i) and (j), respectively, and by inserting after subsection (g) the following new subsection:

“(h) SIMPLE CAFETERIA PLANS FOR SMALL BUSINESSES.—

“(1) IN GENERAL.—An eligible employer maintaining a simple cafeteria plan with respect to which the requirements of this subsection are met for any year shall be treated as meeting any applicable nondiscrimination requirement with respect to benefits provided under the plan during such year.

“(2) SIMPLE CAFETERIA PLAN.—For purposes of this subsection, the term ‘simple cafeteria plan’ means a cafeteria plan—

“(A) which is established and maintained by an eligible employer, and

“(B) with respect to which the contribution requirements of paragraph (3), and the eligibility and participation requirements of paragraph (4), are met.

“(3) CONTRIBUTIONS REQUIREMENTS.—

“(A) IN GENERAL.—The requirements of this paragraph are met if, under the plan—

“(i) the employer makes matching contributions on behalf of each employee who is eligible to participate in the plan and who is not a highly compensated or key employee in an amount equal to the elective plan contributions of the employee to the plan to the extent the employee’s elective plan contributions do not exceed 3 percent of the employee’s compensation, or

“(ii) the employer is required, without regard to whether an employee makes any elective plan contribution, to make a contribution to the plan on behalf of each employee who is not a highly compensated or key employee and who is eligible to participate in the plan in an amount equal to at least 2 percent of the employee’s compensation.

“(B) MATCHING CONTRIBUTIONS ON BEHALF OF HIGHLY COMPENSATED AND KEY EMPLOYEES.—The requirements of subparagraph (A)(i) shall not be treated as met if, under the plan, the rate of matching contribution with respect to any elective plan contribution of a highly compensated or key employee at any rate of contribution is greater than that with respect to an employee who is not a highly compensated or key employee.

“(C) SPECIAL RULES.—

“(i) TIME FOR MAKING CONTRIBUTIONS.—An employer shall not be treated as failing to meet the requirements of this paragraph with respect to any elective plan contributions of any compensation, or employer contributions required under this paragraph with respect to any compensation, if such contributions are made no later than the 15th day of the month following the last day of the calendar quarter which includes the date of payment of the compensation.

“(ii) FORM OF CONTRIBUTIONS.—Employer contributions required under this paragraph may be made either to the plan to provide benefits offered under the plan or to any person as payment for providing benefits offered under the plan.

“(iii) ADDITIONAL CONTRIBUTIONS.—Subject to subparagraph (B), nothing in this paragraph shall be treated as prohibiting an employer from making contributions to the plan in addition to contributions required under subparagraph (A).

“(D) DEFINITIONS.—For purposes of this paragraph—

“(i) ELECTIVE PLAN CONTRIBUTION.—The term ‘elective plan contribution’ means any amount which is contributed at the election of the employee and which is not includible in gross income by reason of this section.

“(ii) HIGHLY COMPENSATED EMPLOYEE.—The term ‘highly compensated employee’ has the meaning given such term by section 414(q).

“(iii) KEY EMPLOYEE.—The term ‘key employee’ has the meaning given such term by section 416(i).

“(4) MINIMUM ELIGIBILITY AND PARTICIPATION REQUIREMENTS.—

“(A) IN GENERAL.—The requirements of this paragraph shall be treated as met with respect to any year if, under the plan—

“(i) all employees who had at least 1,000 hours of service for the preceding plan year are eligible to participate, and

“(ii) each employee eligible to participate in the plan may, subject to terms and conditions applicable to all participants, elect any benefit available under the plan.

“(B) CERTAIN EMPLOYEES MAY BE EXCLUDED.—For purposes of subparagraph

(A)(i), an employer may elect to exclude under the plan employees—

“(i) who have less than 1 year of service with the employer as of any day during the plan year,

“(ii) who have not attained the age of 21 before the close of a plan year,

“(iii) who are covered under an agreement which the Secretary of Labor finds to be a collective bargaining agreement if there is evidence that the benefits covered under the cafeteria plan were the subject of good faith bargaining between employee representatives and the employer, or

“(iv) who are described in section 410(b)(3)(C) (relating to nonresident aliens working outside the United States).

A plan may provide a shorter period of service or younger age for purposes of clause (i) or (ii).

“(5) ELIGIBLE EMPLOYER.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘eligible employer’ means, with respect to any year, any employer if such employer employed an average of 100 or fewer employees on business days during either of the 2 preceding years. For purposes of this subparagraph, a year may only be taken into account if the employer was in existence throughout the year.

“(B) EMPLOYERS NOT IN EXISTENCE DURING PRECEDING YEAR.—If an employer was not in existence throughout the preceding year, the determination under subparagraph (A) shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current year.

“(C) GROWING EMPLOYERS RETAIN TREATMENT AS SMALL EMPLOYER.—If—

“(i) an employer was an eligible employer for any year (a ‘qualified year’), and

“(ii) such employer establishes a simple cafeteria plan for its employees for such year, then, notwithstanding the fact the employer fails to meet the requirements of subparagraph (A) for any subsequent year, such employer shall be treated as an eligible employer for such subsequent year with respect to employees (whether or not employees during a qualified year) of any trade or business which was covered by the plan during any qualified year. This subparagraph shall cease to apply if the employer employs an average of 200 more employees on business days during any year preceding any such subsequent year.

“(D) SPECIAL RULES.—

“(i) PREDECESSORS.—Any reference in this paragraph to an employer shall include a reference to any predecessor of such employer.

“(ii) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person.

“(6) APPLICABLE NONDISCRIMINATION REQUIREMENT.—For purposes of this subsection, the term ‘applicable nondiscrimination requirement’ means any requirement under subsection (b) of this section, section 79(d), section 105(h), or paragraph (2), (3), (4), or (8) of section 129(d).

“(7) COMPENSATION.—The term ‘compensation’ has the meaning given such term by section 414(s).”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2006.

#### SEC. 112. MODIFICATIONS OF RULES APPLICABLE TO CAFETERIA PLANS.

(a) APPLICATION TO SELF-EMPLOYED INDIVIDUALS.—

(1) IN GENERAL.—Section 125(d) of the Internal Revenue Code of 1986 (defining cafeteria plan) is amended by adding at the end the following new paragraph:

“(3) EMPLOYEE TO INCLUDE SELF-EMPLOYED.—

“(A) IN GENERAL.—The term ‘employee’ includes an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).

“(B) LIMITATION.—The amount which may be excluded under subsection (a) with respect to a participant in a cafeteria plan by reason of being an employee under subparagraph (A) shall not exceed the employee’s earned income (within the meaning of section 401(c)) derived from the trade or business with respect to which the cafeteria plan is established.”

(2) APPLICATION TO BENEFITS WHICH MAY BE PROVIDED UNDER CAFETERIA PLAN.—

(A) GROUP-TERM LIFE INSURANCE.—Section 79 of such Code (relating to group-term life insurance provided to employees) is amended by adding at the end the following new subsection:

“(f) EMPLOYEE INCLUDES SELF-EMPLOYED.—

“(1) IN GENERAL.—For purposes of this section, the term ‘employee’ includes an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).

“(2) LIMITATION.—The amount which may be excluded under the exceptions contained in subsection (a) or (b) with respect to an individual treated as an employee by reason of paragraph (1) shall not exceed the employee’s earned income (within the meaning of section 401(c)) derived from the trade or business with respect to which the individual is so treated.”

(B) ACCIDENT AND HEALTH PLANS.—Section 105(g) of such Code is amended to read as follows:

“(g) EMPLOYEE INCLUDES SELF-EMPLOYED.—

“(1) IN GENERAL.—For purposes of this section, the term ‘employee’ includes an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).

“(2) LIMITATION.—The amount which may be excluded under this section by reason of subsection (b) or (c) with respect to an individual treated as an employee by reason of paragraph (1) shall not exceed the employee’s earned income (within the meaning of section 401(c)) derived from the trade or business with respect to which the accident or health insurance was established.”

(C) CONTRIBUTIONS BY EMPLOYERS TO ACCIDENT AND HEALTH PLANS.—

(i) IN GENERAL.—Section 106 of such Code, as amended by subsection (b), is amended by adding after subsection (b) the following new subsection:

“(c) EMPLOYER TO INCLUDE SELF-EMPLOYED.—

“(1) IN GENERAL.—For purposes of this section, the term ‘employee’ includes an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).

“(2) LIMITATION.—The amount which may be excluded under subsection (a) with respect to an individual treated as an employee by reason of paragraph (1) shall not exceed the employee’s earned income (within the meaning of section 401(c)) derived from the trade or business with respect to which the accident or health insurance was established.”

(ii) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) is amended to read as follows:

“Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer.”

(b) LONG-TERM CARE INSURANCE PERMITTED TO BE OFFERED UNDER CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS.—

(1) CAFETERIA PLANS.—The last sentence of section 125(f) of the Internal Revenue Code of 1986 (defining qualified benefits) is amended to read as follows: “Such term shall include the payment of premiums for any qualified long-term care insurance contract (as defined in section 7702B) to the extent the amount of such payment does not exceed the eligible long-term care premiums (as defined in section 213(d)(10)) for such contract.”

(2) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106 of such Code (relating to contributions by employer to accident and health plans) is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

#### SEC. 113. MODIFICATION OF RULES APPLICABLE TO FLEXIBLE SPENDING ARRANGEMENTS.

(a) IN GENERAL.—Section 125 of the Internal Revenue Code of 1986, as amended by section 111, is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

“(i) SPECIAL RULES APPLICABLE TO FLEXIBLE SPENDING ARRANGEMENTS.—

“(1) IN GENERAL.—For purposes of this title, a plan or other arrangement shall not fail to be treated as a flexible spending or similar arrangement solely because under the plan or arrangement—

“(A) the amount of the reimbursement for covered expenses at any time may not exceed the balance in the participant’s account for the covered expenses as of such time,

“(B) except as provided in paragraph (4)(A)(ii), a participant may elect at any time specified by the plan or arrangement to make or modify any election regarding the covered benefits, or the level of covered benefits, of the participant under the plan, and

“(C) a participant is permitted access to any unused balance in the participant’s accounts under such plan or arrangement in the manner provided under paragraph (2) or (3).

“(2) CARRYOVERS AND ROLLOVERS OF UNUSED BENEFITS IN HEALTH AND DEPENDENT CARE ARRANGEMENTS.—

“(A) IN GENERAL.—A plan or arrangement may permit a participant in a health flexible spending arrangement or dependent care flexible spending arrangement to elect—

“(i) to carry forward any aggregate unused balances in the participant’s accounts under such arrangement as of the close of any year to the succeeding year, or

“(ii) to have such balance transferred to a plan described in subparagraph (E).

Such carryforward or transfer shall be treated as having occurred within 30 days of the close of the year.

“(B) DOLLAR LIMIT ON CARRYFORWARDS.—

“(i) IN GENERAL.—The amount which a participant may elect to carry forward under subparagraph (A)(i) from any year shall not exceed \$500. For purposes of this paragraph, all plans and arrangements maintained by an employer or any related person shall be treated as 1 plan.

“(ii) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2007, the \$500 amount under clause (i) shall be increased by an amount equal to—

“(I) \$500, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting ‘2006’ for ‘1992’ in subparagraph (B) thereof.

If any dollar amount as increased under this clause is not a multiple of \$100, such amount

shall be rounded to the next lowest multiple of \$100.

“(C) EXCLUSION FROM GROSS INCOME.—No amount shall be required to be included in gross income under this chapter by reason of any carryforward or transfer under this paragraph.

“(D) COORDINATION WITH LIMITS.—

“(i) CARRYFORWARDS.—The maximum amount which may be contributed to a health flexible spending arrangement or dependent care flexible spending arrangement for any year to which an unused amount is carried under this paragraph shall be reduced by such amount.

“(ii) ROLLOVERS.—Any amount transferred under subparagraph (A)(ii) shall be treated as an eligible rollover under section 219, 223(f)(5), 401(k), 403(b), or 457, whichever is applicable, except that—

“(I) the amount of the contributions which a participant may make to the plan under any such section for the taxable year including the transfer shall be reduced by the amount transferred, and

“(II) in the case of a transfer to a plan described in clause (ii) or (iii) of subparagraph (E), the transferred amounts shall be treated as elective deferrals for such taxable year.

“(E) PLANS.—A plan is described in this subparagraph if it is—

“(i) an individual retirement plan,

“(ii) a qualified cash or deferred arrangement described in section 401(k),

“(iii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

“(iv) an eligible deferred compensation plan described in section 457, or

“(v) a health savings account described in section 223.

“(3) DISTRIBUTION UPON TERMINATION.—

“(A) IN GENERAL.—A plan or arrangement may permit a participant (or any designated heir of the participant) to receive a cash payment equal to the aggregate unused account balances in the plan or arrangement as of the date the individual is separated (including by death or disability) from employment with the employer maintaining the plan or arrangement.

“(B) INCLUSION IN INCOME.—Any payment under subparagraph (A) shall be includible in gross income for the taxable year in which such payment is distributed to the employee.

“(4) TERMS RELATING TO FLEXIBLE SPENDING ARRANGEMENTS.—

“(A) FLEXIBLE SPENDING ARRANGEMENTS.—

“(i) IN GENERAL.—For purposes of this subsection, a flexible spending arrangement is a benefit program which provides employees with coverage under which specified incurred expenses may be reimbursed (subject to reimbursement maximums and other reasonable conditions).

“(ii) ELECTIONS REQUIRED.—A plan or arrangement shall not be treated as a flexible spending arrangement unless a participant may at least 4 times during any year make or modify any election regarding covered benefits or the level of covered benefits.

“(B) HEALTH AND DEPENDENT CARE ARRANGEMENTS.—The terms ‘health flexible spending arrangement’ and ‘dependent care flexible spending arrangement’ means any flexible spending arrangement (or portion thereof) which provides payments for expenses incurred for medical care (as defined in section 213(d)) or dependent care (within the meaning of section 129), respectively.”

(b) CONFORMING AMENDMENT.—

(1) The heading for section 125 of the Internal Revenue Code of 1986 is amended by inserting

“AND FLEXIBLE SPENDING ARRANGEMENTS” after “PLANS”.

(2) The item relating to section 125 of such Code in the table of sections for part III of

subchapter B of chapter 1 is amended by inserting “and flexible spending arrangements” after “plans”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2006.

#### Subtitle C—Incentives for Insurance Companies

#### SEC. 121. SPECIAL DEDUCTION FOR CERTAIN HEALTH INSURANCE COMPANIES IN THE SMALL GROUP MARKET.

(a) IN GENERAL.—Section 833 of the Internal Revenue Code of 1986 is amended to read as follows:

#### “SEC. 833. SPECIAL DEDUCTION FOR HEALTH INSURANCE RELATED TO SMALL GROUP COVERAGE AND SMALL BUSINESS HEALTH PLANS.

“(a) GENERAL RULE.—In the case of any insurance company other than a life insurance company, the deduction determined under subsection (b) for any taxable year shall be allowed.

“(b) AMOUNT OF DEDUCTION.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the deduction determined under this subsection for any taxable year is the excess (if any) of—

“(A) 50 percent of the claims incurred during the taxable year and liabilities incurred during the taxable year under cost-plus contracts, over

“(B) the adjusted surplus as of the beginning of the taxable year.

“(2) LIMITATION.—The deduction determined under paragraph (1) for any taxable year shall not exceed taxable income for such taxable year (determined without regard to such deduction).

“(3) ADJUSTED SURPLUS.—For purposes of this subsection—

“(A) IN GENERAL.—The adjusted surplus as of the beginning of any taxable year is an amount equal to the adjusted surplus as of the beginning of the preceding taxable year—

“(i) increased by the amount of any adjusted taxable income for such preceding taxable year, or

“(ii) decreased by the amount of any adjusted net operating loss for such preceding taxable year.

“(B) SPECIAL RULE.—The adjusted surplus as of the beginning of the organization's 1st taxable year beginning after December 31, 2006, shall be its surplus as of such time. For purposes of the preceding sentence, the term ‘surplus’ means the excess of the total assets over the total liabilities as shown on the annual statement.

“(C) ADJUSTED TAXABLE INCOME.—The term ‘adjusted taxable income’ means taxable income determined—

“(i) without regard to the deduction determined under this subsection,

“(ii) without regard to any carryforward or carryback to such taxable year, and

“(iii) by increasing gross income by an amount equal to the net exempt income for the taxable year.

“(D) ADJUSTED NET OPERATING LOSS.—The term ‘adjusted net operating loss’ means the net operating loss for any taxable year determined with the adjustments set forth in subparagraph (C).

“(E) NET EXEMPT INCOME.—The term ‘net exempt income’ means—

“(i) any tax-exempt interest received or accrued during the taxable year, reduced by any amount (not otherwise deductible) which would have been allowable as a deduction for the taxable year if such interest were not tax-exempt, and

“(ii) the aggregate amount allowed as a deduction for the taxable year under sections 243, 244, and 245.

The amount determined under clause (ii) shall be reduced by the amount of any decrease in deductions allowable for the taxable year by reason of section 832(b)(5)(B) to

the extent such decrease is attributable to deductions under sections 243, 244, and 245.

“(4) ONLY CERTAIN HEALTH-RELATED ITEMS TAKEN INTO ACCOUNT.—

“(A) IN GENERAL.—Any determination under this subsection shall be made by only taking into account items attributable to the qualified health-related business of the taxpayer.

“(B) QUALIFIED HEALTH RELATED BUSINESS.—For purposes of this paragraph, the term ‘qualified health-related business’ means health-related business which is attributable to—

“(i) the small group market (as defined under section 2791(e)(6) of the Public Health Service Act), and

“(ii) small business health plans.

“(C) SMALL BUSINESS HEALTH PLAN.—

“(i) IN GENERAL.—For purposes of this section, the term ‘small business health plan’ means a group health plan whose sponsor is (or is deemed under this section to be) described in clause (ii).

“(ii) SPONSORSHIP.—The sponsor of a group health plan is described in this clause if such sponsor—

“(I) is organized and maintained in good faith, with a constitution and bylaws specifically stating its purpose and providing for periodic meetings on at least an annual basis, as a bona fide trade association, a bona fide industry association (including a rural electric cooperative association or a rural telephone cooperative association), a bona fide professional association, a bona fide chamber of commerce (or similar bona fide business association, including a corporation or similar organization that operates on a cooperative basis (within the meaning of section 1381)), or a bona fide labor union, for substantial purposes other than that of obtaining or providing medical care,

“(II) is established as a permanent entity which receives the active support of its members and requires for membership payment on a periodic basis of dues or payments necessary to maintain eligibility for membership in the sponsor, and

“(III) does not condition membership, such dues or payments, or coverage under the plan on the basis of health status-related factors with respect to the employees of its members (or affiliated members), or the dependents of such employees, and does not condition such dues or payments on the basis of group health plan participation.

Any sponsor consisting of an association of entities which meet the requirements of subclause (I), (II), and (III) shall be deemed to be a sponsor described in this clause.”

(b) CONFORMING AMENDMENT.—The table of section for part II of subchapter L of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 833 and inserting the following:

“Sec. 833. Special deduction for health insurance related to small group coverage.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

#### SEC. 122. CREDIT FOR LICENSING COSTS OF CERTAIN HEALTH INSURANCE COMPANIES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following new section:

#### “SEC. 45N. HEALTH INSURANCE LICENSING CREDIT.

“(a) DETERMINATION OF AMOUNT.—For purposes of section 38, the health insurance licensing credit determined under this section

with respect to any eligible entity for any taxable year is an amount equal to the qualified licensing costs paid or incurred by such eligible entity in each State during the taxable year.

“(b) LIMITATION.—The qualified licensing costs taken into account under subsection (a) with respect to any State for any taxable year shall not exceed the lesser of—

“(1) 50 percent of qualified licensing costs paid or incurred by such eligible entity with respect to such State during the taxable year, or

“(2) \$10,000.

“(c) ELIGIBLE ENTITY.—For purposes of this section, the term ‘eligible entity’ means an insurance company (as defined in section 816(a)) other than life which conducts qualified health-related business during the taxable year in the State in which the qualifying licensing costs are incurred.

“(d) QUALIFIED LICENSING COSTS.—For purposes of this section, the term ‘qualified licensing costs’ means costs in connection with satisfying State licensing requirements related to conducting a qualified health-related business in such State.

“(e) QUALIFIED HEALTH-RELATED BUSINESS.—For purposes of this section, the term ‘qualified health-related business’ has the meaning given such term under section 833(b)(4).

“(f) REGULATIONS.—Not later than 6 months after the date of the enactment of this section, the Secretary shall promulgate regulations on allocating qualified licensing costs between a qualified health-related business and other businesses of an eligible entity.

“(g) TERMINATION.—This section shall not apply to costs paid or incurred in taxable years beginning after December 31, 2011.”

(b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to current year business credit) is amended by striking “and” at the end of paragraph (28), by striking the period at the end of paragraph (29) and inserting “, plus”, and by adding at the end the following new paragraph:

“(30) the health insurance licensing credit determined under section 45N(a).”

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Sec. 45N. Health insurance licensing credit.”

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

## TITLE II—SMALL BUSINESS HEALTH INSURANCE INFORMATION PILOT PROGRAM

### SEC. 201. PURPOSE.

The purpose of this title is to establish a 4-year pilot program to provide information and educational materials to small business concerns regarding health insurance options, including coverage options within the small group market.

### SEC. 202. DEFINITIONS.

In this title:

(1) ADMINISTRATOR.—The term “Administrator” means the Administrator of the Small Business Administration, acting through the Associate Administrator for Small Business Development Centers.

(2) ASSOCIATION.—The term “association” means an association established under section 21(a)(3)(A) of the Small Business Act (15 U.S.C. 648(a)(3)(A)) representing a majority of small business development centers.

(3) PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTER.—The term “participating

small business development center” means a small business development center described in section 21 of the Small Business Act (15 U.S.C. 648) that—

(A) is certified under section 21(k)(2) of the Small Business Act (15 U.S.C. 648(k)(2)); and

(B) receives a grant under the pilot program.

(4) PILOT PROGRAM.—The term “pilot program” means the small business health insurance information pilot program established under this title.

(5) SMALL BUSINESS CONCERN.—The term “small business concern” has the same meaning as in section 3 of the Small Business Act (15 U.S.C. 632).

(6) STATE.—The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, and Guam.

### SEC. 203. SMALL BUSINESS HEALTH INSURANCE INFORMATION PILOT PROGRAM.

(a) AUTHORITY.—The Administrator shall establish a pilot program to make grants to small business development centers to provide information and educational materials regarding health insurance options, including coverage options within the small group market, to small business concerns.

(b) APPLICATIONS.—

(1) POSTING OF INFORMATION.—Not later than 90 days after the date of enactment of this Act, the Administrator shall post on the website of the Small Business Administration and publish in the Federal Register a guidance document describing—

(A) the requirements of an application for a grant under the pilot program; and

(B) the types of informational and educational materials regarding health insurance options to be created under the pilot program, including by referencing such materials developed by the Healthcare Leadership Council.

(2) SUBMISSION.—A small business development center desiring a grant under the pilot program shall submit an application at such time, in such manner, and accompanied by such information as the Administrator may reasonably require.

(c) SELECTION OF PARTICIPATING SBDCs.—

(1) IN GENERAL.—The Administrator shall select not more than 20 small business development centers to receive a grant under the pilot program.

(2) SELECTION OF PROGRAMS.—In selecting small business development centers under paragraph (1), the Administrator shall not select—

(A) more than 2 programs from each of the groups of States described in paragraph (3); and

(B) more than 1 program in any State.

(3) GROUPINGS.—The groups of States described in this paragraph are the following:

(A) GROUP 1.—Group 1 shall consist of Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.

(B) GROUP 2.—Group 2 shall consist of New York, New Jersey, Puerto Rico, and the Virgin Islands.

(C) GROUP 3.—Group 3 shall consist of Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.

(D) GROUP 4.—Group 4 shall consist of Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.

(E) GROUP 5.—Group 5 shall consist of Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.

(F) GROUP 6.—Group 6 shall consist of Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.

(G) GROUP 7.—Group 7 shall consist of Missouri, Iowa, Nebraska, and Kansas.

(H) GROUP 8.—Group 8 shall consist of Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.

(I) GROUP 9.—Group 9 shall consist of California, Guam, American Samoa, Hawaii, Nevada, and Arizona.

(J) GROUP 10.—Group 10 shall consist of Washington, Alaska, Idaho, and Oregon.

(4) DEADLINE FOR SELECTION.—The Administrator shall make selections under this subsection not later than 6 months after the later of the date on which the information described in subsection (b)(1) is posted on the website of the Small Business Administration and the date on which the information described in subsection (b)(1) is published in the Federal Register.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A participating small business development center shall use funds provided under the pilot program to—

(A) create and distribute informational materials; and

(B) conduct training and educational activities.

(2) CONTENT OF MATERIALS.—In creating materials under the pilot program, a participating small business development center shall evaluate and incorporate relevant portions of existing informational materials regarding health insurance options, such as the materials created by the Healthcare Leadership Council.

(e) GRANT AMOUNTS.—Each participating small business development center program shall receive a grant in an amount equal to—

(1) not less than \$150,000 per fiscal year; and

(2) not more than \$300,000 per fiscal year.

(f) MATCHING REQUIREMENT.—Subparagraphs (A) and (B) of section 21(a)(4) of the Small Business Act (15 U.S.C. 648(a)(4)) shall apply to assistance made available under the pilot program.

### SEC. 204. REPORTS.

Each participating small business development center shall transmit to the Administrator and the Chief Counsel for Advocacy of the Small Business Administration, as the Administrator may direct, a quarterly report that includes—

(1) a summary of the information and educational materials regarding health insurance options provided by the participating small business development center under the pilot program; and

(2) the number of small business concerns assisted under the pilot program.

### SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title—

(1) \$5,000,000 for the first fiscal year beginning after the date of enactment of this Act; and

(2) \$5,000,000 for each of the 3 fiscal years following the fiscal year described in paragraph (1).

(b) LIMITATION ON USE OF OTHER FUNDS.—The Administrator may carry out the pilot program only with amounts appropriated in advance specifically to carry out this title.

By Mr. MENENDEZ:

S. 2460. A bill to permit access to certain information in the Firearms Trace System database; to the Committee on the Judiciary.

Mr. MENENDEZ. Mr. President, today, I am introducing new legislation to address the critical issue of access to information about guns traced to crimes. This bill would repeal restrictions on the release of crime gun trace data from the Federal Government to State and local police.

It goes without saying that the more we understand a problem and its

sources, the more proficient we will be in our attempt to create a solution that works. That is especially true when talking about guns that are used to commit crimes. One study has shown that 1.2 percent of gun dealers sell 57 percent of guns later traced to criminal investigations.

The State that I have the honor of representing in the Senate, New Jersey, has some of the strictest gun laws in the country, yet hundreds, if not thousands, of off-limit customers, such as those under age or those who do not have a license, wind up with such weapons each month. And the overwhelming majority of guns used to commit crimes in our State's cities were originally sold in compliance with the law in other States.

In fact, a large majority of the guns used to commit crimes in Jersey City, Newark, and Camden traveled up the East Coast along I-95, which has been called the "Iron Pipeline." This is truly a paradox that has not only frustrated law enforcement agents, but elected officials too.

That is why the Bureau of Alcohol, Tobacco, Firearms and Explosives's Crime Gun Trace Reports (CGTRs) were created to provide information to three different audiences: Federal, State, and local law enforcement agencies; federal Firearm Licensees (FFL); and the public, Congress, and State and local authorities.

According to the reports released in July 2002, 85 percent of the traced guns used to commit crimes in Jersey City and Newark, and 77 percent of those used in Camden, were originally purchased outside of New Jersey. And more than 67 percent of crime guns recovered in Jersey City were originally purchased more than 250 miles away.

This is exactly the type of information that assists law enforcement officials in placing local crime guns in a regional and national strategic enforcement context and would allow Federal, State, and local elected officials to develop national, regional, and local strategic responses to gun crime.

Unfortunately, every year for the past few years Republicans in the House have slipped a provision into law to prohibit the release of this information to anyone other than "... a Federal, State, or local law enforcement agency or a prosecutor solely in a criminal investigation or prosecution." This amendment effectively prohibits information from reaching Congress, and State and local authorities, and the public.

This even limits how Federal, State and local law enforcement agencies can use these Crime Gun Trace Reports. It only allows law enforcement agencies to use these reports to investigate a crime that has already been committed.

So, it only allows law enforcement officials to retroactively punish crime, rather than proactively preventing it from happening in the first place.

That is why I am introducing legislation to make this gun crime data pub-

lic again. It will not only help law enforcement prosecute gun crimes, but will also increase public awareness about where these guns originated.

Until now, the restrictions have been imposed through the annual appropriations process, which means they end at the end of each fiscal year, or September 30. However, the House Judiciary Committee will hold a hearing tomorrow on legislation that would write these restrictions into law permanently.

Why is this information being concealed from the American people? It certainly contains no classified or sensitive national security material. The taxpayers have paid for information to be collected and the reports to be prepared, so why do they not deserve access to the information? And why is it illegal for Federal, State and local policymakers and law enforcement officials to use these reports in the way they were envisioned: to better understand and combat the scourge of gun violence that plagues our cities?

Denying police access to this information about crime gun traces helps no one but the bad guys. Our families' safety should never take a backseat to the demands of radical interest groups seeking only to further their own narrow agenda. Congress needs to pass my legislation—instead we need to stand up for our families. I urge my colleagues to join me in this important effort.

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

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

S. 2460

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

#### SECTION 1. FIREARMS TRACE SYSTEM.

(a) IN GENERAL.—The Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006 (Public Law 109-108; 119 Stat. 2295) is amended in title I, under the heading "BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES", by striking "Provided further, That no funds appropriated under this or any other Act with respect to any fiscal year may be used to disclose part or all of the contents of the Firearms Trace System database" and all that follows through "section 921(a)(10) of such title)".

(b) ACCESS TO INFORMATION.—The Attorney General shall provide public access to the Crime Gun Trace Report (both nationally and for individual cities) from the Youth Crime Gun Interdiction Initiative, which is generated using information in the Firearms Trace System database maintained by the Bureau of Alcohol, Tobacco, Firearms and Explosives.

#### SUBMITTED RESOLUTIONS

SENATE RESOLUTION 405—DESIGNATING AUGUST 16, 2006, AS "NATIONAL AIRBORNE DAY"

Mr. HAGEL (for himself, Mr. AKAKA, Mr. BINGAMAN, Mr. BURNS, Ms. CANT-

WELL, Mr. COCHRAN, Mrs. DOLE, Mr. JOHNSON, Ms. LANDRIEU, Mr. REED, Mr. REID, and Ms. SNOWE) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 405

Whereas the airborne forces of the United States Armed Forces have a long and honorable history as units of adventuresome, hardy, and fierce warriors who, for the national security of the United States and the defense of freedom and peace, project the effective ground combat power of the United States by Air Force air transport to the far reaches of the battle area and, indeed, to the far corners of the world;

Whereas August 16, 2006, marks the anniversary of the first official validation of the innovative concept of inserting United States ground combat forces behind the battle line by means of a parachute;

Whereas the United States experiment of airborne infantry attack began on June 25, 1940, when the Army Parachute Test Platoon was first authorized by the United States Department of War, and was launched when 48 volunteers began training in July of 1940;

Whereas the Parachute Test Platoon performed the first official Army parachute jump on August 16, 1940;

Whereas the success of the Parachute Test Platoon in the days immediately preceding the entry of the United States into World War II led to the formation of a formidable force of airborne units that, since then, have served with distinction and repeated success in armed hostilities;

Whereas among those units are the former 11th, 13th, and 17th Airborne Divisions, the venerable 82nd Airborne Division, the versatile 101st Airborne Division (Air Assault), and the airborne regiments and battalions (some as components of those divisions, some as separate units) that achieved distinction as the elite 75th Ranger Regiment, the 173rd Airborne Brigade, the 187th Infantry (Airborne) Regiment, the 503rd, 507th, 508th, 517th, 541st, and 542nd Parachute Infantry Regiments, the 88th Glider Infantry Regiment, the 509th, 551st, and 555th Parachute Infantry Battalions, and the 550th Airborne Infantry Battalion;

Whereas the achievements of the airborne forces during World War II provided a basis of evolution into a diversified force of parachute and air assault units that, over the years, have fought in Korea, Vietnam, Grenada, Panama, the Persian Gulf Region, and Somalia, and have engaged in peacekeeping operations in Lebanon, the Sinai Peninsula, the Dominican Republic, Haiti, Bosnia, and Kosovo;

Whereas the modern-day airborne force that has evolved from those World War II beginnings is an agile, powerful force that, in large part, is composed of the 82nd Airborne Division, the 101st Airborne Division (Air Assault), and the 75th Ranger Regiment which, together with other units, comprise the quick reaction force of the Army's XVIII Airborne Corps when not operating separately under a regional combatant commander;

Whereas that modern-day airborne force also includes other elite forces composed entirely of airborne trained and qualified special operations warriors, including Army Special Forces, Marine Corps Reconnaissance units, Navy SEALs, Air Force combat control teams, all or most of which comprise the forces of the United States Special Operations Command;

Whereas in the aftermath of the terrorist attacks on the United States on September 11, 2001, the 75th Ranger Regiment, special