documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Fifty One*; to the Committee on Transportation and Infrastructure.

¶55.30 ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 65: Mrs. ROUKEMA and Mr. CAMP.
H.R. 103: Mr. THOMPSON, Mr. BARTLETT of Maryland, and Mr. BREWSTER.
H.R. 145: Mr. ROGERS.
H.R. 159: Mr. NORWOOD and Mr. TANNER.
H.R. 200: Mr. ENGLISH of Pennsylvania, Mr. WELDON of Pennsylvania, Mr. BUYER, Mr. HOBSON, Mr. ROHRABACHER, Mr. KNOLLENBERG, Mr. KLUG, Mr. BAKER of Louisiana, Mr. ROSE, Mr. BURTON of Indiana, and Mr. CALLAHAN.
H.R. 218: Mr. KLECZKA.
H.R. 219: Mr. RIGGS.
H.R. 244: Mr. KENNEDY of Massachusetts.
H.R. 303: Mr. CAMP.
H.R. 311: Mr. MINGE, Mr. OBERSTAR, Mr. KLECZKA, Mr. LIPINSKI, Mr. BARRETT of Wisconsin, and Mr. DOYLE.
H.R. 394: Mr. BRYANT of Tennessee, Mr. UPTON, Mr. BLILEY, Mrs. MINK of Hawaii, Mr. SOLOMON, and Mrs. SEASTRAND.
H.R. 468: Mr. BURTON of Indiana, Mr. NEY, and Mr. TRAFICANT.
H.R. 500: Mr. MCINNIS.
H.R. 580: Mr. LUCAS, Mr. EMERSON, Mr. HOLDEN, Mr. PETERSON of Florida, Mrs. VUCANOVICH, Mr. BATEMAN, Mr. SOLOMON, and Mr. MARTINEZ.
H.R. 612: Mr. JOHNSON of South Dakota.
H.R. 645: Ms. LOWEY and Mr. FARR.
H.R. 662: Mrs. CHENOWETH, Mr. COOLEY, and Mr. JEFFERSON.
H.R. 696: Mr. JOHNSON of South Dakota and Mr. HILLEARY.
H.R. 752: Mr. SHAW, Mr. RAHALL, Mr. ENSIGN, Mr. CLEMENT, and Mr. NEAL of Massachusetts.
H.R. 773: Mr. DOYLE, Ms. FURSE, and Ms. LOWEY.
H.R. 774: Mr. THORNBERRY.
H.R. 850: Mr. ALLARD.
H.R. 867: Mr. DOYLE and Mr. BLUTE.
H.R. 1020: Mr. COLLINS of Georgia, Mr. LAHOOD, Mr. CLYBURN, Mr. PICKETT, Mr. EHLERS, Mr. FOGLIETTA, Mr. ZELIFF, Mr. CALLAHAN, Mr. SENSENBRENNER, Mr. FUNDERBURK, Mrs. MYRICK, Mr. HEINEMAN, Mr. FOX, Mr. SPENCE, Mr. BORSKI, Mr. LATOURETTE, Mr. RUSH, Mr. KLINK, Ms. ROS-LEHTINEN, Mr. HILLIARD, Mr. LIPINSKI, Ms. BROWN of Florida, Mr. TAUZIN, Mr. MCCRERY, Mr. CAMP, Mr. BAKER of Louisiana, Mr. WELDON of Florida, Mr. HEFNER, Mr. BISHOP, Mr. PAYNE of Virginia, Mr. TAYLOR of North Carolina, Mr. BLUTE, and Mr. LINDER.
H.R. 1024: Mr. GALLEGLY.
H.R. 1039: Mr. CALVERT and Mr. INGLIS of South Carolina.
H.R. 1041: Mr. CALVERT and Mr. INGLIS of South Carolina.
H.R. 1042: Mr. CALVERT and Mr. INGLIS of South Carolina.
H.R. 1045: Mr. BACHUS and Mr. KOLBE.
H.R. 1104: Mr. HANCOCK, Mr. ZIMMER, Ms. FURSE, Mr. COBURN, Ms. DANNER, Mr. ALLARD, and Mr. RIGGS.
H.R. 1147: Mr. PALLONE, Mr. SERRANO, Ms. WOOLSEY, and Mr. HINCHEY.
H.R. 1160: Mr. BROWN of Ohio.
H.R. 1201: Mr. MARTINEZ.
H.R. 1208: Mr. INGLIS of South Carolina.
H.R. 1229: Mr. BALDACCI, Ms. LOFGREN, Mr. SERRANO, Mr. POMEROY, and Mr. FARR.
H.R. 1232: Mr. HASTINGS of Washington and Mr. RADANOVICH.
H.R. 1279: Mr. STUMP, Mr. BALLENGER, Mr. WAMP, Mr. CHRISTENSEN, and Mr. MCCRERY.
H.R. 1297: Mr. LIPINSKI and Mr. FATTAH.
H. Con. Res. 23: Mr. INGLIS of South Carolina, Mr. LONGLEY, Mr. LUTHER, Mr. LAHOOD, Mr. NADLER, Mr. TAYLOR of Mississippi, and Mr. HASTINGS of Washington.
H. Con. Res. 35: Mr. BROWN of Ohio.
H. Con. Res. 50: Mr. FROST and Mr. KLUG.
H. Con. Res. 53: Mr. HILLIARD, Mr. HINCHEY, Mr. BURTON of Indiana, Mr. GEJDENSON, Mr. PETE GEREN of Texas, Mr. ENGEL, and Mr. FARR.
H. Res. 118: Mr. MCDERMOTT, Mr. STARK, Mr. GREENWOOD, Mr. JOHNSTON of Florida, Mrs. LOWEY, Mr. BROWN of California, Mr. BEILENSON, Mr. STUDDS, MR. DELLUMS, Mr. FRANK of Massachusetts, Mrs. MORELLA, Mr. BOEHLERT, Mr. FARR, and Mr. FROST.

¶55.31 DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 310: Mr. SCHIFF.

WEDNESDAY, APRIL 5, 1995 (56)

¶56.1 DESIGNATION OF SPEAKER PRO TEMPORE

The House was called to order by the SPEAKER pro tempore, Mr. CAMP, who laid before the House the following communication:

WASHINGTON, DC,
April 5, 1995.

I hereby designate the Honorable DAVE CAMP to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

¶56.2 APPROVAL OF THE JOURNAL

The SPEAKER pro tempore, Mr. CAMP, announced he had examined and approved the Journal of the proceedings of Tuesday, April 4, 1995.

Mr. TIAHRT, pursuant to clause 1, rule I, objected to the Chair's approval of the Journal.

The question being put, viva voce,

Will the House agree to the Chair's approval of said Journal?

The SPEAKER pro tempore, Mr. CAMP, announced that the yeas had it.

Mr. TIAHRT objected to the vote on the ground that a quorum was not present and not voting.

A quorum not being present,

The roll was called under clause 4, rule XV, and the call was taken by electronic device.

When there appeared ....

Yeas	384
Nays	27
Answered present	2

¶56.3 [Roll No. 288]

YEAS—384

Ackerman	Beilenson	Brown (FL)	Christensen	Hefner	Myers
Allard	Bentsen	Brown (OH)	Chrysler	Heineman	Myrick
Andrews	Bereuter	Brownback	Clayton	Herger	Nadler
Archer	Berman	Bryant (TN)	Clement	Hilleary	Neal
Armey	Bevill	Bryant (TX)	Clinger	Hobson	Nethercutt
Bachus	Bilbray	Bunn	Clyburn	Hoekstra	Neumann
Baesler	Bilirakis	Bunning	Coble	Hoke	Ney
Baker (CA)	Bishop	Burr	Coburn	Holden	Norwood
Baker (LA)	Bliley	Burton	Coleman	Horn	Nussle
Baldacci	Blute	Buyer	Collins (GA)	Hostettler	Obey
Barcia	Boehlert	Callahan	Collins (IL)	Houghton	Olver
Barr	Boehner	Calvert	Combest	Hoyer	Ortiz
Barrett (NE)	Bonilla	Camp	Condit	Hunter	Orton
Barrett (WI)	Bonior	Canady	Conyers	Hutchinson	Oxley
Bartlett	Bono	Cardin	Cooley	Hyde	Packard
Barton	Borski	Castle	Costello	Inglis	Pallone
Bass	Boucher	Chabot	Cox	Istook	Parker
Bateman	Brewster	Chambliss	Coyne	Jackson-Lee	Pastor
Becerra	Browder	Chapman	Cramer	Jefferson	Paxon
			Crane	Johnson (CT)	Payne (NJ)
			Crapo	Johnson (SD)	Payne (VA)
			Cremeans	Johnson, E. B.	Pelosi
			Cubin	Johnson, Sam	Peterson (FL)
			Cunningham	Johnston	Peterson (MN)
			Danner	Jones	Petri
			Davis	Kanjorski	Pomeroy
			de la Garza	Kaptur	Porter
			Deal	Kasich	Portman
			DeFazio	Kelly	Poshard
			DeLauro	Kennedy (MA)	Pryce
			DeLay	Kennedy (RI)	Quillen
			Dellums	Kennelly	Quinn
			Diaz-Balart	Kildee	Radanovich
			Dickey	Kim	Rahall
			Dicks	King	Ramstad
			Dingell	Kingston	Reed
			Dixon	Kleczka	Regula
			Doggett	Klink	Richardson
			Dooley	Klug	Riggs
			Doolittle	Knollenberg	Rivers
			Dornan	Kolbe	Roemer
			Doyle	LaFalce	Rogers
			Dreier	LaHood	Rohrabacher
			Duncan	Lantos	Ros-Lehtinen
			Dunn	Largent	Rose
			Durbin	Latham	Roth
			Edwards	LaTourette	Roukema
			Ehlers	Laughlin	Roybal-Allard
			Ehrlich	Lazio	Royce
			Emerson	Leach	Rush
			English	Levin	Salmon
			Ensign	Lewis (CA)	Sanders
			Eshoo	Lewis (KY)	Sanford
			Evans	Lightfoot	Sawyer
			Everett	Lincoln	Saxton
			Ewing	Linder	Scarborough
			Farr	Lipinski	Schaefer
			Fawell	Livingston	Schroeder
			Fields (LA)	LoBiondo	Schumer
			Flake	Lofgren	Seastrand
			Flanagan	Longley	Sensenbrenner
			Foley	Lowey	Serrano
			Forbes	Lucas	Shadegg
			Fowler	Luther	Shaw
			Fox	Maloney	Shays
			Frank (MA)	Manton	Shuster
			Franks (CT)	Manzullo	Skaggs
			Franks (NJ)	Markey	Skeen
			Frelinghuysen	Martinez	Skelton
			Frisa	Martini	Slaughter
			Frost	Mascara	Smith (MI)
			Funderburk	Matsui	Smith (NJ)
			Gallegly	McCarthy	Smith (WA)
			Ganske	McCollum	Solomon
			Gejdenson	McCrery	Souder
			Gekas	McDade	Spence
			Gephardt	McDermott	Spratt
			Geren	McHale	Stark
			Gibbons	McHugh	Stearns
			Gilchrest	McInnis	Stenholm
			Gilman	McIntosh	Studds
			Gonzalez	McKeon	Stump
			Goodlatte	McNulty	Stupak
			Gordon	Meehan	Talent
			Goss	Meek	Tanner
			Graham	Metcalf	Tate
			Green	Meyers	Tauzin
			Greenwood	Mica	Taylor (NC)
			Gunderson	Miller (CA)	Tejeda
			Gutierrez	Miller (FL)	Thomas
			Gutknecht	Mineta	Thornberry
			Hall (OH)	Minge	Thornton
			Hall (TX)	Mink	Thurman
			Hamilton	Moakley	Tiahrt
			Hancock	Molinari	Torkildsen
			Hansen	Montgomery	Towns
			Hastert	Moorhead	Traficant
			Hastings (WA)	Moran	Tucker
			Hayes	Morella	Upton
			Hayworth	Murtha	Velazquez

Visclosky	Weldon (FL)	Wolf
Vucanovich	Weldon (PA)	Woolsey
Walker	Weller	Wyden
Walsh	White	Wynn
Wamp	Whitfield	Yates
Ward	Wicker	Young (AK)
Waters	Williams	Young (FL)
Watt (NC)	Wilson	Zeliff
Waxman	Wise	Zimmer

NAYS—27

Abercrombie	Foglietta	Menendez
Brown (CA)	Furse	Oberstar
Chenoweth	Gillmor	Owens
Clay	Hastings (FL)	Pickett
Deutsch	Hefley	Pombo
Engel	Hinchey	Sabo
Fattah	Jacobs	Taylor (MS)
Fazio	Lewis (GA)	Vento
Filner	McKinney	Volkmer

ANSWERED ''PRESENT''—2

Harman	Stockman

NOT VOTING—21

Ballenger	Mollohan	Smith (TX)
Collins (MI)	Rangel	Stokes
Fields (TX)	Reynolds	Thompson
Ford	Roberts	Torres
Goodling	Schiff	Torricelli
Hilliard	Scott	Waldholtz
Mfume	Sisisky	Watts (OK)

So the Journal was approved.

¶56.4 MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that pursuant to Public Law 94–304, as amended by Public Law 99–7, the Chair, on behalf of the Vice President, appoints Mr. CAMPBELL, Mr. KEMPTHORNE, Mr. SANTORUM, and Mr. ABRAHAM to the Commission on Security and Cooperation in Europe.

The message also announced that pursuant to Public Law 93–29, as amended by Public Laws 98–459 and 102–375, the Chair, on behalf of the President pro tempore, reappoints Robert L. Goldman of Oklahoma to the Federal Council on the Aging.

¶56.5 NOTICE REQUIREMENT—CONSIDERATION OF RESOLUTION—QUESTION OF PRIVILEGES OF THE HOUSE

Mr. DEUTSCH, pursuant to clause 2(a)(1) of rule IX, announced his intention to call up a resolution to preserve the constitutional role of the House of Representatives to originate revenue measures, as a question of the privileges of the House.

¶56.6 PROVIDING FOR THE CONSIDERATION OF H.R. 1215

Mr. SOLOMON, by direction of the Committee on Rules, called up the following resolution (H. Res. 128):

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1215) to amend the Internal Revenue Code of 1986 to strengthen the American family and create jobs. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and the amendment in the nature of a substitute made in order as original text and shall not exceed four hours, with two hours equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means and two hours equally divided among and controlled by the chairman and ranking minority members of the Committee on the Budget and the Committee on Commerce. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule an amendment in the nature of a substitute consisting of the text of H.R. 1327, modified by the amendment printed in part 1 of the report of the Committee on rules accompanying this resolution. That amendment in the nature of a substitute shall be considered as read. All points of order against that amendment in the nature of a substitute are waived. No amendment to that amendment in the nature of a substitute shall be in order except the further amendment in the nature of a substitute printed in part 2 of the report, which may be offered only by Representative Gephardt of Missouri or his designee, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against the further amendment in the nature of a substitute are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendment as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and any amendment thereto to final passage without intervening motion except one motion to recommit with or without instructions.

When said resolution was considered.

After debate,

Mr. SOLOMON moved the previous question on the resolution to its adoption or rejection.

The question being put, viva voce,

Will the House now order the previous question?

The SPEAKER pro tempore, Mr. GOODLATTE, announced that the yeas had it.

Mr. MOAKLEY objected to the vote on the ground that a quorum was not present and not voting.

A quorum not being present,

The roll was called under clause 4, rule XV, and the call was taken by electronic device.

When there appeared { Yeas ..... 230 / Nays 203

¶56.7 [Roll No. 289]

YEAS—230

Allard	Brownback	Cooley
Archer	Bryant (TN)	Cox
Armey	Bunn	Crane
Bachus	Bunning	Crapo
Baker (CA)	Burr	Cremeans
Baker (LA)	Burton	Cubin
Ballenger	Buyer	Cunningham
Barr	Callahan	Davis
Barrett (NE)	Calvert	Deal
Bartlett	Camp	DeLay
Barton	Canady	Diaz-Balart
Bass	Castle	Dickey
Bateman	Chabot	Doolittle
Bereuter	Chambliss	Dornan
Bilbray	Chenoweth	Dreier
Bilirakis	Christensen	Duncan
Bliley	Chrysler	Dunn
Blute	Clinger	Ehlers
Boehlert	Coble	Ehrlich
Boehner	Coburn	Emerson
Bonilla	Collins (GA)	English
Bono	Combest	Ensign
Everett	Kingston	Roberts
Ewing	Klug	Rogers
Fawell	Knollenberg	Rohrabacher
Fields (TX)	Kolbe	Ros-Lehtinen
Flanagan	LaHood	Roth
Foley	Largent	Royce
Forbes	Latham	Salmon
Fowler	LaTourette	Sanford
Fox	Lazio	Saxton
Franks (CT)	Leach	Scarborough
Franks (NJ)	Lewis (CA)	Schaefer
Frelinghuysen	Lewis (KY)	Schiff
Frisa	Lightfoot	Seastrand
Funderburk	Linder	Sensenbrenner
Gallegly	Livingston	Shadegg
Ganske	LoBiondo	Shaw
Gekas	Longley	Shays
Gilchrest	Lucas	Shuster
Gillmor	Manzullo	Skeen
Gilman	Martini	Smith (MI)
Gingrich	McCollum	Smith (NJ)
Goodlatte	McCrery	Smith (TX)
Goodling	McDade	Smith (WA)
Goss	McHugh	Solomon
Graham	McInnis	Souder
Greenwood	McIntosh	Spence
Gunderson	McKeon	Stearns
Gutknecht	Metcalf	Stockman
Hancock	Meyers	Stump
Hansen	Mica	Talent
Hastert	Miller (FL)	Tate
Hastings (WA)	Molinari	Taylor (NC)
Hayworth	Moorhead	Thomas
Hefley	Morella	Thornberry
Heineman	Myers	Tiahrt
Herger	Myrick	Torkildsen
Hilleary	Nethercutt	Upton
Hobson	Neumann	Vucanovich
Hoekstra	Ney	Waldholtz
Hoke	Norwood	Walker
Horn	Nussle	Walsh
Hostettler	Oxley	Wamp
Houghton	Packard	Watts (OK)
Hunter	Paxon	Weldon (FL)
Hutchinson	Petri	Weldon (PA)
Hyde	Pombo	Weller
Inglis	Porter	White
Istook	Portman	Whitfield
Johnson (CT)	Pryce	Wicker
Johnson, Sam	Quillen	Wolf
Jones	Quinn	Young (AK)
Kasich	Radanovich	Young (FL)
Kelly	Ramstad	Zeliff
Kim	Regula	Zimmer
King	Riggs	

NAYS—203

Abercrombie	Dingell	Johnson (SD)
Ackerman	Dixon	Johnson, E. B.
Andrews	Doggett	Johnston
Baesler	Dooley	Kanjorski
Baldacci	Doyle	Kaptur
Barcia	Durbin	Kennedy (MA)
Barrett (WI)	Edwards	Kennedy (RI)
Becerra	Engel	Kennelly
Beilenson	Eshoo	Kildee
Bentsen	Evans	Kleczka
Berman	Farr	Klink
Bevill	Fattah	LaFalce
Bishop	Fazio	Lantos
Bonior	Fields (LA)	Laughlin
Borski	Filner	Levin
Boucher	Flake	Lewis (GA)
Brewster	Foglietta	Lincoln
Browder	Ford	Lipinski
Brown (CA)	Frank (MA)	Lofgren
Brown (FL)	Frost	Lowey
Brown (OH)	Furse	Luther
Bryant (TX)	Gejdenson	Maloney
Cardin	Gephardt	Manton
Chapman	Geren	Markey
Clay	Gibbons	Martinez
Clayton	Gonzalez	Mascara
Clement	Gordon	Matsui
Clyburn	Green	McCarthy
Coleman	Gutierrez	McDermott
Collins (IL)	Hall (OH)	McHale
Collins (MI)	Hall (TX)	McKinney
Condit	Hamilton	McNulty
Conyers	Harman	Meehan
Costello	Hastings (FL)	Meek
Coyne	Hayes	Menendez
Cramer	Hefner	Mfume
Danner	Hilliard	Miller (CA)
de la Garza	Hinchey	Mineta
DeFazio	Holden	Minge
DeLauro	Hoyer	Mink
Dellums	Jackson-Lee	Moakley
Deutsch	Jacobs	Mollohan
Dicks	Jefferson	Montgomery

Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Parker
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rose
Roukema
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stenholm
Stokes
Studds
Stupak
Tanner
Tauzin
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Tucker
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOT VOTING—2

Reynolds Stark

So the previous question on the resolution was ordered.

The question being put, viva voce,

Will the House agree to said resolution?

The SPEAKER pro tempore, Mr. GOODLATTE, announced that the yeas had it.

Mr. MOAKLEY objected to the vote on the ground that a quorum was not present and not voting.

A quorum not being present,

The roll was called under clause 4, rule XV, and the call was taken by electronic device.

When there appeared { Yeas ..... 228 / Nays 204

¶56.8 [Roll No. 290]

AYES—228

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bevill
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Gekas
Geren
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Goss
Graham
Greenwood
Gutknecht
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Moorhead
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Paxon
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Traficant
Upton
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Young (AK)
Young (FL)
Zeliff
Zimmer

NOES—204

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bilbray
Bishop
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Danner
Davis
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Ehrlich
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Ganske
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green
Gunderson
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Horn
Hoyer
Jackson-Lee
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
LaHood
Lantos
Levin
Lewis (GA)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Morella
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rose
Roukema
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Tucker
Velazquez
Vento
Visclosky
Volkmer
Ward
Watt (NC)
Waxman
Williams
Wilson
Wise
Wolf
Woolsey
Wyden
Wynn
Yates

NOT VOTING—3

Pomeroy Reynolds Waters

So the resolution was agreed to.

A motion to reconsider the vote whereby said resolution was agreed to was, by unanimous consent, laid on the table.

¶56.9 TAX FAIRNESS AND DEFICIT REDUCTION

The SPEAKER pro tempore, Mr. GOODLATTE, pursuant to House Resolution 128 and rule XXIII, declared the House resolved into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 1215) to amend the Internal Revenue Code of 1986 to strengthen the American family and create jobs.

The SPEAKER pro tempore, Mr. GOODLATTE, by unanimous consent, designated Mr. BOEHNER as Chairman of the Committee of the Whole; and after some time spent therein,

¶56.10 CALL IN COMMITTEE

Mr. BOEHNER, Chairman, announced that the Committee, having had under consideration said bill, finding itself without a quorum, directed the Members to record their presence by electronic device, and the following-named Members responded—

¶56.11 [Roll No. 291]

Abercrombie
Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooley
Costello
Cox
Coyne
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Deutsch
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Ford
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)

Hastings (WA)	McHale	Scarborough
Hayes	McHugh	Schaefer
Hayworth	McInnis	Schiff
Hefley	McIntosh	Schroeder
Hefner	McKeon	Schumer
Heineman	McKinney	Scott
Herger	McNulty	Sensenbrenner
Hilleary	Meehan	Serrano
Hilliard	Meek	Shadegg
Hinchey	Menendez	Shaw
Hobson	Metcalf	Shays
Hoekstra	Meyers	Shuster
Hoke	Mfume	Sisisky
Holden	Mica	Skaggs
Horn	Miller (CA)	Skeen
Hostettler	Miller (FL)	Skelton
Houghton	Mineta	Slaughter
Hoyer	Minge	Smith (MI)
Hunter	Mink	Smith (NJ)
Hutchinson	Moakley	Smith (TX)
Hyde	Molinari	Smith (WA)
Inglis	Mollohan	Solomon
Istook	Montgomery	Souder
Jackson-Lee	Moorhead	Spence
Jacobs	Moran	Spratt
Jefferson	Morella	Stearns
Johnson (CT)	Murtha	Stenholm
Johnson (SD)	Myers	Stockman
Johnson, E. B.	Myrick	Stokes
Johnson, Sam	Nadler	Studds
Johnston	Neal	Stump
Jones	Nethercutt	Stupak
Kanjorski	Neumann	Talent
Kaptur	Ney	Tanner
Kasich	Norwood	Tate
Kelly	Nussle	Tauzin
Kennedy (MA)	Oberstar	Taylor (MS)
Kennedy (RI)	Obey	Taylor (NC)
Kennelly	Olver	Tejeda
Kildee	Ortiz	Thomas
Kim	Owens	Thompson
King	Packard	Thornberry
Kingston	Pallone	Thornton
Klink	Parker	Thurman
Klug	Paxon	Tiahrt
Knollenberg	Payne (NJ)	Torkildsen
Kolbe	Payne (VA)	Torres
LaFalce	Peterson (FL)	Torricelli
LaHood	Peterson (MN)	Towns
Lantos	Petri	Traficant
Largent	Pickett	Tucker
Latham	Pombo	Upton
LaTourette	Pomeroy	Velazquez
Laughlin	Porter	Vento
Lazio	Portman	Visclosky
Leach	Poshard	Volkmer
Levin	Pryce	Vucanovich
Lewis (CA)	Quillen	Waldholtz
Lewis (GA)	Quinn	Walker
Lewis (KY)	Radanovich	Walsh
Lightfoot	Rahall	Wamp
Lincoln	Ramstad	Ward
Linder	Rangel	Waters
Lipinski	Reed	Watt (NC)
Livingston	Regula	Watts (OK)
LoBiondo	Richardson	Weldon (FL)
Lofgren	Rivers	Weldon (PA)
Longley	Roberts	Weller
Lowey	Roemer	White
Lucas	Rogers	Whitfield
Luther	Rohrabacher	Wicker
Maloney	Ros-Lehtinen	Williams
Manton	Rose	Wilson
Manzullo	Roth	Wise
Markey	Roukema	Wolf
Martinez	Roybal-Allard	Woolsey
Martini	Royce	Wyden
Mascara	Rush	Wynn
Matsui	Sabo	Yates
McCarthy	Salmon	Young (AK)
McCollum	Sanders	Young (FL)
McCrery	Sanford	Zeliff
McDade	Sawyer	Zimmer
McDermott	Saxton	

Thereupon, Mr. BOEHNER, Chairman, announced that 416 Members had been recorded, a quorum.

The Committee resumed its business.

After some further time,

¶56.12 RECORDED VOTE

A recorded vote by electronic device was ordered in the Committee of the Whole on the following amendment in the nature of a substitute submitted by Mr. GEPHARDT:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''School Act of 1995''.

(b) TABLE OF CONTENTS.—

TITLE I—INCENTIVES FOR INVESTMENT IN HIGHER EDUCATION

SEC. 101. DEDUCTION FOR HIGHER EDUCATION EXPENSES.

(a) DEDUCTION ALLOWED.— Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions for individuals) is amended by redesignating section 220 as section 221 and by inserting after section 219 the following new section:

''SEC. 220. HIGHER EDUCATION TUITION AND FEES.

''(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction the amount of qualified higher education expenses paid by the taxpayer during the taxable year.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—

''(A) IN GENERAL.—The amount allowed as a deduction under subsection (a) for any taxable year shall not exceed $10,000.

''(B) PHASE-IN.—In the case of taxable years beginning in 1996, 1997, or 1998, '$5,000' shall be substituted for '$10,000' in subparagraph (A).

''(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(A) IN GENERAL.—The amount which would (but for this paragraph) be taken into account under paragraph (1) shall be reduced (but not below zero) by the amount determined under subparagraph (B).

''(B) AMOUNT OF REDUCTION.—The amount determined under this subparagraph equals the amount which bears the same ratio to the amount which would be so taken into account as—

''(i) the excess of—

''(I) the taxpayer's modified adjusted gross income for such taxable year, over

''(II) $50,000 ($75,000 in the case of a joint return), bears to

''(ii) $10,000.

''(C) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year determined—

''(i) without regard to this section and sections 911, 931, and 933, and

''(ii) after the application of sections 86, 135, 219 and 469.

For purposes of sections 86, 135, 219, and 469, adjusted gross income shall be determined without regard to the deduction allowed under this section.

''(c) QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of this section—

''(1) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition and fees charged by an educational institution and required for the enrollment or attendance of—

''(i) the taxpayer,

''(ii) the taxpayer's spouse, or

''(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151,

as an eligible student at an institution of higher education.

''(B) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—Such term does not include expenses with respect to any course or other education involving sports, games, or hobbies, unless such expenses—

''(i) are part of a degree program, or

''(ii) are deductible under this chapter without regard to this section.

''(C) EXCEPTION FOR NONACADEMIC FEES.—Such term does not include any student activity fees, athletic fees, insurance expenses, or other expenses unrelated to a student's academic course of instruction.

''(D) ELIGIBLE STUDENT.—For purposes of subparagraph (A), the term 'eligible student' means a student who—

''(i) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

''(ii)(I) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education, or

''(II) is enrolled in a course which enables the student to improve the student's job skills or to acquire new job skills.

''(E) IDENTIFICATION REQUIREMENT.—No deduction shall be allowed under subsection (a) to a taxpayer with respect to an eligible student unless the taxpayer includes the name, age, and taxpayer identification number of such eligible student on the return of tax for the taxable year.

''(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution which—

''(A) is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

''(B) is eligible to participate in programs under title IV of such Act.

''(d) SPECIAL RULES.—

''(1) NO DOUBLE BENEFIT.—

''(A) IN GENERAL.—No deduction shall be allowed under subsection (a) for qualified higher education expenses with respect to which a deduction is allowable to the taxpayer under any other provision of this chapter unless the taxpayer irrevocably waives his right to the deduction of such expenses under such other provision.

''(B) DEPENDENTS.—No deduction shall be allowed under subsection (a) to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(C) SAVINGS BOND EXCLUSION.—A deduction shall be allowed under subsection (a) for qualified higher education expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135 for the taxable year.

''(2) LIMITATION ON TAXABLE YEAR OF DEDUCTION.—

''(A) IN GENERAL.—A deduction shall be allowed under subsection (a) for any taxable year only to the extent the qualified higher education expenses are in connection with enrollment at an institution of higher education during the taxable year.

''(B) CERTAIN PREPAYMENTS ALLOWED.—Subparagraph (A) shall not apply to qualified higher education expenses paid during a taxable year if such expenses are in connection with an academic term beginning during such taxable year or during the 1st 3 months of the next taxable year.

''(3) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS AND VETERANS BENEFITS.—The amount of qualified higher education expenses otherwise taken into account under subsection (a) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the sum of the amounts received with respect to such individual for the taxable year as—

''(A) a qualified scholarship which under section 117 is not includable in gross income,

''(B) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or

''(C) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for educational expenses, or attributable to enrollment at an eligible educational institution, which is exempt from income taxation by any law of the United States.

''(4) NO DEDUCTION FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year. The preceeding sentence shall not apply if the taxpayer lives apart from his spouse at all times during the taxable year.

''(5) NONRESIDENT ALIENS.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

''(6) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring recordkeeping and information reporting.''

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a) of such Code is amended by inserting after paragraph (15) the following new paragraph:

''(16) HIGHER EDUCATION TUITION AND FEES.—The deduction allowed by section 220.''

(c) CONFORMING AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 220 and inserting:

''Sec. 220. Higher education tuition and fees.
''Sec. 221. Cross reference.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made after December 31, 1995.

SEC. 102. DEDUCTION FOR INTEREST ON LOANS FOR HIGHER EDUCATION.

(a) IN GENERAL.—Paragraph (2) of section 163(h) of the Internal Revenue Code of 1986 (defining personal interest) is amended by striking ''and'' at the end of subparagraph (D), by redesignating subparagraph (E) as subparagraph (F), and by inserting after subparagraph (D) the following new subparagraph:

''(E) any interest on a qualified higher education loan, and''.

(b) QUALIFIED HIGHER EDUCATION LOAN DEFINED.—Paragraph (5) of section 163(h) of such Code (relating to phase-in of limitations) is amended to read as follows:

''(5) QUALIFIED HIGHER EDUCATION LOAN.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified higher education loan' means any loan incurred by the taxpayer under a State or Federal student loan program to pay qualified higher education expenses (as defined in section 220(c))—

''(i) which are paid or incurred within a reasonable period of time before or after the indebtedness is incurred, and

''(ii) which are attributable to education furnished during a period during which the recipient was an eligible student (as defined in such section).

Such term includes indebtedness used to refinance indebtedness which qualifies as a qualified higher education loan.

''(B) REDUCTION OF BENEFIT FOR HIGHER INCOME TAXPAYERS.—

''(i) IN GENERAL.—The amount of interest which would (but for this subparagraph) be taken into account under paragraph (2)(E) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the amount of such interest as—

''(I) the excess of the taxpayer's modified adjusted gross income for such taxable year over $50,000 ($75,000 in the case of a joint return), bears to

''(II) $10,000.

''(ii) MODIFIED ADJUSTED GROSS INCOME.—For purposes of clause (i), the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year determined—

''(I) without regard to paragraph (2)(E) and sections 911, 931, and 933, and

''(II) after the application of sections 86, 135, 219, 220, and 469.

For purposes of sections 86, 135, 219, 220, and 469, adjusted gross income shall be determined without regard to the deduction allowed by reason of paragraph (2)(E).

''(C) COORDINATION WITH LIMITATION ON HOME EQUITY INDEBTEDNESS.—Any qualified higher education loan shall not be taken into account for purposes of applying the limitation of paragraph (3)(C)(ii).

''(D) COORDINATION WITH SAVINGS BOND EXCLUSION.—The amount of qualified higher education expenses for any taxable year otherwise taken into account under subparagraph (A) shall be reduced by any amount excludable from gross income under section 135 for such taxable year.

''(E) OTHER RULES TO APPLY.—Rules similar to the rules of subparagraphs (B) and (C) of paragraph (1), and paragraphs (3), (4), and (5), of section 220(d), shall apply for purposes of this section.''

(c) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a) of such Code is amended by inserting after paragraph (16) the following new paragraph:

''(17) INTEREST ON LOANS FOR HIGHER EDUCATION.—The deduction allowed by section 163 to the extent attributable to any qualified higher education loan (as defined in section 163(h)(5)).''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or accrued after December 31, 1995.

SEC. 103. EXPANSION OF EDUCATION SAVING BOND PROGRAM.

(a) HIGHER YIELD ON GUARANTEED EDUCATION PLAN BONDS.—Subsection (b) of section 3101 of title 31, United States Code, is amended by adding at the end the following new paragraph:

''(3)(A) The Secretary shall issue savings bonds which are designated as Guaranteed Education Plan Bonds.

''(B)(i) Except as provided in clause (ii) or by the Secretary, Guaranteed Education Plan Bonds shall have the same terms and conditions as other savings bonds.

''(ii) Guaranteed Education Plan Bonds, if redeemed under circumstances such that the Secretary is reasonably certain that the redemption proceeds will be used to pay the qualified higher education expenses (as defined in section 135 of the Internal Revenue Code of 1986) of the individual holding the bond, shall have an investment yield which is materially greater than the investment yield when not so used.''

(b) REDUCTION OF AGE LIMIT ON INDIVIDUAL TO WHOM BOND ISSUED.—Subparagraph (B) of section 135(b)(1) is amended by striking ''age 24'' and inserting ''age 21''.

(c) TAXPAYER NEED NOT BE PURCHASER OF BOND.—Nothing in section 135 of the Internal Revenue Code of 1986 shall be construed to require that, in order for a savings bond to be a qualified United States savings bond under such section, the purchaser of the bond must be the individual to whom the bond is issued.

(d) LIMITATION ON INFLATION ADJUSTMENT.—Subparagraph (B) of section 135(b)(2)

is amended by adding at the end the following new flush sentence:

''In no event shall be adjustment under this subparagraph increase the $40,000 amount to more than $50,000 or the $60,000 amount to more than $70,000.''

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

(2) SUBSECTION (d).—The amendment made by subsection (d) shall apply to taxable years beginning after December 31, 1995.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the administrative expenses of the Department of the Treasury to carry out the amendment made by subsection (a)—

(1) $650,000 for the fiscal year beginning after the date of the enactment of this Act, and

(2) $11,900,000 for each following fiscal year.

SEC. 104. DEDUCTION FOR IRA CONTRIBUTIONS AVAILABLE TO ALL MIDDLE-INCOME TAXPAYERS.

(a) IN GENERAL.—Subparagraph (B) of section 219(g)(3) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''$40,000'' in clause (i) and inserting ''$75,000'', and

(2) by striking ''$25,000'' in clause (ii) and inserting ''$50,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to contributions for taxable years beginning after December 31, 1995.

SEC. 105. DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS MAY BE USED WITHOUT PENALTY TO PAY HIGHER EDUCATION EXPENSES.

(a) IN GENERAL.—Paragraph (2) of section 72(t) of the Internal Revenue Code of 1986 (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end thereof the following new subparagraph:

''(D) DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR HIGHER EDUCATIONAL EXPENSES.—Distributions to an individual from an individual retirement plan to the extent such distributions during the taxable year do not exceed the amount allowed as a deduction under section 220 to the taxpayer for such taxable year.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after December 31, 1995.

SEC. 106. SPOUSAL IRA COMPUTED ON BASIS OF COMPENSATION OF BOTH SPOUSES.

(a) IN GENERAL.—Subsection (c) of section 219 of the Internal Revenue Code of 1986 (relating to special rules for certain married individuals) is amended to read as follows:

''(c) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—

''(1) IN GENERAL.—In the case of an individual to whom this paragraph applies for the taxable year, the limitation of subsection (b)(1) shall be equal to the lesser of—

''(A) $2,000, or

''(B) the sum of—

''(i) the compensation includible in such individual's gross income for the taxable year, plus

''(ii) the compensation includible in the gross income of such individual's spouse for the taxable year reduced by the amount allowable as a deduction under subsection (a) to such spouse for such taxable year.

''(2) INDIVIDUALS TO WHOM PARAGRAPH (1) APPLIES.—Paragraph (1) shall apply to any individual if—

''(A) such individual files a joint return for the taxable year, and

''(B) the amount of compensation (if any) includible in such individual's gross income for the taxable year is less than the compensation includible in the gross income of such individual's spouse for the taxable year.

''(3) PHASEIN OF BENEFIT.—The amount determined under paragraph (1)(B)(ii) for any taxable year beginning in a calendar year shall not exceed the sum of—

''(A) $250, plus

''(B) the product of $250 and the number of calendar years which such calendar year is after 1996.''

(b) TECHNICAL AMENDMENT.—Paragraph (2) of section 219(f) of such Code (relating to other definitions and special rules) is amended by striking ''subsections (b) and (c)'' and inserting ''subsection (b)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions for taxable years beginning after December 31, 1995.

TITLE II—NONDEDUCTIBLE TAX-FREE INDIVIDUAL RETIREMENT ACCOUNTS

SEC. 201. ESTABLISHMENT OF NONDEDUCTIBLE TAX-FREE INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by inserting after section 408 the following new section:

''SEC. 408A. SPECIAL INDIVIDUAL RETIREMENT ACCOUNTS.

''(a) GENERAL RULE.—Except as provided in this chapter, a special individual retirement account shall be treated for purposes of this title in the same manner as an individual retirement plan.

''(b) SPECIAL INDIVIDUAL RETIREMENT ACCOUNT.—For purposes of this title, the term 'special individual retirement account' means an individual retirement plan which is designated at the time of establishment of the plan as a special individual retirement account.

''(c) TREATMENT OF CONTRIBUTIONS.—

''(1) NO DEDUCTION ALLOWED.—No deduction shall be allowed under section 219 for a contribution to a special individual retirement account.

''(2) CONTRIBUTION LIMIT.—The aggregate amount of contributions for any taxable year to all special individual retirement accounts maintained for the benefit of an individual shall not exceed the excess (if any) of—

''(A) the maximum amount allowable as a deduction under section 219 with respect to such individual for such taxable year, over

''(B) the amount so allowed.

''(3) SPECIAL RULES FOR QUALIFIED TRANSFERS.—

''(A) IN GENERAL.—No rollover contribution may be made to a special individual retirement account unless it is a qualified transfer.

''(B) LIMIT NOT TO APPLY.—The limitation under paragraph (2) shall not apply to a qualified transfer to a special individual retirement account.

''(d) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) IN GENERAL.—Except as provided in this subsection, any amount paid or distributed out of a special individual retirement account shall not be included in the gross income of the distributee.

''(2) EXCEPTION FOR EARNINGS ON CONTRIBUTIONS HELD LESS THAN 5 YEARS.—

''(A) IN GENERAL.—Any amount distributed out of a special individual retirement account which consists of earnings allocable to contributions made to the account during the 5-year period ending on the day before such distribution shall be included in the gross income of the distributee for the taxable year in which the distribution occurs.

''(B) ORDERING RULE.—

''(i) FIRST-IN, FIRST-OUT RULE.—Distributions from a special individual retirement account shall be treated as having been made—

''(I) first from the earliest contribution (and earnings allocable thereto) remaining in the account at the time of the distribution, and

''(II) then from other contributions (and earnings allocable thereto) in the order in which made.

''(ii) ALLOCATIONS BETWEEN CONTRIBUTIONS AND EARNINGS.—Any portion of a distribution allocated to a contribution (and earnings allocable thereto) shall be treated as allocated first to the earnings and then to the contribution.

''(iii) ALLOCATION OF EARNINGS.—Earnings shall be allocated to a contribution in such manner as the Secretary may by regulations prescribe.

''(iv) CONTRIBUTIONS IN SAME YEAR.—Except as provided in regulations, all contributions made during the same taxable year may be treated as 1 contribution for purposes of this subparagraph.

''(C) CROSS REFERENCE.—

''For additional tax for early withdrawal, see section 72(t).

''(3) QUALIFIED TRANSFER.—

''(A) IN GENERAL.—Paragraph (2) shall not apply to any distribution which is transferred in a qualified transfer to another special individual retirement account.

''(B) CONTRIBUTION PERIOD.—For purposes of paragraph (2), the special individual retirement account to which any contributions are transferred shall be treated as having held such contributions during any period such contributions were held (or are treated as held under this subparagraph) by the special individual retirement account from which transferred.

''(4) SPECIAL RULES RELATING TO CERTAIN TRANSFERS.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of a qualified transfer to a special individual retirement account from an individual retirement plan which is not a special individual retirement account—

''(i) there shall be included in gross income any amount which, but for the qualified transfer, would be includible in gross income, but

''(ii) section 72(t) shall not apply to such amount.

''(B) TIME FOR INCLUSION.—In the case of any qualified transfer which occurs before January 1, 1997, any amount includible in gross income under subparagraph (A) with respect to such contribution shall be includible ratably over the 4-taxable year period beginning in the taxable year in which the amount was paid or distributed out of the individual retirement plan.

''(e) QUALIFIED TRANSFER.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified transfer' means a transfer to a special individual retirement account from another such account or from an individual retirement plan but only if such transfer meets the requirements of section 408(d)(3).

''(2) LIMITATION.—A transfer otherwise described in paragraph (1) shall not be treated as a qualified transfer if the taxpayer's adjusted gross income for the taxable year of the transfer exceeds the sum of—

''(A) the applicable dollar amount, plus

''(B) the dollar amount applicable for the taxable year under section 219(g)(2)(A)(ii).

This paragraph shall not apply to a transfer from a special individual retirement account to another special individual retirement account.

''(3) DEFINITIONS.—For purposes of this subsection, the terms 'adjusted gross income' and 'applicable dollar amount' have the meanings given such terms by section 219(g)(3), except subparagraph (A)(ii) thereof shall be applied without regard to the phrase

'or the deduction allowable under this section'.''

(b) EARLY WITHDRAWAL PENALTY.—Section 72(t) of such Code is amended by adding at the end the following new paragraph:

''(6) RULES RELATING TO SPECIAL INDIVIDUAL RETIREMENT ACCOUNTS.—In the case of a special individual retirement account under section 408A—

''(A) this subsection shall only apply to distributions out of such account which consist of earnings allocable to contributions made to the account during the 5-year period ending on the day before such distribution, and

''(B) paragraph (2)(A)(i) shall not apply to any distribution described in subparagraph (A).''

(c) EXCESS CONTRIBUTIONS.—Section 4973(b) of such Code is amended by adding at the end the following new sentence: ''For purposes of paragraphs (1)(B) and (2)(C), the amount allowable as a deduction under section 219 shall be computed without regard to section 408A.''

(d) CONFORMING AMENDMENT.—The table of sections for subpart A of part I of subchapter D of chapter 1 of such Code is amended by inserting after the item relating to section 408 the following new item:

''Sec. 408A. Special individual retirement accounts.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

TITLE III—TAX BENEFITS CONTINGENT ON FEDERAL BUDGET

SEC. 301. EFFECTIVE DATES OF TAX BENEFITS DELAYED UNTIL FEDERAL BUDGET PROJECTED TO BE IN BALANCE.

(a) IN GENERAL.—Notwithstanding any provision of title I or II of this Act and any amendment made by such titles, except as otherwise provided in this section—

(1) any reference in this such titles (or in any amendment made by such titles) to 1995 shall be treated as a reference to the calendar year ending in the first successful deficit reduction year, and

(2) any reference in such titles (or in any amendment made by such titles) to any later calendar year shall be treated as a reference to the calendar year which is the same number of years after such first calendar year as such later year is after 1995.

(b) FIRST SUCCESSFUL DEFICIT REDUCTION YEAR.—For purposes of this section and section 302—

(1) IN GENERAL.—The term ''first successful deficit reduction year'' means the first fiscal year beginning after the date of the enactment of this Act with respect to which there is an OMB certification before the beginning of such fiscal year that the budget of the United States will be in balance by fiscal year 2002 based upon estimates of enacted legislation, including the amendments made by this Act.

(2) OMB CERTIFICATION.—The term ''OMB certification'' means a written certification by the Director of the Office of Management and Budget to the President and the Congress.

(c) CERTIFICATION DURING 1995.—Subsection (a) shall not apply if there is an OMB certification made during 1995 that the budget of the United States will be in balance by fiscal year 2002 based upon estimates of enacted legislation, including the amendments made by this Act.

SEC. 302. TERMINATION OF TAX BENEFITS IF FEDERAL BUDGET DEFICIT REDUCTION TARGETS ARE NOT MET.

(a) NO CREDITS, DEDUCTIONS, EXCLUSIONS, PREFERENTIAL RATE OF TAX, ETC.—No tax benefit provided by any provision of the Internal Revenue Code of 1986 added by title I or II of this Act shall apply to any taxable year beginning after the calendar year in which the first failed deficit reduction year ends.

(b) FIRST FAILED DEFICIT REDUCTION YEAR.—For purposes of this section, the term ''first failed deficit reduction year'' means the first fiscal year (beginning after the earliest date on which any amendment made by title I or II takes effect) with respect to which there is an OMB certification during the 3-month period after the close of such fiscal year that the actual deficit in the budget of the United States for such fiscal year was greater than the deficit target for such fiscal year specified in the following table:

"In the case of fiscal year:	The deficit target (in billions) is:
1996	$150
1997	125
1998	100
1999	75
2000	50
2001	25
2002 or thereafter	0.

TITLE IV—REVISIONS TO DISCRETIONARY SPENDING LIMITS AND BUDGET PROCESS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Discretionary Spending Reduction and Control Act of 1995''.

SEC. 402. DISCRETIONARY SPENDING LIMITS.

(a) LIMITS.—Section 601(a)(2) of the Congressional Budget Act of 1974 is amended by striking subparagraphs (A), (B), (C), (D), and (F), by redesignating subparagraph (E) as subparagraph (A) and by striking ''and'' at the end of that subparagraph, and by inserting after subparagraph (A) the following new subparagraphs:

''(B) with respect to fiscal year 1996, for the discretionary category: $516,478,000,000 in new budget authority and $549,054,000,000 in outlays;

''(C) with respect to fiscal year 1997, for the discretionary category: $522,894,000,000 in new budget authority and $544,051,000,000 in outlays;

''(D) with respect to fiscal year 1998, for the discretionary category: $528,810,000,000 in new budget authority and $545,548,000,000 in outlays;

''(E) with respect to fiscal year 1999, for the discretionary category: $527,753,000,000 in new budget authority and $544,402,000,000 in outlays; and

''(F) with respect to fiscal year 2000, for the discretionary category: $527,040,000,000 in new budget authority and $543,357,000,000 in outlays;''.

(b) COMMITTEE ALLOCATIONS AND ENFORCEMENT.—Section 602 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (c), by striking ''1995'' and inserting ''2000'' and by striking its last sentence; and

(2) in subsection (d), by striking ''1992 TO 1995'' in the side heading and inserting ''1995 TO 2000'' and by striking ''1992 through 1995'' and inserting ''1995 through 2000''.

(c) FIVE-YEAR BUDGET RESOLUTIONS.—Section 606 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (a), by striking ''1992, 1993, 1994, or 1995'' and inserting ''1995, 1996, 1997, 1998, 1999, or 2000''; and

(2) in subsection (d)(1), by striking ''1992, 1993, 1994, and 1995'' and inserting ''1995, 1996, 1997, 1998, 1999, and 2000'', and by striking ''(i) and (ii)''.

(d) EFFECTIVE DATE.—Section 607 of the Congressional Budget Act of 1974 is amended by striking ''1991 to 1998'' and inserting ''1995 to 2000''.

(e) SEQUESTRATION REGARDING CRIME TRUST FUND.—Section 251A(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking its last sentence and inserting the following:

''(E) For fiscal year 1999, $5,639,000,000.

''(F) For fiscal year 2000, $6,225,000,000.

SEC. 403. GENERAL STATEMENT AND DEFINITIONS.

(a) GENERAL STATEMENT.—Section 250(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the first sentence and inserting the following: ''This part provides for the enforcement of deficit reduction through discretionary spending limits and pay-as-you-go requirements for fiscal years 1995 through 2000.''.

(b) DEFINITIONS.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking paragraph (4) and inserting the following:

''(4) The term 'category' means all discretionary appropriations.'';

(2) by striking paragraph (6) and inserting the following:

''(6) The term 'budgetary resources' means new budget authority, unobligated balances, direct spending authority, and obligation limitations.'';

(3) in paragraph (9), by striking ''1992'' and inserting ''1995'';

(4) in paragraph (14), by striking ''1995'' and inserting ''2000''; and

(5) by striking paragraph (17) and by redesignating paragraphs (18) through (21) as paragraphs (17) through (20), respectively.

SEC. 404. ENFORCING DISCRETIONARY SPENDING LIMITS.

Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the side heading of subsection (a), by striking ''1991–1998'' and inserting ''1995–2000'';

(2) in the first sentence of subsection (b)(1), by striking ''1992, 1993, 1994, 1995, 1996, 1997 or 1998'' and inserting ''1995, 1996, 1997, 1998, 1999, or 2000'' and by striking ''through 1998'' and inserting ''through 2000'';

(3) in subsection (b)(1), by striking subparagraphs (B) and (C) and by striking ''the following:'' and all that follows through ''The adjustments'' and inserting ''the following: the adjustments'';

(4) in subsection (b)(2), by striking ''1991, 1992, 1993, 1994, 1995, 1996, 1997, or 1998'' and inserting ''1995, 1996, 1997, 1998, 1999, or 2000'' and by striking ''through 1998'' and inserting ''through 2000'';

(5) by striking subparagraphs (A), (B), and (C) of subsection (b)(2);

(6) in subsection (b)(2)(E), by striking clauses (i), (ii), and (iii) and by striking ''(iv) if, for fiscal years 1994, 1995, 1996, 1997, and 1998'' and inserting ''If, for fiscal years 1995, 1996, 1997, 1998, 1999, and 2000''; and

(7) in subsection (b)(2)(F), strike everything after ''the adjustment in outlays'' and insert ''for a category for a fiscal year shall not exceed 0.5 percent of the adjusted discretionary spending limit on outlays for that fiscal year in fiscal year 1996, 1997, 1998, 1999, or 2000.''.

SEC. 405. ENFORCING PAY-AS-YOU-GO.

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the side heading of subsection (a), by striking ''1992–1998'' and inserting ''1995–2000'';

(2) in subsection (d), by striking ''1998'' each place it appears and inserting ''2000''; and

(3) in subsection (e), by striking ''1991 through 1998'' and inserting ''1995 through 2000'' and by striking ''through 1995'' and inserting ''through 2000''.

SEC. 406. REPORTS AND ORDERS.

Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (d)(2), by striking ''1998'' and inserting ''2000''; and

(2) in subsection (g), by striking ''1998'' each place it appears and inserting ''2000''.

SEC. 407. TECHNICAL CORRECTION.

Section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985, entitled ''Modification of Presidential Order'', is repealed.

SEC. 408. EFFECTIVE DATE.

(a) EXPIRATION.—Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''1995'' and inserting ''2000''.

(b) EXPIRATION.—Section 14002(c)(3) of the Omnibus Budget Reconciliation Act of 1993 (2 U.S.C. 900 note; 2 U.S.C. 665 note) is repealed.

SEC. 409. SAVINGS FROM PROVISIONS OF THIS TITLE REDUCING DISCRETIONARY SPENDING TO BE ADDED TO PAY-AS-YOU-GO SCORECARD.

(a)(1) The net change in outlays for any fiscal year through fiscal year 2000 estimated to result from provisions of this title revising or extending limits on discretionary spending and spending from the Violent Crime Reduction Trust Fund shall be considered a change in direct spending for purposes of section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(2) In applying paragraph (1), the change in outlays resulting from provisions of this title revising and extending the limits on discretionary spending set forth in section 601(a)(2) of the Congressional Budget Act of 1974 shall be computed as follows:

(A) For fiscal years 1996 through 1998, by comparing the outlay limit resulting from this title for each year with the outlay limit for that year in effect immediately prior to enactment of this Act.

(B) For fiscal years 1999 and 2000, by comparing the outlay limit resulting from this title for each year with the limit for fiscal year 1998 in effect immediately prior to enactment of this Act.

(3) In applying paragraph (1), the change in outlays resulting from provisions of this title extending the limits on spending from the Violent Crime Reduction Trust Fund set forth in section 251A(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be computed by comparing the outlay limit resulting from this title for each year with the level of outlays for that year referred to in the last 2 sentences of section 251A(b)(1) of such Act as in effect immediately before the enactment of this Act.

(b) Except as provided in subsection (a), no statutory reduction in the discretionary spending limits shall be counted in estimates under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 410. CLARIFICATION OF ORDER IN WHICH ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS ARE TO BE MADE.

In the OMB final sequestration report for fiscal year 1996—

(1) all adjustments required by section 251(b)(2) made after the preview report for fiscal year 1996 shall be made to the discretionary spending limits set forth in 601(a)(2) of the Congressional Budget Act of 1974 as amended by section 402; and

(2) all statutory changes in the discretionary spending limits made by the Personal Responsibility Act of 1995 or by the Act entitled ''An Act making emergency supplemental appropriations for additional disaster assistance and making rescissions for the fiscal year ending September 30, 1995, and for other purposes'' shall be made to those limits.

TITLE V—PROVISIONS RELATING TO INTERNATIONAL TAXATION

SEC. 501. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) CITIZENS.—If any United States citizen relinquishes his citizenship during a taxable year, all property held by such citizen at the time immediately before such relinquishment shall be treated as sold at such time for its fair market value and any gain or loss shall be taken into account for such taxable year.

''(2) CERTAIN RESIDENTS.—If any long-term resident of the United States ceases to be subject to tax as a resident of the United States for any portion of any taxable year, all property held by such resident at the time of such cessation shall be treated as sold at such time for its fair market value and any gain or loss shall be taken into account for the taxable year which includes the date of such cessation.

''(b) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this subsection) be includible in the gross income of any taxpayer by reason of subsection (a) shall be reduced (but not below zero) by $600,000.

''(c) PROPERTY TREATED AS HELD.—For purposes of this section, except as otherwise provided by the Secretary, an individual shall be treated as holding—

''(1) all property which would be includible in his gross estate under chapter 11 were such individual to die at the time the property is treated as sold,

''(2) any other interest in a trust which the individual is treated as holding under the rules of section 679(e) (determined by treating such section as applying to foreign and domestic trusts), and

''(3) any other interest in property specified by the Secretary as necessary or appropriate to carry out the purposes of this section.

''(d) EXCEPTIONS.—The following property shall not be treated as sold for purposes of this section:

''(1) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the date the individual relinquishes his citizenship or ceases to be subject to tax as a resident, meet the requirements of section 897(c)(2).

''(2) INTEREST IN CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(d)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

''(B) FOREIGN PENSION PLANS.—

''(i) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

''(ii) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed $500,000.

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

''(1) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the date the United States Department of State issues to the individual a certificate of loss of nationality or on the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

''(2) LONG-TERM RESIDENT.—

''(A) IN GENERAL.—The term 'long-term resident' means any individual (other than a citizen of the United States) who is a lawful permanent resident of the United States and, as a result of such status, has been subject to tax as a resident in at least 10 taxable years during the period of 15 taxable years ending with the taxable year during which the sale under subsection (a) is treated as occurring.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), there shall not be taken into account—

''(i) any taxable year during which any prior sale is treated under subsection (a) as occurring, or

''(ii) any taxable year prior to the taxable year referred to in clause (i).

''(f) TERMINATION OF DEFERRALS, ETC.—On the date any property held by an individual is treated as sold under subsection (a)—

''(1) any period deferring recognition of income or gain shall terminate, and

''(2) any extension of time for payment of tax shall cease to apply and the unpaid portion of such tax shall be due and payable.

''(g) ELECTION BY EXPATRIATING RESIDENTS.—Solely for purposes of determining gain under subsection (a)—

''(1) IN GENERAL.—At the election of a resident not a citizen of the United States, property—

''(A) which was held by such resident on the date the individual first became a resident of the United States during the period of long-term residency to which the treatment under subsection (a) relates, and

''(B) which is treated as sold under subsection (a),

shall be treated as having a basis on such date of not less than the fair market value of such property on such date.

''(2) ELECTION.—Such an election shall apply to all property described in paragraph (1), and, once made, shall be irrevocable.

''(h) DEFERRAL OF TAX ON CLOSELY HELD BUSINESS INTERESTS.—The District Director may enter into an agreement with any individual which permits such individual to defer payment for not more than 5 years of any tax imposed by subsection (a) by reason of holding any interest in a closely held business (as defined in section 6166(b)) other than a United States real property interest described in subsection (d)(1).

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

''(j) CROSS REFERENCE.—

''For termination of United States citizenship for tax purposes, see section 7701(a)(47).''

(b) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) of such Code is amended by adding at the end the following new paragraph:

''(47) TERMINATION OF UNITED STATES CITIZENSHIP.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(1).''

(c) CONFORMING AMENDMENTS.—

(1) Section 877 of such Code is amended by adding at the end the following new subsection:

''(f) TERMINATION.—This section shall not apply to any individual who is subject to the provisions of section 877A.''

(2) Paragraph (10) of section 7701(b) of such Code is amended by adding at the end the following new sentence: ''This paragraph shall not apply to any individual who is subject to the provisions of section 877A.''

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 of such Code is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''

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

(1) United States citizens who relinquish (within the meaning of section 877A(e)(1) of the Internal Revenue Code of 1986, as added by this section) United States citizenship on or after February 6, 1995, and

(2) long-term residents (as defined in such section) who cease to be subject to tax as residents of the United States on or after such date.

SEC. 502. IMPROVED INFORMATION REPORTING ON FOREIGN TRUSTS.

(a) IN GENERAL.—Section 6048 of the Internal Revenue Code of 1986 (relating to returns as to certain foreign trusts) is amended to read as follows:

''SEC. 6048. INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

''(a) NOTICE OF CERTAIN EVENTS.—

''(1) GENERAL RULE.—On or before the 90th day (or such later day as the Secretary may prescribe) after any reportable event, the responsible party shall—

''(A) notify each trustee of the trust of the requirements of subsection (b), and

''(B) provide written notice of such event to the Secretary in accordance with paragraph (2).

''(2) CONTENTS OF NOTICE.—The notice required by paragraph (1)(B) shall contain such information as the Secretary may prescribe, including—

''(A) the amount of money or other property (if any) transferred to the trust in connection with the reportable event,

''(B) the identity of the trust and of each trustee and beneficiary (or class of beneficiaries) of the trust, and

''(C) a statement that each trustee of the trust has been informed of the requirements of subsection (b).

''(3) REPORTABLE EVENT.—For purposes of this subsection, the term 'reportable event' means—

''(A) the creation of any foreign trust by a United States person,

''(B) the transfer of any money or property to a foreign trust by a United States person, including a transfer by reason of death,

''(C) a domestic trust becoming a foreign trust,

''(D) the death of a citizen or resident of the United States who is a grantor of a foreign trust, and

''(E) the residency starting date (within the meaning of section 7701(b)(2)(A)) of a grantor of a foreign trust subject to tax under section 679(a)(3).

Subparagraphs (A) and (B) shall not apply with respect to a trust described in section 404(a)(4) or 404A.

''(4) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' means—

''(A) the grantor in the case of a reportable event described in subparagraph (A) or (E) of paragraph (3),

''(B) the transferor in the case of a reportable event described in paragraph (3)(B) other than a transfer by reason of death,

''(C) the trustee of the domestic trust in the case of a reportable event described in paragraph (3)(C), and

''(D) the executor of the decedent's estate in the case of a transfer by reason of death.

''(b) TRUST REPORTING REQUIREMENTS.—If a foreign trust, at any time during a taxable year of such trust—

''(1) has a grantor who is a United States person and—

''(A) such grantor is treated as the owner of any portion of such trust under the rules of subpart E of part I of subchapter J of chapter 1, or

''(B) any portion of such trust would be included in the gross estate of such grantor if the grantor were to die at such time, or

''(2) directly or indirectly distributes, credits, or allocates money or property to any United States person (whether or not the trust has a grantor described in paragraph (1)),

then such trust shall meet the requirements of subsection (c) (relating to trust information and agent) and subsection (d) (relating to annual return).

''(c) CONTENTS OF SECTION 6048 STATEMENT.—

''(1) IN GENERAL.—The requirements of this subsection are met if the trust files with the Secretary a statement which contains such information as the Secretary may prescribe and which—

''(A) identifies a United States person who is the trust's limited agent to provide the Secretary with such information that reasonably should be available to the trust for purposes of applying sections 7602, 7603, and 7604 with respect to any request by the Secretary to examine trust records or produce testimony related to any transaction by the trust or with respect to any summons by the Secretary for such records or testimony, and

''(B) contains an agreement to comply with the requirements of subsection (d).

''(2) SPECIAL RULE.—A foreign trust which appoints an agent described in paragraph (1)(A) shall not be considered to have an office or a permanent establishment in the United States solely because of the activities of such agent pursuant to this section. For purposes of this section, the appearance of persons or production of records by reason of the creation of the agency shall not subject such persons or records to legal process for any purpose other than determining the correct treatment under this title of the activities and operations of the trust.

''(d) ANNUAL RETURNS AND STATEMENTS.—The requirements of this subsection are met if—

''(1) the trust makes a return for the taxable year which sets forth a full and complete accounting of all trust activities and operations for the taxable year, and contains such other information as the Secretary may prescribe; and

''(2) the trust furnishes such information as the Secretary may prescribe to each United States person—

''(A) who is treated as the owner of any portion of such trust under the rules of subpart E of part I of subchapter J of chapter 1,

''(B) to whom any item with respect to the taxable year is credited or allocated, or

''(C) who receives a distribution from such trust with respect to the taxable year.

''(e) TIME AND MANNER OF FILING INFORMATION.—Any notice, statement, or return required under this section shall be made at such time and in such manner as the Secretary shall prescribe.

''(f) MODIFICATION OF RETURN REQUIREMENTS.—The Secretary is authorized to suspend or modify any requirement of this section if the Secretary determines that the United States has no significant tax interest in obtaining the required information.''

(b) PENALTIES.—Section 6677 of such Code (relating to failure to file information returns with respect to certain foreign trusts) is amended to read as follows:

''SEC. 6677. FAILURE TO FILE INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

''(a) FAILURE TO REPORT CERTAIN EVENTS.—

''(1) IN GENERAL.—In the case of a reportable event described in any subparagraph of section 6048(a)(3) for which a responsible party does not file a written notice meeting the requirements of section 6048(a)(2) within the time specified in section 6048(a)(1), the responsible party shall pay a penalty of $10,000. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to the responsible party, such party shall pay a penalty (in addition to the $10,000 amount) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period.

''(2) 35-PERCENT PENALTY.—In the case of a reportable event described in subparagraph (A), (B), or (C) of section 6048(a)(3) (other than a transfer by reason of death), the aggregate amount of the penalties under paragraph (1) shall not be less than an amount equal to 35 percent of the gross value of the property involved in such event (determined as of the date of the event).

''(3) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' has the meaning given to such term by section 6048(a)(4).

''(b) FAILURE TO MAKE CERTAIN STATEMENTS AND RETURNS.—

''(1) IN GENERAL.—In the case of any failure to meet the requirements of section 6048(b), the appropriate tax treatment of any trust transactions or operations shall be determined by the Secretary in the Secretary's sole discretion from the Secretary's own knowledge or from such information as the Secretary may obtain through testimony or otherwise.

''(2) MONETARY PENALTY.—In the case of any failure to meet the requirements of section 6048(b) with respect to a trust described in such section by reason of paragraph (1) thereof, the grantor described in such paragraph (1) shall pay a penalty of $10,000 for each taxable year with respect to which the foreign trust fails to meet such requirements. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to such grantor, such grantor shall pay a penalty (in addition to any other penalty) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the requested documentation is not reasonable cause.

''(d) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section.''

(c) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart B of part III of subchapter A of chapter 61 of such Code is amended by striking the item relating to section 6048 and inserting the following new item:

''Sec. 6048. Information with respect to certain foreign trusts.''

(2) The table of sections for part I of subchapter B of chapter 68 of such Code is amended by striking the item relating to section 6677 and inserting the following new item:

''Sec. 6677. Failure to file information with respect to certain foreign trusts.''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply—

(A) to reportable events occurring on or after February 6, 1995, and

(B) to the extent such amendments require reporting for any taxable year under section 6048(b) of the Internal Revenue Code of 1986 (as added by this section), to taxable years beginning after the date of the enactment of this Act.

(2) NOTICES.—For purposes of section 6048(a) of such Code, the 90th day referred to therein shall in no event be treated as being earlier than the 90th day after the date of the enactment of this Act.

SEC. 503. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

(a) IN GENERAL.—Section 679 of the Internal Revenue Code of 1986 (relating to foreign trusts having one or more United States beneficiaries) is amended to read as follows:

"SEC. 679. FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

''(a) TRANSFEROR TREATED AS OWNER.—

''(1) IN GENERAL.—A United States person who directly or indirectly transfers property to a foreign trust (other than a trust described in section 404(a)(4) or section 404A) shall be treated as the owner for his taxable year of the portion of such trust attributable to such property if for such year there is a United States beneficiary of such trust.

''(2) EXCEPTION.—

''(A) IN GENERAL.—Paragraph (1) shall not apply to any sale or exchange of property to a trust if—

''(i) the trust pays fair market value for such property, and

''(ii) all of the gain to the transferor is recognized at the time of transfer.

''(B) CERTAIN OBLIGATIONS NOT TAKEN INTO ACCOUNT.—For purposes of subparagraph (A), in determining whether the transferor received fair market value, there shall not be taken into account—

''(i) any obligation of—

''(I) the trust,

''(II) any grantor or beneficiary of the trust, or

''(III) any person who is related (within the meaning of section 643(i)(3)) to any grantor or beneficiary of the trust, and

''(ii) except as provided in regulations, any obligation which is guaranteed by a person described in clause (i).

''(C) TREATMENT OF DEEMED SALE ELECTION UNDER SECTION 1057.—For purposes of subparagraph (A), a transfer with respect to which an election under section 1057 is made shall not be treated as a sale or exchange.

''(3) SPECIAL RULES APPLICABLE TO FOREIGN GRANTOR WHO LATER BECOMES A UNITED STATES PERSON.—A nonresident alien individual who becomes a United States resident within 5 years after directly or indirectly transferring property to a foreign trust shall be treated for purposes of this section and section 6048 as having transferred such property, and any undistributed income (including all realized and unrealized gains) attributable thereto, to the foreign trust immediately after becoming a United States resident. For this purpose, a nonresident alien shall be treated as becoming a resident of the United States on the residency starting date (within the meaning of section 7701(b)(2)(A)).

''(b) BENEFICIARIES TREATED AS TRANSFERORS IN CERTAIN CASES.—For purposes of this section and section 6048, if—

''(1) a citizen or resident of the United States who is treated as the owner of any portion of a trust under subsection (a) dies,

''(2) property is transferred to a foreign trust by reason of the death of a citizen or resident of the United States, or

''(3) a domestic trust to which any United States person made a transfer becomes a foreign trust,

then, except as otherwise provided in regulations, the trust beneficiaries shall be treated as having transferred to such trust (as of the date of the applicable event under paragraph (1), (2), or (3)) their respective interests (as determined under subsection (e)) in the property involved.

''(c) TRUSTS ACQUIRING UNITED STATES BENEFICIARIES.—If—

''(1) subsection (a) applies to a trust for the transferor's taxable year, and

''(2) subsection (a) would have applied to the trust for the transferor's immediately preceding taxable year but for the fact that for such preceding taxable year there was no United States beneficiary for any portion of the trust,

then, for purposes of this subtitle, the transferor shall be treated as having received as an accumulation distribution taxable under subpart D an amount equal to the undistributed net income (as determined under section 665(a) as of the close of such immediately preceding taxable year) attributable to the portion of the trust referred to in subsection (a).

''(d) TRUSTS TREATED AS HAVING A UNITED STATES BENEFICIARY.—

''(1) IN GENERAL.—For purposes of this section, a trust shall be treated as having a United States beneficiary for the taxable year unless—

''(A) under the terms of the trust, no part of the income or corpus of the trust may be paid or accumulated during the taxable year to or for the benefit of a United States person, and

''(B) if the trust were terminated at any time during the taxable year, no part of the income or corpus of such trust could be paid to or for the benefit of a United States person.

To the extent provided by the Secretary, for purposes of this subsection, the term 'United States person' includes any person who was a United States person at any time during the existence of the trust.

''(2) ATTRIBUTION OF OWNERSHIP.—For purposes of paragraph (1), an amount shall be treated as paid or accumulated to or for the benefit of a United States person if such amount is paid to or accumulated for a foreign corporation, foreign partnership, or foreign trust or estate, and—

''(A) in the case of a foreign corporation, more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote is owned (within the meaning of section 958(a)) or is considered to be owned (within the meaning of section 958(b)) by United States shareholders (as defined in section 951(b)),

''(B) in the case of a foreign partnership, a United States person is a partner of such partnership, or

''(C) in the case of a foreign trust or estate, such trust or estate has a United States beneficiary (within the meaning of paragraph (1)).

''(e) DETERMINATION OF BENEFICIARIES' INTERESTS IN TRUST.—

''(1) GENERAL RULE.—For purposes of this section, a beneficiary's interest in a foreign trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

''(2) SPECIAL RULE.—In the case of beneficiaries whose interests in a trust cannot be determined under paragraph (1)—

''(A) the beneficiary having the closest degree of kinship to the grantor shall be treated as holding the remaining interests in the trust not determined under paragraph (1) to be held by any other beneficiary, and

''(B) if 2 or more beneficiaries have the same degree of kinship to the grantor, such remaining interests shall be treated as held equally by such beneficiaries.

''(3) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a foreign trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(4) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(A) the methodology used to determine that taxpayer's trust interest under this section, and

''(B) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

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

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years ending on or after February 6, 1995.

(2) SECTION 679(a).—Paragraphs (2) and (3) of section 679(a) of the Internal Revenue Code of 1986 (as added by this section) shall apply to—

(A) any trust created on or after February 6, 1995, and

(B) the portion of any trust created before such date which is attributable to actual transfers of property to the trust on or after such date.

(3) SECTION 679(b).—

(A) IN GENERAL.—Paragraphs (1) and (2) of section 679(b) of such Code (as so added) shall apply to—

(i) any trust created on or after the date of the enactment of this Act, and

(ii) the portion of any trust created before such date which is attributable to actual transfers of property to the trust on or after such date.

(B) SECTION 679(b)(3).—Section 679(b)(3) of such Code (as so added) shall take effect on February 6, 1995, without regard to when the property was transferred to the trust.

SEC. 504. FOREIGN PERSONS NOT TO BE TREATED AS OWNERS UNDER GRANTOR TRUST RULES.

(a) IN GENERAL.—So much of section 672(f) of the Internal Revenue Code of 1986 (relating to special rule where grantor is foreign person) as precedes paragraph (2) is amended to read as follows:

''(f) SUBPART NOT TO RESULT IN FOREIGN OWNERSHIP.—

''(1) IN GENERAL.—Notwithstanding any other provision of this subpart, this subpart shall apply only to the extent such application results in an amount being included (directly or through 1 or more entities) in the gross income of a citizen or resident of the United States or a domestic corporation. The preceding sentence shall not apply to any portion of an investment trust if such trust is treated as a trust for purposes of this title and the grantor of such portion is the sole beneficiary of such portion.''

(b) CREDIT FOR CERTAIN TAXES.—Paragraph (2) of section 665(d) of such Code is amended by adding at the end the following new sentence: ''Under rules or regulations prescribed by the Secretary, in the case of any foreign trust of which the settlor or another person would be treated as owner of any portion of the trust under subpart E but for section 672(f), the term 'taxes imposed on the trust' includes the allocable amount of any in-

come, war profits, and excess profits taxes imposed by any foreign country or possession of the United States on the settlor or such other person in respect of trust income.''

(c) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—

(1) Section 643 of such Code is amended by adding at the end the following new subsection:

''(h) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—For purposes of this part, any amount paid to a United States person which is derived directly or indirectly from a foreign trust of which the payor is not the grantor shall be deemed in the year of payment to have been directly paid by the foreign trust to such United States person.''

(2) Section 665 of such Code is amended by striking subsection (c).

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

(e) TRANSITIONAL RULE.—If—

(1) by reason of the amendments made by this section, any person other than a United States person ceases to be treated as the owner of a portion of a domestic trust, and

(2) before January 1, 1996, such trust becomes a foreign trust, or the assets of such trust are transferred to a foreign trust,

no tax shall be imposed by section 1491 of the Internal Revenue Code of 1986 by reason of such trust becoming a foreign trust or the assets of such trust being transferred to a foreign trust.

SEC. 505. GRATUITOUS TRANSFERS BY PARTNERSHIPS AND FOREIGN CORPORATIONS.

(a) IN GENERAL.—Subchapter C of chapter 80 of the Internal Revenue Code of 1986 (relating to provisions affecting more than one subtitle) is amended by adding at the end the following new section:

''SEC. 7874. PURPORTED GIFTS BY PARTNERSHIPS AND FOREIGN CORPORATIONS.

''(a) IN GENERAL.—Any property (including money) that is purportedly a direct or indirect gift by a partnership or a foreign corporation to a person who is not a partner of the partnership or a shareholder of the corporation, respectively, may be recharacterized by the Secretary to prevent the avoidance of tax. The Secretary may not recharacterize gifts made for bona fide business or charitable purposes.

''(b) STATEMENTS ON RECIPIENT'S RETURN.—A taxpayer who receives a purported gift subject to subsection (a) shall attach a statement to his income tax return for the year of receipt that identifies the property received and describes fully the circumstances surrounding the purported gift.

''(c) EXEMPTION.—Subsection (a) shall not apply to purported gifts received by any person during any taxable year if the amount thereof is less than $2,500.

''(d) REGULATIONS.—The Secretary may prescribe such rules as may be necessary or appropriate to carry out the purposes of this section.''

(b) CLERICAL AMENDMENT.—The table of sections for such subchapter C is amended by adding at the end the following new item:

''Sec. 7874. Purported gifts by partnerships and foreign corporations.''

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

SEC. 506. INFORMATION REPORTING REGARDING LARGE FOREIGN GIFTS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by inserting after section 6039E the following new section:

''SEC. 6039F. NOTICE OF LARGE GIFTS RECEIVED FROM FOREIGN PERSONS.

''(a) IN GENERAL.—If the value of the aggregate foreign gifts received by a United States person (other than an organization described in section 501(c) and exempt from tax under section 501(a)) during any taxable year exceeds $100,000, such United States person shall furnish (at such time and in such manner as the Secretary shall prescribe) such information as the Secretary may prescribe regarding each foreign gift received during such year.

''(b) FOREIGN GIFT.—For purposes of this section, the term 'foreign gift' means any amount received from a person other than a United States person which the recipient treats as a gift or bequest. Such term shall not include any qualified transfer (within the meaning of section 2503(e)(2)).

''(c) PENALTY FOR FAILURE TO FILE INFORMATION.—

''(1) IN GENERAL.—If a United States person fails to furnish the information required by subsection (a) with respect to any foreign gift within the time prescribed therefor (including extensions)—

''(A) the tax consequences of the receipt of such gift shall be determined by the Secretary in the Secretary's sole discretion from the Secretary's own knowledge or from such information as the Secretary may obtain through testimony or otherwise, and

''(B) such United States person shall pay (upon notice and demand by the Secretary and in the same manner as tax) an amount equal to 5 percent of the amount of such foreign gift for each month for which the failure continues (not to exceed 25 percent of such amount in the aggregate).

''(2) REASONABLE CAUSE EXCEPTION.— Paragraph (1) shall not apply to any failure to report a foreign gift if the United States person shows that the failure is due to reasonable cause and not due to willful neglect.

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

(b) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting after the item relating to section 6039E the following new item:

''Sec. 6039F. Notice of large gifts received from foreign persons.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act in taxable years ending after such date.

SEC. 507. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS WHICH ARE NOT GRANTOR TRUSTS.

(a) MODIFICATION OF INTEREST CHARGE ON ACCUMULATION DISTRIBUTIONS.—Subsection (a) of section 668 of the Internal Revenue Code of 1986 (relating to interest charge on accumulation distributions from foreign trusts) is amended to read as follows:

''(a) GENERAL RULE.—For purposes of the tax determined under section 667(a)—

''(1) SUM OF INTEREST CHARGES FOR EACH THROWBACK YEAR.—The interest charge (determined under paragraph (2)) with respect to any distribution is the sum of the interest charges for each of the throwback years to which such distribution is allocated under section 666(a).

''(2) INTEREST CHARGE FOR YEAR.—Except as provided in paragraph (6), the interest charge for any throwback year on such year's allocable share of the partial tax computed under section 667(b) with respect to any distribution shall be determined for the period—

''(A) beginning on the due date for the throwback year, and

''(B) ending on the due date for the taxable year of the distribution,

by using the rates and method applicable under section 6621 for underpayments of tax for such period. For purposes of the preceding sentence, the term 'due date' means the date prescribed by law (determined without regard to extensions) for filing the return of the tax imposed by this chapter for the taxable year.

''(3) ALLOCABLE PARTIAL TAX.—For purposes of paragraph (2), a throwback year's allocable share of the partial tax is an amount equal to such partial tax multiplied by the fraction—

''(A) the numerator of which is the amount deemed by section 666(a) to be distributed on the last day of such throwback year, and

''(B) the denominator of which is the accumulation distribution taken into account under section 666(a).

''(4) THROWBACK YEAR.—For purposes of this subsection, the term 'throwback year' means any taxable year to which a distribution is allocated under section 666(a).

''(5) PERIODS OF NONRESIDENCE.—The period under paragraph (2) shall not include any portion thereof during which the beneficiary was not a citizen or resident of the United States.

''(6) THROWBACK YEARS BEFORE 1996.—In the case of any throwback year beginning before 1996—

''(A) interest for the portion of the period described in paragraph (2) which occurs before the first taxable year beginning after 1995 shall be determined by using an interest rate of 6 percent and no compounding, and

''(B) interest for the remaining portion of such period shall be determined as if the partial tax computed under section 667(b) for the throwback year were increased (as of the beginning of such first taxable year) by the amount of the interest determined under subparagraph (A).''

(b) RULE WHEN INFORMATION NOT AVAILABLE.—Subsection (d) of section 666 of such Code is amended by adding at the end the following: ''In the case of a distribution from a foreign trust to which section 6048(b) applies, adequate records shall not be considered to be available for purposes of the preceding sentence unless such trust meets the requirements referred to in such section. If a taxpayer is not able to demonstrate when a trust was created, the Secretary may use any reasonable approximation based on available evidence.''

(c) ABUSIVE TRANSACTIONS.—Section 643(a) of such Code is amended by inserting after paragraph (6) the following new paragraph:

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

(d) TREATMENT OF USE OF TRUST PROPERTY.—Section 643 of such Code (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end the following new subsection:

''(i) USE OF FOREIGN TRUST PROPERTY.—

''(1) GENERAL RULE.—For purposes of subparts B, C, and D, if, during a taxable year of a foreign trust a trust participant of such trust directly or indirectly uses any of the trust's property, the use value for such taxable year shall be treated as an amount paid to such participant (other than from income for the taxable year) within the meaning of sections 661(a)(2) and section 662(a)(2).

''(2) EXEMPTION.—Paragraph (1) shall not apply to any trust participant as to whom the aggregate use value during the taxable year does not exceed $2,500.

''(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) USE VALUE.—Except as provided in subparagraph (B), the term 'use value' means the fair market value of the use of property

reduced by any amount paid for such use by the trust participant or by any person who is related to such participant.

''(B) SPECIAL RULE FOR CASH AND CASH EQUIVALENT.—A direct or indirect loan of cash, or cash equivalent, by a foreign trust shall be treated as a use of trust property by the borrower and the full amount of the loan principal shall be the use value.

''(C) USE BY RELATED PARTY.—

''(i) Use by a person who is related to a trust participant shall be treated as use by the participant.

''(ii) If property is used by any person who is a related person with respect to more than one trust participant, then the property shall be treated as used by the trust participant most closely related, by blood or otherwise, to such person.

''(D) PROPERTY INCLUDES CASH AND CASH EQUIVALENTS.—The term 'property' includes cash and cash equivalents.

''(E) TRUST PARTICIPANT.—The term 'trust participant' means each grantor and beneficiary of the trust.

''(F) RELATED PERSON.—A person is related to a trust participant if the relationship between such persons would result in a disallowance of losses under section 267(b) or 707(b). In applying section 267 for purposes of the preceding sentence—

''(i) section 267(e) shall be applied as if such person or the trust participant were a pass-thru entity,

''(ii) section 267(b) shall be applied by substituting 'at least 10 percent' for 'more than 50 percent' each place it appears, and

''(iii) in determining the family of an individual under section 267(c)(4), such section shall be treated as including the spouse (and former spouse) of such individual and of each other person who is treated under such section as being a member of the family of such individual or spouse.

''(G) SUBSEQUENT TRANSACTIONS REGARDING LOAN PRINCIPAL.—If any loan described in subparagraph (B) is taken into account under paragraph (1), any subsequent transaction between the trust and the original borrower regarding the principal of the loan (by way of complete or partial repayment, satisfaction, cancellation, discharge, or otherwise) shall be disregarded for purposes of this title.''

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(2) INTEREST CHARGE.—The amendment made by subsection (a) shall apply to interest for throwback years beginning before, on, or after the date of the enactment of this Act.

SEC. 508. RESIDENCE OF ESTATES AND TRUSTS.

(a) TREATMENT AS UNITED STATES PERSON.—Paragraph (30) of section 7701(a) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D) and by inserting after subparagraph (C) the following:

''(D) any estate or trust if—

''(i) a court within the United States is able to exercise primary supervision over the administration of the estate or trust, and

''(ii) in the case of a trust, one or more United States fiduciaries have the authority to control all substantial decisions of the trust.''

(b) CONFORMING AMENDMENT.—Paragraph (31) of section 7701(a) of such Code is amended to read as follows:

''(31) FOREIGN ESTATE OR TRUST.—The term 'foreign estate' or 'foreign trust' means any estate or trust other than an estate or trust described in section 7701(a)(30)(D).''

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

(1) to taxable years beginning after December 31, 1996, and

(2) at the election of the trustee of a trust, to taxable years beginning after the date of the enactment of this Act and on or before December 31, 1996.

Such an election, once made, shall be irrevocable.

TITLE VI—EXTENSION OF AUTHORITY OF FEDERAL COMMUNICATIONS COMMISSION TO USE COMPETITIVE BIDDING

SEC. 601. EXTENSION OF AUTHORITY.

Section 309(j)(11) of the Communications Act of 1934 (47 U.S.C. 309(j)(11)) is amended by striking ''September 30, 1998'' and inserting ''September 30, 2000''.

TITLE VII—PRIVATIZATION OF THE UNITED STATES ENRICHMENT CORPORATION

SEC. 701. SHORT TITLE AND REFERENCE.

(a) SHORT TITLE.—This title may be cited as the ''USEC Privatization Act''.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this title 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 Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.).

SEC. 702. PRODUCTION FACILITY.

Paragraph v. of section 11 (42 U.S.C. 2014 v.) is amended by striking ''or the construction and operation of a uranium enrichment production facility using Atomic Vapor Laser Isotope Separation technology''.

SEC. 703. DEFINITIONS.

Section 1201 (42 U.S.C. 2297) is amended—

(1) in paragraph (4), by inserting before the period the following: ''and any successor corporation established through privatization of the Corporation'';

(2) by redesignating paragraphs (10) through (13) as paragraphs (14) through (17), respectively, and by inserting after paragraph (9) the following new paragraphs:

''(10) The term 'low-level radioactive waste' has the meaning given such term in section 102(9) of the Low-Level Radioactive Waste Policy Amendments Act of 1985 (42 U.S.C. 2021b(9)).

''(11) The term 'mixed waste' has the meaning given such term in section 1004(41) of the Solid Waste Disposal Act (42 U.S.C. 6903(41)).

''(12) The term 'privatization' means the transfer of ownership of the Corporation to private investors pursuant to chapter 25.

''(13) The term 'privatization date' means the date on which 100 percent of ownership of the Corporation has been transferred to private investors.'';

(3) by inserting after paragraph (17) (as redesignated) the following new paragraph:

''(18) The term 'transition date' means July 1, 1993.''; and

(4) by redesignating the unredesignated paragraph (14) as paragraph (19).

SEC. 704. EMPLOYEES OF THE CORPORATION.

(a) PARAGRAPH (2).—Paragraphs (1) and (2) of section 1305(e) (42 U.S.C. 2297b–4(e)(1)(2)) are amended to read as follows:

''(1) IN GENERAL.—It is the purpose of this subsection to ensure that the privatization of the Corporation shall not result in any adverse effects on the pension benefits of employees at facilities that are operated, directly or under contract, in the performance of the functions vested in the Corporation.

''(2) APPLICABILITY OF EXISTING COLLECTIVE BARGAINING AGREEMENT.—The Corporation shall abide by the terms of the collective bargaining agreement in effect on the privatization date at each individual facility.''.

(b) PARAGRAPH (4).—Paragraph (4) of section 1305(e) (42 U.S.C. 2297b–4(e)(4)) is amended—

(1) by striking ''AND DETAILEES'' in the heading;

(2) by striking the first sentence;

(3) in the second sentence, by inserting ''from other Federal employment'' after ''transfer to the Corporation''; and

(4) by striking the last sentence.

SEC. 705. MARKETING AND CONTRACTING AUTHORITY.

(a) MARKETING AUTHORITY.—Section 1401(a) (42 U.S.C. 2297c(a)) is amended effective on the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954)—

(1) by amending the subsection heading to read ''MARKETING AUTHORITY.—''; and

(2) by striking the first sentence.

(b) TRANSFER OF CONTRACTS.—Section 1401(b) (42 U.S.C. 2297c(b)) is amended—

(1) in paragraph (2)(B), by adding at the end the following: ''The privatization of the Corporation shall not affect the terms of, or the rights or obligations of the parties to, any such power purchase contract.''; and

(2) by adding at the end the following:

''(3) EFFECT OF TRANSFER.—

''(A) As a result of the transfer pursuant to paragraph (1), all rights, privileges, and benefits under such contracts, agreements, and leases, including the right to amend, modify, extend, revise, or terminate any of such contracts, agreements, or leases were irrevocably assigned to the Corporation for its exclusive benefit.

''(B) Notwithstanding the transfer pursuant to paragraph (1), the United States shall remain obligated to the parties to the contracts, agreements, and leases transferred pursuant to paragraph (1) for the performance of the obligations of the United States thereunder during the term thereof. The Corporation shall reimburse the United States for any amount paid by the United States in respect of such obligations arising after the privatization date to the extent such amount is a legal and valid obligation of the Corporation then due.

''(C) After the privatization date, upon any material amendment, modification, extension, revision, replacement, or termination of any contract, agreement, or lease transferred under paragraph (1), the United States shall be released from further obligation under such contract, agreement, or lease, except that such action shall not release the United States from obligations arising under such contract, agreement, or lease prior to such time.''.

(c) PRICING.—Section 1402 (42 U.S.C. 2297c–1) is amended to read as follows:

''SEC. 1402. PRICING.

''The Corporation shall establish prices for its products, materials, and services provided to customers on a basis that will allow it to attain the normal business objectives of a profitmaking corporation.''.

(d) LEASING OF GASEOUS DIFFUSION FACILITIES OF DEPARTMENT.—Effective on the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954), section 1403 (42 U.S.C. 2297c–2) is amended by adding at the end the following:

''(h) LOW-LEVEL RADIOACTIVE WASTE AND MIXED WASTE.—

''(1) RESPONSIBILITY OF THE DEPARTMENT; COSTS.—

''(A) With respect to low-level radioactive waste and mixed waste generated by the Corporation as a result of the operation of the facilities and related property leased by the Corporation pursuant to subsection (a) or as a result of treatment of such wastes at a location other than the facilities and related property leased by the Corporation pursuant to subsection (a) the Department, at the request of the Corporation, shall—

''(i) accept for treatment or disposal of all such wastes for which treatment or disposal technologies and capacities exist, whether within the Department or elsewhere; and

''(ii) accept for storage (or ultimately treatment or disposal) all such wastes for

which treatment and disposal technologies or capacities do not exist, pending development of such technologies or availability of such capacities for such wastes.

''(B) All low-level wastes and mixed wastes that the Department accepts for treatment, storage, or disposal pursuant to subparagraph (A) shall, for the purpose of any permits, licenses, authorizations, agreements, or orders involving the Department and other Federal agencies or State or local governments, be deemed to be generated by the Department and the Department shall handle such wastes in accordance with any such permits, licenses, authorizations, agreements, or orders. The Department shall obtain any additional permits, licenses, or authorizations necessary to handle such wastes, shall amend any such agreements or orders as necessary to handle such wastes, and shall handle such wastes in accordance therewith.

''(C) The Corporation shall reimburse the Department for the treatment, storage, or disposal of low-level radioactive waste or mixed waste pursuant to subparagraph (A) in an amount equal to the Department's costs but in no event greater than an amount equal to that which would be charged by commercial, State, regional, or interstate compact entities for treatment, storage, or disposal of such waste.

''(2) AGREEMENTS WITH OTHER PERSONS.—The Corporation may also enter into agreements for the treatment, storage, or disposal of low-level radioactive waste and mixed waste generated by the Corporation as a result of the operation of the facilities and related property leased by the Corporation pursuant to subsection (a) with any person other than the Department that is authorized by applicable laws and regulations to treat, store, or dispose of such wastes.''.

(e) LIABILITIES.—

(1) Subsection (a) of section 1406 (42 U.S.C. 2297c–5(a)) is amended—

(A) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(B) by adding at the end the following: ''As of the privatization date, all liabilities attributable to the operation of the Corporation from the transition date to the privatization date shall be direct liabilities of the United States.''.

(2) Subsection (b) of section 1406 (42 U.S.C. 2297c–5(b)) is amended—

(A) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(B) by adding at the end the following: ''As of the privatization date, any judgment entered against the Corporation imposing liability arising out of the operation of the Corporation from the transition date to the privatization date shall be considered a judgment against the United States.''.

(3) Subsection (d) of section 1406 (42 U.S.C. 2297c–5(d)) is amended—

(A) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(B) by striking ''the transition date'' and inserting ''the privatization date (or, in the event the privatization date does not occur, the transition date)''.

(f) TRANSFER OF URANIUM.—Title II (42 U.S.C. 2297 et seq.) is amended by redesignating section 1408 as section 1409 and by inserting after section 1407 the following:

''SEC. 1408. TRANSFER OF URANIUM.

''The Secretary may, before the privatization date, transfer to the Corporation without charge raw uranium, low-enriched uranium, and highly enriched uranium.''.

SEC. 706. PRIVATIZATION OF THE CORPORATION.

(a) ESTABLISHMENT OF PRIVATE CORPORATION.—Chapter 25 (42 U.S.C. 2297d et seq.) is amended by adding at the end the following new section:

''SEC. 1503. ESTABLISHMENT OF PRIVATE CORPORATION.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—In order to facilitate privatization, the Corporation may provide for the establishment of a private corporation organized under the laws of any of the several States. Such corporation shall have among its purposes the following:

''(A) To help maintain a reliable and economical domestic source of uranium enrichment services.

''(B) To undertake any and all activities as provided in its corporate charter.

''(2) AUTHORITIES.—The corporation established pursuant to paragraph (1) shall be authorized to—

''(A) enrich uranium, provide for uranium to be enriched by others, or acquire enriched uranium (including low-enriched uranium derived from highly enriched uranium);

''(B) conduct, or provide for conducting, those research and development activities related to uranium enrichment and related processes and activities the corporation considers necessary or advisable to maintain itself as a commercial enterprise operating on a profitable and efficient basis;

''(C) enter into transactions regarding uranium, enriched uranium, or depleted uranium with—

''(i) persons licensed under section 53, 63, 103, or 104 in accordance with the licenses held by those persons;

''(ii) persons in accordance with, and within the period of, an agreement for cooperation arranged under section 123; or

''(iii) persons otherwise authorized by law to enter into such transactions;

''(D) enter into contracts with persons licensed under section 53, 63, 103, or 104, for as long as the corporation considers necessary or desirable, to provide uranium or uranium enrichment and related services;

''(E) enter into contracts to provide uranium or uranium enrichment and related services in accordance with, and within the period of, an agreement for cooperation arranged under section 123 or as otherwise authorized by law; and

''(F) take any and all such other actions as are permitted by the law of the jurisdiction of incorporation of the corporation.

''(3) TRANSFER OF ASSETS.—For purposes of implementing the privatization, the Corporation may transfer some or all of its assets and obligations to the corporation established pursuant to this section, including—

''(A) all of the Corporation's assets, including all contracts, agreements, and leases, including all uranium enrichment contracts and power purchase contracts;

''(B) all funds in accounts of the Corporation held by the Treasury or on deposit with any bank or other financial institution;

''(C) all of the Corporation's rights, duties, and obligations, accruing subsequent to the privatization date, under the power purchase contracts covered by section 1401(b)(2)(B); and

''(D) all of the Corporation's rights, duties, and obligations, accruing subsequent to the privatization date, under the lease agreement between the Department and the Corporation executed by the Department and the Corporation pursuant to section 1403.

''(4) MERGER OR CONSOLIDATION.—For purposes of implementing the privatization, the Corporation may merge or consolidate with the corporation established pursuant to subsection (a)(1) if such action is contemplated by the plan for privatization approved by the President under section 1502(b). The Board shall have exclusive authority to approve such merger or consolidation and to take all further actions necessary to consummate such merger or consolidation, and no action by or in respect of shareholders shall be required. The merger or consolidation shall be effected in accordance with, and have the effects of a merger or consolidation under, the laws of the jurisdiction of incorporation of the surviving corporation, and all rights and benefits provided under this title to the Corporation shall apply to the surviving corporation as if it were the Corporation.

''(5) TAX TREATMENT OF PRIVATIZATION.—

''(A) TRANSFER OF ASSETS OR MERGER.—No income, gain, or loss shall be recognized by any person by reason of the transfer of the Corporation's assets to, or the Corporation's merger with, the corporation established pursuant to subsection (a)(1) in connection with the privatization.

''(B) CANCELLATION OF DEBT AND COMMON STOCK.—No income, gain, or loss shall be recognized by any person by reason of any cancellation of any obligation or common stock of the Corporation in connection with the privatization.

''(b) OSHA REQUIREMENTS.—For purposes of the regulation of radiological and nonradiological hazards under the Occupational Safety and Health Act of 1970, the corporation established pursuant to subsection (a)(1) shall be treated in the same manner as other employers licensed by the Nuclear Regulatory Commission. Any interagency agreement entered into between the Nuclear Regulatory Commission and the Occupational Safety and Health Administration governing the scope of their respective regulatory authorities shall apply to the corporation as if the corporation were a Nuclear Regulatory Commission licensee.

''(c) LEGAL STATUS OF PRIVATE CORPORATION.—

''(1) NOT FEDERAL AGENCY.—The corporation established pursuant to subsection (a)(1) shall not be an agency, instrumentality, or establishment of the United States Government and shall not be a Government corporation or Government-controlled corporation.

''(2) NO RECOURSE AGAINST UNITED STATES.—Obligations of the corporation established pursuant to subsection (a)(1) shall not be obligations of, or guaranteed as to principal or interest by, the Corporation or the United States, and the obligations shall so plainly state.

''(3) NO CLAIMS COURT JURISDICTION.—No action under section 1491 of title 28, United States Code, shall be allowable against the United States based on the actions of the corporation established pursuant to subsection (a)(1).

''(d) BOARD OF DIRECTOR'S ELECTION AFTER PUBLIC OFFERING.—In the event that the privatization is implemented by means of a public offering, an election of the members of the board of directors of the Corporation by the shareholders shall be conducted before the end of the 1-year period beginning the date shares are first offered to the public pursuant to such public offering.

''(e) ADEQUATE PROCEEDS.—The Secretary of Energy shall not allow the privatization of the Corporation unless before the sale date the Secretary determines that the estimated sum of the gross proceeds from the sale of the Corporation will be an adequate amount.''.

(b) OWNERSHIP LIMITATIONS.—Chapter 25 (as amended by subsection (a)) is amended by adding at the end the following new section:

''SEC. 1504. OWNERSHIP LIMITATIONS.

''(a) SECURITIES LIMITATION.—In the event that the privatization is implemented by means of a public offering, during a period of 3 years beginning on the privatization date, no person, directly or indirectly, may acquire or hold securities representing more than 10 percent of the total votes of all outstanding voting securities of the Corporation.

''(b) APPLICATION.—Subsection (a) shall not apply—

''(1) to any employee stock ownership plan of the Corporation,

''(2) to underwriting syndicates holding shares for resale, or

''(3) in the case of shares beneficially held for others, to commercial banks, broker-dealers, clearing corporations, or other nominees.

''(c) No director, officer, or employee of the Corporation may acquire any securities, or any right to acquire securities, of the Corporation—

''(1) in the public offering of securities of the Corporation in the implementation of the privatization,

''(2) pursuant to any agreement, arrangement, or understanding entered into before the privatization date, or

''(3) before the election of directors of the Corporation under section 1503(d) on any terms more favorable than those offered to the general public.''.

(c) EXEMPTION FROM LIABILITY.—Chapter 25 (as amended by subsection (b)) is amended by adding at the end the following new section:

''SEC. 1505. EXEMPTION FROM LIABILITY.

''(a) IN GENERAL.—No director, officer, employee, or agent of the Corporation shall be liable, for money damages or otherwise, to any party if, with respect to the subject matter of the action, suit, or proceeding, such person was fulfilling a duty, in connection with any action taken in connection with the privatization, which such person in good faith reasonably believed to be required by law or vested in such person.

''(b) EXCEPTION.—The privatization shall be subject to the Securities Act of 1933 and the Securities Exchange Act of 1934. The exemption set forth in subsection (a) shall not apply to claims arising under such Acts or under the Constitution or laws of any State, territory, or possession of the United States relating to transactions in securities, which claims are in connection with a public offering implementing the privatization.''.

(d) RESOLUTION OF CERTAIN ISSUES.—Chapter 25 (as amended by subsection (c)) is amended by adding at the end the following new section:

''SEC. 1506. RESOLUTION OF CERTAIN ISSUES.

''(a) CORPORATION ACTIONS.—Notwithstanding any provision of any agreement to which the Corporation is a party, the Corporation shall not be considered to be in breach, default, or violation of any such agreement because of any provision of this chapter or any action the Corporation is required to take under this chapter.

''(b) RIGHT TO SUE WITHDRAWN.—The United States hereby withdraws any stated or implied consent for the United States, or any agent or officer of the United States, to be sued by any person for any legal, equitable, or other relief with respect to any claim arising out of, or resulting from, acts or omissions under this chapter.''.

(e) APPLICATION OF PRIVATIZATION PROCEEDS.—Chapter 25 (as amended by subsection (d)) is amended by adding at the end the following new section:

''SEC. 1507. APPLICATION OF PRIVATIZATION PROCEEDS.

''The proceeds from the privatization shall be included in the budget baseline required by the Balanced Budget and Emergency Deficit Control Act of 1985 and shall be counted as an offset to direct spending for purposes of section 252 of such Act, notwithstanding section 257(e) of such Act.''.

(f) CONFORMING AMENDMENT.—The table of contents for chapter 25 is amended by inserting after the item for section 1502 the following:

''Sec. 1503. Establishment of Private Corporation.
''Sec. 1504. Ownership Limitations.
''Sec. 1505. Exemption from Liability.
''Sec. 1506. Resolution of Certain Issues.
''Sec. 1507. Application of Privatization Proceeds.''.

(g) Section 193 (42 U.S.C. 2243) is amended by adding at the end the following:

''(f) LIMITATION.—If the privatization of the United States Enrichment Corporation results in the Corporation being—

''(1) owned, controlled, or dominated by a foreign corporation or a foreign government, or

''(2) otherwise inimical to the common defense or security of the United States,

any license held by the Corporation under sections 53 and 63 shall be terminated.''.

(h) PERIOD FOR CONGRESSIONAL REVIEW.—Section 1502(d) (42 U.S.C. 2297d–1(d)) is amended by striking ''less than 60 days after notification of the Congress'' and inserting ''less than 60 days after the date of the report to Congress by the Comptroller General under subsection (c)''.

SEC. 707. PERIODIC CERTIFICATION OF COMPLIANCE.

Section 1701(c)(2) (42 U.S.C. 2297f(c)(2)) is amended by striking ''ANNUAL APPLICATION FOR CERTIFICATE OF COMPLIANCE.—The Corporation shall apply at least annually to the Nuclear Regulatory Commission for a certificate of compliance under paragraph (1).'' and inserting ''PERIODIC APPLICATION FOR CERTIFICATE OF COMPLIANCE.—The Corporation shall apply to the Nuclear Regulatory Commission for a certificate of compliance under paragraph (1) periodically, as determined by the Nuclear Regulatory Commission, but not less than every 5 years.''.

SEC. 708. LICENSING OF OTHER TECHNOLOGIES.

Subsection (a) of section 1702 (42 U.S.C. 2297f–1(a)) is amended by striking ''other than'' and inserting ''including''.

SEC. 709. CONFORMING AMENDMENTS.

(a) REPEALS IN ATOMIC ENERGY ACT OF 1954 AS OF THE PRIVATIZATION DATE.—

(1) REPEALS.—As of the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954), the following sections (as in effect on such privatization date) of the Atomic Energy Act of 1954 are repealed:

(A) Section 1202.
(B) Sections 1301 through 1304.
(C) Sections 1306 through 1316.
(D) Sections 1404 and 1405.
(E) Section 1601.
(F) Sections 1603 through 1607.

(2) CONFORMING AMENDMENT.—The table of contents of such Act is amended by repealing the items referring to sections repealed by paragraph (1).

(b) STATUTORY MODIFICATIONS.—As of such privatization date, the following shall take effect:

(1) For purposes of title I of the Atomic Energy Act of 1954, all references in such Act to the ''United States Enrichment Corporation'' shall be deemed to be references to the corporation established pursuant to section 1503 of the Atomic Energy Act of 1954 (as added by section 6(a)).

(2) Section 1018(1) of the Energy Policy Act of 1992 (42 U.S.C. 2296b–7(1)) is amended by striking ''the United States'' and all that follows through the period and inserting ''the corporation referred to in section 1201(4) of the Atomic Energy Act of 1954.''.

(3) Section 9101(3) of title 31, United States Code, is amended by striking subparagraph (N), as added by section 902(b) of Public Law 102–486.

(c) REVISION OF SECTION 1305.—As of such privatization date, section 1305 of the Atomic Energy Act of 1954 (42 U.S.C 2297b–4) is amended—

(1) by repealing subsections (a), (b), (c), and (d), and

(2) in subsection (e)—

(A) by striking the subsection designation and heading,

(B) by redesignating paragraphs (1) and (2) (as added by section 4(a)) as subsections (a) and (b) and by moving the margins 2-ems to the left,

(C) by striking paragraph (3), and

(D) by redesignating paragraph (4) (as amended by section 4(b)) as subsection (c), and by moving the margins 2-ems to the left.

It was decided in the negative ..... { Yeas ..... 119 / Nays 313

¶56.13 [Roll No. 292]

AYES—119

Abercrombie	Gejdenson	Owens
Ackerman	Gephardt	Pallone
Andrews	Gonzalez	Payne (NJ)
Baldacci	Gordon	Peterson (MN)
Barcia	Gutierrez	Pomeroy
Bevill	Hastings (FL)	Rahall
Bonior	Hefner	Reed
Borski	Hinchey	Richardson
Boucher	Holden	Rose
Browder	Jackson-Lee	Rush
Brown (FL)	Jefferson	Sabo
Brown (OH)	Johnson (SD)	Sanders
Clay	Johnson, E. B.	Sawyer
Clayton	Johnston	Schroeder
Clement	Kennedy (RI)	Schumer
Clyburn	Kennelly	Serrano
Coleman	Lantos	Slaughter
Collins (IL)	Levin	Spratt
Collins (MI)	Lewis (GA)	Stokes
Conyers	Lofgren	Studds
Cramer	Lowey	Stupak
Danner	Maloney	Tanner
de la Garza	Manton	Thompson
DeLauro	Markey	Thornton
Dingell	Martinez	Torres
Dixon	Mascara	Torricelli
Durbin	Matsui	Towns
Edwards	McHale	Traficant
Engel	Meek	Tucker
Eshoo	Menendez	Velazquez
Evans	Miller (CA)	Vento
Farr	Mineta	Volkmer
Fattah	Mink	Ward
Fazio	Moakley	Waxman
Filner	Moran	Wise
Flake	Nadler	Woolsey
Foglietta	Neal	Wyden
Ford	Oberstar	Wynn
Frank (MA)	Obey	Yates
Frost	Olver	

NOES—313

Allard	Callahan	Dornan
Archer	Calvert	Doyle
Armey	Camp	Dreier
Bachus	Canady	Duncan
Baesler	Cardin	Dunn
Baker (CA)	Castle	Ehlers
Baker (LA)	Chabot	Ehrlich
Ballenger	Chambliss	Emerson
Barr	Chapman	English
Barrett (NE)	Chenoweth	Ensign
Barrett (WI)	Christensen	Everett
Bartlett	Chrysler	Ewing
Barton	Clinger	Fawell
Bass	Coble	Fields (LA)
Bateman	Coburn	Fields (TX)
Becerra	Collins (GA)	Flanagan
Beilenson	Combest	Foley
Bentsen	Condit	Forbes
Bereuter	Cooley	Fowler
Berman	Costello	Fox
Bilbray	Cox	Franks (CT)
Bilirakis	Coyne	Franks (NJ)
Bishop	Crane	Frelinghuysen
Bliley	Crapo	Frisa
Blute	Cremeans	Funderburk
Boehlert	Cubin	Furse
Boehner	Cunningham	Gallegly
Bonilla	Davis	Ganske
Bono	Deal	Gekas
Brewster	DeFazio	Geren
Brown (CA)	DeLay	Gibbons
Brownback	Dellums	Gilchrest
Bryant (TN)	Deutsch	Gillmor
Bryant (TX)	Diaz-Balart	Gilman
Bunn	Dickey	Goodlatte
Bunning	Dicks	Goodling
Burr	Doggett	Goss
Burton	Dooley	Graham
Buyer	Doolittle	Green

Greenwood	Luther	Royce
Gunderson	Manzullo	Salmon
Gutknecht	Martini	Sanford
Hall (OH)	McCarthy	Saxton
Hall (TX)	McCollum	Scarborough
Hamilton	McCrery	Schaefer
Hancock	McDade	Schiff
Hansen	McDermott	Scott
Harman	McHugh	Seastrand
Hastert	McInnis	Sensenbrenner
Hastings (WA)	McIntosh	Shadegg
Hayes	McKeon	Shaw
Hayworth	McKinney	Shays
Hefley	McNulty	Shuster
Heineman	Meehan	Sisisky
Herger	Metcalf	Skaggs
Hilleary	Meyers	Skeen
Hilliard	Mfume	Skelton
Hobson	Mica	Smith (MI)
Hoekstra	Miller (FL)	Smith (NJ)
Hoke	Minge	Smith (TX)
Horn	Molinari	Smith (WA)
Hostettler	Mollohan	Solomon
Houghton	Montgomery	Souder
Hoyer	Moorhead	Spence
Hunter	Morella	Stark
Hutchinson	Murtha	Stearns
Hyde	Myers	Stenholm
Inglis	Myrick	Stockman
Istook	Nethercutt	Stump
Jacobs	Neumann	Talent
Johnson (CT)	Ney	Tate
Johnson, Sam	Norwood	Tauzin
Jones	Nussle	Taylor (MS)
Kanjorski	Ortiz	Taylor (NC)
Kaptur	Orton	Tejeda
Kasich	Oxley	Thomas
Kelly	Packard	Thornberry
Kennedy (MA)	Parker	Thurman
Kildee	Pastor	Tiahrt
Kim	Paxon	Torkildsen
King	Payne (VA)	Upton
Kingston	Peterson (FL)	Visclosky
Kleczka	Petri	Vucanovich
Klink	Pickett	Waldholtz
Klug	Pombo	Walker
Knollenberg	Porter	Walsh
Kolbe	Portman	Wamp
LaFalce	Poshard	Waters
LaHood	Pryce	Watt (NC)
Largent	Quillen	Watts (OK)
Latham	Quinn	Weldon (FL)
LaTourette	Radanovich	Weldon (PA)
Laughlin	Ramstad	Weller
Lazio	Rangel	White
Leach	Regula	Whitfield
Lewis (CA)	Riggs	Wicker
Lewis (KY)	Rivers	Williams
Lightfoot	Roberts	Wilson
Lincoln	Roemer	Wolf
Linder	Rogers	Young (AK)
Lipinski	Rohrabacher	Young (FL)
Livingston	Ros-Lehtinen	Zeliff
LoBiondo	Roth	Zimmer
Longley	Roukema	
Lucas	Roybal-Allard	

NOT VOTING—2

Pelosi	Reynolds

So the amendment in the nature of a substitute was not agreed to.

After some further time,

The SPEAKER pro tempore, Mr. DREIER, assumed the Chair.

When Mr. BOEHNER, Chairman, pursuant to House Resolution 128, reported the bill back to the House with an amendment adopted by the Committee.

The previous question having been ordered by said resolution.

The following amendment, reported from the Committee of the Whole House on the state of the Union, was agreed to:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Tax Fairness and Deficit Reduction Act of 1995''.

TITLE I—DISCRETIONARY SAVINGS

SEC. 1001. SHORT TITLE.

This title may be cited as the ''Discretionary Spending Reduction and Control Act of 1995''.

SEC. 1002. DISCRETIONARY SPENDING LIMITS.

(a) LIMITS.—Section 601(a)(2) of the Congressional Budget Act of 1974 is amended by striking subparagraphs (A), (B), (C), (D), and (F), by redesignating subparagraph (E) as subparagraph (A) and by striking ''and'' at the end of that subparagraph, and by inserting after subparagraph (A) the following new subparagraphs:

''(B) with respect to fiscal year 1996, for the discretionary category: $502,994,000,000 in new budget authority and $537,946,000,000 in outlays;

''(C) with respect to fiscal year 1997, for the discretionary category: $497,816,000,000 in new budget authority and $531,793,000,000 in outlays;

''(D) with respect to fiscal year 1998, for the discretionary category: $489,046,000,000 in new budget authority and $523,703,000,000 in outlays;

''(E) with respect to fiscal year 1999, for the discretionary category: $491,586,000,000 in new budget authority and $522,063,000,000 in outlays; and

''(F) with respect to fiscal year 2000, for the discretionary category: $492,282,000,000 in new budget authority and $521,690,000,000 in outlays;''.

(b) COMMITTEE ALLOCATIONS AND ENFORCEMENT.—Section 602 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (c), by striking ''1995'' and inserting ''2000'' and by striking its last sentence; and

(2) in subsection (d), by striking ''1992 TO 1995'' in the side heading and inserting ''1995 TO 2000'' and by striking ''1992 through 1995'' and inserting ''1995 through 2000''.

(c) FIVE-YEAR BUDGET RESOLUTIONS.—Section 606 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (a), by striking ''1992, 1993, 1994, or 1995'' and inserting ''1995, 1996, 1997, 1998, 1999, or 2000''; and

(2) in subsection (d)(1), by striking ''1992, 1993, 1994, and 1995'' and inserting ''1995, 1996, 1997, 1998, 1999, and 2000'', and by striking ''(i) and (ii)''.

(d) EFFECTIVE DATE.—Section 607 of the Congressional Budget Act of 1974 is amended by striking ''1991 to 1998'' and inserting ''1995 to 2000''.

(e) SEQUESTRATION REGARDING CRIME TRUST FUND.—(1) Section 251A(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking subparagraphs (B), (C), and (D) and its last two sentences and inserting the following:

''(B) For fiscal year 1996, $1,827,000,000.

''(C) For fiscal year 1997, $3,082,000,000.

''(D) For fiscal year 1998, $3,840,000,000.

''(E) For fiscal year 1999, $4,415,000,000.

''(F) For fiscal year 2000, $4,874,000,000.

''The appropriate levels of new budget authority are as follows: for fiscal year 1996, $3,357,000,000; for fiscal year 1997, $3,915,000,000; for fiscal year 1998, $4,306,000,000; for fiscal year 1999, $5,089,000,000; and for fiscal year 2000, $5,089,000,000.''.

(2) The last two sentences of section 310002 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14212) are repealed.

SEC. 1003. GENERAL STATEMENT AND DEFINITIONS.

(a) GENERAL STATEMENT.—Section 250(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking the first sentence and inserting the following: ''This part provides for the enforcement of deficit reduction through discretionary spending limits and pay-as-you-go requirements for fiscal years 1995 through 2000.''.

(b) DEFINITIONS.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking paragraph (4) and inserting the following:

''(4) The term 'category' means all discretionary appropriations.'';

(2) by striking paragraph (6) and inserting the following:

''(6) The term 'budgetary resources' means new budget authority, unobligated balances, direct spending authority, and obligation limitations.'';

(3) in paragraph (9), by striking ''1992'' and inserting ''1995'';

(4) in paragraph (14), by striking ''1995'' and inserting ''2000''; and

(5) by striking paragraph (17) and by redesignating paragraphs (18) through (21) as paragraphs (17) through (20), respectively.

SEC. 1004. ENFORCING DISCRETIONARY SPENDING LIMITS.

Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the side heading of subsection (a), by striking ''1991–1998'' and inserting ''1995–2000'';

(2) in the first sentence of subsection (b)(1), by striking ''1992, 1993, 1994, 1995, 1996, 1997 or 1998'' and inserting ''1995, 1996, 1997, 1998, 1999, or 2000'' and by striking ''through 1998'' and inserting ''through 2000'';

(3) in subsection (b)(1), by striking subparagraphs (B) and (C) and by striking ''the following:'' and all that follows through ''The adjustments'' and inserting ''the following: the adjustments'';

(4) in subsection (b)(2), by striking ''1991, 1992, 1993, 1994, 1995, 1996, 1997, or 1998'' and inserting ''1995, 1996, 1997, 1998, 1999, or 2000'' and by striking ''through 1998'' and inserting ''through 2000'';

(5) by striking subparagraphs (A), (B), and (C) of subsection (b)(2);

(6) in subsection (b)(2)(E), by striking clauses (i), (ii), and (iii) and by striking ''(iv) if, for fiscal years 1994, 1995, 1996, 1997, and 1998'' and inserting ''If, for fiscal years 1995, 1996, 1997, 1998, 1999, and 2000''; and

(7) in subsection (b)(2)(F), strike everything after ''the adjustment in outlays'' and insert ''for a category for a fiscal year shall not exceed 0.5 percent of the adjusted discretionary spending limit on outlays for that fiscal year in fiscal year 1996, 1997, 1998, 1999, or 2000.''.

SEC. 1005. ENFORCING PAY-AS-YOU-GO.

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in the side heading of subsection (a), by striking ''1992–1998'' and inserting ''1995–2000'';

(2) in subsection (d), by striking ''1998'' each place it appears and inserting ''2000''; and

(3) in subsection (e), by striking ''1991 through 1998'' and inserting ''1995 through 2000'' and by striking ''through 1995'' and inserting ''through 2000''.

SEC. 1006. REPORTS AND ORDERS.

Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (d)(2), by striking ''1998'' and inserting ''2000''; and

(2) in subsection (g), by striking ''1998'' each place it appears and inserting ''2000''.

SEC. 1007. TECHNICAL CORRECTION.

Section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985, entitled ''Modification of Presidential Order'', is repealed.

SEC. 1008. EFFECTIVE DATE.

(a) EXPIRATION.—Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''1995'' and inserting ''2000''.

(b) EXPIRATION.—Section 14002(c)(3) of the Omnibus Budget Reconciliation Act of 1993 (2 U.S.C. 900 note; 2 U.S.C. 665 note) is repealed.

SEC. 1009. SPECIAL RULE ON INTERRELATIONSHIP BETWEEN CHANGES IN DISCRETIONARY SPENDING LIMITS AND PAY-AS-YOU-GO REQUIREMENTS.

(a)(1) Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new subsection:

''(f) SPECIAL RULE ON INTERRELATIONSHIP BETWEEN SECTIONS 251, 251A, and 252.—Whenever the Committee on the Budget of the House of Representatives or the Senate reports legislation that decreases the discretionary spending limits for budget authority and outlays for a fiscal year set forth in section 601(a)(2) of the Congressional Budget Act of 1974 or in section 251A(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, or both, then, for purposes of subsection (b), an amount equal to that decrease in the discretionary spending limit for outlays shall be treated as direct spending legislation decreasing the deficit for that fiscal year.''.

(2) Section 310(a) of the Congressional Budget Act of 1974 is amended by striking ''or'' at the end of paragraph (3), by redesignating paragraph (4) as paragraph (5) and by striking ''and (3)'' in such redesignated paragraph (5) and inserting ''(3), and (4)'', and by inserting after paragraph (3) the following new paragraph:

''(4) carry out section 252(f) of the Balanced Budget and Emergency Deficit Control Act of 1985; or''.

(b) For purposes of section 252(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by subsection (a)(1))—

(1) this Act shall be deemed to be legislation reported by the Committee on the Budget of the House of Representatives; and

(2)(A) reductions in the discretionary spending limit for outlays set forth in section 601(a)(2) of the Congressional Budget Act of 1974 for fiscal years 1999 and 2000 under section 1002 shall be measured as reductions from the discretionary spending limit for outlays for fiscal year 1998 as in effect immediately before the enactment of this Act; and

(B) reductions in the discretionary spending limit for outlays set forth in section 251A(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 for fiscal years 1999 and 2000 under section 1002 shall be measured as reductions from the level for outlays for fiscal year 1999 and 2000, as the case may be, referred to in the last two sentences of section 251A(b)(1) as in effect immediately before the enactment of this Act.

(c) In the final sequestration report of the Director of the Office of Management and Budget for fiscal year 1996—

(1) all adjustments required by section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 made after the sequestration preview report for fiscal year 1996 shall be made to the discretionary spending limits set forth in 601(a)(2) of the Congressional Budget Act of 1974 as amended by section 1002; and

(2) all statutory changes in the discretionary spending limits set forth in 601(a)(2) of the Congressional Budget Act of 1974 made after issuance of the sequestration preview report for fiscal year 1996 of the Director of the Office of Management and Budget and before the date of enactment of this Act shall be made to those limits as amended by section 1002.

TITLE II—EXTENSION OF AUTHORITY OF FEDERAL COMMUNICATIONS COMMISSION TO USE COMPETITIVE BIDDING

SEC. 2001. EXTENSION OF AUTHORITY.

Section 309(j)(11) of the Communications Act of 1934 (47 U.S.C. 309(j)(11)) is amended by striking ''September 30, 1998'' and inserting ''September 30, 2000''.

TITLE III—PRIVATIZATION OF THE UNITED STATES ENRICHMENT CORPORATION

SEC. 3001. SHORT TITLE AND REFERENCE.

(a) SHORT TITLE.—This title may be cited as the ''USEC Privatization Act''.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this title 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 Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.).

SEC. 3002. PRODUCTION FACILITY.

Paragraph v. of section 11 (42 U.S.C. 2014 v.) is amended by striking ''or the construction and operation of a uranium enrichment production facility using Atomic Vapor Laser Isotope Separation technology''.

SEC. 3003. DEFINITIONS.

Section 1201 (42 U.S.C. 2297) is amended—

(1) in paragraph (4), by inserting before the period the following: ''and any successor corporation established through privatization of the Corporation'';

(2) by redesignating paragraphs (10) through (13) as paragraphs (14) through (17), respectively, and by inserting after paragraph (9) the following new paragraphs:

''(10) The term 'low-level radioactive waste' has the meaning given such term in section 102(9) of the Low-Level Radioactive Waste Policy Amendments Act of 1985 (42 U.S.C. 2021b(9)).

''(11) The term 'mixed waste' has the meaning given such term in section 1004(41) of the Solid Waste Disposal Act (42 U.S.C. 6903(41)).

''(12) The term 'privatization' means the transfer of ownership of the Corporation to private investors pursuant to chapter 25.

''(13) The term 'privatization date' means the date on which 100 percent of ownership of the Corporation has been transferred to private investors.'';

(3) by inserting after paragraph (17) (as redesignated) the following new paragraph:

''(18) The term 'transition date' means July 1, 1993.''; and

(4) by redesignating the unredesignated paragraph (14) as paragraph (19).

SEC. 3004. EMPLOYEES OF THE CORPORATION.

(a) PARAGRAPH (2).—Paragraphs (1) and (2) of section 1305(e) (42 U.S.C. 2297b–4(e)(1)(2)) are amended to read as follows:

''(1) IN GENERAL.—It is the purpose of this subsection to ensure that the privatization of the Corporation shall not result in any adverse effects on the pension benefits of employees at facilities that are operated, directly or under contract, in the performance of the functions vested in the Corporation.

''(2) APPLICABILITY OF EXISTING COLLECTIVE BARGAINING AGREEMENT.—The Corporation shall abide by the terms of the collective bargaining agreement in effect on the privatization date at each individual facility.''.

(b) PARAGRAPH (4).—Paragraph (4) of section 1305(e) (42 U.S.C. 2297b–4(e)(4)) is amended—

(1) by striking ''AND DETAILEES'' in the heading;

(2) by striking the first sentence;

(3) in the second sentence, by inserting ''from other Federal employment'' after ''transfer to the Corporation''; and

(4) by striking the last sentence.

SEC. 3005. MARKETING AND CONTRACTING AUTHORITY.

(a) MARKETING AUTHORITY.—Section 1401(a) (42 U.S.C. 2297c(a)) is amended effective on the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954)—

(1) by amending the subsection heading to read ''MARKETING AUTHORITY.—''; and

(2) by striking the first sentence.

(b) TRANSFER OF CONTRACTS.—Section 1401(b) (42 U.S.C. 2297c(b)) is amended—

(1) in paragraph (2)(B), by adding at the end the following: ''The privatization of the Corporation shall not affect the terms of, or the rights or obligations of the parties to, any such power purchase contract.''; and

(2) by adding at the end the following:

''(3) EFFECT OF TRANSFER.—

''(A) As a result of the transfer pursuant to paragraph (1), all rights, privileges, and benefits under such contracts, agreements, and leases, including the right to amend, modify, extend, revise, or terminate any of such contracts, agreements, or leases were irrevocably assigned to the Corporation for its exclusive benefit.

''(B) Notwithstanding the transfer pursuant to paragraph (1), the United States shall remain obligated to the parties to the contracts, agreements, and leases transferred pursuant to paragraph (1) for the performance of the obligations of the United States thereunder during the term thereof. The Corporation shall reimburse the United States for any amount paid by the United States in respect of such obligations arising after the privatization date to the extent such amount is a legal and valid obligation of the Corporation then due.

''(C) After the privatization date, upon any material amendment, modification, extension, revision, replacement, or termination of any contract, agreement, or lease transferred under paragraph (1), the United States shall be released from further obligation under such contract, agreement, or lease, except that such action shall not release the United States from obligations arising under such contract, agreement, or lease prior to such time.''.

(c) PRICING.—Section 1402 (42 U.S.C. 2297c–1) is amended to read as follows:

''SEC. 1402. PRICING.

''The Corporation shall establish prices for its products, materials, and services provided to customers on a basis that will allow it to attain the normal business objectives of a profitmaking corporation.''.

(d) LEASING OF GASEOUS DIFFUSION FACILITIES OF DEPARTMENT.—Effective on the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954), section 1403 (42 U.S.C. 2297c–2) is amended by adding at the end the following:

''(h) LOW-LEVEL RADIOACTIVE WASTE AND MIXED WASTE.—

''(1) RESPONSIBILITY OF THE DEPARTMENT; COSTS.—

''(A) With respect to low-level radioactive waste and mixed waste generated by the Corporation as a result of the operation of the facilities and related property leased by the Corporation pursuant to subsection (a) or as a result of treatment of such wastes at a location other than the facilities and related property leased by the Corporation pursuant to subsection (a) the Department, at the request of the Corporation, shall—

''(i) accept for treatment or disposal of all such wastes for which treatment or disposal technologies and capacities exist, whether within the Department or elsewhere; and

''(ii) accept for storage (or ultimately treatment or disposal) all such wastes for which treatment and disposal technologies or capacities do not exist, pending development of such technologies or availability of such capacities for such wastes.

''(B) All low-level wastes and mixed wastes that the Department accepts for treatment, storage, or disposal pursuant to subparagraph (A) shall, for the purpose of any permits, licenses, authorizations, agreements, or orders involving the Department and other Federal agencies or State or local governments, be deemed to be generated by the Department and the Department shall handle such wastes in accordance with any such permits, licenses, authorizations, agree-

ments, or orders. The Department shall obtain any additional permits, licenses, or authorizations necessary to handle such wastes, shall amend any such agreements or orders as necessary to handle such wastes, and shall handle such wastes in accordance therewith.

''(C) The Corporation shall reimburse the Department for the treatment, storage, or disposal of low-level radioactive waste or mixed waste pursuant to subparagraph (A) in an amount equal to the Department's costs but in no event greater than an amount equal to that which would be charged by commercial, State, regional, or interstate compact entities for treatment, storage, or disposal of such waste.

''(2) AGREEMENTS WITH OTHER PERSONS.—The Corporation may also enter into agreements for the treatment, storage, or disposal of low-level radioactive waste and mixed waste generated by the Corporation as a result of the operation of the facilities and related property leased by the Corporation pursuant to subsection (a) with any person other than the Department that is authorized by applicable laws and regulations to treat, store, or dispose of such wastes.''.

(e) LIABILITIES.—

(1) Subsection (a) of section 1406 (42 U.S.C. 2297c–5(a)) is amended—

(A) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(B) by adding at the end the following: ''As of the privatization date, all liabilities attributable to the operation of the Corporation from the transition date to the privatization date shall be direct liabilities of the United States.''.

(2) Subsection (b) of section 1406 (42 U.S.C. 2297c–5(b)) is amended—

(A) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(B) by adding at the end the following: ''As of the privatization date, any judgment entered against the Corporation imposing liability arising out of the operation of the Corporation from the transition date to the privatization date shall be considered a judgment against the United States.''.

(3) Subsection (d) of section 1406 (42 U.S.C. 2297c–5(d)) is amended—

(A) by inserting ''AND PRIVATIZATION'' after ''TRANSITION'' in the heading; and

(B) by striking ''the transition date'' and inserting ''the privatization date (or, in the event the privatization date does not occur, the transition date)''.

(f) TRANSFER OF URANIUM.—Title II (42 U.S.C. 2297 et seq.) is amended by redesignating section 1408 as section 1409 and by inserting after section 1407 the following:

''SEC. 1408. TRANSFER OF URANIUM.

''The Secretary may, before the privatization date, transfer to the Corporation without charge raw uranium, low-enriched uranium, and highly enriched uranium.''.

SEC. 3006. PRIVATIZATION OF THE CORPORATION.

(a) ESTABLISHMENT OF PRIVATE CORPORATION.—Chapter 25 (42 U.S.C. 2297d et seq.) is amended by adding at the end the following new section:

''SEC. 1503. ESTABLISHMENT OF PRIVATE CORPORATION.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—In order to facilitate privatization, the Corporation may provide for the establishment of a private corporation organized under the laws of any of the several States. Such corporation shall have among its purposes the following:

''(A) To help maintain a reliable and economical domestic source of uranium enrichment services.

''(B) To undertake any and all activities as provided in its corporate charter.

''(2) AUTHORITIES.—The corporation established pursuant to paragraph (1) shall be authorized to—

''(A) enrich uranium, provide for uranium to be enriched by others, or acquire enriched uranium (including low-enriched uranium derived from highly enriched uranium);

''(B) conduct, or provide for conducting, those research and development activities related to uranium enrichment and related processes and activities the corporation considers necessary or advisable to maintain itself as a commercial enterprise operating on a profitable and efficient basis;

''(C) enter into transactions regarding uranium, enriched uranium, or depleted uranium with—

''(i) persons licensed under section 53, 63, 103, or 104 in accordance with the licenses held by those persons;

''(ii) persons in accordance with, and within the period of, an agreement for cooperation arranged under section 123; or

''(iii) persons otherwise authorized by law to enter into such transactions;

''(D) enter into contracts with persons licensed under section 53, 63, 103, or 104, for as long as the corporation considers necessary or desirable, to provide uranium or uranium enrichment and related services;

''(E) enter into contracts to provide uranium or uranium enrichment and related services in accordance with, and within the period of, an agreement for cooperation arranged under section 123 or as otherwise authorized by law; and

''(F) take any and all such other actions as are permitted by the law of the jurisdiction of incorporation of the corporation.

''(3) TRANSFER OF ASSETS.—For purposes of implementing the privatization, the Corporation may transfer some or all of its assets and obligations to the corporation established pursuant to this section, including—

''(A) all of the Corporation's assets, including all contracts, agreements, and leases, including all uranium enrichment contracts and power purchase contracts;

''(B) all funds in accounts of the Corporation held by the Treasury or on deposit with any bank or other financial institution;

''(C) all of the Corporation's rights, duties, and obligations, accruing subsequent to the privatization date, under the power purchase contracts covered by section 1401(b)(2)(B); and

''(D) all of the Corporation's rights, duties, and obligations, accruing subsequent to the privatization date, under the lease agreement between the Department and the Corporation executed by the Department and the Corporation pursuant to section 1403.

''(4) MERGER OR CONSOLIDATION.—For purposes of implementing the privatization, the Corporation may merge or consolidate with the corporation established pursuant to subsection (a)(1) if such action is contemplated by the plan for privatization approved by the President under section 1502(b). The Board shall have exclusive authority to approve such merger or consolidation and to take all further actions necessary to consummate such merger or consolidation, and no action by or in respect of shareholders shall be required. The merger or consolidation shall be effected in accordance with, and have the effects of a merger or consolidation under, the laws of the jurisdiction of incorporation of the surviving corporation, and all rights and benefits provided under this title to the Corporation shall apply to the surviving corporation as if it were the Corporation.

''(b) OSHA REQUIREMENTS.—For purposes of the regulation of radiological and nonradiological hazards under the Occupational Safety and Health Act of 1970, the corporation established pursuant to subsection (a)(1) shall be treated in the same manner as other employers licensed by the Nuclear Regulatory Commission. Any interagency agreement entered into between the Nuclear Regulatory Commission and the Occupational Safety and Health Administration governing the scope of their respective regulatory authorities shall apply to the corporation as if the corporation were a Nuclear Regulatory Commission licensee.

''(c) LEGAL STATUS OF PRIVATE CORPORATION.—

''(1) NOT FEDERAL AGENCY.—The corporation established pursuant to subsection (a)(1) shall not be an agency, instrumentality, or establishment of the United States Government and shall not be a Government corporation or Government-controlled corporation.

''(2) NO RECOURSE AGAINST UNITED STATES.—Obligations of the corporation established pursuant to subsection (a)(1) shall not be obligations of, or guaranteed as to principal or interest by, the Corporation or the United States, and the obligations shall so plainly state.

''(3) NO CLAIMS COURT JURISDICTION.—No action under section 1491 of title 28, United States Code, shall be allowable against the United States based on the actions of the corporation established pursuant to subsection (a)(1).

''(d) BOARD OF DIRECTOR'S ELECTION AFTER PUBLIC OFFERING.—In the event that the privatization is implemented by means of a public offering, an election of the members of the board of directors of the Corporation by the shareholders shall be conducted before the end of the 1-year period beginning the date shares are first offered to the public pursuant to such public offering.

''(e) ADEQUATE PROCEEDS.—The Secretary of Energy shall not allow the privatization of the Corporation unless before the sale date the Secretary determines that the estimated sum of the gross proceeds from the sale of the Corporation will be an adequate amount.''.

(b) OWNERSHIP LIMITATIONS.—Chapter 25 (as amended by subsection (a)) is amended by adding at the end the following new section:

''SEC. 1504. OWNERSHIP LIMITATIONS.

''(a) SECURITIES LIMITATION.—In the event that the privatization is implemented by means of a public offering, during a period of 3 years beginning on the privatization date, no person, directly or indirectly, may acquire or hold securities representing more than 10 percent of the total votes of all outstanding voting securities of the Corporation.

''(b) APPLICATION.—Subsection (a) shall not apply—

''(1) to any employee stock ownership plan of the Corporation,

''(2) to underwriting syndicates holding shares for resale, or

''(3) in the case of shares beneficially held for others, to commercial banks, broker-dealers, clearing corporations, or other nominees.

''(c) No director, officer, or employee of the Corporation may acquire any securities, or any right to acquire securities, of the Corporation—

''(1) in the public offering of securities of the Corporation in the implementation of the privatization,

''(2) pursuant to any agreement, arrangement, or understanding entered into before the privatization date, or

''(3) before the election of directors of the Corporation under section 1503(d) on any terms more favorable than those offered to the general public.''.

(c) EXEMPTION FROM LIABILITY.—Chapter 25 (as amended by subsection (b)) is amended by adding at the end the following new section:

"SEC. 1505. EXEMPTION FROM LIABILITY.

''(a) IN GENERAL.—No director, officer, employee, or agent of the Corporation shall be liable, for money damages or otherwise, to any party if, with respect to the subject matter of the action, suit, or proceeding, such person was fulfilling a duty, in connection with any action taken in connection with the privatization, which such person in good faith reasonably believed to be required by law or vested in such person.

''(b) EXCEPTION.—The privatization shall be subject to the Securities Act of 1933 and the Securities Exchange Act of 1934. The exemption set forth in subsection (a) shall not apply to claims arising under such Acts or under the Constitution or laws of any State, territory, or possession of the United States relating to transactions in securities, which claims are in connection with a public offering implementing the privatization.''.

(d) RESOLUTION OF CERTAIN ISSUES.—Chapter 25 (as amended by subsection (c)) is amended by adding at the end the following new section:

"SEC. 1506. RESOLUTION OF CERTAIN ISSUES.

''(a) CORPORATION ACTIONS.—Notwithstanding any provision of any agreement to which the Corporation is a party, the Corporation shall not be considered to be in breach, default, or violation of any such agreement because of any provision of this chapter or any action the Corporation is required to take under this chapter.

''(b) RIGHT TO SUE WITHDRAWN.—The United States hereby withdraws any stated or implied consent for the United States, or any agent or officer of the United States, to be sued by any person for any legal, equitable, or other relief with respect to any claim arising out of, or resulting from, acts or omissions under this chapter.''.

(e) APPLICATION OF PRIVATIZATION PROCEEDS.—Chapter 25 (as amended by subsection (d)) is amended by adding at the end the following new section:

"SEC. 1507. APPLICATION OF PRIVATIZATION PROCEEDS.

''The proceeds from the privatization shall be included in the budget baseline required by the Balanced Budget and Emergency Deficit Control Act of 1985 and shall be counted as an offset to direct spending for purposes of section 252 of such Act, notwithstanding section 257(e) of such Act.''.

(f) CONFORMING AMENDMENT.—The table of contents for chapter 25 is amended by inserting after the item for section 1502 the following:

''Sec. 1503. Establishment of Private Corporation.
''Sec. 1504. Ownership Limitations.
''Sec. 1505. Exemption from Liability.
''Sec. 1506. Resolution of Certain Issues.
''Sec. 1507. Application of Privatization Proceeds.''.

(g) Section 193 (42 U.S.C. 2243) is amended by adding at the end the following:

''(f) LIMITATION.—If the privatization of the United States Enrichment Corporation results in the Corporation being—

''(1) owned, controlled, or dominated by a foreign corporation or a foreign government, or

''(2) otherwise inimical to the common defense or security of the United States,

any license held by the Corporation under sections 53 and 63 shall be terminated.''.

(h) PERIOD FOR CONGRESSIONAL REVIEW.—Section 1502(d) (42 U.S.C. 2297d–1(d)) is amended by striking ''less than 60 days after notification of the Congress'' and inserting ''less than 60 days after the date of the report to Congress by the Comptroller General under subsection (c)''.

SEC. 3007. PERIODIC CERTIFICATION OF COMPLIANCE.

Section 1701(c)(2) (42 U.S.C. 2297f(c)(2)) is amended by striking ''ANNUAL APPLICATION FOR CERTIFICATE OF COMPLIANCE.—The Corporation shall apply at least annually to the Nuclear Regulatory Commission for a certificate of compliance under paragraph (1).'' and inserting ''PERIODIC APPLICATION FOR CERTIFICATE OF COMPLIANCE.—The Corporation shall apply to the Nuclear Regulatory Commission for a certificate of compliance under paragraph (1) periodically, as determined by the Nuclear Regulatory Commission, but not less than every 5 years.''.

SEC. 3008. LICENSING OF OTHER TECHNOLOGIES.

Subsection (a) of section 1702 (42 U.S.C. 2297f–1(a)) is amended by striking ''other than'' and inserting ''including''.

SEC. 3009. CONFORMING AMENDMENTS.

(a) REPEALS IN ATOMIC ENERGY ACT OF 1954 AS OF THE PRIVATIZATION DATE.—

(1) REPEALS.—As of the privatization date (as defined in section 1201(13) of the Atomic Energy Act of 1954), the following sections (as in effect on such privatization date) of the Atomic Energy Act of 1954 are repealed:

(A) Section 1202.
(B) Sections 1301 through 1304.
(C) Sections 1306 through 1316.
(D) Sections 1404 and 1405.
(E) Section 1601.
(F) Sections 1603 through 1607.

(2) CONFORMING AMENDMENT.—The table of contents of such Act is amended by repealing the items referring to sections repealed by paragraph (1).

(b) STATUTORY MODIFICATIONS.—As of such privatization date, the following shall take effect:

(1) For purposes of title I of the Atomic Energy Act of 1954, all references in such Act to the ''United States Enrichment Corporation'' shall be deemed to be references to the corporation established pursuant to section 1503 of the Atomic Energy Act of 1954 (as added by section 6(a)).

(2) Section 1018(1) of the Energy Policy Act of 1992 (42 U.S.C. 2296b–7(1)) is amended by striking ''the United States'' and all that follows through the period and inserting ''the corporation referred to in section 1201(4) of the Atomic Energy Act of 1954.''.

(3) Section 9101(3) of title 31, United States Code, is amended by striking subparagraph (N), as added by section 902(b) of Public Law 102–486.

(c) REVISION OF SECTION 1305.—As of such privatization date, section 1305 of the Atomic Energy Act of 1954 (42 U.S.C 2297b–4) is amended—

(1) by repealing subsections (a), (b), (c), and (d), and

(2) in subsection (e)—

(A) by striking the subsection designation and heading,

(B) by redesignating paragraphs (1) and (2) (as added by section 4(a)) as subsections (a) and (b) and by moving the margins 2-ems to the left,

(C) by striking paragraph (3), and

(D) by redesignating paragraph (4) (as amended by section 4(b)) as subsection (c), and by moving the margins 2-ems to the left.

TITLE IV—RETIREMENT

SEC. 4001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the ''Congressional and Federal Employee Retirement Equalization Act''.

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

SEC. 4002. AMENDMENT OF TITLE 5, UNITED STATES CODE.

Except as otherwise expressly provided, whenever in this title 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 title 5, United States Code.

SEC. 4003. INDIVIDUAL CONTRIBUTIONS.

(a) CSRS.—

(1) IN GENERAL.—The table under section 8334(c) is amended—

(A) in the matter relating to an employee by striking

''7	After December 31, 1969.''

and inserting the following:

''7	January 1, 1970, to December 31, 1995.
''8½	January 1, 1996, to December 31, 1996.
''9	January 1, 1997, to December 31, 1997.
''9½	After December 31, 1997.'';

(B) in the matter relating to a Member or employee for Congressional employee service by striking

''7½	After December 31, 1969.''

and inserting the following:

''7½	January 1, 1970, to December 31, 1995.
''8½	January 1, 1996, to December 31, 1996.
''9	January 1, 1997, to December 31, 1997.
''9½	After December 31, 1997.'';

(C) in the matter relating to a Member for Member service by striking

''8	After December 31, 1969.''

and inserting the following:

''8	January 1, 1970, to December 31, 1995.
''8½	January 1, 1996, to December 31, 1996.
''9	January 1, 1997, to December 31, 1997.
''9½	After December 31, 1997.'';

(D) in the matter relating to a law enforcement officer for law enforcement service and firefighter for firefighter service by striking

''7½	After December 31, 1974.''

and inserting the following:

''7½	January 1, 1975, to December 31, 1995.
''9	January 1, 1996, to December 31, 1996.
''9½	January 1, 1997, to December 31, 1997.
''10	After December 31, 1997.'';

(E) in the matter relating to a bankruptcy judge by striking

''8	After December 31, 1983.''

and inserting the following:

''8	January 1, 1984, to December 31, 1995.
''8½	January 1, 1996, to December 31, 1996.
''9	January 1, 1997, to December 31, 1997.
''9½	After December 31, 1997.'';

(F) in the matter relating to a judge of the United States Court of Appeals for the Armed Forces for service as a judge of that court by striking

''8	On and after the date of the enactment of the Department of Defense Authorization Act, 1984.''

and inserting the following:

''8	The date of the enactment of the Department of Defense Authorization Act, 1984, to December 31, 1995.
''8½	January 1, 1996, to December 31, 1996.
''9	January 1, 1997, to December 31, 1997.
''9½	After December 31, 1997.'';

(G) in the matter relating to a United States magistrate by striking

''8	After September 30, 1987.''

and inserting the following:

''8	October 1, 1987, to December 31, 1995.
''8½	January 1, 1996, to December 31, 1996.
''9	January 1, 1997, to December 31, 1997.
''9½	After December 31, 1997.''; and

(H) in the matter relating to a Claims Court judge by striking

''8	After September 30, 1988.''

and inserting the following:

''8	October 1, 1988, to December 31, 1995.
''8½	January 1, 1996, to December 31, 1996.
''9	January 1, 1997, to December 31, 1997.
''9½	After December 31, 1997.''.

(2) DEDUCTIONS.—The first sentence of section 8334(a)(1) is amended to read as follows: ''The employing agency shall deduct and withhold from the basic pay of an employee, Member, Congressional employee, law enforcement officer, firefighter, bankruptcy judge, judge of the United States Court of Appeals for the Armed Forces, United States magistrate, or Claims Court judge, as the case may be, the percentage of basic pay applicable under subsection (c).''.

(3) GOVERNMENT CONTRIBUTIONS.—

(A) IN GENERAL.—Section 8334(a) is amended by adding at the end the following:

''(3) The amount to be contributed under the second sentence of paragraph (1) with respect to any service period occurring during any calendar year after 1995 shall be determined as if the percentage then applicable under subsection (c) were the percentage that was applicable for calendar year 1995 plus 3 percent.''.

(B) TECHNICAL AMENDMENT.—The second sentence of section 8334(a)(1) is amended by striking the period at the end and inserting '', subject to paragraph (3).''.

(4) OTHER SERVICE.—

(A) MILITARY SERVICE.—Section 8334(j) is amended—

(i) in paragraph (1)(A) by inserting ''and subject to paragraph (5),'' after ''Except as provided in subparagraph (B),''; and

(ii) by adding at the end the following:

''(5) Effective with respect to any period of military service after December 31, 1995, the percentage of basic pay under section 204 of title 37 payable under paragraph (1) shall be equal to the same percentage as would be applicable under section 8334(c) for that same period for service as an 'employee', subject to paragraph (1)(B).''.

(B) VOLUNTEER SERVICE.—Section 8334(l) is amended—

(i) in paragraph (1) by striking the period at the end and inserting '', subject to paragraph (4).''; and

(ii) by adding at the end the following:

''(4) Effective with respect to any period of service after December 31, 1995, the percentage of the readjustment allowance or stipend (as the case may be) payable under paragraph (1) shall be equal to the same percentage as would be applicable under section 8334(c) for that same period for service as an 'employee'.''.

(b) FERS.—

(1) IN GENERAL.—Section 8422(a) is amended by striking paragraph (2) and inserting the following:

''(2) The percentage to be deducted and withheld from basic pay for any pay period shall be equal to—

''(A) the applicable percentage under paragraph (3), minus

''(B) the percentage then in effect under section 3101(a) of the Internal Revenue Code of 1986 (relating to rate of tax for old-age, survivors, and disability insurance).

''(3) The applicable percentage under this paragraph, for civilian service after December 31, 1995, shall be as follows:

	Percentage of basic pay	Service period
''Employee	8½	January 1, 1996, to December 31, 1996.
	''9	January 1, 1997, to December 31, 1997.
	''9½	After December 31, 1997.
''Congressional employee.	8½	January 1, 1996, to December 31, 1996.
	''9	January 1, 1997, to December 31, 1997.
	''9½	After December 31, 1997.
''Member ..	8½	January 1, 1996, to December 31, 1996.
	''9	January 1, 1997, to December 31, 1997.
	''9½	After December 31, 1997.
''Law enforcement officer.	9	January 1, 1996, to December 31, 1996.
	''9½	January 1, 1997, to December 31, 1997.
	''10	After December 31, 1997.
''Firefighter	9	January 1, 1996, to December 31, 1996.
	''9½	January 1, 1997, to December 31, 1997.
	''10	After December 31, 1997.
''Air traffic controller.	9	January 1, 1996, to December 31, 1996.
	''9½	January 1, 1997, to December 31, 1997.
	''10	After December 31, 1997.''.

(2) OTHER SERVICE.—

(A) MILITARY SERVICE.—Section 8422(e) is amended—

(i) in paragraph (1)(A) by inserting ''and subject to paragraph (6),'' after ''Except as provided in subparagraph (B),''; and

(ii) by adding at the end the following:

''(6) Effective with respect to any period of military service after December 31, 1995, the percentage of basic pay under section 204 of title 37 payable under paragraph (1) shall be equal to the same percentage as would be applicable under section 8422(a)(3) for that same period for service as an 'employee', subject to paragraph (1)(B).''.

(B) VOLUNTEER SERVICE.—Section 8422(f) is amended—

(i) in paragraph (1) by striking the period at the end and inserting '', subject to paragraph (4).''; and

(ii) by adding at the end the following:

''(4) Effective with respect to any period of service after December 31, 1995, the percentage of the readjustment allowance or stipend (as the case may be) payable under paragraph (1) shall be equal to the same percentage as would be applicable under section 8422(a)(3) for that same period for service as an employee.''.

(c) EXEMPTION.—

(1) IN GENERAL.—Section 1005(d) of title 39, United States Code, is amended by adding at the end the following:

''(3) For purposes of applying chapters 83 and 84 of title 5 with respect to any officer or employee of the Postal Service, section 4003 of the Congressional and Federal Employee Retirement Equalization Act shall be treated as if it had not been enacted.''.

(2) TECHNICAL AMENDMENT.—The second sentence of section 1005(d)(1) of title 39, United States Code, is amended by striking the period and inserting '', subject to paragraph (3).''.

(d) EFFECTIVE DATE.—This section shall take effect on January 1, 1996.

SEC. 4004. AVERAGE PAY.

(a) CSRS.—

(1) IN GENERAL.—Subchapter III of chapter 83 is amended by inserting after section 8339 the following:

''§ 8339a. Special rules relating to average pay

''(a) Notwithstanding section 8331(4), for purposes of computing any annuity or survivor annuity under this subchapter, eligibility for which is based on a separation occurring after December 31, 1995, 'average pay' shall, if the separation occurs—

''(1) during calendar year 1996, have the meaning given such term by subsection (b)(1); or

''(2) after calendar year 1996, have the meaning given such term by subsection (b)(2).

''(b) For purposes of this section—

''(1) the meaning given the term 'average pay' by this paragraph shall be the meaning such term would have under section 8331(4) if '4 consecutive years' were substituted for '3 consecutive years' and '4 years' were substituted for '3 years'; and

''(2) the meaning given the term 'average pay' by this paragraph shall be the meaning such term would have under section 8331(4) if '5 consecutive years' were substituted for '3 consecutive years' and '5 years' were substituted for '3 years'.

''(c) Nothing in this section shall be considered to apply with respect to any annuity or survivor annuity eligibility for which is based on a separation occurring before January 1, 1996.

''(d) The Office of Personnel Management shall prescribe such regulations as may be necessary to carry out this section.''.

(2) TECHNICAL AMENDMENTS.—

(A) Section 8331(4) is amended by striking ''effect;'' and inserting ''effect, subject to section 8339a;''.

(B) The table of sections for chapter 83 is amended by inserting after the item relating to section 8339 the following:

''8339a. Special rules relating to average pay.''.

(b) FERS.—

(1) IN GENERAL.—Chapter 84 is amended by inserting after section 8461 the following:

''§ 8461a. Special rules relating to average pay

''(a) Notwithstanding section 8401(3), for purposes of computing any annuity or survivor annuity under this chapter, eligibility for which is based on a separation occurring after December 31, 1995, 'average pay' shall, if the separation occurs—

''(1) during calendar year 1996, have the meaning given such term by subsection (b)(1); or

''(2) after calendar year 1996, have the meaning given such term by subsection (b)(2).

''(b) For purposes of this section—

''(1) the meaning given the term 'average pay' by this paragraph shall be the meaning such term would have under section 8401(3) if '4 consecutive years' were substituted for '3 consecutive years' and '4 years' were substituted for '3 years'; and

''(2) the meaning given the term 'average pay' by this paragraph shall be the meaning such term would have under section 8401(3) if '5 consecutive years' were substituted for '3 consecutive years' and '5 years' were substituted for '3 years'.

''(c) Nothing in this section shall be considered to apply with respect to any annuity or survivor annuity eligibility for which is based on a separation occurring before January 1, 1996.

''(d) The Office of Personnel Management shall prescribe such regulations as may be necessary to carry out this section.''.

(2) TECHNICAL AMENDMENTS.—

(A) Section 8401(3) is amended by striking ''effect;'' and inserting ''effect, subject to section 8461a;''.

(B) The table of sections for chapter 84 is amended by inserting after the item relating to section 8461 the following:

''8461a. Special rules relating to average pay.''.

(c) REGULATIONS.—The Office of Personnel Management shall prescribe such regulations as may be necessary to carry out the purposes of this section, including regulations to provide that section 302(a)(6) of the Federal Employees' Retirement System Act of 1986 (5 U.S.C. 8331 note) shall be carried out in a manner consistent with the amendments made by this section.

SEC. 4005. ACCRUAL RATES.

(a) CSRS.—

(1) MEMBERS.—

(A) IN GENERAL.—Section 8339(c) is amended by striking all that follows ''with respect to—'' and inserting the following:

''(1) so much of his service as a Member as is or was performed before January 1, 1996;

''(2) so much of his military service as—

''(A) is creditable for the purpose of this subsection; and

''(B) is or was performed before January 1, 1996; and

''(3) so much of his Congressional employee service as is or was performed before January 1, 1996;

by multiplying 2½ percent of his average pay by the years of that service.''.

(B) TECHNICAL AMENDMENT.—Section 8332(d) is amended by striking ''section 8339(c)(1)'' and inserting ''section 8339(c)''.

(2) CONGRESSIONAL EMPLOYEES.—Section 8339(b) is amended—

(A) by inserting ''so much of'' after ''is computed with respect to''; and

(B) by inserting ''as is or was performed before January 1, 1996,'' before ''by multiplying''.

(b) FERS.—

(1) MEMBERS.—Section 8415(b) is amended by striking ''shall'' and inserting ''shall, to the extent that such service is or was performed before January 1, 1996,''.

(2) CONGRESSIONAL EMPLOYEES.—Section 8415(c) is amended by striking ''shall'' and inserting ''shall, to the extent that such service is or was performed before January 1, 1996,''.

(3) PROVISIONS RELATING TO THE 1.1 PERCENT ACCRUAL RATE.—Section 8415(g) is amended—

(A) in paragraph (1) by striking ''an employee under paragraph (2),'' and inserting ''an employee or Member under paragraph (2),'';

(B) in paragraph (2) by inserting ''or Member'' after ''in the case of an employee'' and by striking ''Congressional employee,''; and

(C) by adding at the end the following:

''(3) Notwithstanding any other provision of this subsection—

''(A) this subsection shall not apply in the case of a Member or Congressional employee whose separation (on which entitlement to annuity is based) occurs before January 1, 1996; and

''(B) in the case of a Member or Congressional employee to whom this subsection applies, the 1.1 percent accrual rate shall apply only with respect to any period of service other than a period with respect to which the 1.7 percent accrual rate applies under subsection (b) or (c).''.

SEC. 4006. ELIMINATION OF MEMBERS' OPTION TO ELECT NOT TO PARTICIPATE IN FERS.

(a) IN GENERAL.—Section 8401(20) is amended by striking ''2106,'' and all that follows through the semicolon and inserting ''2106;''.

(b) EFFECTIVE DATE; SAVINGS PROVISION.—

(1) EFFECTIVE DATE.—Subsection (a) shall take effect on January 1, 1996.

(2) SAVINGS PROVISION.—The amendment made by subsection (a) shall not affect any election made before such subsection takes effect.

TITLE V—MEDICARE SAVINGS EXTENSIONS

SEC. 5001. SHORT TITLE.

This title may be cited as the ''Medicare Presidential Budget Savings Extension Act of 1995''.

Subtitle A—Provisions Relating to Part A of the Medicare Program

SEC. 5101. MAINTAINING SAVINGS RESULTING FROM TEMPORARY FREEZE ON PAYMENT INCREASES FOR SKILLED NURSING FACILITY SERVICES.

(a) BASING UPDATES TO PER DIEM COST LIMITS ON LIMITS FOR FISCAL YEAR 1993.—

(1) IN GENERAL.—The last sentence of section 1888(a) of the Social Security Act (42 U.S.C. 1395yy(a)) is amended by adding at the end the following: ''(except that such updates may not take into account any changes in the routine service costs of skilled nursing facilities occurring during cost reporting periods which began during fiscal year 1994 or fiscal year 1995).''.

(2) NO EXCEPTIONS PERMITTED BASED ON AMENDMENT.—The Secretary of Health and Human Services shall not consider the amendment made by paragraph (1) in making any adjustments pursuant to section 1888(c) of the Social Security Act.

(b) PAYMENTS DETERMINED ON PROSPECTIVE BASIS.—Any change made by the Secretary of Health and Human Services in the amount of any prospective payment paid to a skilled nursing facility under section 1888(d) of the Social Security Act for cost reporting periods beginning on or after October 1, 1995, may not take into account any changes in the costs of services occurring during cost reporting periods which began during fiscal year 1994 or fiscal year 1995.

Subtitle B—Provisions Relating to Part B of the Medicare Program

SEC. 5201. SETTING THE PART B PREMIUM AT 25 PERCENT OF PROGRAM EXPENDITURES PERMANENTLY.

(a) IN GENERAL.—Section 1839(a)(3) of the Social Security Act (42 U.S.C. 1395r(a)(3)) is amended by striking ''The monthly premium'' and all that follows through ''November 1.'' and inserting the following: ''The monthly premium shall be equal to 50 percent of the monthly actuarial rate for enrollees age 65 and over, as determined according to paragraph (1), for that succeeding calendar year.''.

(b) CONFORMING AMENDMENTS.—Section 1839 of such Act (42 U.S.C. 1395r) is amended—

(1) in subsection (a)(2), by striking ''(b) and (e)'' and inserting ''(b), (c), (e), and (f)'';

(2) in the last sentence of subsection (a)(3), by striking ''and the derivation of the dollar amounts specified in this paragraph''; and

(3) in subsection (e)—

(A) by striking ''(1)(A) Notwithstanding'' and all that follows through ''(B)'',

(B) by striking paragraph (2), and

(C) by redesignating clauses (i) through (v) as paragraphs (1) through (5).

Subtitle C—Provisions Relating to Parts A and B of the Medicare Program

SEC. 5301. PERMANENT EXTENSION OF CERTAIN SECONDARY PAYER PROVISIONS.

(a) DATA MATCH.—

(1) Section 1862(b)(5)(C) of the Social Security Act (42 U.S.C. 1395y(b)(5)(C)) is amended by striking clause (iii).

(2) Section 6103(l)(12) of the Internal Revenue Code of 1986 is amended by striking subparagraph (F).

(b) APPLICATION TO DISABLED INDIVIDUALS IN LARGE GROUP HEALTH PLANS.—

(1) IN GENERAL.—Section 1862(b)(1)(B) of the Social Security Act (42 U.S.C. 1395y(b)(1)(B)) is amended—

(A) in clause (i), by striking ''clause (iv)'' and inserting ''clause (iii)'',

(B) by striking clause (iii), and

(C) by redesignating clause (iv) as clause (iii).

(2) CONFORMING AMENDMENTS.—Paragraphs (1) through (3) of section 1837(i) of such Act (42 U.S.C. 1395p(i)) and the second sentence of section 1839(b) of such Act (42 U.S.C. 1395r(b)) are each amended by striking ''1862(b)(1)(B)(iv)'' each place it appears and inserting ''1862(b)(1)(B)(iii)''.

(c) PERIOD OF APPLICATION TO INDIVIDUALS WITH END STAGE RENAL DISEASE.—Section 1862(b)(1)(C) of the Social Security Act (42 U.S.C. 1395y(b)(1)(C)) is amended—

(1) in the first sentence, by striking ''12-month'' each place it appears and inserting ''18-month'', and

(2) by striking the second sentence.

SEC. 5302. MAINTAINING SAVINGS RESULTING FROM TEMPORARY FREEZE ON PAYMENT INCREASES FOR HOME HEALTH SERVICES.

(a) BASING UPDATES TO PER VISIT COST LIMITS ON LIMITS FOR FISCAL YEAR 1993.—Section 1861(v)(1)(L)(iii) of the Social Security Act (42 U.S.C. 1395x(v)(1)(L)(iii)) is amended by adding at the end the following sentence: ''In establishing limits under this subparagraph, the Secretary may not take into account any changes in the costs of the provision of services furnished by home health agencies with respect to cost reporting periods which began on or after July 1, 1994, and before July 1, 1996.''.

(b) NO EXCEPTIONS PERMITTED BASED ON AMENDMENT.—The Secretary of Health and Human Services shall not consider the amendment made by subsection (a) in making any exemptions and exceptions pursuant to section 1861(v)(1)(L)(ii) of the Social Security Act.

TITLE VI—CONTRACT WITH AMERICA TAX RELIEF ACT OF 1995

SEC. 6001. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This title may be cited as the ''Contract With America Tax Relief Act of 1995''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title 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.—

Subtitle A—American Dream Restoration

SEC. 6101. FAMILY TAX CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 is amended by inserting after section 22 the following new section:

"SEC. 23. FAMILY TAX CREDIT.

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to $500 multiplied by the number of qualifying children of the taxpayer.

''(b) LIMITATION.—The amount of credit which would (but for this subsection) be allowed by subsection (a) shall be reduced (but not below zero) by an amount which bears the same ratio to such amount of credit as—

''(1) the excess (if any) of the taxpayer's adjusted gross income (determined without regard to sections 911, 931, and 933) over $200,000, bears to

''(2) an amount equal to 100 times the dollar amount in effect under subsection (a) for the taxable year.

''(c) QUALIFYING CHILD.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying child' means any individual if—

''(A) the taxpayer is allowed a deduction under section 151 with respect to such individual for such taxable year,

''(B) such individual has not attained the age of 18 as of the close of the calendar year in which the taxable year of the taxpayer begins, and

''(C) such individual bears a relationship to the taxpayer described in section 32(c)(3)(B) (determined without regard to clause (ii) thereof).

''(2) EXCEPTION FOR CERTAIN NONCITIZENS.—The term 'qualifying child' shall not include any individual who would not be a dependent if the first sentence of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

''(d) INFLATION ADJUSTMENTS.—

''(1) IN GENERAL.—In the case of a taxable year beginning in a calendar year after 1996, the $500 and $200,000 amounts contained in subsections (a) and (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 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) ROUNDING.—If any amount as adjusted under paragraph (1) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

''(e) CERTAIN OTHER RULES APPLY.—Rules similar to the rules of subsections (d) and (e) of section 32 shall apply for purposes of this section.''

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 22 the following new item:

''Sec. 23. Family tax credit.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 6102. CREDIT TO REDUCE MARRIAGE PENALTY.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 is amended by inserting after section 23 the following new section:

"SEC. 24. CREDIT TO REDUCE MARRIAGE PENALTY.

''(a) ALLOWANCE OF CREDIT.—In the case of a joint return for the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the marriage penalty reduction credit.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—The amount of credit allowed by subsection (a) for the taxable year shall not exceed $145.

''(2) CREDIT DISALLOWED FOR INDIVIDUALS CLAIMING SECTION 911, ETC.—No credit shall be allowed under this section for any taxable year if either spouse claims the benefits of section 911, 931, or 933 for such taxable year.

''(c) MARRIAGE PENALTY REDUCTION CREDIT.—For purposes of this section—

''(1) IN GENERAL.—The marriage penalty reduction credit is an amount equal to the excess (if any) of—

''(A) the joint tax amount of the taxpayer, over

''(B) the sum of the unmarried tax amounts for each spouse.

''(2) UNMARRIED TAX AMOUNT.—For purposes of paragraph (1), the unmarried tax amount, with respect to an individual, is the amount of tax which would be imposed by section 1(c) if such individual's taxable income were equal to the excess (if any) of—

''(A) such individual's qualified earned income for the taxable year, over

''(B) the sum of—

''(i) an amount equal to the basic standard deduction under section 63(c)(2)(C) for the taxable year, plus

''(ii) the exemption amount (as defined in section 151(d)) for such taxable year.

''(3) JOINT TAX AMOUNT.—For purposes of paragraph (1), the joint tax amount is the amount of tax which would be imposed by section 1(a) if the taxpayer's taxable income were equal to the excess (if any) of—

''(A) the taxpayer's qualified earned income for the taxable year, over

''(B) the sum of—

''(i) an amount equal to the basic standard deduction under section 63(c)(2)(A) for the taxable year, plus

''(ii) an amount equal to twice the exemption amount (as so defined) for such taxable year.

''(d) QUALIFIED EARNED INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified earned income' means an amount equal to the excess (if any) of—

''(A) the earned income for the taxable year, over

''(B) an amount equal to the sum of the deductions described in paragraphs (1), (2), (6), (7), and (12) of section 62(a) to the extent that such deductions are properly allocable to or chargeable against earned income for such taxable year.

The amount of qualified earned income shall be determined without regard to any community property laws.

''(2) EARNED INCOME.—For purposes of paragraph (1)—

''(A) IN GENERAL.—The term 'earned income' means income which is earned income within the meaning of section 401(c)(2)(C) or 911(d)(2) (determined without regard to the phrase 'not in excess of 30 percent of his share of the net profits of such trade or business' in subparagraph (B) thereof).

''(B) EXCEPTION.—Such term shall not include any amount—

''(i) not includible in gross income,

''(ii) received as a pension or annuity,

''(iii) paid or distributed out of an individual retirement plan (within the meaning of section 7701(a)(37)),

''(iv) received as deferred compensation, or

''(v) received for services performed by an individual in the employ of his spouse (within the meaning of section 3121(b)(3)(B)).

''(e) AMOUNT OF CREDIT TO BE DETERMINED UNDER TABLES.—

''(1) IN GENERAL.—The amount of the credit allowed by this section shall be determined under tables prescribed by the Secretary.

''(2) REQUIREMENTS FOR TABLES.—The tables prescribed under paragraph (1) shall reflect the provisions of subsection (c) and shall round to the nearest $25 any amount of credit which is less than the maximum credit under subsection (b)(1).''

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 23 the following new item:

''Sec. 24. Credit to reduce marriage penalty.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 6103. ESTABLISHMENT OF AMERICAN DREAM SAVINGS ACCOUNTS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by inserting after section 408 the following new section:

''SEC. 408A. AMERICAN DREAM SAVINGS ACCOUNTS.

''(a) GENERAL RULE.—Except as provided in this section, an American Dream Savings Account shall be treated for purposes of this title in the same manner as an individual retirement plan.

''(b) AMERICAN DREAM SAVINGS ACCOUNT.—For purposes of this title, the term 'American Dream Savings Account' or 'ADS account' means an individual retirement plan which is designated at the time of the establishment of the plan as an American Dream Savings Account. Such designation shall be made in such manner as the Secretary may prescribe.

''(c) CONTRIBUTION RULES.—

''(1) NO DEDUCTION ALLOWED.—No deduction shall be allowed under section 219 for a contribution to an ADS account.

''(2) CONTRIBUTION LIMIT.—

''(A) IN GENERAL.—The aggregate amount of contributions (other than rollover contributions) for any taxable year to all ADS accounts maintained for the benefit of an individual shall not exceed the lesser of—

''(i) $2,000, or

''(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

''(B) $4,000 LIMITATION FOR CERTAIN ADDITIONAL MARRIED INDIVIDUALS.—

''(i) IN GENERAL.—In the case of an individual to whom this subparagraph applies for the taxable year, the limitation of subparagraph (A)(ii) shall be equal to the sum of—

''(I) the compensation includible in such individual's gross income for the taxable year, plus

''(II) the compensation includible in the gross income of such individual's spouse for the taxable year reduced by the amount of the limitation under subparagraph (A) applicable to such spouse for such taxable year.

''(ii) INDIVIDUALS TO WHOM CLAUSE (i) APPLIES.—Clause (i) shall apply to any individual if—

''(I) such individual files a joint return for the taxable year, and

''(II) the amount of compensation (if any) includible in such individual's gross income for the taxable year is less than the compensation includible in the gross income of such individual's spouse for the taxable year.

''(C) ADJUSTMENT FOR INFLATION.—

''(i) IN GENERAL.—In the case of a taxable year beginning in a calendar year after 1996, the $2,000 amount contained in subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—If any amount as adjusted under clause (i) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

''(D) TAX ON EXCESS CONTRIBUTIONS.—Section 4973 shall be applied separately with respect to individual retirement plans which are ADS accounts and individual retirement plans which are not ADS accounts; except that, for purposes of applying such section with respect to individual retirement plans which are ADS accounts, excess contributions shall be considered to be any amounts in excess of the limitation under subsection (c)(2)(A).

''(3) CONTRIBUTIONS PERMITTED AFTER AGE 70½.—Contributions to an ADS account may be made even after the individual for whom the account is maintained has attained age 70½.

''(4) MANDATORY DISTRIBUTION RULES NOT TO APPLY, ETC.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), subsections (a)(6) and (b)(3) of section 408 (relating to required distributions) and section 4974 (relating to excise tax on certain accumulations in qualified retirement plans) shall not apply to any ADS account.

''(B) POST-DEATH DISTRIBUTIONS.—Rules similar to the rules of section 401(a)(9) (other than subparagraph (A) thereof) shall apply for purposes of this section.

''(5) LIMITATIONS ON ROLLOVER CONTRIBUTIONS.—No rollover contribution may be made to an ADS account unless—

''(A) such contribution is from another ADS account, or

''(B) such contribution is from an individual retirement plan (other than an ADS account) and is made before January 1, 1998.

''(d) DISTRIBUTION RULES.—For purposes of this title—

''(1) GENERAL RULES.—

''(A) EXCLUSION FROM GROSS INCOME.—No portion of a qualified distribution from an ADS account shall be includible in gross income.

''(B) EXCEPTION FROM PENALTY TAX.—Section 72(t) shall not apply to—

''(i) any qualified distribution from an ADS account, and

''(ii) any qualified special purpose distribution (whether or not a qualified distribution) from an ADS account.

''(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified distribution' means any payment or distribution—

''(i) made on or after the date on which the individual attains age 59½,

''(ii) made to a beneficiary (or to the estate of the individual) on or after the death of the individual,

''(iii) attributable to the individual's being disabled (within the meaning of section 72(m)(7)), or

''(iv) which is a qualified special purpose distribution.

''(B) DISTRIBUTIONS WITHIN 5 YEARS.—No payment or distribution shall be treated as a qualified distribution if—

''(i) it is made within the 5-taxable year period beginning with the 1st taxable year for which the individual made a contribution to an ADS account (or such individual's spouse made a contribution to an ADS account) established for such individual, or

''(ii) in the case of a payment or distribution properly allocable to a rollover contribution (or income allocable thereto), it is made within 5 years after the date on which such rollover contribution was made, as determined under regulations prescribed by the Secretary.

Clause (ii) shall not apply to a rollover contribution from an ADS account.

''(3) INCOME INCLUSION FOR ROLLOVERS FROM NON-ADS ACCOUNTS.—In the case of any amount paid or distributed out of an individual retirement plan (other than an ADS account) which is paid into an ADS account (established for the benefit of the payee or distributee, as the case may be) before the close of the 60th day after the day on which the payment or distribution is received—

''(A) sections 72(t) and 408(d)(3) shall not apply, and

''(B) any amount required to be included in gross income by reason of this paragraph shall be so included ratably over the 4-taxable year period beginning with the taxable year in which the payment or distribution is made.

''(e) QUALIFIED SPECIAL PURPOSE DISTRIBUTION.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified special purpose distribution' means any payments or distributions from an ADS account to the individual for whose benefit such account is established—

''(A) if such payments or distributions are qualified first-time homebuyer distributions, or

''(B) to the extent such payments or distributions do not exceed—

''(i) the qualified higher education expenses of the taxpayer for the taxable year in which received, and

''(ii) the qualified medical expenses of the taxpayer for the taxable year in which received.

''(2) QUALIFIED FIRST-TIME HOMEBUYER DISTRIBUTIONS.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualified first-time homebuyer distribution' means any payment or distribution received by an individual to the extent such payment or distribution is used by the individual before the close of the 60th day after the day on which such payment or distribution is received to pay qualified acquisition costs with respect to a principal residence for such individual as a first-time homebuyer.

''(B) QUALIFIED ACQUISITION COSTS.—For purposes of this paragraph, the term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. Such term includes any usual or reasonable settlement, financing, or other closing costs.

''(C) FIRST-TIME HOMEBUYER; OTHER DEFINITIONS.—For purposes of this paragraph—

''(i) FIRST-TIME HOMEBUYER.—The term 'first-time homebuyer' means any individual if such individual (and, if married, such individual's spouse) had no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this paragraph applies.

''(ii) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 1034.

''(iii) DATE OF ACQUISITION.—The term 'date of acquisition' means the date—

''(I) on which a binding contract to acquire the principal residence to which subparagraph (A) applies is entered into, or

''(II) on which a binding contract to construct or reconstruct such a principal residence is entered into.

''(D) SPECIAL RULE WHERE DELAY IN ACQUISITION.—If any payment or distribution out of an ADS account fails to meet the requirements of subparagraph (A) solely by reason of a delay or cancellation of the purchase, construction, or reconstruction of the residence, the amount of the payment or distribution may be contributed to an ADS account as provided in subsection (d)(3)(A)(i) of section 408 (determined by substituting

'120th day' for '60th day' in such subsection), except that—

''(i) subsection (d)(3)(B) of such section shall not be applied to such contribution, and

''(ii) such amount shall not be taken into account in determining whether subsection (d)(3)(A)(i) of such section applies to any other amount.

''(3) QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition, fees, books, supplies, and equipment required for the enrollment or attendance of—

''(i) the taxpayer,

''(ii) the taxpayer's spouse, or

''(iii) the taxpayer's child (as defined in section 151(c)(3)) or grandchild,

at an eligible educational institution (as defined in section 135(c)(3)).

''(B) COORDINATION WITH SAVINGS BOND PROVISIONS.—The amount of qualified higher education expenses for any taxable year shall be reduced by any amount excludable from gross income under section 135.

''(4) QUALIFIED MEDICAL EXPENSES.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualified medical expenses' means any amounts paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or a dependent (as defined in section 152).

''(B) LONG-TERM CARE INSURANCE PREMIUMS TREATED AS MEDICAL EXPENSES.—For purposes of subparagraph (A), section 213(d)(1)(C) shall not apply but the term 'qualified medical expenses' shall include premiums for long-term care insurance (as defined in section 7702B(b)) for coverage of the taxpayer or his spouse.

''(f) OTHER DEFINITIONS.—For purposes of this section—

''(1) ROLLOVER CONTRIBUTIONS.—The term 'rollover contributions' means contributions described in sections 402(c), 403(a)(4), 403(b)(8), or 408(d)(3).

''(2) COMPENSATION.—The term 'compensation' has the meaning given such term by section 219(f).''

(b) TERMINATION OF NONDEDUCTIBLE IRA CONTRIBUTIONS.—

(1) Section 408(o) is amended by adding at the end the following new paragraph:

''(5) TERMINATION.—This subsection shall not apply to any designated nondeductible contribution for any taxable year beginning after December 31, 1995.''

(2) Section 219(f) of is amended by striking paragraph (7).

(c) EXCESS DISTRIBUTIONS TAX NOT TO APPLY.—Subparagraph (B) of section 4980A(e)(1) is amended by inserting ''other than an ADS account (as defined in section 408A(b))'' after ''retirement plan''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 408 the following new item:

''Sec. 408A. American Dream Savings Accounts.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 6104. SPOUSAL IRA COMPUTED ON BASIS OF COMPENSATION OF BOTH SPOUSES.

(a) IN GENERAL.—Subsection (c) of section 219 (relating to special rules for certain married individuals) is amended to read as follows:

''(c) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—

''(1) IN GENERAL.—In the case of an individual to whom this paragraph applies for the taxable year, the limitation of subsection (b)(1) shall be equal to the lesser of—

''(A) $2,000, or

''(B) the sum of—

''(i) the compensation includible in such individual's gross income for the taxable year, plus

''(ii) the compensation includible in the gross income of such individual's spouse for the taxable year reduced by the amount allowable as a deduction under subsection (a) to such spouse for such taxable year.

''(2) INDIVIDUALS TO WHOM PARAGRAPH (1) APPLIES.—Paragraph (1) shall apply to any individual if—

''(A) such individual files a joint return for the taxable year, and

''(B) the amount of compensation (if any) includible in such individual's gross income for the taxable year is less than the compensation includible in the gross income of such individual's spouse for the taxable year.''

(b) TECHNICAL AMENDMENT.—Paragraph (2) of section 219(f) (relating to other definitions and special rules) is amended by striking ''subsections (b) and (c)'' and inserting ''subsection (b)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

Subtitle B—Senior Citizens' Equity

PART I—REPEAL OF INCREASE IN TAX ON SOCIAL SECURITY BENEFITS

SEC. 6201. REPEAL OF INCREASE IN TAX ON SOCIAL SECURITY BENEFITS.

(a) IN GENERAL.—Subsection (a) of section 86 (relating to social security and tier 1 railroad retirement benefits) is amended by adding at the end the following new paragraph:

''(3) PHASEOUT OF ADDITIONAL AMOUNT.—In the case of any taxable year beginning in a calendar year after 1995 and before 2000, paragraph (2) shall be applied by substituting the percentage determined under the following table for '85 percent' each place it appears:

''In the case of a taxable year beginning in calendar year:	**The percentage is:**
1996	75 percent
1997	65 percent
1998	60 percent
1999	55 percent.''

(b) TERMINATION OF ADDITIONAL AMOUNT.—Paragraph (2) of section 86(a) is amended by adding at the end the following new flush sentence:

''This paragraph shall not apply to any taxable year beginning after December 31, 1999.''

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 871(a) is amended—

(A) by striking ''85 percent'' in subparagraph (A) and inserting ''50 percent'', and

(B) by inserting before the last sentence the following new flush sentence:

''In the case of any taxable year beginning in a calendar year after 1995 and before 2000, subparagraph (A) shall be applied by substituting the percentage determined for such calendar year under section 86(a)(3) for '50 percent'.''

(2)(A) Subparagraph (A) of section 121(e)(1) of the Social Security Amendments of 1983 (Public Law 98–21) is amended—

(i) by striking ''(A) There'' and inserting ''There'';

(ii) by striking ''(i)'' immediately following ''amounts equivalent to''; and

(iii) by striking '', less (ii)'' and all that follows and inserting a period.

(B) Paragraph (1) of section 121(e) of such Act is amended by striking subparagraph (B).

(C) Paragraph (3) of section 121(e) of such Act is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(D) Paragraph (2) of section 121(e) of such Act is amended in the first sentence by striking ''paragraph (1)(A)'' and inserting ''paragraph (1)''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) SUBSECTION (c)(2).—The amendments made by subsection (c)(2) shall apply to tax liabilities for taxable years beginning after December 31, 1995.

PART II—TREATMENT OF LONG-TERM CARE INSURANCE AND SERVICES

SEC. 6211. TREATMENT OF LONG-TERM CARE INSURANCE.

(a) GENERAL RULE.—Chapter 79 (relating to definitions) is amended by inserting after section 7702A the following new section:

''SEC. 7702B. TREATMENT OF LONG-TERM CARE INSURANCE.

''(a) IN GENERAL.—For purposes of this title—

''(1) a long-term care insurance contract shall be treated as an accident and health insurance contract,

''(2) amounts (other than policyholder dividends, as defined in section 808, or premium refunds) received under a long-term care insurance contract shall be treated as amounts received for personal injuries and sickness and shall be treated as reimbursement for expenses actually incurred for medical care (as defined in section 213(d)),

''(3) any plan of an employer providing coverage under a long-term care insurance contract shall be treated as an accident and health plan with respect to such coverage,

''(4) except as provided in subsection (d)(3), amounts paid for a long-term care insurance contract providing the benefits described in subsection (b)(2)(A) shall be treated as payments made for insurance for purposes of section 213(d)(1)(D), and

''(5) a long-term care insurance contract shall be treated as a guaranteed renewable contract subject to the rules of section 816(e).

''(b) LONG-TERM CARE INSURANCE CONTRACT.—For purposes of this title—

''(1) IN GENERAL.—The term 'long-term care insurance contract' means any insurance contract if—

''(A) the only insurance protection provided under such contract is coverage of qualified long-term care services,

''(B) such contract does not pay or reimburse expenses incurred for services or items to the extent that such expenses are reimbursable under title XVIII of the Social Security Act or would be so reimbursable but for the application of a deductible or coinsurance amount,

''(C) such contract is guaranteed renewable,

''(D) such contract does not provide for a cash surrender value or other money that can be—

''(i) paid, assigned, or pledged as collateral for a loan, or

''(ii) borrowed,

other than as provided in subparagraph (E) or paragraph (2)(C), and

''(E) all refunds of premiums, and all policyholder dividends or similar amounts, under such contract are to be applied as a reduction in future premiums or to increase future benefits.

''(2) SPECIAL RULES.—

''(A) PER DIEM, ETC. PAYMENTS PERMITTED.—A contract shall not fail to be described in subparagraph (A) or (B) of paragraph (1) by reason of payments being made on a per diem or other periodic basis without regard to the expenses incurred during the period to which the payments relate.

''(B) SPECIAL RULES RELATING TO MEDICARE.—

''(i) Paragraph (1)(B) shall not apply to expenses which are reimbursable under title XVIII of the Social Security Act only as a secondary payor.

''(ii) No provision of law shall be construed or applied so as to prohibit the offering of a long-term care insurance contract on the basis that the contract coordinates its benefits with those provided under such title.

''(C) REFUNDS OF PREMIUMS.—Paragraph (1)(E) shall not apply to any refund on the death of the insured, or on a complete surrender or cancellation of the contract, which cannot exceed the aggregate premiums paid under the contract. Any refund on a complete surrender or cancellation of the contract shall be includible in gross income to the extent that any deduction or exclusion was allowable with respect to the premiums.

''(c) QUALIFIED LONG-TERM CARE SERVICES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified long-term care services' means necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or personal care services, which—

''(A) are required by a chronically ill individual, and

''(B) are provided pursuant to a plan of care prescribed by a licensed health care practitioner.

''(2) CHRONICALLY ILL INDIVIDUAL.—

''(A) IN GENERAL.—The term 'chronically ill individual' means any individual who has been certified by a licensed health care practitioner as—

''(i) being unable to perform (without substantial assistance from another individual) at least 2 activities of daily living for a period of at least 90 days due to a loss of functional capacity or to cognitive impairment, or

''(ii) having a level of disability similar (as determined by the Secretary in consultation with the Secretary of Health and Human Services) to the level of disability described in clause (i).

Such term shall not include any individual otherwise meeting the requirements of the preceding sentence unless within the preceding 12-month period a licensed health care practitioner has certified that such individual meets such requirements.

''(B) ACTIVITIES OF DAILY LIVING.—For purposes of subparagraph (A), each of the following is an activity of daily living:

''(i) Eating.

''(ii) Toileting.

''(iii) Transferring.

''(iv) Bathing.

''(v) Dressing.

''(vi) Continence.

Nothing in this section shall be construed to require a contract to take into account all of the preceding activities of daily living.

''(3) MAINTENANCE OR PERSONAL CARE SERVICES.—The term 'maintenance or personal care services' means any care the primary purpose of which is the provision of needed assistance with any of the disabilities as a result of which the individual is a chronically ill individual (including the protection from threats to health and safety due to severe cognitive impairment).

''(4) LICENSED HEALTH CARE PRACTITIONER.—The term 'licensed health care practitioner' means any physician (as defined in section 1861(r)(1) of the Social Security Act) and any registered professional nurse, licensed social worker, or other individual who meets such requirements as may be prescribed by the Secretary.

''(d) TREATMENT OF COVERAGE PROVIDED AS PART OF A LIFE INSURANCE CONTRACT.—Except as otherwise provided in regulations prescribed by the Secretary, in the case of any long-term care insurance coverage (whether or not qualified) provided by a rider on a life insurance contract—

''(1) IN GENERAL.—This section shall apply as if the portion of the contract providing such coverage is a separate contract.

''(2) APPLICATION OF 7702.—Section 7702(c)(2) (relating to the guideline premium limitation) shall be applied by increasing the guideline premium limitation with respect to a life insurance contract, as of any date—

''(A) by the sum of any charges (but not premium payments) against the life insurance contract's cash surrender value (within the meaning of section 7702(f)(2)(A)) for such coverage made to that date under the contract, less

''(B) any such charges the imposition of which reduces the premiums paid for the contract (within the meaning of section 7702(f)(1)).

''(3) APPLICATION OF SECTION 213.—No deduction shall be allowed under section 213(a) for charges against the life insurance contract's cash surrender value described in paragraph (2), unless such charges are includible in income as a result of the application of section 72(e)(10) and the rider is a long-term care insurance contract under subsection (b).

''(4) PORTION DEFINED.—For purposes of this subsection, the term 'portion' means only the terms and benefits under a life insurance contract that are in addition to the terms and benefits under the contract without regard to the coverage under a long-term care insurance contract.''

(b) RESERVE METHOD.—Clause (iii) of section 807(d)(3)(A) is amended by inserting ''(other than a long-term care insurance contract, as defined in section 7702B(b))'' after ''insurance contract''.

(c) LONG-TERM CARE INSURANCE NOT PERMITTED UNDER CAFETERIA PLANS OR FLEXIBLE SPENDING ARRANGEMENTS.—

(1) CAFETERIA PLANS.—Section 125(f) is amended by adding at the end the following new sentence: ''Such term shall not include any long-term care insurance contract (as defined in section 7702B(b)).''

(2) FLEXIBLE SPENDING ARRANGEMENTS.—The text of section 106 (relating to contributions by employer to accident and health plans) is amended to read as follows:

''(a) GENERAL RULE.—Except as provided in subsection (b), gross income of an employee does not include employer-provided coverage under an accident or health plan.

''(b) INCLUSION OF LONG-TERM CARE BENEFITS PROVIDED THROUGH FLEXIBLE SPENDING ARRANGEMENTS.—

''(1) IN GENERAL.—Effective on and after January 1, 1996, gross income of an employee shall include employer-provided coverage for qualified long-term care services (as defined in section 7702B(c)) to the extent that such coverage is provided through a flexible spending or similar arrangement.

''(2) FLEXIBLE SPENDING ARRANGEMENT.—For purposes of this subsection, a flexible spending arrangement is a benefit program which provides employees with coverage under which—

''(A) specified incurred expenses may be reimbursed (subject to reimbursement maximums and other reasonable conditions), and

''(B) the maximum amount of reimbursement which is reasonably available to a participant for such coverage is less than 500 percent of the value of such coverage.

In the case of an insured plan, the maximum amount reasonably available shall be determined on the basis of the underlying coverage.''

(d) CONTINUATION COVERAGE EXCISE TAX NOT TO APPLY.—Subsection (f) of section 4980B is amended by adding at the end the following new paragraph:

''(9) CONTINUATION OF LONG-TERM CARE COVERAGE NOT REQUIRED.—A group health plan shall not be treated as failing to meet the requirements of this subsection solely by reason of failing to provide coverage under any long-term care insurance contract (as defined in section 7702B(b)).''

(e) AMOUNTS PAID TO RELATIVES TREATED AS NOT PAID FOR MEDICAL CARE.—Section 213(d) is amended by adding at the end the following new paragraph:

''(10) CERTAIN PAYMENTS TO RELATIVES TREATED AS NOT PAID FOR MEDICAL CARE.—An amount paid for a qualified long-term care service (as defined in section 7702B(c)) provided to an individual shall be treated as not paid for medical care if such service is provided—

''(A) by a relative (directly or through a partnership, corporation, or other entity) unless the relative is a licensed professional with respect to such services, or

''(B) by a corporation or partnership which is related (within the meaning of section 267(b) or 707(b)) to the individual.

For purposes of this paragraph, the term 'relative' means an individual bearing a relationship to the individual which is described in any of paragraphs (1) through (8) of section 152(a). This paragraph shall not apply for purposes of section 105(b) with respect to reimbursements through insurance.''

(f) CLERICAL AMENDMENT.—The table of sections for chapter 79 is amended by inserting after the item relating to section 7702A the following new item:

''Sec. 7702B. Treatment of long-term care insurance.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to contracts issued after December 31, 1995.

(2) CONTINUATION OF EXISTING POLICIES.—In the case of any contract issued before January 1, 1996, which met the long-term care insurance requirements of the State in which the contract was situsued at the time the contract was issued—

(A) such contract shall be treated for purposes of the Internal Revenue Code of 1986 as a long-term care insurance contract (as defined in section 7702B(b) of such Code), and

(B) services provided under, or reimbursed by, such contract shall be treated for such purposes as qualified long-term care services (as defined in section 7702B(c) of such Code).

(3) EXCHANGES OF EXISTING POLICIES.—If, after the date of enactment of this Act and before January 1, 1996, a contract providing for long-term care insurance coverage is exchanged solely for a long-term care insurance contract (as defined in section 7702B(b) of such Code), no gain or loss shall be recognized on the exchange. If, in addition to a long-term care insurance contract, money or other property is received in the exchange, then any gain shall be recognized to the extent of the sum of the money and the fair market value of the other property received. For purposes of this paragraph, the cancellation of a contract providing for long-term care insurance coverage and reinvestment of the cancellation proceeds in a long-term care insurance contract within 60 days thereafter shall be treated as an exchange.

(4) ISSUANCE OF CERTAIN RIDERS PERMITTED.—For purposes of applying sections 101(f), 7702, and 7702A of the Internal Revenue Code of 1986 to any contract—

(A) the issuance of a rider which is treated as a long-term care insurance contract under section 7702B, and

(B) the addition of any provision required to conform any other long-term care rider to be so treated,

shall not be treated as a modification or material change of such contract.

SEC. 6212. QUALIFIED LONG-TERM CARE SERVICES TREATED AS MEDICAL CARE.

(a) GENERAL RULE.—Paragraph (1) of section 213(d) (defining medical care) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

''(C) for qualified long-term care services (as defined in section 7702B(c)), or''.

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (D) of section 213(d)(1) (as redesignated by subsection (a)) is amended by striking ''subparagraphs (A) and (B)'' and inserting ''subparagraphs (A), (B), and (C)''.

(2)(A) Paragraph (1) of section 213(d) is amended by adding at the end the following new flush sentence:

''In the case of a long-term care insurance contract (as defined in section 7702B(b)), only eligible long-term care premiums (as defined in paragraph (11)) shall be taken into account under subparagraph (D).''

(B) Subsection (d) of section 213 is amended by adding at the end the following new paragraph:

''(11) ELIGIBLE LONG-TERM CARE PREMIUMS.—

''(A) IN GENERAL.—For purposes of this section, the term 'eligible long-term care premiums' means the amount paid during a taxable year for any long-term care insurance contract (as defined in section 7702B(b)) covering an individual, to the extent such amount does not exceed the limitation determined under the following table:

"In the case of an individual with an attained age before the close of the taxable year of:	The limitation is:
40 or less	$200
More than 40 but not more than 50 ...	375
More than 50 but not more than 60	750
More than 60 but not more than 70 ...	2,000
More than 70	2,500.

''(B) INDEXING.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1996, each dollar amount contained in subparagraph (A) shall be increased by the medical care cost adjustment of such amount for such calendar year. If any increase determined under the preceding sentence is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10.

''(ii) MEDICAL CARE COST ADJUSTMENT.—For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which—

''(I) the medical care component of the Consumer Price Index (as defined in section 1(f)(5)) for August of the preceding calendar year, exceeds

''(II) such component for August of 1995.

The Secretary shall, in consultation with the Secretary of Health and Human Services, prescribe an adjustment which the Secretary determines is more appropriate for purposes of this paragraph than the adjustment described in the preceding sentence, and the adjustment so prescribed shall apply in lieu of the adjustment described in the preceding sentence.''

(3) Paragraph (6) of section 213(d) is amended—

(A) by striking ''subparagraphs (A) and (B)'' and inserting ''subparagraphs (A), (B), and (C)'', and

(B) by striking ''paragraph (1)(C)'' in subparagraph (A) and inserting ''paragraph (1)(D)''.

(4) Paragraph (7) of section 213(d) is amended by striking ''subparagraphs (A) and (B)'' and inserting ''subparagraphs (A), (B), and (C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 6213. CERTAIN EXCHANGES OF LIFE INSURANCE CONTRACTS FOR LONG-TERM CARE INSURANCE CONTRACTS NOT TAXABLE.

(a) IN GENERAL.—Subsection (a) of section 1035 (relating to certain exchanges of insurance contracts) is amended by striking the period at the end of paragraph (3) and inserting ''; or'', and by adding at the end the following new paragraph:

''(4) a contract of life insurance or an endowment or annuity contract for a long-term care insurance contract (as defined in section 7702B(b)).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 6214. EXCLUSION FROM GROSS INCOME FOR AMOUNTS WITHDRAWN FROM CERTAIN RETIREMENT PLANS FOR LONG-TERM CARE INSURANCE.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. DISTRIBUTIONS FROM CERTAIN RETIREMENT PLANS FOR LONG-TERM CARE INSURANCE.

''(a) GENERAL RULE.—The amount which would (but for this section) be includible in the gross income of an individual for the taxable year by reason of eligible distributions during the taxable year shall be reduced (but not below zero) by the aggregate premiums paid by such individual during such taxable year for any long-term care insurance contract (as defined in section 7702B(b)) for coverage of such individual or the spouse of such individual.

''(b) ELIGIBLE DISTRIBUTION.—For purposes of this section, the term 'eligible distribution' means any distribution or payment to an individual from—

''(1) an individual retirement plan of such individual,

''(2) amounts attributable to employer contributions made pursuant to elective deferrals described in subparagraph (A) or (C) of section 402(g)(3) or section 501(c)(18)(D)(iii), or

''(3) amounts deferred under section 457(a).''

(b) CONFORMING AMENDMENTS.—

(1) Section 401(k)(2)(B)(i) is amended by striking ''or'' at the end of subclause (III), by striking ''and'' at the end of subclause (IV) and inserting ''or'', and by inserting after subclause (IV) the following new subclause:

''(V) the date distributions for premiums for a long-term care insurance contract (as defined in section 7702B(b)) for coverage of such individual or the spouse of such individual are made, and''.

(2) Section 403(b)(11) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) for the payment of premiums for a long-term care insurance contract (as defined in section 7702B(b)) for coverage of the employee or the spouse of the employee.''

(3) Subparagraph (A) of section 457(d)(1) is amended by striking ''or'' at the end of clause (ii), by striking ''and'' at the end of clause (iii) and inserting ''or'', and by inserting after clause (iii) the following new clause:

''(iv) the date distributions for premiums for a long-term care insurance contract (as defined in section 7702B(b)) for coverage of such individual or the spouse of such individual are made, and''.

(4) The table of sections for part III of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

''Sec. 137. Distributions from certain retirement plans for long-term care insurance.

''Sec. 138. Cross references to other Acts.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments and distributions after December 31, 1995.

PART III—TREATMENT OF ACCELERATED DEATH BENEFITS

SEC. 6221. TREATMENT OF ACCELERATED DEATH BENEFITS BY RECIPIENT.

(a) IN GENERAL.—Section 101 (relating to certain death benefits) is amended by adding at the end the following new subsection:

''(g) TREATMENT OF CERTAIN ACCELERATED DEATH BENEFITS.—

''(1) IN GENERAL.—For purposes of this section, the following amounts shall be treated as an amount paid by reason of the death of an insured:

''(A) Any amount received under a life insurance contract on the life of an insured who is a terminally ill individual.

''(B) Any amount received under a life insurance contract on the life of an insured who is a chronically ill individual (as defined in section 7702B(c)(2)) but only if such amount is received under a rider or other provision of such contract which is treated as a long-term care insurance contract under section 7702B.

''(2) TREATMENT OF VIATICAL SETTLEMENTS.—

''(A) IN GENERAL.—In the case of a life insurance contract on the life of an insured described in paragraph (1), if—

''(i) any portion of such contract is sold to any viatical settlement provider, or

''(ii) any portion of the death benefit is assigned to such a provider,

the amount paid for such sale or assignment shall be treated as an amount paid under the life insurance contract by reason of the death of such insured.

''(B) VIATICAL SETTLEMENT PROVIDER.—The term 'viatical settlement provider' means any person regularly engaged in the trade or business of purchasing, or taking assignments of, life insurance contracts on the lives of insureds described in paragraph (1) if—

''(i) such person is licensed for such purposes in the State in which the insured resides, or

''(ii) in the case of an insured who resides in a State not requiring the licensing of such persons for such purposes, such person meets the requirements of sections 8 and 9 of the Viatical Settlements Model Act of the National Association of Insurance Commissioners.

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

''(A) TERMINALLY ILL INDIVIDUAL.—The term 'terminally ill individual' means an individual who has been certified by a physician as having an illness or physical condition which can reasonably be expected to result in death in 24 months or less after the date of the certification.

''(B) PHYSICIAN.—The term 'physician' has the meaning given to such term by section 1861(r)(1) of the Social Security Act (42 U.S.C. 1395x(r)(1)).

''(4) EXCEPTION FOR BUSINESS-RELATED POLICIES.—This subsection shall not apply in the case of any amount paid to any taxpayer other than the insured if such taxpayer has an insurable interest with respect to the life-

of the insured by reason of the insured being a director, officer, or employee of the taxpayer or by reason of the insured being financially interested in any trade or business carried on by the taxpayer.

''(5) CROSS REFERENCE.—

"For inclusion in gross income of excess benefits, see section 91."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts received after December 31, 1995.

SEC. 6222. TAX TREATMENT OF COMPANIES ISSUING QUALIFIED ACCELERATED DEATH BENEFIT RIDERS.

(a) QUALIFIED ACCELERATED DEATH BENEFIT RIDERS TREATED AS LIFE INSURANCE.—Section 818 (relating to other definitions and special rules) is amended by adding at the end the following new subsection:

''(g) QUALIFIED ACCELERATED DEATH BENEFIT RIDERS TREATED AS LIFE INSURANCE.—For purposes of this part—

''(1) IN GENERAL.—Any reference to a life insurance contract shall be treated as including a reference to a qualified accelerated death benefit rider on such contract.

''(2) QUALIFIED ACCELERATED DEATH BENEFIT RIDERS.—For purposes of this subsection, the term 'qualified accelerated death benefit rider' means any rider on a life insurance contract if the only payments under the rider are payments meeting the requirements of section 101(g).

''(3) EXCEPTION FOR LONG-TERM CARE RIDERS.—Paragraph (1) shall not apply to any rider which is treated as a long-term care insurance contract under section 7702B.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall take effect on January 1, 1996.

(2) ISSUANCE OF RIDER NOT TREATED AS MATERIAL CHANGE.—For purposes of applying sections 101(f), 7702, and 7702A of the Internal Revenue Code of 1986 to any contract—

(A) the issuance of a qualified accelerated death benefit rider (as defined in section 818(g) of such Code (as added by this Act)), and

(B) the addition of any provision required to conform an accelerated death benefit rider to the requirements of such section 818(g),

shall not be treated as a modification or material change of such contract.

PART IV—INCLUSION IN GROSS INCOME OF EXCESS LONG-TERM CARE BENEFITS

SEC. 6231. INCLUSION IN INCOME OF EXCESS LONG-TERM CARE BENEFITS.

(a) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

"SEC. 91. EXCESS LONG-TERM CARE BENEFITS.

''(a) GENERAL RULE.—Notwithstanding any other provision of this title, gross income shall include the amount of excess long-term care benefits received by the taxpayer during the taxable year.

''(b) EXCEPTION FOR TERMINALLY ILL INDIVIDUALS.—Subsection (a) shall not apply to any long-term care benefit paid by reason of an insured who is a terminally ill individual (as defined in section 101(g)) as of the date the benefit is received.

''(c) EXCESS LONG-TERM CARE BENEFITS.—For purposes of this section—

''(1) IN GENERAL.—The term 'excess long-term care benefits' means the excess (if any) of—

''(A) the value of the long-term care benefits received by the taxpayer during the taxable year, over

''(B) the exclusion amount applicable to such benefits.

''(2) LONG-TERM CARE BENEFITS.—The term 'long-term care benefits' means—

''(A) payments and other benefits under long-term care insurance contracts (as defined in section 7702B(b)) to the extent excludable from gross income by reason of section 7702B(a)(2), and

''(B) payments which are excludable from gross income by reason of section 101(g).

''(3) EXCLUSION AMOUNT.—

''(A) IN GENERAL.—In the case of long-term care benefits received by the taxpayer during the taxable year by reason of the taxpayer being a chronically ill individual, the term 'exclusion amount' means the aggregate of $200 for each day during such year on which the individual is a chronically ill individual. In the case of individuals who are married to each other and who are both chronically ill individuals, the preceding sentence shall be applied separately with respect to each spouse.

''(B) OTHER TAXPAYERS.—In the case of long-term care benefits received during the taxable year by a taxpayer by reason of another individual being a chronically ill individual, the term 'exclusion amount' means so much of such other individual's exclusion amount (for such other individual's taxable year which begins in the calendar year in which the taxpayer's taxable year begins) as is allocated by such other individual to the taxpayer. Such an allocation shall be made at the time and in the manner prescribed by the Secretary; and once made, shall be irrevocable.

''(d) CHRONICALLY ILL INDIVIDUAL.—For purposes of this section, the term 'chronically ill individual' has the meaning given to such term by section 7702B(c)(2).

''(e) INFLATION ADJUSTMENT OF $200 BENEFIT LIMIT.—In the case of a calendar year after 1996, the $200 amount contained in subsection (c)(3)(A) shall be increased at the same time and in the same manner as amounts are increased pursuant to section 213(d)(11).''

(b) CLERICAL AMENDMENT.—The table of sections for such part II is amended by adding at the end the following new item:

''Sec. 91. Excess long-term care benefits.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 6232. REPORTING REQUIREMENTS.

(a) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new section:

"SEC. 6050Q. CERTAIN LONG-TERM CARE BENEFITS.

''(a) REQUIREMENT OF REPORTING.—Any person who pays long-term care benefits shall make a return, according to the forms or regulations prescribed by the Secretary, setting forth—

''(1) the aggregate amount of such benefits paid by such person to any individual during any calendar year, and

''(2) the name, address, and TIN of such individual.

''(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

''(1) the name of the person making the payments, and

''(2) the aggregate amount of long-term care benefits paid to the individual which are required to be shown on such return.

The written statement required under the preceding sentence shall be furnished to the individual on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

''(c) LONG-TERM CARE BENEFITS.—For purposes of this section, the term 'long-term care benefit' has the meaning given such term by section 91(c).''

(b) PENALTIES.—

(1) Subparagraph (B) of section 6724(d)(1) is amended by redesignating clauses (ix) through (xiv) as clauses (x) through (xv), respectively, and by inserting after clause (viii) the following new clause:

''(ix) section 6050Q (relating to certain long-term care benefits),''.

(2) Paragraph (2) of section 6724(d) is amended by redesignating subparagraphs (Q) through (T) as subparagraphs (R) through (U), respectively, and by inserting after subparagraph (P) the following new subparagraph:

''(Q) section 6050Q(b) (relating to certain long-term care benefits),''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new item:

''Sec. 6050Q. Certain long-term care benefits.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits paid after December 31, 1995.

Subtitle C—Job Creation and Wage Enhancement

PART I—CAPITAL GAINS REFORM

Subpart A—Capital Gains Reduction for Taxpayers Other Than Corporations

SEC. 6301. CAPITAL GAINS DEDUCTION.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains), as amended by subsection (d)(1), is amended by inserting after section 1201 the following new section:

"SEC. 1202. CAPITAL GAINS DEDUCTION.

''(a) GENERAL RULE.—If for any taxable year a taxpayer other than a corporation has a net capital gain, 50 percent of such gain shall be a deduction from gross income.

''(b) ESTATES AND TRUSTS.—In the case of an estate or trust, the deduction shall be computed by excluding the portion (if any) of the gains for the taxable year from sales or exchanges of capital assets which, under sections 652 and 662 (relating to inclusions of amounts in gross income of beneficiaries of trusts), is includible by the income beneficiaries as gain derived from the sale or exchange of capital assets.

''(c) COORDINATION WITH TREATMENT OF CAPITAL GAIN UNDER LIMITATION ON INVESTMENT INTEREST.—For purposes of this section, the net capital gain for any taxable year shall be reduced (but not below zero) by the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii).

''(d) SPECIAL RULE FOR COLLECTIBLES.—

''(1) IN GENERAL.—At the election of the taxpayer, the rate of tax imposed by section 1 on the excess of—

''(A) the amount which would be the net capital gain for the taxable year without regard to the application of section 1222(12) to collectibles specified in such election, over

''(B) the net capital gain for such year,

shall not exceed 28 percent.

''(2) ELECTION.—Any election under this subsection, and any specification therein, once made, shall be irrevocable.

''(3) COORDINATION WITH INDEXING.—Any collectible specified in such an election shall be treated as not being an indexed asset for purposes of section 1022.

''(e) TRANSITIONAL RULE.—

''(1) IN GENERAL.—In the case of a taxable year which includes January 1, 1995—

''(A) the amount taken into account as the net capital gain under subsection (a) shall not exceed the net capital gain determined by only taking into account gains and losses properly taken into account for the portion

of the taxable year on or after January 1, 1995, and

''(B) if the net capital gain for such year exceeds the amount taken into account under subsection (a), the rate of tax imposed by section 1 on such excess shall not exceed 28 percent.

''(2) SPECIAL RULES FOR PASS-THRU ENTITIES.—

''(A) IN GENERAL.—In applying paragraph (1) with respect to any pass-thru entity, the determination of when gains and losses are properly taken into account shall be made at the entity level.

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

''(i) a regulated investment company,

''(ii) a real estate investment trust,

''(iii) an S corporation,

''(iv) a partnership,

''(v) an estate or trust, and

''(vi) a common trust fund.''

(b) DEDUCTION ALLOWABLE IN COMPUTING ADJUSTED GROSS INCOME.—Subsection (a) of section 62 is amended by inserting after paragraph (15) the following new paragraph:

''(16) LONG-TERM CAPITAL GAINS.—The deduction allowed by section 1202.''

(c) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 is amended by inserting after paragraph (11) the following new paragraph:

''(12) SPECIAL RULE FOR COLLECTIBLES.—

''(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

''(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

''(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof).''

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end the following new sentence: ''For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles).''

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end the following: ''and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)''.

(d) TECHNICAL AND CONFORMING CHANGES.—

(1)(A) Section 13113 of the Revenue Reconciliation Act of 1993 (relating to 50-percent exclusion for gain from certain small business stock), and the amendments made by such section, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such section (and amendments) had never been enacted.

(B) At the election of a taxpayer who holds qualified small business stock (as defined in section 1202 of such Code, as in effect on the day before the date of the enactment of this Act) as of such date of enactment—

(i) the provisions repealed by subparagraph (A) shall continue to apply to any disposition by such taxpayer of such stock held on such date, and

(ii) the amendments made by this section and section 6302 shall not apply to such stock; except that losses from the sale or exchange of such stock shall be taken into account as provided in the amendments made by paragraph (13) of this subsection.

Such an election may be made only during the 1-year period beginning on the date of the enactment of this Act and, once made, shall be irrevocable.

(2) Section 1 is amended by striking subsection (h).

(3) Paragraph (1) of section 170(e) is amended by striking ''the amount of gain'' in the material following subparagraph (B)(ii) and inserting ''50 percent ($^{25}/_{35}$ in the case of a corporation) of the amount of gain''.

(4)(A) Paragraph (2) of section 172(d) is amended to read as follows:

''(2) CAPITAL GAINS AND LOSSES.—

''(A) LOSSES OF TAXPAYERS OTHER THAN CORPORATIONS.—In the case of a taxpayer other than a corporation, the amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includible on account of gains from sales or exchanges of capital assets.

''(B) DEDUCTION UNDER SECTION 1202.—The deduction under section 1202 shall not be allowed.''

(B) Subparagraph (B) of section 172(d)(4) is amended by striking ''paragraphs (1) and (3)'' and inserting ''paragraphs (1), (2)(B), and (3)''.

(5) The last sentence of section 453A(c)(3) is amended by striking all that follows ''long-term capital gain,'' and inserting ''the maximum rate on net capital gain under section 1201 or the deduction under section 1202 (whichever is appropriate) shall be taken into account.''

(6) Paragraph (4) of section 642(c) is amended to read as follows:

''(4) ADJUSTMENTS.—To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain from the sale or exchange of capital assets held for more than 1 year, proper adjustment shall be made for any deduction allowable to the estate or trust under section 1202 (relating to deduction for excess of capital gains over capital losses). In the case of a trust, the deduction allowed by this subsection shall be subject to section 681 (relating to unrelated business income).''

(7) Paragraph (3) of section 643(a) is amended by adding at the end thereof the following new sentence: ''The deduction under section 1202 (relating to deduction of excess of capital gains over capital losses) shall not be taken into account.''

(8) Subparagraph (C) of section 643(a)(6) is amended by inserting ''(i)'' before ''there shall'' and by inserting before the period '', and (ii) the deduction under section 1202 (relating to capital gains deduction) shall not be taken into account''.

(9) Paragraph (4) of section 691(c) is amended by striking ''sections 1(h), 1201, and 1211'' and inserting ''sections 1201, 1202, and 1211''.

(10) The second sentence of section 871(a)(2) is amended by inserting ''such gains and losses shall be determined without regard to section 1202 (relating to deduction for capital gains) and'' after ''except that''.

(11)(A) Paragraph (2) of section 904(b) is amended by striking subparagraph (A), by redesignating subparagraph (B) as subparagraph (A), and by inserting after subparagraph (A) (as so redesignated) the following new subparagraph:

''(B) OTHER TAXPAYERS.—In the case of a taxpayer other than a corporation, taxable income from sources outside the United States shall include gain from the sale or exchange of capital assets only to the extent of foreign source capital gain net income.''

(B) Subparagraph (A) of section 904(b)(2), as so redesignated, is amended—

(i) by striking all that precedes clause (i) and inserting the following:

''(A) CORPORATIONS.—In the case of a corporation—'', and

(ii) by striking in clause (i) ''in lieu of applying subparagraph (A),''.

(C) Paragraph (3) of section 904(b) is amended by striking subparagraphs (D) and (E) and inserting the following new subparagraph:

''(D) RATE DIFFERENTIAL PORTION.—The rate differential portion of foreign source net capital gain, net capital gain, or the excess of net capital gain from sources within the United States over net capital gain, as the case may be, is the same proportion of such amount as the excess of the highest rate of tax specified in section 11(b) over the alternative rate of tax under section 1201(a) bears to the alternative rate of tax under section 1201(a).''

(12) Subsection (d) of section 1044 is amended by striking the last sentence.

(13)(A) Paragraph (2) of section 1211(b) is amended to read as follows:

''(2) the sum of—

''(A) the excess of the net short-term capital loss over the net long-term capital gain, and

''(B) one-half of the excess of the net long-term capital loss over the net short-term capital gain.''

(B) So much of paragraph (2) of section 1212(b) as precedes subparagraph (B) thereof is amended to read as follows:

''(2) SPECIAL RULES.—

''(A) ADJUSTMENTS.—

''(i) For purposes of determining the excess referred to in paragraph (1)(A), there shall be treated as short-term capital gain in the taxable year an amount equal to the lesser of—

''(I) the amount allowed for the taxable year under paragraph (1) or (2) of section 1211(b), or

''(II) the adjusted taxable income for such taxable year.

''(ii) For purposes of determining the excess referred to in paragraph (1)(B), there shall be treated as short-term capital gain in the taxable year an amount equal to the sum of—

''(I) the amount allowed for the taxable year under paragraph (1) or (2) of section 1211(b) or the adjusted taxable income for such taxable year, whichever is the least, plus

''(II) the excess of the amount described in subclause (I) over the net short-term capital loss (determined without regard to this subsection) for such year.''

(C) Subsection (b) of section 1212 is amended by adding at the end the following new paragraph:

''(3) TRANSITIONAL RULE.—In the case of any amount which, under paragraph (1) and section 1211(b) (as in effect for taxable years beginning before January 1, 1996), is treated as a capital loss in the first taxable year beginning after December 31, 1995, paragraph (1) and section 1211(b) (as so in effect) shall apply (and paragraph (1) and section 1211(b) as in effect for taxable years beginning after December 31, 1995, shall not apply) to the extent such amount exceeds the total of any net capital gains (determined without regard to this subsection) of taxable years beginning after December 31, 1995.''

(14) Paragraph (1) of section 1402(i) is amended by inserting '', and the deduction provided by section 1202 shall not apply'' before the period at the end thereof.

(15) Subsection (e) of section 1445 is amended—

(A) in paragraph (1) by striking ''35 percent (or, to the extent provided in regulations, 28 percent)'' and inserting ''25 percent (or, to the extent provided in regulations, 19.8 percent)'', and

(B) in paragraph (2) by striking ''35 percent'' and inserting ''25 percent''.

(16)(A) The second sentence of section 7518(g)(6)(A) is amended—

(i) by striking ''during a taxable year to which section 1(h) or 1201(a) applies'', and

(ii) by striking ''28 percent (34 percent'' and inserting ''19.8 percent (25 percent''.

(B) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936 is amended—

(i) by striking ''during a taxable year to which section 1(h) or 1201(a) of such Code applies'', and

(ii) by striking ''28 percent (34 percent'' and inserting ''19.8 percent (25 percent''.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter P of chapter 1 is amended by inserting after the item relating to section 1201 the following new item:

''Sec. 1202. Capital gains deduction.''

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years ending after December 31, 1994.

(2) CONTRIBUTIONS.—The amendment made by subsection (d)(3) shall apply to contributions on or after January 1, 1995.

(3) USE OF LONG-TERM LOSSES.—The amendments made by subsection (d)(13) shall apply to taxable years beginning after December 31, 1995.

(4) WITHHOLDING.—The amendment made by subsection (d)(15) shall apply only to amounts paid after the date of the enactment of this Act.

SEC. 6302. INDEXING OF CERTAIN ASSETS ACQUIRED AFTER DECEMBER 31, 1994, FOR PURPOSES OF DETERMINING GAIN.

(a) IN GENERAL.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:

''SEC. 1022. INDEXING OF CERTAIN ASSETS ACQUIRED AFTER DECEMBER 31, 1994, FOR PURPOSES OF DETERMINING GAIN.

''(a) GENERAL RULE.—

''(1) INDEXED BASIS SUBSTITUTED FOR ADJUSTED BASIS.—Solely for purposes of determining gain on the sale or other disposition by a taxpayer (other than a corporation) of an indexed asset which has been held for more than 3 years, the indexed basis of the asset shall be substituted for its adjusted basis.

''(2) EXCEPTION FOR DEPRECIATION, ETC.—The deductions for depreciation, depletion, and amortization shall be determined without regard to the application of paragraph (1) to the taxpayer or any other person.

''(b) INDEXED ASSET.—

''(1) IN GENERAL.—For purposes of this section, the term 'indexed asset' means—

''(A) common stock in a C corporation (other than a foreign corporation), and

''(B) tangible property,

which is a capital asset or property used in the trade or business (as defined in section 1231(b)).

''(2) STOCK IN CERTAIN FOREIGN CORPORATIONS INCLUDED.—For purposes of this section—

''(A) IN GENERAL.—The term 'indexed asset' includes common stock in a foreign corporation which is regularly traded on an established securities market.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to—

''(i) stock of a foreign investment company (within the meaning of section 1246(b)),

''(ii) stock in a passive foreign investment company (as defined in section 1296),

''(iii) stock in a foreign corporation held by a United States person who meets the requirements of section 1248(a)(2), and

''(iv) stock in a foreign personal holding company (as defined in section 552).

''(C) TREATMENT OF AMERICAN DEPOSITORY RECEIPTS.—An American depository receipt for common stock in a foreign corporation shall be treated as common stock in such corporation.

''(c) INDEXED BASIS.—For purposes of this section—

''(1) GENERAL RULE.—The indexed basis for any asset is—

''(A) the adjusted basis of the asset, increased by

''(B) the applicable inflation adjustment.

''(2) APPLICABLE INFLATION ADJUSTMENT.—The applicable inflation adjustment for any asset is an amount equal to—

''(A) the adjusted basis of the asset, multiplied by

''(B) the percentage (if any) by which—

''(i) the gross domestic product deflator for the last calendar quarter ending before the asset is disposed of, exceeds

''(ii) the gross domestic product deflator for the last calendar quarter ending before the asset was acquired by the taxpayer.

The percentage under subparagraph (B) shall be rounded to the nearest ⅒ of 1 percentage point.

''(3) GROSS DOMESTIC PRODUCT DEFLATOR.—The gross domestic product deflator for any calendar quarter is the implicit price deflator for the gross domestic product for such quarter (as shown in the last revision thereof released by the Secretary of Commerce before the close of the following calendar quarter).

''(d) SUSPENSION OF HOLDING PERIOD WHERE DIMINISHED RISK OF LOSS; TREATMENT OF SHORT SALES.—

''(1) IN GENERAL.—If the taxpayer (or a related person) enters into any transaction which substantially reduces the risk of loss from holding any asset, such asset shall not be treated as an indexed asset for the period of such reduced risk.

''(2) SHORT SALES.—

''(A) IN GENERAL.—In the case of a short sale of an indexed asset with a short sale period in excess of 3 years, for purposes of this title, the amount realized shall be an amount equal to the amount realized (determined without regard to this paragraph) increased by the applicable inflation adjustment. In applying subsection (c)(2) for purposes of the preceding sentence, the date on which the property is sold short shall be treated as the date of acquisition and the closing date for the sale shall be treated as the date of disposition.

''(B) SHORT SALE PERIOD.—For purposes of subparagraph (A), the short sale period begins on the day that the property is sold and ends on the closing date for the sale.

''(e) TREATMENT OF REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—

''(1) ADJUSTMENTS AT ENTITY LEVEL.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the adjustment under subsection (a) shall be allowed to any qualified investment entity (including for purposes of determining the earnings and profits of such entity).

''(B) EXCEPTION FOR CORPORATE SHAREHOLDERS.—Under regulations—

''(i) in the case of a distribution by a qualified investment entity (directly or indirectly) to a corporation—

''(I) the determination of whether such distribution is a dividend shall be made without regard to this section, and

''(II) the amount treated as gain by reason of the receipt of any capital gain dividend shall be increased by the percentage by which the entity's net capital gain for the taxable year (determined without regard to this section) exceeds the entity's net capital gain for such year determined with regard to this section, and

''(ii) there shall be other appropriate adjustments (including deemed distributions) so as to ensure that the benefits of this section are not allowed (directly or indirectly) to corporate shareholders of qualified investment entities.

For purposes of the preceding sentence, any amount includible in gross income under section 852(b)(3)(D) shall be treated as a capital gain dividend and an S corporation shall not be treated as a corporation.

''(C) EXCEPTION FOR QUALIFICATION PURPOSES.—This section shall not apply for purposes of sections 851(b) and 856(c).

''(D) EXCEPTION FOR CERTAIN TAXES IMPOSED AT ENTITY LEVEL.—

''(i) TAX ON FAILURE TO DISTRIBUTE ENTIRE GAIN.—If any amount is subject to tax under section 852(b)(3)(A) for any taxable year, the amount on which tax is imposed under such section shall be increased by the percentage determined under subparagraph (B)(i)(II). A similar rule shall apply in the case of any amount subject to tax under paragraph (2) or (3) of section 857(b) to the extent attributable to the excess of the net capital gain over the deduction for dividends paid determined with reference to capital gain dividends only. The first sentence of this clause shall not apply to so much of the amount subject to tax under section 852(b)(3)(A) as is designated by the company under section 852(b)(3)(D).

''(ii) OTHER TAXES.—This section shall not apply for purposes of determining the amount of any tax imposed by paragraph (4), (5), or (6) of section 857(b).

''(2) ADJUSTMENTS TO INTERESTS HELD IN ENTITY.—

''(A) REGULATED INVESTMENT COMPANIES.—Stock in a regulated investment company (within the meaning of section 851) shall be an indexed asset for any calendar quarter in the same ratio as—

''(i) the average of the fair market values of the indexed assets held by such company at the close of each month during such quarter, bears to

''(ii) the average of the fair market values of all assets held by such company at the close of each such month.

''(B) REAL ESTATE INVESTMENT TRUSTS.—Stock in a real estate investment trust (within the meaning of section 856) shall be an indexed asset for any calendar quarter in the same ratio as—

''(i) the fair market value of the indexed assets held by such trust at the close of such quarter, bears to

''(ii) the fair market value of all assets held by such trust at the close of such quarter.

''(C) RATIO OF 80 PERCENT OR MORE.—If the ratio for any calendar quarter determined under subparagraph (A) or (B) would (but for this subparagraph) be 80 percent or more, such ratio for such quarter shall be 100 percent.

''(D) RATIO OF 20 PERCENT OR LESS.—If the ratio for any calendar quarter determined under subparagraph (A) or (B) would (but for this subparagraph) be 20 percent or less, such ratio for such quarter shall be zero.

''(E) LOOK-THRU OF PARTNERSHIPS.—For purposes of this paragraph, a qualified investment entity which holds a partnership interest shall be treated (in lieu of holding a partnership interest) as holding its proportionate share of the assets held by the partnership.

''(3) TREATMENT OF RETURN OF CAPITAL DISTRIBUTIONS.—Except as otherwise provided by the Secretary, a distribution with respect to stock in a qualified investment entity which is not a dividend and which results in a reduction in the adjusted basis of such stock shall be treated as allocable to stock

acquired by the taxpayer in the order in which such stock was acquired.

''(4) QUALIFIED INVESTMENT ENTITY.—For purposes of this subsection, the term 'qualified investment entity' means—

''(A) a regulated investment company (within the meaning of section 851), and

''(B) a real estate investment trust (within the meaning of section 856).

''(f) OTHER PASS-THRU ENTITIES.—

''(1) PARTNERSHIPS.—

''(A) IN GENERAL.—In the case of a partnership, the adjustment made under subsection (a) at the partnership level shall be passed through to the partners.

''(B) SPECIAL RULE IN THE CASE OF SECTION 754 ELECTIONS.—In the case of a transfer of an interest in a partnership with respect to which the election provided in section 754 is in effect—

''(i) the adjustment under section 743(b)(1) shall, with respect to the transferor partner, be treated as a sale of the partnership assets for purposes of applying this section, and

''(ii) with respect to the transferee partner, the partnership's holding period for purposes of this section in such assets shall be treated as beginning on the date of such adjustment.

''(2) S CORPORATIONS.—In the case of an S corporation, the adjustment made under subsection (a) at the corporate level shall be passed through to the shareholders. This section shall not apply for purposes of determining the amount of any tax imposed by section 1374 or 1375.

''(3) COMMON TRUST FUNDS.—In the case of a common trust fund, the adjustment made under subsection (a) at the trust level shall be passed through to the participants.

''(4) INDEXING ADJUSTMENT DISREGARDED IN DETERMINING LOSS ON SALE OF INTEREST IN ENTITY.—Notwithstanding the preceding provisions of this subsection, for purposes of determining the amount of any loss on a sale or exchange of an interest in a partnership, S corporation, or common trust fund, the adjustment made under subsection (a) shall not be taken into account in determining the adjusted basis of such interest.

''(g) DISPOSITIONS BETWEEN RELATED PERSONS.—

''(1) IN GENERAL.—This section shall not apply to any sale or other disposition of property between related persons except to the extent that the basis of such property in the hands of the transferee is a substituted basis.

''(2) RELATED PERSONS DEFINED.—For purposes of this section, the term 'related persons' means—

''(A) persons bearing a relationship set forth in section 267(b), and

''(B) persons treated as single employer under subsection (b) or (c) of section 414.

''(h) TRANSFERS TO INCREASE INDEXING ADJUSTMENT.—If any person transfers cash, debt, or any other property to another person and the principal purpose of such transfer is to secure or increase an adjustment under subsection (a), the Secretary may disallow part or all of such adjustment or increase.

''(i) SPECIAL RULES.—For purposes of this section—

''(1) TREATMENT OF IMPROVEMENTS, ETC.—If there is an addition to the adjusted basis of any tangible property or of any stock in a corporation during the taxable year by reason of an improvement to such property or a contribution to capital of such corporation—

''(A) such addition shall never be taken into account under subsection (c)(1)(A) if the aggregate amount thereof during the taxable year with respect to such property or stock is less than $1,000, and

''(B) such addition shall be treated as a separate asset acquired at the close of such taxable year if the aggregate amount thereof during the taxable year with respect to such property or stock is $1,000 or more.

A rule similar to the rule of the preceding sentence shall apply to any other portion of an asset to the extent that separate treatment of such portion is appropriate to carry out the purposes of this section.

''(2) ASSETS WHICH ARE NOT INDEXED ASSETS THROUGHOUT HOLDING PERIOD.—The applicable inflation ratio shall be appropriately reduced for periods during which the asset was not an indexed asset.

''(3) TREATMENT OF CERTAIN DISTRIBUTIONS.—A distribution with respect to stock in a corporation which is not a dividend shall be treated as a disposition.

''(4) ACQUISITION DATE WHERE THERE HAS BEEN PRIOR APPLICATION OF SUBSECTION (a)(1) WITH RESPECT TO THE TAXPAYER.—If there has been a prior application of subsection (a)(1) to an asset while such asset was held by the taxpayer, the date of acquisition of such asset by the taxpayer shall be treated as not earlier than the date of the most recent such prior application.

''(5) COLLAPSIBLE CORPORATIONS.—The application of section 341(a) (relating to collapsible corporations) shall be determined without regard to this section.

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

(b) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by inserting after the item relating to section 1021 the following new item:

''Sec. 1022. Indexing of certain assets acquired after December 31, 1994, for purposes of determining gain.''

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to the disposition of any property the holding period of which begins after December 31, 1994.

(2) CERTAIN TRANSACTIONS BETWEEN RELATED PERSONS.—The amendments made by this section shall not apply to the disposition of any property acquired after December 31, 1994, from a related person (as defined in section 1022(g)(2) of the Internal Revenue Code of 1986, as added by this section) if—

(A) such property was so acquired for a price less than the property's fair market value, and

(B) the amendments made by this section did not apply to such property in the hands of such related person.

(d) ELECTION TO RECOGNIZE GAIN ON ASSETS HELD ON JANUARY 1, 1995.—For purposes of the Internal Revenue Code of 1986—

(1) IN GENERAL.—A taxpayer other than a corporation may elect to treat—

(A) any readily tradable stock (which is an indexed asset) held by such taxpayer on January 1, 1995, and not sold before the next business day after such date, as having been sold on such next business day for an amount equal to its closing market price on such next business day (and as having been reacquired on such next business day for an amount equal to such closing market price), and

(B) any other indexed asset held by the taxpayer on January 1, 1995, as having been sold on such date for an amount equal to its fair market value on such date (and as having been reacquired on such date for an amount equal to such fair market value).

(2) TREATMENT OF GAIN OR LOSS.—

(A) Any gain resulting from an election under paragraph (1) shall be treated as received or accrued on the date the asset is treated as sold under paragraph (1) and shall be recognized notwithstanding any provision of the Internal Revenue Code of 1986.

(B) Any loss resulting from an election under paragraph (1) shall not be allowed for any taxable year.

(3) ELECTION.—An election under paragraph (1) shall be made in such manner as the Secretary may prescribe and shall specify the assets for which such election is made. Such an election, once made with respect to any asset, shall be irrevocable.

(4) READILY TRADABLE STOCK.—For purposes of this subsection, the term ''readily tradable stock'' means any stock which, as of January 1, 1995, is readily tradable on an established securities market or otherwise.

(e) TREATMENT OF PRINCIPAL RESIDENCES.—Property held and used by the taxpayer on January 1, 1995, as his principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986) shall be treated—

(1) for purposes of subsection (c)(1) of this section and section 1022 of such Code, as having a holding period which begins on January 1, 1995, and

(2) for purposes of section 1022(c)(2)(B)(ii) of such Code, as having been acquired on January 1, 1995.

Subsection (d) shall not apply to property to which this subsection applies.

Subpart B—Capital Gains Reduction for Corporations

SEC. 6311. REDUCTION OF ALTERNATIVE CAPITAL GAIN TAX FOR CORPORATIONS.

(a) IN GENERAL.—Section 1201 is amended to read as follows:

''SEC. 1201. ALTERNATIVE TAX FOR CORPORATIONS.

''(a) GENERAL RULE.—If for any taxable year a corporation has a net capital gain, then, in lieu of the tax imposed by sections 11, 511, and 831 (a) and (b) (whichever is applicable), there is hereby imposed a tax (if such tax is less than the tax imposed by such sections) which shall consist of the sum of—

''(1) a tax computed on the taxable income reduced by the amount of the net capital gain, at the rates and in the manner as if this subsection had not been enacted, plus

''(2) a tax of 25 percent of the net capital gain.

''(b) TRANSITIONAL RULE.—

''(1) IN GENERAL.—In the case of any taxable year ending after December 31, 1994, and beginning before January 1, 1996, subsection (a)(2) shall be applied as if it read as follows:

'' '(2)(A) a tax of 25 percent of the lesser of—

'' '(i) the net capital gain for the taxable year, or

'' '(ii) the net capital gain taking into account only gain or loss properly taken into account for the portion of the taxable year after December 31, 1994, plus

'' '(B) a tax of 35 percent of the excess (if any) of—

'' '(i) the net capital gain for the taxable year, over

'' '(ii) the amount of net capital gain taken into account under subparagraph (A).'

''(2) SPECIAL RULE FOR PASS-THRU ENTITIES.—Section 1202(e)(2) shall apply for purposes of paragraph (1).

''(c) CROSS REFERENCES.—

''For computation of the alternative tax—

''(1) in the case of life insurance companies, see section 801(a)(2),

''(2) in the case of regulated investment companies and their shareholders, see section 852(b)(3)(A) and (D), and

''(3) in the case of real estate investment trusts, see section 857(b)(3)(A).''

(b) TECHNICAL AMENDMENT.—Clause (iii) of section 852(b)(3)(D) is amended by striking ''65 percent'' and inserting ''75 percent''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1994.

Subpart C—Capital Loss Deduction Allowed With Respect to Sale or Exchange of Principal Residence

SEC. 6316. CAPITAL LOSS DEDUCTION ALLOWED WITH RESPECT TO SALE OR EXCHANGE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subsection (c) of section 165 (relating to limitation on losses of individuals) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ''; and'', and by adding at the end the following new paragraph:

''(4) losses arising from the sale or exchange of the principal residence (within the meaning of section 1034) of the taxpayer.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales and exchanges after December 31, 1994, in taxable years ending after such date.

PART II—COST RECOVERY PROVISIONS

SEC. 6321. DEPRECIATION ADJUSTMENT FOR CERTAIN PROPERTY PLACED IN SERVICE AFTER DECEMBER 31, 1994.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end thereof the following new subsection:

''(k) DEDUCTION ADJUSTMENT TO ALLOW EQUIVALENT OF EXPENSING FOR CERTAIN PROPERTY PLACED IN SERVICE AFTER DECEMBER 31, 1994.—

''(1) IN GENERAL.—In the case of tangible property placed in service after December 31, 1994, the deduction under this section with respect to such property—

''(A) shall be determined by substituting '150 percent' for '200 percent' in subsection (b)(1) in the case of property to which the 200 percent declining balance method would otherwise apply, and

''(B) for any taxable year after the taxable year during which the property is placed in service shall be—

''(i) the amount determined under this section for such taxable year without regard to this subparagraph, multiplied by

''(ii) the applicable neutral cost recovery ratio for such taxable year.

''(2) APPLICABLE NEUTRAL COST RECOVERY RATIO.—For purposes of paragraph (1)—

''(A) IN GENERAL.—The applicable neutral cost recovery ratio for the property for any taxable year is the number determined by—

''(i) dividing—

''(I) the gross domestic product deflator for the calendar quarter which includes the midpoint of the taxable year, by

''(II) the gross domestic product deflator for the calendar quarter which includes the mid-point of the taxable year in which the property was placed in service by the taxpayer, and

''(ii) then multiplying the number determined under clause (i) by the number equal to 1.035 to the nth power where 'n' is the number of full years (as of the close of the taxable year referred to in clause (i)(I)) after the date such property was placed in service. The applicable neutral cost recovery ratio shall never be less than 1. The applicable neutral cost recovery ratio shall be rounded to the nearest 1/1000.

''(B) SPECIAL RULE FOR CERTAIN PROPERTY.—In the case of property described in paragraph (2) or (3) of subsection (b) or in subsection (g), the applicable neutral cost recovery ratio shall be determined without regard to subparagraph (A)(ii).

''(3) GROSS DOMESTIC PRODUCT DEFLATOR.—For purposes of paragraph (2), the gross domestic product deflator for any calendar quarter is the implicit price deflator for the gross domestic product for such quarter (as shown in the last revision thereof released by the Secretary of Commerce before the close of the following calendar quarter).

''(4) COORDINATION WITH INDEXING OF BASIS FOR PURPOSES OF DETERMINING GAIN.—Section 1022 shall not apply to any property to which this subsection applies.

''(5) ELECTION NOT TO HAVE SUBSECTION APPLY.—This subsection shall not apply to any property if the taxpayer elects not to have this subsection apply to such property. Such an election, once made, shall be irrevocable.

''(6) CHURNING TRANSACTIONS.—This subsection shall not apply to any property if this section would not apply to such property were—

''(A) subsection (f)(5)(A)(ii) applied by substituting '1995' for '1987' and '1994' for '1986', and

''(B) subsection (f)(5)(B) not applied.

''(7) ADDITIONAL DEDUCTION NOT TO AFFECT BASIS OR RECAPTURE.—The additional amount determined under this section by reason of this subsection shall not be taken into account in determining the adjusted basis of any property or of any interest in a pass-thru entity (as defined in section 1202(e)(2)) which holds such property and shall not be treated as a deduction for depreciation for purposes of sections 1245 and 1250.''

(b) MINIMUM TAX TREATMENT.—

(1) Paragraph (1) of section 56(a) is amended by adding at the end thereof the following new subparagraph:

''(E) USE OF NEUTRAL COST RECOVERY RATIO.—This paragraph shall not apply to property to which section 168(k) applies.''

(2) Clause (i) of section 56(g)(4)(A) is amended by striking ''(a)(1)(A)'' and inserting ''(a)(1)''.

(3) Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(v) NEUTRAL COST RECOVERY DEDUCTION.—Clause (i) shall not apply to the additional deduction allowable by reason of section 168(k).''

(c) TECHNICAL AMENDMENTS.—

(1) Clause (i) of section 280F(a)(1)(B) is amended by adding at the end the following new sentence: ''For purposes of this clause, the unrecovered basis of any passenger automobile shall be treated as including the additional amount determined under section 168 by reason of subsection (k) thereof to the extent not allowed as a deduction by reason of this paragraph for any taxable year in the recovery period.''

(2) Subparagraph (B) of section 382(h)(2) is amended by adding at the end the following new sentence: ''The amount of the net unrealized built-in loss shall be increased by the amount of the additional deduction allowable by reason of section 168(k) which is treated under the preceding sentence as a recognized built-in loss.''

(3) Subsection (a) of section 465 is amended by adding at the end the following new paragraph:

''(4) TREATMENT OF NEUTRAL COST RECOVERY DEDUCTION.—

''(A) IN GENERAL.—None of the additional deduction allowable by reason of section 168(k) for the taxable year shall be disallowed under paragraph (1) unless there is a disallowed non-NCR loss for such year.

''(B) PROPORTIONATE DISALLOWANCE.—

''(i) IN GENERAL.—If there is a disallowed non-NCR loss for the taxable year, only the disallowed portion of the additional deduction allowable by reason of section 168(k) shall not be allowed under paragraph (1).

''(ii) DISALLOWED PORTION.—For purposes of clause (i), the disallowed portion is the percentage which the disallowed non-NCR loss's allocable share of non-NCR depreciation is of total non-NCR depreciation.

''(iii) ALLOCABLE SHARE.—For purposes of clause (ii), a disallowed non-NCR loss's allocable share of non-NCR depreciation is the amount which bears the same ratio to the amount of the loss as the amount of non-NCR depreciation for the taxable year bears to the total amount of deductions for such taxable year.

''(C) DEFINITIONS.—For purposes of this paragraph—

''(i) DISALLOWED NON-NCR LOSS.—The term 'disallowed non-NCR loss' means, for any taxable year, the amount of the loss from the activity which would be disallowed under paragraph (1) if such loss were determined without regard to the additional deduction allowable by reason of section 168(k).

''(ii) NON-NCR DEPRECIATION.—The term 'non-NCR depreciation' means the amount allowable as a deduction under section 168 without regard to subsection (k) thereof.''

(4) Subparagraph (A) of section 1503(e)(1) is amended by inserting before the comma ''and shall be determined without regard to section 168(k)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1994.

SEC. 6322. TREATMENT OF ABANDONMENT OF LESSOR IMPROVEMENTS AT TERMINATION OF LEASE.

(a) IN GENERAL.—Paragraph (8) of section 168(i) is amended to read as follows:

''(8) TREATMENT OF LEASEHOLD IMPROVEMENTS.—

''(A) IN GENERAL.—In the case of any building erected (or improvements made) on leased property, if such building or improvement is property to which this section applies, the depreciation deduction shall be determined under the provisions of this section.

''(B) TREATMENT OF LESSOR IMPROVEMENTS WHICH ARE ABANDONED AT TERMINATION OF LEASE.—An improvement—

''(i) which is made by the lessor of leased property for the lessee of such property, and

''(ii) which is irrevocably disposed of or abandoned by the lessor at the termination of the lease by such lessee,

shall be treated for purposes of determining gain or loss under this title as disposed of by the lessor when so disposed of or abandoned.''

(b) EFFECTIVE DATE.—Subparagraph (B) of section 168(i)(8) of the Internal Revenue Code of 1986, as added by the amendment made by subsection (a), shall apply to improvements disposed of or abandoned after March 13, 1995.

PART III—ALTERNATIVE MINIMUM TAX RELIEF

SEC. 6331. PHASEOUT OF APPLICATION OF ALTERNATIVE MINIMUM TAX TO CORPORATIONS.

(a) TERMINATION.—Subsection (a) of section 55 is amended by adding at the end the following new flush sentence:

''In the case of a corporation, the tentative minimum tax for any taxable year beginning after December 31, 2000, shall be zero.''

(b) EARLIER TERMINATION OF CERTAIN ADJUSTMENTS FOR ALL TAXPAYERS.—

(1) DEPRECIATION.—Clause (i) of section 56(a)(1)(A) is amended by inserting ''and before March 14, 1995,'' after ''December 31, 1986,''.

(2) MINING EXPLORATION AND DEVELOPMENT COSTS.—Paragraph (2) of section 56(a) is amended by inserting ''and before January 1, 1996,'' after ''December 31, 1986,''.

(3) LONG-TERM CONTRACTS.—Paragraph (3) of section 56(a) is amended by inserting ''and before January 1, 1996,'' after ''March 1, 1986,''.

(4) POLLUTION CONTROL FACILITIES.—Paragraph (5) of section 56(a) is amended by inserting ''and before January 1, 1996,'' after ''December 31, 1986,''.

(5) INSTALLMENT SALES.—Paragraph (6) of section 56(a) is amended by inserting ''and before January 1, 1996,'' after ''March 1, 1986,''.

(c) EARLIER TERMINATION OF CIRCULATION AND RESEARCH AND EXPERIMENTAL EXPENDITURE ADJUSTMENT FOR INDIVIDUALS.—Subparagraph (A) of section 56(b)(2) is amended by inserting ''and before January 1, 1996,'' after ''December 31, 1986,''.

(d) EARLIER TERMINATION OF CERTAIN ADJUSTMENTS FOR CORPORATIONS.—

(1) MERCHANT MARINE CAPITAL CONSTRUCTION FUNDS.—Paragraph (2) of section 56(c) is amended—

(A) by inserting ''and before January 1, 1996,'' after ''December 31, 1986,'' each place it appears, and

(B) by striking the last sentence and inserting the following new flush sentence:

''For purposes of this paragraph, any withdrawal of deposit or earnings from the fund shall be treated as allocable to deposits made, and earnings received or accrued, in the order in which made, received, or accrued.''

(2) SECTION 833(b) DEDUCTION.—Paragraph (3) of section 56(c) is amended by adding at the end the following new sentence: ''This paragraph shall not apply to any taxable year beginning after December 31, 1995.''

(3) CERTAIN EARNINGS AND PROFITS ITEMS.—

(A) Subparagraph (B) of section 56(g)(4) is amended by adding at the end the following new clause:

''(iii) TERMINATION.—This subparagraph shall not apply to any taxable year beginning after December 31, 1995.''

(B) Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vi) TERMINATION.—This subparagraph shall not apply to any taxable year beginning after December 31, 1995.''

(4) INTANGIBLE DRILLING COSTS.—Clause (i) of section 56(g)(4)(D) is amended by adding at the end the following new sentence: ''This clause shall not apply to any taxable year beginning after December 31, 1995.''

(5) CERTAIN AMORTIZATION PROVISIONS.—Clause (ii) of section 56(g)(4)(D) is amended by adding at the end the following new sentence: ''This clause shall not apply to any expenditure paid or incurred after December 31, 1995.''

(6) LIFO INVENTORY ADJUSTMENTS.—Clause (iii) of section 56(g)(4)(D) is amended by adding at the end the following new sentence: ''This clause shall not apply to any adjustment arising in a taxable year beginning after December 31, 1995.''

(7) INSTALLMENT SALES.—Clause (iv) of section 56(g)(4)(D) is amended by adding at the end the following new sentence: ''This clause shall not apply to any disposition after December 31, 1995.''

(8) DEBT POOLS.—Subparagraph (E) of section 56(g)(4) is amended by adding at the end the following new sentence: ''This subparagraph shall not apply to any exchange after December 31, 1995.''

(9) DEPLETION.—Subparagraph (F) of section 56(g)(4) is amended by adding at the end the following new clause:

''(iii) TERMINATION.—This subparagraph shall not apply to any deduction for depletion for any taxable year beginning after December 31, 1995.''

(10) OWNERSHIP CHANGES.—Subparagraph (G) of section 56(g)(4) is amended by adding at the end the following new sentence: ''This subparagraph shall not apply to any ownership change after December 31, 1995.''

(e) EARLIER TERMINATION OF ITEMS OF TAX PREFERENCE.—

(1) DEPLETION.—Paragraph (1) of section 57(a) is amended by adding at the end the following new sentence: ''This paragraph shall not apply to any taxable year beginning after December 31, 1995.''

(2) INTANGIBLE DRILLING COSTS.—Paragraph (2) of section 57(a) is amended by adding at the end the following new subparagraph:

''(F) TERMINATION.—This paragraph shall not apply to any taxable year beginning after December 31, 1995.''

(3) RESERVES FOR LOSSES ON BAD DEBTS.—Paragraph (4) of section 57(a) is amended by adding at the end the following new sentence: ''This paragraph shall not apply to any taxable year beginning after December 31, 1995.''

(4) TAX-EXEMPT INTEREST.—Paragraph (5) of section 57(a) is amended by adding at the end the following new subparagraph:

''(D) TERMINATION FOR CORPORATIONS.—In the case of a corporation (other than a corporation referred to in section 56(g)(6)), this paragraph shall not apply to interest accruing for periods after December 31, 1995.''

(f) NET OPERATING LOSS DEDUCTION.—Paragraph (1) of section 56(d) is amended by inserting ''(100 percent in the case of taxable years beginning after December 31, 1995)'' after ''90 percent'' each place it appears.

(g) LOSSES.—

(1) Section 58 is amended by adding at the end the following new subsection:

''(d) TERMINATION.—This section shall not apply to any loss incurred for any taxable year beginning after December 31, 1995.''

(2) Subsection (h) of section 59 is amended by inserting ''469,'' after ''465,''.

(h) FOREIGN TAX CREDIT.—Paragraph (2) of section 59(a) is amended by adding at the end the following new subparagraph:

''(D) TERMINATION.—This paragraph shall not apply to any taxable year beginning after December 31, 1995.''

(i) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—

(1) IN GENERAL.—Subsection (c) of section 53 is amended to read as follows:

''(c) LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed the lesser of—

''(1) the excess (if any) of—

''(A) the regular tax liability of the taxpayer for such taxable year reduced by the sum of the credits allowable under subparts A, B, D, E, and F of this part, over

''(B) the tentative minimum tax for the taxable year, or

''(2) 90 percent of the amount determined under paragraph (1)(A).''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1995.

PART IV—TAXPAYER DEBT BUY-DOWN

SEC. 6341. DESIGNATION OF AMOUNTS FOR REDUCTION OF PUBLIC DEBT.

(a) IN GENERAL.—Subchapter A of chapter 61 of the Internal Revenue Code of 1986 (relating to returns and records) is amended by adding at the end the following new part:

''PART IX—DESIGNATION FOR REDUCTION OF PUBLIC DEBT

''Sec. 6097. Designation.

''SEC. 6097. DESIGNATION.

''(a) IN GENERAL.—Every individual with adjusted income tax liability for any taxable year may designate that a portion of such liability (not to exceed 10 percent thereof) shall be used to reduce the public debt.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year only at the time of filing the return of tax imposed by chapter 1 for the taxable year. The designation shall be made on the first page of the return or on the page bearing the taxpayer's signature.

''(c) ADJUSTED INCOME TAX LIABILITY.—For purposes of this section, the term 'adjusted income tax liability' means income tax liability (as defined in section 6096(b)) reduced by any amount designated under section 6096 (relating to designation of income tax payments to Presidential Election Campaign Fund).''

(b) CLERICAL AMENDMENT.—The table of parts for such subchapter A is amended by adding at the end the following new item:

''Part IX. Designation for reduction of public debt.''

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

SEC. 6342. PUBLIC DEBT REDUCTION TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust fund code) is amended by adding at the end the following new section:

''SEC. 9512. PUBLIC DEBT REDUCTION TRUST FUND.

''(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Public Debt Reduction Trust Fund', consisting of any amount appropriated or credited to the Trust Fund as provided in this section or section 9602(b).

''(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the Public Debt Reduction Trust Fund amounts equivalent to the amounts designated under section 6097 (relating to designation for public debt reduction).

''(c) EXPENDITURES.—Amounts in the Public Debt Reduction Trust Fund shall be used by the Secretary of the Treasury for purposes of paying at maturity, or to redeem or buy before maturity, any obligation of the Federal Government included in the public debt (other than an obligation held by the Federal Old-Age and Survivors Insurance Trust Fund, the Civil Service Retirement and Disability Fund, or the Department of Defense Military Retirement Fund). Any obligation which is paid, redeemed, or bought with amounts from the Public Debt Reduction Trust Fund shall be canceled and retired and may not be reissued.''

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

''Sec. 9512. Public Debt Reduction Trust Fund.''

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

SEC. 6343. TAXPAYER-GENERATED SEQUESTRATION OF FEDERAL SPENDING TO REDUCE THE PUBLIC DEBT.

(a) SEQUESTRATION TO REDUCE THE PUBLIC DEBT.—Part C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding after section 253 the following new section:

''SEC. 253A. SEQUESTRATION TO REDUCE THE PUBLIC DEBT.

''(a) SEQUESTRATION.—Notwithstanding sections 255 and 256, within 15 days after Congress adjourns to end a session, and on the same day as a sequestration (if any) under sections 251, 252, and 253, but after any sequestration of budget-year budgetary resources required by those sections, there shall be a sequestration equivalent to the estimated aggregate amount designated under section 6097 of the Internal Revenue Code of 1986 for the calendar year two years before the year in which that session of Congress started, as estimated by the Department of the Treasury on October 1 in the year after the applicable tax year and as modified by the total of (1) any amounts by which net

discretionary spending is reduced by legislation below the discretionary spending limits enacted after the enactment of this section related to the fiscal year subject to the sequestration or, in the absence of such limits, any net reduction below discretionary outlays for fiscal year 1995 and (2) the net deficit change that has resulted from all direct spending legislation enacted after the enactment of this section related to the fiscal year subject to the sequestration, as estimated by OMB. Within 5 days after the enactment of any such direct spending legislation, OMB shall estimate the change in spending resulting from that legislation for the 5-fiscal-year period beginning with the first fiscal year for which that legislation becomes effective and transmit a report to the House of Representatives and the Senate containing that estimate. Only the estimated deficit reduction included in the 5-year estimate made at the time the legislation is enacted shall be used for purposes of determining whether there shall be a sequestration under this subsection. Notwithstanding the preceding two sentences, any estimates of direct spending made by OMB under this subsection for any legislation that first takes effect in fiscal year 1995, 1996, or 1997 shall include estimates of the direct spending effects through fiscal year 2002 and those estimates shall be used for purposes of determining whether there shall be a sequestration under this subsection. If the reduction in spending under paragraphs (1) and (2) for a fiscal year is greater than the estimated aggregate amount designated under section 6097 of the Internal Revenue Code of 1986 respecting that fiscal year, then there shall be no sequestration under this section.

''(b) APPLICABILITY.—

''(1) IN GENERAL.—Except as provided by paragraph (2), each account of the United States shall be reduced by a dollar amount calculated by multiplying the level of budgetary resources in that account at that time by the uniform percentage necessary to carry out subsection (a). All obligational authority reduced under this section shall be done in a manner that makes such reductions permanent.

''(2) EXEMPT ACCOUNTS.—(A) No order issued under this part may—

''(i) reduce benefits payable to the old-age and survivors insurance program established under title II of the Social Security Act;

''(ii) reduce payments for net interest (all of major functional category 900); or

''(iii) make any reduction in the following accounts:

''Federal Deposit Insurance Corporation, Bank Insurance Fund;

''Federal Deposit Insurance Corporation, FSLIC Resolution Fund;

''Federal Deposit Insurance Corporation, Savings Association Insurance Fund;

''National Credit Union Administration, credit union share insurance fund; or

''Resolution Trust Corporation.

''(B) The following budget accounts, activities within accounts, or income shall be exempt from sequestration—

''(i) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;

''(ii) offsetting receipts and collections;

''(iii) all payments from one Federal direct spending budget account to another Federal budget account; all intragovernmental funds including those from which funding is derived primarily from other Government accounts, except to the extent that such funds are augmented by direct appropriations for the fiscal year for which the order is in effect; and those obligations of discretionary accounts or activities that are financed by intragovernmental payments from another discretionary account or activity;

''(iv) expenses to the extent they result from private donations, bequests, or voluntary contributions to the Government;

''(v) nonbudgetary activities, including but not limited to—

''(I) credit liquidating and financing accounts;

''(II) the Pension Benefit Guarantee Corporation Trust Funds;

''(III) the Thrift Savings Fund;

''(IV) the Federal Reserve System; and

''(V) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

''(vi) payments resulting from Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

''(vii) the following accounts, which largely fulfill requirements of the Constitution or otherwise make payments to which the Government is committed—

''Administration of Territories, Northern Mariana Islands Covenant grants (14–0412–0–1–806);

''Bureau of Indian Affairs, miscellaneous payments to Indians (14–2303–0–1–452);

''Bureau of Indian Affairs, miscellaneous trust funds, tribal trust funds (14–9973–0–7–999);

''Claims, defense;

''Claims, judgments, and relief act (20–1895–0–1–806);

''Compact of Free Association, economic assistance pursuant to Public Law 99–658 (14–0415–0–1–806);

''Compensation of the President (11–0001–0–1–802);

''Customs Service, miscellaneous permanent appropriations (20–9992–0–2–852);

''Eastern Indian land claims settlement fund (14–2202–0–1–806);

''Farm Credit System Financial Assistance Corporation, interest payments (20–1850–0–1–351);

''Internal Revenue collections of Puerto Rico (20–5737–0–2–852);

''Panama Canal Commission, operating expenses and capital outlay (95–5190–0–2–403);

''Payments of Vietnam and USS Pueblo prisoner-of-war claims (15–0104–0–1–153);

''Payments to copyright owners (03–5175–0–2–376);

''Payments to the United States territories, fiscal assistance (14–0418–0–1–801);

''Salaries of Article III judges;

''Soldier's and Airmen's Home, payment of claims (84–8930–0–7–705);

''Washington Metropolitan Area Transit Authority, interest payments (46–0300–0–1–401).

''(viii) the following noncredit special, revolving, or trust-revolving funds—

''Coinage profit fund (20–5811–0–2–803);

''Exchange Stabilization Fund (20–4444–0–3–155);

''Foreign Military Sales trust fund (11–82232–0–7–155); and

''(ix)(I) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

''(II) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act; and

''(III) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account.

''(3) FEDERAL ADMINISTRATIVE EXPENSES.—

''(A) Administrative expenses incurred by the departments and agencies, including independent agencies, of the Federal Government in connection with any program, project, activity, or account shall be subject to reduction pursuant to any sequestration order, without regard to the exemptions under paragraph (2) and regardless of whether the program, project, activity, or account is self-supporting and does not receive appropriations.

''(B) Payments made by the Federal Government to reimburse or match administrative costs incurred by a State or political subdivision under or in connection with any program, project, activity, or account shall not be considered administrative expenses of the Federal Government for purposes of this section, and shall be subject to sequestration to the extent (and only to the extent) that other payments made by the Federal Government under or in connection with that program, project, activity, or account are subject to that reduction or sequestration; except that Federal payments made to a State as reimbursement of administrative costs incurred by that State under or in connection with the unemployment compensation programs specified in paragraph (2)(ix) shall be subject to reduction or sequestration under this part notwithstanding the exemption otherwise granted to such programs under that paragraph.''.

(b) REPORTS.—Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subsection (a), by inserting after the item relating to the GAO compliance report the following:

''October 1 . . . Department of Treasury report to Congress estimating amount of income tax designated pursuant to section 6097 of the Internal Revenue Code of 1986.'';

(2) in subsection (d)(1), by inserting '', and sequestration to reduce the public debt,'';

(3) in subsection (d), by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) SEQUESTRATION TO REDUCE THE PUBLIC DEBT REPORTS.—The preview reports shall set forth for the budget year estimates for each of the following:

''(A) The aggregate amount designated under section 6097 of the Internal Revenue Code of 1986 for the calendar year two years before the year in which the budget year begins.

''(B) The amount of reductions required under section 253A and the deficit remaining after those reductions have been made.

''(C) The sequestration percentage necessary to achieve the required reduction in accounts under section 253A(b).''; and

(4) in subsection (g), by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) SEQUESTRATION TO REDUCE THE PUBLIC DEBT REPORTS.—The final reports shall contain all of the information contained in the public debt taxation designation report required on October 1.''.

(c) EFFECTIVE DATE.—Notwithstanding section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, the expiration date set forth in that section shall not apply to the amendments made by this section. The amendments made by this section shall cease to have any effect after the first fiscal year during which there is no public debt.

PART V—SMALL BUSINESS INCENTIVES

SEC. 6351. COST-OF-LIVING ADJUSTMENTS RELATING TO ESTATE AND GIFT TAX PROVISIONS.

(a) INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.—

(1) ESTATE TAX CREDIT.—

(A) Subsection (a) of section 2010 (relating to unified credit against estate tax) is amended by striking ''$192,800'' and inserting ''the applicable credit amount''.

(B) Section 2010 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) APPLICABLE CREDIT AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount determined in accordance with the following table:

"In the case of estates of decedents dying, and gifts made, during:	The applicable exclusion amount is:
1996	$700,000
1997	$725,000
1998 or thereafter	$750,000.

''(2) COST-OF-LIVING ADJUSTMENTS.—In the case of any decedent dying, and gift made, in a calendar year after 1998, the $750,000 amount set forth in paragraph (1) shall be increased by an amount equal to—

''(A) $750,000, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.''

(C) Paragraph (1) of section 6018(a) is amended by striking ''$600,000'' and inserting ''the applicable exclusion amount in effect under section 2010(c) (as adjusted under paragraph (2) thereof) for the calendar year which includes the date of death''.

(D) Paragraph (2) of section 2001(c) is amended by striking ''$21,040,000'' and inserting ''the amount at which the average tax rate under this section is 55 percent''.

(E) Subparagraph (A) of section 2102(c)(3) is amended by striking ''$192,800'' and inserting ''the applicable credit amount in effect under section 2010(c) for the calendar year which includes the date of death''.

(2) UNIFIED GIFT TAX CREDIT.—Paragraph (1) of section 2505(a) is amended by striking ''$192,800'' and inserting ''the applicable credit amount in effect under section 2010(c) for such calendar year''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to the estates of decedents dying, and gifts made, after December 31, 1995.

(b) ALTERNATE VALUATION OF CERTAIN FARM, ETC., REAL PROPERTY.—Subsection (a) of section 2032A is amended by adding at the end the following new paragraph:

''(3) INFLATION ADJUSTMENT.—In the case of estates of decedents dying in a calendar year after 1998, the $750,000 amount contained in paragraph (2) shall be increased by an amount equal to—

''(A) $750,000, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.''

(c) ANNUAL GIFT TAX EXCLUSION.—Subsection (b) of section 2503 is amended—

(1) by striking the subsection heading and inserting the following:

''(b) EXCLUSIONS FROM GIFTS.—

''(1) IN GENERAL.—'',

(2) by moving the text 2 ems to the right, and

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

''(2) INFLATION ADJUSTMENT.—In the case of gifts made in a calendar year after 1998, the $10,000 amount contained in paragraph (1) shall be increased by an amount equal to—

''(A) $10,000, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.''

(d) EXEMPTION FROM GENERATION-SKIPPING TAX.—Section 2631 (relating to GST exemption) is amended by adding at the end the following new subsection:

''(c) INFLATION ADJUSTMENT.—In the case of an individual who dies in any calendar year after 1998, the $1,000,000 amount contained in subsection (a) shall be increased by an amount equal to—

''(1) $1,000,000, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.''

(e) AMOUNT OF TAX ELIGIBLE FOR 4 PERCENT INTEREST RATE ON EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CLOSELY HELD BUSINESS.—

(1) Subparagraph (A) of section 6601(j)(2) is amended by striking ''$345,800'' and inserting ''the applicable limitation amount''.

(2) Subsection (j) of section 6601 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) APPLICABLE LIMITATION AMOUNT.—

''(A) IN GENERAL.—For purposes of paragraph (2), the applicable limitation amount is the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were $1,000,000.

''(B) INFLATION ADJUSTMENT.—In the case of estates of decedents dying in a calendar year after 1998, the $1,000,000 amount contained in subparagraph (A) shall be increased by an amount equal to—

''(i) $1,000,000, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $10,000, such amount shall be rounded to the nearest multiple of $10,000.''

SEC. 6352. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) GENERAL RULE.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed the following applicable amount:

"If the taxable year begins in:	The applicable amount is:
1996	$22,500
1997	27,500
1998	32,500
1999 or thereafter	35,000.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1995.

SEC. 6353. CLARIFICATION OF TREATMENT OF HOME OFFICE USE FOR ADMINISTRATIVE AND MANAGEMENT ACTIVITIES.

(a) IN GENERAL.—Paragraph (1) of section 280A(c) is amended by adding at the end the following new sentence: ''For purposes of subparagraph (A), the term 'principal place of business' includes a place of business which is used by the taxpayer for the administrative or management activities of any trade or business of the taxpayer if there is no other fixed location of such trade or business where the taxpayer conducts substantial administrative or management activities of such trade or business.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1995.

SEC. 6354. TREATMENT OF STORAGE OF PRODUCT SAMPLES.

(a) IN GENERAL.—Paragraph (2) of section 280A(c) is amended by striking ''inventory'' and inserting ''inventory or product samples''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1995.

Subtitle D—Family Reinforcement

SEC. 6401. CREDIT FOR ADOPTION EXPENSES.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 is amended by inserting after section 25 the following new section:

"SEC. 25A. ADOPTION EXPENSES.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year the amount of the qualified adoption expenses paid or incurred by the taxpayer during such taxable year.

''(b) LIMITATIONS.—

''(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $5,000.

''(2) INCOME LIMITATION.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

''(A) the amount (if any) by which the taxpayer's adjusted gross income (determined without regard to sections 911, 931, and 933) exceeds $60,000, bears to

''(B) $40,000.

''(3) DENIAL OF DOUBLE BENEFIT.—

''(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

''(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program. The preceding sentence shall not apply to expenses for the adoption of a child with special needs.

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

''(1) QUALIFIED ADOPTION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

''(i) which are directly related to, and the principal purpose of which is for, the legal adoption of an eligible child by the taxpayer, and

''(ii) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement.

''(B) EXPENSES FOR ADOPTION OF SPOUSE'S CHILD NOT ELIGIBLE.—The term 'qualified adoption expenses' shall not include any expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse.

''(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual—

''(A) who has not attained age 18 as of the time of the adoption, or

''(B) who is physically or mentally incapable of caring for himself.

''(3) CHILD WITH SPECIAL NEEDS.—The term 'child with special needs' means any child if—

''(A) a State has determined that the child cannot or should not be returned to the home of his parents, and

''(B) such State has determined that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance.

''(d) MARRIED COUPLES MUST FILE JOINT RETURNS, ETC.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section.''

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25 the following new item:

''Sec. 25A. Adoption expenses.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 6402. CREDIT FOR TAXPAYERS WITH CERTAIN PERSONS REQUIRING CUSTODIAL CARE IN THEIR HOUSEHOLDS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 is amended by inserting after section 25A the following new section:

''SEC. 25B. CREDIT FOR TAXPAYERS WITH CERTAIN PERSONS REQUIRING CUSTODIAL CARE IN THEIR HOUSEHOLDS.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual who maintains a household which includes as a member one or more qualified persons, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to $500 for each such person.

''(b) QUALIFIED PERSON.—For purposes of this section, the term 'qualified person' means any individual—

''(1) who is a father or mother of the taxpayer, his spouse, or his former spouse or who is an ancestor of such a father or mother,

''(2) who is physically or mentally incapable of caring for himself,

''(3) who has as his principal place of abode for more than half of the taxable year the home of the taxpayer, and

''(4) whose name and TIN are included on the taxpayer's return for the taxable year.

For purposes of paragraph (1), a stepfather or stepmother shall be treated as a father or mother.

''(c) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (1), (2), (3), and (4) of section 21(e) shall apply.''

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

''Sec. 25B. Credit for taxpayers with certain persons requiring custodial care in their households.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

Subtitle E—Social Security Earnings Test

SEC. 6501. ADJUSTMENTS IN MONTHLY EXEMPT AMOUNT FOR PURPOSES OF THE SOCIAL SECURITY EARNINGS TEST.

(a) INCREASE IN MONTHLY EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. 403(f)(8)(D)) is amended to read as follows:

''(D)(i) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has attained retirement age (as defined in section 216(1)) before the close of the taxable year involved shall be—

''(I) for the taxable year beginning after 1995 and before 1997, $1,250.00,

''(II) for the taxable year beginning after 1996 and before 1998, $1,583.33⅓,

''(III) for the taxable year beginning after 1997 and before 1999, $1,916.66⅔,

''(IV) for the taxable year beginning after 1998 and before 2000, $2,250.00, and

''(V) for the taxable year beginning after 1999 and before 2001, $2,500.00.

''(ii) For purposes of subparagraph (B)(ii)(II), the increase in the exempt amount provided under clause (i)(V) shall be deemed to have resulted from a determination which shall be deemed to have been made under subparagraph (A) in 1999.''.

(b) CONFORMING AMENDMENT.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking ''the exempt amount under section 203(f)(8) which is applicable to individuals described in subparagraph (D) thereof'' and inserting the following: ''an amount equal to the exempt amount which would have been applicable under section 203(f)(8), to individuals described in subparagraph (D) thereof, if section 6501 of the Contract With America Tax Relief Act of 1995 had not been enacted''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after 1995.

Subtitle F—Technical Corrections

SEC. 6601. COORDINATION WITH OTHER SUBTITLES.

For purposes of applying the amendments made by any subtitle of this title other than this subtitle, the provisions of this subtitle shall be treated as having been enacted immediately before the provisions of such other subtitles.

SEC. 6602. AMENDMENTS RELATED TO REVENUE RECONCILIATION ACT OF 1990.

(a) AMENDMENTS RELATED TO SUBTITLE A.—

(1) Subparagraph (B) of section 59(j)(3) is amended by striking ''section 1(i)(3)(B)'' and inserting ''section 1(g)(3)(B)''.

(2) Clause (i) of section 151(d)(3)(C) is amended by striking ''joint of a return'' and inserting ''joint return''.

(b) AMENDMENTS RELATED TO SUBTITLE B.—

(1) Paragraph (1) of section 11212(e) of the Revenue Reconciliation Act of 1990 is amended by striking ''Paragraph (1) of section 6724(d)'' and inserting ''Subparagraph (B) of section 6724(d)(1)''.

(2)(A) Subparagraph (B) of section 4093(c)(2), as in effect before the amendments made by the Revenue Reconciliation Act of 1993, is amended by inserting before the period ''unless such fuel is sold for exclusive use by a State or any political subdivision thereof''.

(B) Paragraph (4) of section 6427(l), as in effect before the amendments made by the Revenue Reconciliation Act of 1993, is amended by inserting before the period ''unless such fuel was used by a State or any political subdivision thereof''.

(3) Paragraph (1) of section 6416(b) is amended by striking ''chapter 32 or by section 4051'' and inserting ''chapter 31 or 32''.

(4) Section 7012 is amended—

(A) by striking ''production or importation of gasoline'' in paragraph (3) and inserting ''taxes on gasoline and diesel fuel'', and

(B) by striking paragraph (4) and redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(5) Subsection (c) of section 5041 is amended by striking paragraph (6) and by inserting the following new paragraphs:

''(6) CREDIT FOR TRANSFEREE IN BOND.—If—

''(A) wine produced by any person would be eligible for any credit under paragraph (1) if removed by such person during the calendar year,

''(B) wine produced by such person is removed during such calendar year by any other person (hereafter in this paragraph referred to as the 'transferee') to whom such wine was transferred in bond and who is liable for the tax imposed by this section with respect to such wine, and

''(C) such producer holds title to such wine at the time of its removal and provides to the transferee such information as is necessary to properly determine the transferee's credit under this paragraph,

then, the transferee (and not the producer) shall be allowed the credit under paragraph (1) which would be allowed to the producer if the wine removed by the transferee had been removed by the producer on that date.

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

''(A) to prevent the credit provided in this subsection from benefiting any person who produces more than 250,000 wine gallons during a calendar year, and

''(B) to assure proper reduction of such credit for persons producing more than 150,000 wine gallons of wine during a calendar year.''

(6) Paragraph (3) of section 5061(b) is amended to read as follows:

''(3) section 5041(f),''.

(7) Section 5354 is amended by inserting ''(taking into account the appropriate amount of credit with respect to such wine under section 5041(c))'' after ''any one time''.

(c) AMENDMENTS RELATED TO SUBTITLE C.—

(1) Paragraph (4) of section 56(g) is amended by redesignating subparagraphs (I) and (J) as subparagraphs (H) and (I), respectively.

(2) Subparagraph (B) of section 6724(d)(1) is amended—

(A) by striking ''or'' at the end of clause (xii), and

(B) by striking the period at the end of clause (xiii) and inserting '', or''.

(3) Subsection (g) of section 6302 is amended by inserting '', 22,'' after ''chapters 21''.

(4) The earnings and profits of any insurance company to which section 11305(c)(3) of the Revenue Reconciliation Act of 1990 applies shall be determined without regard to any deduction allowed under such section; except that, for purposes of applying sections 56 and 902, and subpart F of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1986, such deduction shall be taken into account.

(5) Subparagraph (D) of section 6038A(e)(4) is amended—

(A) by striking ''any transaction to which the summons relates'' and inserting ''any affected taxable year'', and

(B) by adding at the end thereof the following new sentence: ''For purposes of this subparagraph, the term 'affected taxable year' means any taxable year if the determination of the amount of tax imposed for such taxable year is affected by the treatment of the transaction to which the summons relates.''.

(6) Subparagraph (A) of section 6621(c)(2) is amended by adding at the end thereof the following new flush sentence:

''The preceding sentence shall be applied without regard to any such letter or notice which is withdrawn by the Secretary.''.

(7) Clause (i) of section 6621(c)(2)(B) is amended by striking ''this subtitle'' and inserting ''this title''.

(d) AMENDMENTS RELATED TO SUBTITLE D.—

(1) Notwithstanding section 11402(c) of the Revenue Reconciliation Act of 1990, the amendment made by section 11402(b)(1) of such Act shall apply to taxable years ending after December 31, 1989.

(2) Clause (ii) of section 143(m)(4)(C) is amended—

(A) by striking ''any month of the 10-year period'' and inserting ''any year of the 4-year period'',

(B) by striking ''succeeding months'' and inserting ''succeeding years'', and

(C) by striking ''over the remainder of such period (or, if lesser, 5 years)'' and inserting ''to zero over the succeeding 5 years''.

(e) AMENDMENTS RELATED TO SUBTITLE E.—

(1)(A) Clause (ii) of section 56(d)(1)(B) is amended to read as follows:

''(ii) appropriate adjustments in the application of section 172(b)(2) shall be made to take into account the limitation of subparagraph (A).''

(B) For purposes of applying sections 56(g)(1) and 56(g)(3) of the Internal Revenue Code of 1986 with respect to taxable years beginning in 1991 and 1992, the reference in such sections to the alternative tax net operating loss deduction shall be treated as including a reference to the deduction under section 56(h) of such Code as in effect before the amendments made by section 1915 of the Energy Policy Act of 1992.

(2) Clause (i) of section 613A(c)(3)(A) is amended by striking ''the table contained in''.

(3) Section 6501 is amended—

(A) by striking subsection (m) (relating to deficiency attributable to election under section 44B) and by redesignating subsections (n) and (o) as subsections (m) and (n), respectively, and

(B) by striking ''section 40(f) or 51(j)'' in subsection (m) (as redesignated by subparagraph (A)) and inserting ''section 40(f), 43, or 51(j)''.

(4) Subparagraph (C) of section 38(c)(2) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) is amended by inserting before the period at the end of the first sentence the following: ''and without regard to the deduction under section 56(h)''.

(5) The amendment made by section 1913(b)(2)(C)(i) of the Energy Policy Act of 1992 shall apply to taxable years beginning after December 31, 1990.

(f) AMENDMENTS RELATED TO SUBTITLE F.—

(1)(A) Section 2701(a)(3) is amended by adding at the end thereof the following new subparagraph:

''(C) VALUATION OF QUALIFIED PAYMENTS WHERE NO LIQUIDATION, ETC. RIGHTS.—In the case of an applicable retained interest which is described in subparagraph (B)(i) but not subparagraph (B)(ii), the value of the distribution right shall be determined without regard to this section.''

(B) Section 2701(a)(3)(B) is amended by inserting ''CERTAIN'' before ''QUALIFIED'' in the heading thereof.

(C) Sections 2701 (d)(1) and (d)(4) are each amended by striking ''subsection (a)(3)(B)'' and inserting ''subsection (a)(3) (B) or (C)''.

(2) Clause (i) of section 2701(a)(4)(B) is amended by inserting ''(or, to the extent provided in regulations, the rights as to either income or capital)'' after ''income and capital''.

(3)(A) Section 2701(b)(2) is amended by adding at the end thereof the following new subparagraph:

''(C) APPLICABLE FAMILY MEMBER.—For purposes of this subsection, the term 'applicable family member' includes any lineal descendant of any parent of the transferor or the transferor's spouse.''

(B) Section 2701(e)(3) is amended—

(i) by striking subparagraph (B), and

(ii) by striking so much of paragraph (3) as precedes ''shall be treated as holding'' and inserting:

''(3) ATTRIBUTION OF INDIRECT HOLDINGS AND TRANSFERS.—An individual''.

(C) Section 2704(c)(3) is amended by striking ''section 2701(e)(3)(A)'' and inserting ''section 2701(e)(3)''.

(4) Clause (i) of section 2701(c)(1)(B) is amended to read as follows:

''(i) a right to distributions with respect to any interest which is junior to the rights of the transferred interest,''.

(5)(A) Clause (i) of section 2701(c)(3)(C) is amended to read as follows:

''(i) IN GENERAL.—Payments under any interest held by a transferor which (without regard to this subparagraph) are qualified payments shall be treated as qualified payments unless the transferor elects not to treat such payments as qualified payments. Payments described in the preceding sentence which are held by an applicable family member shall be treated as qualified payments only if such member elects to treat such payments as qualified payments.''

(B) The first sentence of section 2701(c)(3)(C)(ii) is amended to read as follows: ''A transferor or applicable family member holding any distribution right which (without regard to this subparagraph) is not a qualified payment may elect to treat such right as a qualified payment, to be paid in the amounts and at the times specified in such election.''.

(C) The time for making an election under the second sentence of section 2701(c)(3)(C)(i) of the Internal Revenue Code of 1986 (as amended by subparagraph (A)) shall not expire before the due date (including extensions) for filing the transferor's return of the tax imposed by section 2501 of such Code for the first calendar year ending after the date of enactment.

(6) Section 2701(d)(3)(A)(iii) is amended by striking ''the period ending on the date of''.

(7) Subclause (I) of section 2701(d)(3)(B)(ii) is amended by inserting ''or the exclusion under section 2503(b),'' after ''section 2523,''.

(8) Section 2701(e)(5) is amended—

(A) by striking ''such contribution to capital or such redemption, recapitalization, or other change'' in subparagraph (A) and inserting ''such transaction'', and

(B) by striking ''the transfer'' in subparagraph (B) and inserting ''such transaction''.

(9) Section 2701(d)(4) is amended by adding at the end thereof the following new subparagraph:

''(C) TRANSFER TO TRANSFERORS.—In the case of a taxable event described in paragraph (3)(A)(ii) involving a transfer of an applicable retained interest from an applicable family member to a transferor, this subsection shall continue to apply to the transferor during any period the transferor holds such interest.''

(10) Section 2701(e)(6) is amended by inserting ''or to reflect the application of subsection (d)'' before the period at the end thereof.

(11)(A) Section 2702(a)(3)(A) is amended—

(i) by striking ''to the extent'' and inserting ''if'' in clause (i),

(ii) by striking ''or'' at the end of clause (i),

(iii) by striking the period at the end of clause (ii) and inserting '', or'', and

(iv) by adding at the end thereof the following new clause:

''(iii) to the extent that regulations provide that such transfer is not inconsistent with the purposes of this section.''

(B)(i) Section 2702(a)(3) is amended by striking ''incomplete transfer'' each place it appears and inserting ''incomplete gift''.

(ii) The heading for section 2702(a)(3)(B) is amended by striking ''INCOMPLETE TRANSFER'' and inserting ''INCOMPLETE GIFT''.

(g) AMENDMENTS RELATED TO SUBTITLE G.—

(1)(A) Subsection (a) of section 1248 is amended—

(i) by striking '', or if a United States person receives a distribution from a foreign corporation which, under section 302 or 331, is treated as an exchange of stock'' in paragraph (1), and

(ii) by adding at the end thereof the following new sentence: ''For purposes of this section, a United States person shall be treated as having sold or exchanged any stock if, under any provision of this subtitle, such person is treated as realizing gain from the sale or exchange of such stock.''.

(B) Paragraph (1) of section 1248(e) is amended by striking '', or receives a distribution from a domestic corporation which, under section 302 or 331, is treated as an exchange of stock''.

(C) Subparagraph (B) of section 1248(f)(1) is amended by striking ''or 361(c)(1)'' and inserting ''355(c)(1), or 361(c)(1)''.

(D) Paragraph (1) of section 1248(i) is amended to read as follows:

''(1) IN GENERAL.—If any shareholder of a 10-percent corporate shareholder of a foreign corporation exchanges stock of the 10-percent corporate shareholder for stock of the foreign corporation, such 10-percent corporate shareholder shall recognize gain in the same manner as if the stock of the foreign corporation received in such exchange had been—

''(A) issued to the 10-percent corporate shareholder, and

''(B) then distributed by the 10-percent corporate shareholder to such shareholder in redemption or liquidation (whichever is appropriate).

The amount of gain recognized by such 10-percent corporate shareholder under the preceding sentence shall not exceed the amount treated as a dividend under this section.''

(2) Section 897 is amended by striking subsection (f).

(3) Paragraph (13) of section 4975(d) is amended by striking ''section 408(b)'' and inserting ''section 408(b)(12)''.

(4) Clause (iii) of section 56(g)(4)(D) is amended by inserting '', but only with respect to taxable years beginning after December 31, 1989'' before the period at the end thereof.

(5)(A) Paragraph (11) of section 11701(a) of the Revenue Reconciliation Act of 1990 (and the amendment made by such paragraph) are hereby repealed, and section 7108(r)(2) of the Revenue Reconciliation Act of 1989 shall be applied as if such paragraph (and amendment) had never been enacted.

(B) Subparagraph (A) shall not apply to any building if the owner of such building establishes to the satisfaction of the Secretary of the Treasury or his delegate that such owner reasonably relied on the amendment made by such paragraph (11).

(h) AMENDMENTS RELATED TO SUBTITLE H.—

(1)(A) Clause (vi) of section 168(e)(3)(B) is amended by striking ''or'' at the end of subclause (I), by striking the period at the end of subclause (II) and inserting '', or'', and by adding at the end thereof the following new subclause:

''(III) is described in section 48(l)(3)(A)(ix) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).''

(B) Subparagraph (K) of section 168(g)(4) is amended by striking ''section 48(a)(3)(A)(iii)''

and inserting ''section 48(l)(3)(A)(ix) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)''.

(2) Clause (ii) of section 172(b)(1)(E) is amended by striking ''subsection (m)'' and inserting ''subsection (h)''.

(3) Sections 805(a)(4)(E), 832(b)(5)(C)(ii)(II), and 832(b)(5)(D)(ii)(II) are each amended by striking ''243(b)(5)'' and inserting ''243(b)(2)''.

(4) Subparagraph (A) of section 243(b)(3) is amended by inserting ''of'' after ''In the case''.

(5) The subsection heading for subsection (a) of section 280F is amended by striking ''INVESTMENT TAX CREDIT AND''.

(6) Clause (i) of section 1504(c)(2)(B) is amended by inserting ''section'' before ''243(b)(2)''.

(7) Paragraph (3) of section 341(f) is amended by striking ''351, 361, 371(a), or 374(a)'' and inserting ''351, or 361''.

(8) Paragraph (2) of section 243(b) is amended to read as follows:

''(2) AFFILIATED GROUP.—For purposes of this subsection:

''(A) IN GENERAL.—The term 'affiliated group' has the meaning given such term by section 1504(b), except that for such purposes sections 1504(b)(2), 1504(b)(4), and 1504(c) shall not apply.

''(B) GROUP MUST BE CONSISTENT IN FOREIGN TAX TREATMENT.—The requirements of paragraph (1)(A) shall not be treated as being met with respect to any dividend received by a corporation if, for any taxable year which includes the day on which such dividend is received—

''(i) 1 or more members of the affiliated group referred to in paragraph (1)(A) choose to any extent to take the benefits of section 901, and

''(ii) 1 or more other members of such group claim to any extent a deduction for taxes otherwise creditable under section 901.''

(9) The amendment made by section 11813(b)(17) of the Revenue Reconciliation Act of 1990 shall be applied as if the material stricken by such amendment included the closing parenthesis after ''section 48(a)(5)''.

(10) Paragraph (1) of section 179(d) is amended—

(A) by striking ''in a trade or business'' and inserting ''a trade or business'', and

(B) by adding at the end thereof the following new sentence: ''Such term shall not include any property described in section 50(b) and shall not include air conditioning or heating units and horses.''

(11) Subparagraph (E) of section 50(a)(2) is amended by striking ''section 48(a)(5)(A)'' and inserting ''section 48(a)(5)''.

(12) The amendment made by section 11801(c)(9)(G)(ii) of the Revenue Reconciliation Act of 1990 shall be applied as if it struck ''Section 422A(c)(2)'' and inserted ''Section 422(c)(2)''.

(13) Subparagraph (B) of section 424(c)(3) is amended by striking ''a qualified stock option, an incentive stock option, an option granted under an employee stock purchase plan, or a restricted stock option'' and inserting ''an incentive stock option or an option granted under an employee stock purchase plan''.

(14) Subparagraph (E) of section 1367(a)(2) is amended by striking ''section 613A(c)(13)(B)'' and inserting ''section 613A(c)(11)(B)''.

(15) Subparagraph (B) of section 460(e)(6) is amended by striking ''section 167(k)'' and inserting ''section 168(e)(2)(A)(ii)''.

(16) Subparagraph (C) of section 172(h)(4) is amended by striking ''subsection (b)(1)(M)'' and inserting ''subsection (b)(1)(E)''.

(17) Section 6503 is amended—

(A) by redesignating the subsection relating to extension in case of certain summonses as subsection (j), and

(B) by redesignating the subsection relating to cross references as subsection (k).

(18) Paragraph (4) of section 1250(e) is hereby repealed.

(i) EFFECTIVE DATE.—Except as otherwise expressly provided—

(1) the amendments made by this section shall be treated as amendments to the Internal Revenue Code of 1986 as amended by the Revenue Reconciliation Act of 1993; and

(2) any amendment made by this section shall apply to periods before the date of the enactment of this section in the same manner as if it had been included in the provision of the Revenue Reconciliation Act of 1990 to which such amendment relates.

SEC. 6603. AMENDMENTS RELATED TO REVENUE RECONCILIATION ACT OF 1993.

(a) AMENDMENT RELATED TO SECTION 13114.—Paragraph (2) of section 1044(c) is amended to read as follows:

''(2) PURCHASE.—The taxpayer shall be considered to have purchased any property if, but for subsection (d), the unadjusted basis of such property would be its cost within the meaning of section 1012.''

(b) AMENDMENTS RELATED TO SECTION 13142.—

(1) Subparagraph (B) of section 13142(b)(6) of the Revenue Reconciliation Act of 1993 is amended to read as follows:

''(B) FULL-TIME STUDENTS, WAIVER AUTHORITY, AND PROHIBITED DISCRIMINATION.—The amendments made by paragraphs (2), (3), and (4) shall take effect on the date of the enactment of this Act.''

(2) Subparagraph (C) of section 13142(b)(6) of such Act is amended by striking ''paragraph (2)'' and inserting ''paragraph (5)''.

(c) AMENDMENT RELATED TO SECTION 13161.—

(1) IN GENERAL.—Subsection (e) of section 4001 (relating to inflation adjustment) is amended to read as follows:

''(e) INFLATION ADJUSTMENT.—

''(1) IN GENERAL.—The $30,000 amount in subsection (a) and section 4003(a) shall be increased by an amount equal to—

''(A) $30,000, multiplied by

''(B) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the vehicle is sold, determined by substituting 'calendar year 1990' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) ROUNDING.—If any amount as adjusted under paragraph (1) is not a multiple of $2,000, such amount shall be rounded to the next lowest multiple of $2,000.''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

(d) AMENDMENT RELATED TO SECTION 13201.—Clause (ii) of section 135(b)(2)(B) is amended by inserting before the period at the end thereof the following: '', determined by substituting 'calendar year 1989' for 'calendar year 1992' in subparagraph (B) thereof''.

(e) AMENDMENTS RELATED TO SECTION 13203.—Subsection (a) of section 59 is amended—

(1) by striking ''the amount determined under section 55(b)(1)(A)'' in paragraph (1)(A) and (2)(A)(i) and inserting ''the pre-credit tentative minimum tax'',

(2) by striking ''specified in section 55(b)(1)(A)'' in paragraph (1)(C) and inserting ''specified in subparagraph (A)(i) or (B)(i) of section 55(b)(1) (whichever applies)'',

(3) by striking ''which would be determined under section 55(b)(1)(A)'' in paragraph (2)(A)(ii) and inserting ''which would be the pre-credit tentative minimum tax'', and

(4) by adding at the end thereof the following new paragraph:

''(3) PRE-CREDIT TENTATIVE MINIMUM TAX.—For purposes of this subsection, the term 'pre-credit tentative minimum tax' means—

''(A) in the case of a taxpayer other than a corporation, the amount determined under the first sentence of section 55(b)(1)(A)(i), or

''(B) in the case of a corporation, the amount determined under section 55(b)(1)(B)(i).''

(f) AMENDMENT RELATED TO SECTION 13221.—Sections 1201(a) and 1561(a) are each amended by striking ''last sentence'' each place it appears and inserting ''last 2 sentences''.

(g) AMENDMENTS RELATED TO SECTION 13222.—

(1) Subparagraph (B) of section 6033(e)(1) is amended by adding at the end thereof the following new clause:

''(iii) COORDINATION WITH SECTION 527(f).—This subsection shall not apply to any amount on which tax is imposed by reason of section 527(f).''.

(2) Clause (i) of section 6033(e)(1)(B) is amended by striking ''this subtitle'' and inserting ''section 501''.

(h) AMENDMENT RELATED TO SECTION 13225.—Paragraph (3) of section 6655(g) is amended by striking all that follows '''3rd month''' in the sentence following subparagraph (C) and inserting '', subsection (e)(2)(A) shall be applied by substituting '2 months' for '3 months' in clause (i)(I), the election under clause (i) of subsection (e)(2)(C) may be made separately for each installment, and clause (ii) of subsection (e)(2)(C) shall not apply.''.

(i) AMENDMENTS RELATED TO SECTION 13231.—

(1) Subparagraph (G) of section 904(d)(3) is amended by striking ''section 951(a)(1)(B)'' and inserting ''subparagraph (B) or (C) of section 951(a)(1)''.

(2) Paragraph (1) of section 956A(b) is amended to read as follows:

''(1) the amount (not including a deficit) referred to in section 316(a)(1) to the extent such amount was accumulated in prior taxable years beginning after September 30, 1993, and''.

(3) Subsection (f) of section 956A is amended by inserting before the period at the end thereof: ''and regulations coordinating the provisions of subsections (c)(3)(A) and (d)''.

(4) Subsection (b) of section 958 is amended by striking ''956(b)(2)'' each place it appears and inserting ''956(c)(2)''.

(5)(A) Subparagraph (A) of section 1297(d)(2) is amended by striking ''The adjusted basis of any asset'' and inserting ''The amount taken into account under section 1296(a)(2) with respect to any asset''.

(B) The paragraph heading of paragraph (2) of section 1297(d) is amended to read as follows:

''(2) AMOUNT TAKEN INTO ACCOUNT.—''.

(6) Subsection (e) of section 1297 is amended by inserting ''For purposes of this part—'' after the subsection heading.

(j) AMENDMENT RELATED TO SECTION 13241.—Subparagraph (B) of section 40(e)(1) is amended to read as follows:

''(B) for any period before January 1, 2001, during which the rates of tax under section 4081(a)(2)(A) are 4.3 cents per gallon.''

(k) AMENDMENT RELATED TO SECTION 13261.—Clause (iii) of section 13261(g)(2)(A) of the Revenue Reconciliation Act of 1993 is amended by striking ''by the taxpayer'' and inserting ''by the taxpayer or a related person''.

(l) AMENDMENT RELATED TO SECTION 13301.—Subparagraph (B) of section 1397B(d)(5) is amended by striking ''preceding''.

(m) CLERICAL AMENDMENTS.—

(1) Subsection (d) of section 39 is amended—

(A) by striking ''45'' in the heading of paragraph (5) and inserting ''45A'', and

(B) by striking ''45'' in the heading of paragraph (6) and inserting ''45B''.

(2) Subparagraph (A) of section 108(d)(9) is amended by striking ''paragraph (3)(B)'' and inserting ''paragraph (3)(C)''.

(3) Subparagraph (C) of section 143(d)(2) is amended by striking the period at the end thereof and inserting a comma.

(4) Clause (ii) of section 163(j)(6)(E) is amended by striking ''which is a'' and inserting ''which is''.

(5) Subparagraph (A) of section 1017(b)(4) is amended by striking ''subsection (b)(2)(D)'' and inserting ''subsection (b)(2)(E)''.

(6) So much of section 1245(a)(3) as precedes subparagraph (A) thereof is amended to read as follows:

''(3) SECTION 1245 PROPERTY.—For purposes of this section, the term 'section 1245 property' means any property which is or has been property of a character subject to the allowance for depreciation provided in section 167 and is either—''.

(7) Paragraph (2) of section 1394(e) is amended—

(A) by striking ''(i)'' and inserting ''(A)'', and

(B) by striking ''(ii)'' and inserting ''(B)''.

(8) Subsection (m) of section 6501 (as redesignated by section 6602) is amended by striking ''or 51(j)'' and inserting ''45B, or 51(j)''.

(9)(A) The section 6714 added by section 13242(b)(1) of the Revenue Reconciliation Act of 1993 is hereby redesignated as section 6715.

(B) The table of sections for part I of subchapter B of chapter 68 is amended by striking ''6714'' in the item added by such section 13242(b)(2) of such Act and inserting ''6715''.

(10) Paragraph (2) of section 9502(b) is amended by inserting ''and before'' after ''1982,''.

(11) Subsection (a)(3) of section 13206 of the Revenue Reconciliation Act of 1993 is amended by striking ''this section'' and inserting ''this subsection''.

(12) Paragraph (1) of section 13215(c) of the Revenue Reconciliation Act of 1993 is amended by striking ''Public Law 92–21'' and inserting ''Public Law 98–21''.

(13) Paragraph (2) of section 13311(e) of the Revenue Reconciliation Act of 1993 is amended by striking ''section 1393(a)(3)'' and inserting ''section 1393(a)(2)''.

(14) Subparagraph (B) of section 117(d)(2) is amended by striking ''section 132(f)'' and inserting ''section 132(h)''.

(n) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if included in the provision of the Revenue Reconciliation Act of 1993 to which such amendment relates.

SEC. 6604. MISCELLANEOUS PROVISIONS.

(a) APPLICATION OF AMENDMENTS MADE BY TITLE XII OF OMNIBUS BUDGET RECONCILIATION ACT OF 1990.—Except as otherwise expressly provided, whenever in title XII of the Omnibus Budget Reconciliation Act of 1990 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.

(b) TREATMENT OF CERTAIN AMOUNTS UNDER HEDGE BOND RULES.—

(1) Clause (iii) of section 149(g)(3)(B) is amended to read as follows:

''(iii) AMOUNTS HELD PENDING REINVESTMENT OR REDEMPTION.—Amounts held for not more than 30 days pending reinvestment or bond redemption shall be treated as invested in bonds described in clause (i).''

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 7651 of the Omnibus Budget Reconciliation Act of 1989.

(c) TREATMENT OF CERTAIN DISTRIBUTIONS UNDER SECTION 1445.—

(1) IN GENERAL.—Paragraph (3) of section 1445(e) is amended by adding at the end thereof the following new sentence: ''Rules similar to the rules of the preceding provisions of this paragraph shall apply in the case of any distribution to which section 301 applies and which is not made out of the earnings and profits of such a domestic corporation.''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to distributions after the date of the enactment of this Act.

(d) TREATMENT OF CERTAIN CREDITS UNDER SECTION 469.—

(1) IN GENERAL.—Subparagraph (B) of section 469(c)(3) is amended by adding at the end thereof the following new sentence: ''If the preceding sentence applies to the net income from any property for any taxable year, any credits allowable under subpart B (other than section 27(a)) or D of part IV of subchapter A for such taxable year which are attributable to such property shall be treated as credits not from a passive activity to the extent the amount of such credits does not exceed the regular tax liability of the taxpayer for the taxable year which is allocable to such net income.''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

(e) TREATMENT OF DISPOSITIONS UNDER PASSIVE LOSS RULES.—

(1) IN GENERAL.—Subparagraph (A) of section 469(g)(1) is amended to read as follows:

''(A) IN GENERAL.—If all gain or loss realized on such disposition is recognized, the excess of—

''(i) any loss from such activity for such taxable year (determined after the application of subsection (b)), over

''(ii) any net income or gain for such taxable year from all other passive activities (determined after the application of subsection (b)),

shall be treated as a loss which is not from a passive activity.''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

(f) MISCELLANEOUS AMENDMENTS TO FOREIGN PROVISIONS.—

(1) COORDINATION OF UNIFIED ESTATE TAX CREDIT WITH TREATIES.—Subparagraph (A) of section 2102(c)(3) is amended by adding at the end thereof the following new sentence: ''For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.''

(2) TREATMENT OF CERTAIN INTEREST PAID TO RELATED PERSON.—

(A) IN GENERAL.—Subparagraph (B) of section 163(j)(1) is amended by inserting before the period at the end thereof the following: ''(and clause (ii) of paragraph (2)(A) shall not apply for purposes of applying this subsection to the amount so treated)''.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply as if included in the amendments made by section 7210(a) of the Revenue Reconciliation Act of 1989.

(3) TREATMENT OF INTEREST ALLOCABLE TO EFFECTIVELY CONNECTED INCOME.—

(A) IN GENERAL.—

(i) Subparagraph (B) of section 884(f)(1) is amended by striking ''to the extent'' and all that follows down through ''subparagraph (A)'' and inserting ''to the extent that the allocable interest exceeds the interest described in subparagraph (A)''.

(ii) The second sentence of section 884(f)(1) is amended by striking ''reasonably expected'' and all that follows down through the period at the end thereof and inserting ''reasonably expected to be allocable interest.''

(iii) Paragraph (2) of section 884(f) is amended to read as follows:

''(2) ALLOCABLE INTEREST.—For purposes of this subsection, the term 'allocable interest' means any interest which is allocable to income which is effectively connected (or treated as effectively connected) with the conduct of a trade or business in the United States.''

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect as if included in the amendments made by section 1241(a) of the Tax Reform Act of 1986.

(4) CLARIFICATION OF SOURCE RULE.—

(A) IN GENERAL.—Paragraph (2) of section 865(b) is amended by striking ''863(b)'' and inserting ''863''.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect as if included in the amendments made by section 1211 of the Tax Reform Act of 1986.

(5) REPEAL OF OBSOLETE PROVISIONS.—

(A) Paragraph (1) of section 6038(a) is amended by striking '', and'' at the end of subparagraph (E) and inserting a period, and by striking subparagraph (F).

(B) Subsection (b) of section 6038A is amended by adding ''and'' at the end of paragraph (2), by striking '', and'' at the end of paragraph (3) and inserting a period, and by striking paragraph (4).

(g) TREATMENT OF ASSIGNMENT OF INTEREST IN CERTAIN BOND-FINANCED FACILITIES.—

(1) IN GENERAL.—Subparagraph (A) of section 1317(3) of the Tax Reform Act of 1986 is amended by adding at the end thereof the following new sentence: ''A facility shall not fail to be treated as described in this subparagraph by reason of an assignment (or an agreement to an assignment) by the governmental unit on whose behalf the bonds are issued of any part of its interest in the property financed by such bonds to another governmental unit.''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in such section 1317 on the date of the enactment of the Tax Reform Act of 1986.

(h) CLARIFICATION OF TREATMENT OF MEDICARE ENTITLEMENT UNDER COBRA PROVISIONS.—

(1) IN GENERAL.—

(A) Subclause (V) of section 4980B(f)(2)(B)(i) is amended to read as follows:

''(V) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in paragraph (3)(B) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this clause before the close of the 36-month period beginning on the date the covered employee became so entitled.''

(B) Clause (v) of section 602(2)(A) of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

''(v) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in section 603(2) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this subparagraph before the close of the 36-month period beginning on the date the covered employee became so entitled.''

(C) Clause (iv) of section 2202(2)(A) of the Public Health Service Act is amended to read as follows:

''(iv) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in section 2203(2) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this subparagraph before the close of the 36-month period beginning on the date the covered employee became so entitled.''

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years beginning after December 31, 1989.

(i) TREATMENT OF CERTAIN REMIC INCLUSIONS.—

(1) IN GENERAL.—Subsection (a) of section 860E is amended by adding at the end thereof the following new paragraph:

''(6) COORDINATION WITH MINIMUM TAX.—For purposes of part VI of subchapter A of this chapter—

''(A) the reference in section 55(b)(2) to taxable income shall be treated as a reference to taxable income determined without regard to this subsection,

''(B) the alternative minimum taxable income of any holder of a residual interest in a REMIC for any taxable year shall in no event be less than the excess inclusion for such taxable year, and

''(C) any excess inclusion shall be disregarded for purposes of computing the alternative tax net operating loss deduction.

The preceding sentence shall not apply to any organization to which section 593 applies, except to the extent provided in regulations prescribed by the Secretary under paragraph (2).''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 671 of the Tax Reform Act of 1986 unless the taxpayer elects to apply such amendment only to taxable years beginning after the date of the enactment of this Act.

(j) EXEMPTION FROM HARBOR MAINTENANCE TAX FOR CERTAIN PASSENGERS.—

(1) IN GENERAL.—Subparagraph (D) of section 4462(b)(1) (relating to special rule for Alaska, Hawaii, and possessions) is amended by inserting before the period the following: '', or passengers transported on United States flag vessels operating solely within the State waters of Alaska or Hawaii and adjacent international waters''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1402(a) of the Harbor Maintenance Revenue Act of 1986.

(k) AMENDMENTS RELATED TO REVENUE PROVISIONS OF ENERGY POLICY ACT OF 1992.—

(1) Effective with respect to taxable years beginning after December 31, 1990, subclause (II) of section 53(d)(1)(B)(iv) is amended to read as follows:

''(II) the adjusted net minimum tax for any taxable year is the amount of the net minimum tax for such year increased in the manner provided in clause (iii).''

(2) Subsection (g) of section 179A is redesignated as subsection (f).

(3) Subparagraph (E) of section 6724(d)(3) is amended by striking ''section 6109(f)'' and inserting ''section 6109(h)''.

(4)(A) Subsection (d) of section 30 is amended—

(i) by inserting ''(determined without regard to subsection (b)(3))'' before the period at the end of paragraph (1) thereof, and

(ii) by adding at the end thereof the following new paragraph:

''(4) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.''

(B) Subsection (m) of section 6501 (as redesignated by section 6602) is amended by striking ''section 40(f)'' and inserting ''section 30(d)(4), 40(f)''.

(5) Subclause (III) of section 501(c)(21)(D)(ii) is amended by striking ''section 101(6)'' and inserting ''section 101(7)'' and by striking ''1752(6)'' and inserting ''1752(7)''.

(6) Paragraph (1) of section 1917(b) of the Energy Policy Act of 1992 shall be applied as if ''at a rate'' appeared instead of ''at the rate'' in the material proposed to be stricken.

(7) Paragraph (2) of section 1921(b) of the Energy Policy Act of 1992 shall be applied as if a comma appeared after ''(2)'' in the material proposed to be stricken.

(8) Subsection (a) of section 1937 of the Energy Policy Act of 1992 shall be applied as if ''Subpart B'' appeared instead of ''Subpart C''.

(l) TREATMENT OF QUALIFIED FOOTBALL COACHES PLAN.—

(1) IN GENERAL.—Section 1022 of title II of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new subsection:

''(l) QUALIFIED FOOTBALL COACHES PLAN.—For purposes of determining the qualified plan status of a qualified football coaches plan, section 3(37)(F) shall be treated as part of this title and a qualified football coaches plan shall be treated as a multiemployer collectively bargained plan for purposes of the Internal Revenue Code of 1986.''

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to years beginning after the date of the enactment of Public Law 100–202.

(m) DETERMINATION OF UNRECOVERED INVESTMENT IN ANNUITY CONTRACT.—

(1) IN GENERAL.—Subparagraph (A) of section 72(b)(4) is amended by inserting ''(determined without regard to subsection (c)(2))'' after ''contract''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1122(c) of the Tax Reform Act of 1986.

(n) MODIFICATIONS TO ELECTION TO INCLUDE CHILD'S INCOME ON PARENT'S RETURN.—

(1) ELIGIBILITY FOR ELECTION.—Clause (ii) of section 1(g)(7)(A) (relating to election to include certain unearned income of child on parent's return) is amended to read as follows:

''(ii) such gross income is more than the amount described in paragraph (4)(A)(ii)(I) and less than 10 times the amount so described,''.

(2) COMPUTATION OF TAX.—Subparagraph (B) of section 1(g)(7) (relating to income included on parent's return) is amended—

(A) by striking ''$1,000'' in clause (i) and inserting ''twice the amount described in paragraph (4)(A)(ii)(I)'', and

(B) by amending subclause (II) of clause (ii) to read as follows:

''(II) for each such child, 15 percent of the lesser of the amount described in paragraph (4)(A)(ii)(I) or the excess of the gross income of such child over the amount so described, and''.

(3) MINIMUM TAX.—Subparagraph (B) of section 59(j)(1) is amended by striking ''$1,000'' and inserting ''twice the amount in effect for the taxable year under section 63(c)(5)(A)''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1994.

(o) MISCELLANEOUS CLERICAL AMENDMENTS.—

(1) Subclause (II) of section 56(g)(4)(C)(ii) is amended by striking ''of the subclause'' and inserting ''of subclause''.

(2) Paragraph (2) of section 72(m) is amended by inserting ''and'' at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(3) Paragraph (2) of section 86(b) is amended by striking ''adusted'' and inserting ''adjusted''.

(4)(A) The heading for section 112 is amended by striking ''combat pay'' and inserting ''combat zone compensation''.

(B) The item relating to section 112 in the table of sections for part III of subchapter B of chapter 1 is amended by striking ''combat pay'' and inserting ''combat zone compensation''.

(C) Paragraph (1) of section 3401(a) is amended by striking ''combat pay'' and inserting ''combat zone compensation''.

(5) Clause (i) of section 172(h)(3)(B) is amended by striking the comma at the end thereof and inserting a period.

(6) Clause (ii) of section 543(a)(2)(B) is amended by striking ''section 563(c)'' and inserting ''section 563(d)''.

(7) Paragraph (1) of section 958(a) is amended by striking ''sections 955(b)(1) (A) and (B), 955(c)(2)(A)(ii), and 960(a)(1)'' and inserting ''section 960(a)(1)''.

(8) Subsection (g) of section 642 is amended by striking ''under 2621(a)(2)'' and inserting ''under section 2621(a)(2)''.

(9) Section 1463 is amended by striking ''this subsection'' and inserting ''this section''.

(10) Subsection (k) of section 3306 is amended by inserting a period at the end thereof.

(11) The item relating to section 4472 in the table of sections for subchapter B of chapter 36 is amended by striking ''and special rules''.

(12) Paragraph (2) of section 4978(b) is amended by striking the period at the end of subparagraph (A) and inserting a comma, and by striking the period and quotation marks at the end of subparagraph (B) and inserting a comma.

(13) Paragraph (3) of section 5134(c) is amended by striking ''section 6662(a)'' and inserting ''section 6665(a)''.

(14) Paragraph (2) of section 5206(f) is amended by striking ''section 5(e)'' and inserting ''section 105(e)''.

(15) Paragraph (1) of section 6050B(c) is amended by striking ''section 85(c)'' and inserting ''section 85(b)''.

(16) Subsection (k) of section 6166 is amended by striking paragraph (6).

(17) Subsection (e) of section 6214 is amended to read as follows:

''(e) CROSS REFERENCE.—

''For provision giving Tax Court jurisdiction to order a refund of an overpayment and to award sanctions, see section 6512(b)(2).''

(18) The section heading for section 6043 is amended by striking the semicolon and inserting a comma.

(19) The item relating to section 6043 in the table of sections for subpart B of part III of subchapter A of chapter 61 is amended by striking the semicolon and inserting a comma.

(20) The table of sections for part I of subchapter A of chapter 68 is amended by striking the item relating to section 6662.

(21)(A) Section 7232 is amended—

(i) by striking ''lubricating oil,'' in the heading, and

(ii) by striking ''lubricating oil,'' in the text.

(B) The table of sections for part II of subchapter A of chapter 75 is amended by striking ''lubricating oil,'' in the item relating to section 7232.

(22) Paragraph (1) of section 6701(a) of the Omnibus Budget Reconciliation Act of 1989 is amended by striking ''subclause (IV)'' and inserting ''subclause (V)''.

(23) Clause (ii) of section 7304(a)(2)(D) of such Act is amended by striking ''subsection (c)(2)'' and inserting ''subsection (c)''.

(24) Paragraph (1) of section 7646(b) of such Act is amended by striking ''section 6050H(b)(1)'' and inserting ''section 6050H(b)(2)''.

(25) Paragraph (10) of section 7721(c) of such Act is amended by striking ''section 6662(b)(2)(C)(ii)'' and inserting ''section 6661(b)(2)(C)(ii)''.

(26) Subparagraph (A) of section 7811(i)(3) of such Act is amended by inserting ''the first place it appears'' before ''in clause (i)''.

(27) Paragraph (10) of section 7841(d) of such Act is amended by striking ''section 381(a)'' and inserting ''section 381(c)''.

(28) Paragraph (2) of section 7861(c) of such Act is amended by inserting ''the second place it appears'' before ''and inserting''.

(29) Paragraph (1) of section 460(b) is amended by striking ''the look-back method of paragraph (3)'' and inserting ''the look-back method of paragraph (2)''.

(30) Subparagraph (C) of section 50(a)(2) is amended by striking ''subsection (c)(4)'' and inserting ''subsection (d)(5)''.

(31) Subparagraph (B) of section 172(h)(4) is amended by striking the material following the heading and preceding clause (i) and inserting ''For purposes of subsection (b)(2)—''.

(32) Subparagraph (A) of section 355(d)(7) is amended by inserting ''section'' before ''267(b)''.

(33) Subparagraph (C) of section 420(e)(1) is amended by striking ''mean'' and inserting ''means''.

(34) Paragraph (4) of section 537(b) is amended by striking ''section 172(i)'' and inserting ''section 172(f)''.

(35) Subparagraph (B) of section 613(e)(1) is amended by striking the comma at the end thereof and inserting a period.

(36) Paragraph (4) of section 856(a) is amended by striking ''section 582(c)(5)'' and inserting ''section 582(c)(2)''.

(37) Sections 904(f)(2)(B)(i) and 907(c)(4)(B)(iii) are each amended by inserting ''(as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)'' after ''section 172(h)''.

(38) Subsection (b) of section 936 is amended by striking ''subparagraphs (D)(ii)(I)'' and inserting ''subparagraphs (D)(ii)''.

(39) Subsection (c) of section 2104 is amended by striking ''subparagraph (A), (C), or (D) of section 861(a)(1)'' and inserting ''section 861(a)(1)(A)''.

(40) Subparagraph (A) of section 280A(c)(1) is amended to read as follows:

''(A) as the principal place of business for any trade or business of the taxpayer,''.

(41) Section 6038 is amended by redesignating the subsection relating to cross references as subsection (f).

(42) Clause (iv) of section 6103(e)(1)(A) is amended by striking all that follows ''provisions of'' and inserting ''section 1(g) or 59(j);''.

(43) The subsection (f) of section 6109 of the Internal Revenue Code of 1986 which was added by section 2201(d) of Public Law 101–624 is redesignated as subsection (g).

(44) Subsection (b) of section 7454 is amended by striking ''section 4955(e)(2)'' and inserting ''section 4955(f)(2)''.

(45) Subsection (d) of section 11231 of the Revenue Reconciliation Act of 1990 shall be applied as if ''comma'' appeared instead of ''period'' and as if the paragraph (9) proposed to be added ended with a comma.

(46) Paragraph (1) of section 11303(b) of the Revenue Reconciliation Act of 1990 shall be applied as if ''paragraph'' appeared instead of ''subparagraph'' in the material proposed to be stricken.

(47) Subsection (f) of section 11701 of the Revenue Reconciliation Act of 1990 is amended by inserting ''(relating to definitions)'' after ''section 6038(e)''.

(48) Subsection (i) of section 11701 of the Revenue Reconciliation Act of 1990 shall be applied as if ''subsection'' appeared instead of ''section'' in the material proposed to be stricken.

(49) Subparagraph (B) of section 11801(c)(2) of the Revenue Reconciliation Act of 1990 shall be applied as if ''section 56(g)'' appeared instead of ''section 59(g)''.

(50) Subparagraph (C) of section 11801(c)(8) of the Revenue Reconciliation Act of 1990 shall be applied as if ''reorganizations'' appeared instead of ''reorganization'' in the material proposed to be stricken.

(51) Subparagraph (H) of section 11801(c)(9) of the Revenue Reconciliation Act of 1990 shall be applied as if ''section 1042(c)(1)(B)'' appeared instead of ''section 1042(c)(2)(B)''.

(52) Subparagraph (F) of section 11801(c)(12) of the Revenue Reconciliation Act of 1990 shall be applied as if ''and (3)'' appeared instead of ''and (E)''.

(53) Subparagraph (A) of section 11801(c)(22) of the Revenue Reconciliation Act of 1990 shall be applied as if ''chapters 21'' appeared instead of ''chapter 21'' in the material proposed to be stricken.

(54) Paragraph (3) of section 11812(b) of the Revenue Reconciliation Act of 1990 shall be applied by not executing the amendment therein to the heading of section 42(d)(5)(B).

(55) Clause (i) of section 11813(b)(9)(A) of the Revenue Reconciliation Act of 1990 shall be applied as if a comma appeared after ''(3)(A)(ix)'' in the material proposed to be stricken.

(56) Subparagraph (F) of section 11813(b)(13) of the Revenue Reconciliation Act of 1990 shall be applied as if ''tax'' appeared after ''investment'' in the material proposed to be stricken.

(57) Paragraph (19) of section 11813(b) of the Revenue Reconciliation Act of 1990 shall be applied as if ''Paragraph (20) of section 1016(a), as redesignated by section 11801,'' appeared instead of ''Paragraph (21) of section 1016(a)''.

(58) Paragraph (5) section 8002(a) of the Surface Transportation Revenue Act of 1991 shall be applied as if ''4481(e)'' appeared instead of ''4481(c)''.

(59) Section 7872 is amended—

(A) by striking ''foregone'' each place it appears in subsections (a) and (e)(2) and inserting ''forgone'', and

(B) by striking ''FOREGONE'' in the heading for subsection (e) and the heading for paragraph (2) of subsection (e) and inserting ''FORGONE''.

(60) Paragraph (7) of section 7611(h) is amended by striking ''approporiate'' and inserting ''appropriate''.

(61) The heading of paragraph (3) of section 419A(c) is amended by striking ''SEVERENCE'' and inserting ''SEVERANCE''.

(62) Clause (ii) of section 807(d)(3)(B) is amended by striking ''Commissoners' '' and inserting ''Commissioners' ''.

(63) Subparagraph (B) of section 1274A(c)(1) is amended by striking ''instument'' and inserting ''instrument''.

(64) Subparagraph (B) of section 724(d)(3) by striking ''Subparagaph'' and inserting ''Subparagraph''.

(65) The last sentence of paragraph (2) of section 42(c) is amended by striking ''of 1988''.

(66) Paragraph (1) of section 9707(d) is amended by striking ''diligence,'' and inserting ''diligence''.

(67) Subsection (c) of section 4977 is amended by striking ''section 132(i)(2)'' and inserting ''section 132(h)''.

(68) The last sentence of section 401(a)(20) is amended by striking ''section 211'' and inserting ''section 521''.

(69) Subparagraph (A) of section 402(g)(3) is amended by striking ''subsection (a)(8)'' and inserting ''subsection (e)(3)''.

(70) The last sentence of section 403(b)(10) is amended by striking ''an direct'' and inserting ''a direct''.

(71) Subparagraph (A) of section 4973(b)(1) is amended by striking ''sections 402(c)'' and inserting ''section 402(c)''.

(72) Paragraph (12) of section 3405(e) is amended by striking ''(b)(3)'' and inserting ''(b)(2)''.

(73) Paragraph (41) of section 521(b) of the Unemployment Compensation Amendments of 1992 shall be applied as if ''section'' appeared instead of ''sections'' in the material proposed to be stricken.

(74) Paragraph (27) of section 521(b) of the Unemployment Compensation Amendments of 1992 shall be applied as if ''Section 691(c)(5)'' appeared instead of ''Section 691(c)''.

(75) Paragraph (5) of section 860F(a) is amended by striking ''paragraph (1)'' and inserting ''paragraph (2)''.

(76) Paragraph (1) of section 415(k) is amended by adding ''or'' at the end of subparagraph (C), by striking subparagraphs (D) and (E), and by redesignating subparagraph (F) as subparagraph (D).

(77) Paragraph (2) of section 404(a) is amended by striking ''(18),''.

(78) Clause (ii) of section 72(p)(4)(A) is amended to read as follows:

''(ii) SPECIAL RULE.—The term 'qualified employer plan' shall not include any plan which was (or was determined to be) a qualified employer plan or a government plan.''

(79) Sections 461(i)(3)(C) and 1274(b)(3)(B)(i) are each amended by striking ''section 6662(d)(2)(C)(ii)'' and inserting ''section 6662(d)(2)(C)(iii)''.

(80) Subsection (a) of section 164 is amended by striking the paragraphs relating to the generation-skipping tax and the environmental tax imposed by section 59A and by inserting after paragraph (3) the following new paragraphs:

''(4) The GST tax imposed on income distributions.

''(5) The environmental tax imposed by section 59A.''

Subtitle G—Tax Reduction Contingent on Deficit Reduction

SEC. 6701. TAX REDUCTION CONTINGENT ON DEFICIT REDUCTION.

Notwithstanding any other provision of this title and any amendment made by this title, no provision of this title shall take effect unless—

(1) the concurrent resolution on the budget for fiscal year 1996, as agreed to, provides that the budget of the United States will be in balance by fiscal year 2002, and

(2) the conference report, as agreed to, on the reconciliation bill for that resolution—

(A) achieves the aggregate amount of deficit reduction to effectuate the reconciliation instructions required for the years covered by that resolution necessary to so balance the budget, and

(B) contains a statement, based on estimates made by the Director of the Congressional Budget Office, that such conference report does so comply.

SEC. 6702. MONITORING.

The Committees on the Budget of the House of Representatives and the Senate shall each monitor progress on achieving a balanced budget consistent with the most recently agreed to concurrent resolution on the budget for fiscal year 1996 or any subsequent fiscal year (and the reconciliation Act for that resolution) or the most recently agreed to concurrent resolution on the budget that would achieve a balanced budget by fiscal year 2002 (and the reconciliation Act for that resolution). After consultation with the Director of the Congressional Budget Office, each such committee shall submit a report of its findings to its House and the

President on or before December 15, 1995, and annually thereafter. Each such report shall contain the following:

(1) Estimates of the deficit levels (based on legislation enacted through the date of the report) for each fiscal year through fiscal year 2002.

(2) An analysis of the variance (if any) between those estimated deficit levels and the levels set forth in the concurrent resolution on the budget for fiscal year 1996 or the most recently agreed to concurrent resolution on the budget that would achieve a balanced budget by fiscal year 2002.

(3) Policy options to achieve the additional levels of deficit reduction necessary to balance the budget of the United States by fiscal year 2002.

SEC. 6703. CONGRESSIONAL ACTION.

Each House of Congress shall incorporate the policy options included in the report of its Committee on the Budget under section 6702(a)(3) (or other policy options) in developing a concurrent resolution on the budget for any fiscal year that achieves the additional levels of deficit reduction necessary to balance the budget of the United States by fiscal year 2002.

SEC. 6704. PRESIDENTIAL ACTION.

If the President submits a budget under section 1105(a) of title 31, United States Code, that does not provide for a balanced budget for the United States by fiscal year 2002, then the President shall include with that submission a complete budget that balances the budget by that fiscal year.

The bill, as amended, was ordered to be engrossed and read a third time, was read a third time by title.

Mr. GEPHARDT moved to recommit the bill to the Committee on Ways and Means with instructions to report the bill back to the House forthwith with the following amendments:

In paragraph (1) of section 4003(a), strike all subparagraphs except subparagraph (C) (and make the necessary conforming grammatical changes).

Strike paragraph (2) of section 4003(a) and insert the following:

(2) DEDUCTIONS.—Section 8334(a) is amended by adding after paragraph (3) (as added by paragraph (3)(A) of this subsection) the following:

(4) Effective with respect to service after December 31, 1995, in the case of a Member, the employing agency shall (instead of the percentage otherwise applicable under the first sentence of paragraph (1)) deduct and withhold from basic pay of the Member the percentage of basic pay applicable under subsection (c).''.

In paragraph (3) of section 8334(a) of title 5, United States Code (as proposed to be amended by section 4003(a)(3)(A)) insert '', in the case of a Member,'' after ''shall''.

Strike paragraph (4) of section 4003(a).

Strike subsection (b) of section 4003 and insert the following:

(b) FERS.—

(1) IN GENERAL.—Section 8422(a) is amended by adding at the end the following:

''(3) In applying the provisions of paragraph (2)(B) in the case of a Member, '7½' in clause (i) thereof shall, for purposes of applying such provisions with respect to basic pay for service performed—

''(A) in calendar year 1996, be deemed to read '8½';

''(B) in calendar year 1997, be deemed to read '9';

''(C) after calendar year 1997, be deemed to read '9½';

(2) TECHNICAL AMENDMENT.—Paragraph (1) of section 8422(a) is amended by striking ''paragraph (2).'' and inserting ''paragraphs (2) and (3).''.

Strike subsection (c) of section 4003 and redesignate subsection (d) thereof accordingly.

In section 8339a(a) of title 5, United States Code (as proposed to be inserted by section 4004(a)(1)) and section 8461a(a) of such title (as proposed to be inserted by section 4004(b)(1)), strike ''a separation'' and insert ''the separation of a Member''.

In section 4005(a), strike paragraph (2) and conform paragraph (1) accordingly.

In section 4005(b), strike ''MEMBERS.—'' in paragraph (1) and insert ''IN GENERAL.—'', strike paragraph (2), and redesignate paragraph (3) as paragraph (2).

In subparagraph (B) of section 4005(b)(2) (as so redesignated), strike ''and by striking 'Congressional employee,' ''.

In paragraph (3) of section 8415(g) of title 5, United States Code, as proposed to be added by section 4005(b)(2) (as so redesignated), strike ''or Congressional employee'' each place it appears, and strike ''or (c)''.

Strike title V of the bill.

Strike subtitle A of title VI of the bill (other than section 6101).

In section 23 of the Internal Revenue Code of 1986 (as proposed to be added by section 6101)—

(1) insert ''(or, in the case of taxable years beginning before January 1, 2001, the amount specified in subsection (e))'' after ''$500'',

(2) strike ''$200,000'' each place it appears and insert ''$60,000'',

(3) strike ''100 times'' in subsection (b)(2) of such section 23 and insert ''70 times'',

(4) strike ''1996'' and ''1995'' in subsection (d) of such section 23 and insert ''2001'' and ''2000'', respectively, and

(5) redesignate subsection (e) of such section 23 as subsection (f) and insert after subsection (d) the following new subsection:

''(e) PHASE IN OF AMOUNT OF CREDIT.—In the case of taxable years beginning before January 1, 2001, subsection (a) shall be applied by substituting for '$500'—

''(1) '$100' in the case of taxable years beginning after December 31, 1996, and before January 1, 1999, and

''(2) '$300' in the case of taxable years beginning after December 31, 1998.

In section 6101(c) of the bill, strike ''1995'' and insert ''1996''.

Strike subtitles B, C, D, and E of title VI.

After subtitle A of title VI, insert the following new subtitles:

Subtitle B—Tax Benefit Contingent on Federal Budget

SEC. 6201. EFFECTIVE DATE OF TAX BENEFIT DELAYED UNTIL FEDERAL BUDGET PROJECTED TO BE IN BALANCE.

(a) IN GENERAL.—Solely for purposes of subtitle A, notwithstanding any provision of subtitle A, and any amendment made by such subtitle, except as otherwise provided in this section—

(1) any reference in such subtitle (or in any amendment made by such subtitle) to 1996 shall be treated as a reference to the calendar year ending in the first successful deficit reduction year, and

(2) any reference in such subtitle (or in any amendment made by such subtitle) to any later calendar year shall be treated as a reference to the calendar year which is the same number of years after such first calendar year as such later year is after 1996.

(b) FIRST SUCCESSFUL DEFICIT REDUCTION YEAR.—For purposes of this section—

(1) IN GENERAL.—The term ''first successful deficit reduction year'' means the first fiscal year beginning after the date of the enactment of this Act with respect to which there is an OMB certification before the beginning of such fiscal year that the budget of the United States will be in balance by fiscal year 2002 based upon estimates of enacted legislation, including the amendments made by this Act.

(2) OMB CERTIFICATION.—The term ''OMB certification'' means a written certification made solely for purposes of this subtitle by the Director of the Office of Management and Budget to the President and the Congress.

(c) CERTIFICATIONS BEFORE 1997.—Subsection (a) shall not apply if there is an OMB certification made during 1995 or 1996 that the budget of the United States will be in balance by fiscal year 2002 based upon estimates of enacted legislation, including the amendments made by this Act.

SEC. 6202. TERMINATION OF TAX BENEFIT IF FEDERAL BUDGET DEFICIT REDUCTION TARGETS ARE NOT MET.

(A) TERMINATION OF CREDIT.—No credit shall be allowed by section 23 of the Internal Revenue Code of 1986 (added by subtitle A) for any taxable year beginning after the calendar year in which the first failed deficit reduction year ends.

(b) FIRST FAILED DEFICIT REDUCTION YEAR.—For purposes of this section, the term ''first failed deficit reduction year'' means the first fiscal year (beginning after the earliest date on which any amendment made by subtitle A takes effect) with respect to which there is an OMB certification during the 3–month period after the close of such fiscal year that the actual deficit in the budget of the United States for such fiscal year was greater than the deficit target for such fiscal year specified in the following table:

''In the case of fiscal year:

	The deficit target (in billions) is:
1996	$150
1997	125
1998	100
1999	75
2000	50
2001	25
2002 or thereafter	0.

Subtitle C—Revision of Tax Rules on Expatriation

SEC. 6301. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) CITIZENS.—If any United States citizen relinquishes his citizenship during a taxable year, all property held by such citizen at the time immediately before such relinquishment shall be treated as sold at such time for its fair market value and any gain or loss shall be taken into account for such taxable year.

''(2) CERTAIN RESIDENTS.—If any long-term resident of the United States ceases to be subject to tax as a resident of the United States for any portion of any taxable year, all property held by such resident at the time of such cessation shall be treated as sold at such time for its fair market value and any gain or loss shall be taken into account for the taxable year which includes the date of such cessation.

''(b) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this subsection) be includible in the gross income of any taxpayer by reason of subsection (a) shall be reduced (but not below zero) by $600,000.

''(c) PROPERTY TREATED AS HELD.—For purposes of this section, except as otherwise provided by the Secretary, an individual shall be treated as holding—

''(1) all property which would be includible in his gross estate under chapter 11 were such individual to die at the time the property is treated as sold,

''(2) any other interest in a trust which the individual is treated as holding under the rules of section 679(e) (determined by treating such section as applying to foreign and domestic trusts), and

''(3) any other interest in property specified by the Secretary as necessary or appropriate to carry out the purposes of this section.

''(d) EXCEPTIONS.—The following property shall not be treated as sold for purposes of this section:

''(1) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the date the individual relinquishes his citizenship or ceases to be subject to tax as a resident, meet the requirements of section 897(c)(2).

''(2) INTEREST IN CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(d)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

''(B) FOREIGN PENSION PLANS.—

''(i) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

''(ii) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed $500,000.

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

''(1) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the date the United States Department of State issues to the individual a certificate of loss of nationality or on the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

''(2) LONG-TERM RESIDENT.—

''(A) IN GENERAL.—The term 'long-term resident' means any individual (other than a citizen of the United States) who is a lawful permanent resident of the United States and, as a result of such status, has been subject to tax as a resident in at least 10 taxable years during the period of 15 taxable years ending with the taxable year during which the sale under subsection (a) is treated as occurring.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), there shall not be taken into account—

''(i) any taxable year during which any prior sale is treated under subsection (a) as occurring, or

''(ii) any taxable year prior to the taxable year referred to in clause (i).

''(f) TERMINATION OF DEFERRALS, ETC.—On the date any property held by an individual is treated as sold under subsection (a)—

''(1) any period deferring recognition of income or gain shall terminate, and

''(2) any extension of time for payment of tax shall cease to apply and the unpaid portion of such tax shall be due and payable.

''(g) ELECTION BY EXPATRIATING RESIDENTS.—Solely for purposes of determining gain under subsection (a)—

''(1) IN GENERAL.—At the election of a resident not a citizen of the United States, property—

''(A) which was held by such resident on the date the individual first became a resident of the United States during the period of long-term residency to which the treatment under subsection (a) relates, and

''(B) which is treated as sold under subsection (a),

shall be treated as having a basis on such date of not less than the fair market value of such property on such date.

''(2) ELECTION.—Such an election shall apply to all property described in paragraph (1), and, once made, shall be irrevocable.

''(h) DEFERRAL OF TAX ON CLOSELY HELD BUSINESS INTERESTS.—The District Director may enter into an agreement with any individual which permits such individual to defer payment for not more than 5 years of any tax imposed by subsection (a) by reason of holding any interest in a closely held business (as defined in section 6166(b)) other than a United States real property interest described in subsection (d)(1).

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

''(j) CROSS REFERENCE.—

"For termination of United States citizenship for tax purposes, see section 7701(a)(47)."

(b) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) of such Code is amended by adding at the end the following new paragraph:

''(47) TERMINATION OF UNITED STATES CITIZENSHIP.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(1).''

(c) CONFORMING AMENDMENTS.—

(1) Section 877 of such Code is amended by adding at the end of the following new subsection:

''(f) TERMINATION.—This section shall not apply to any individual who is subject to the provisions of section 877A.''

(2) Paragraph (10) of section 7701(b) of such Code is amended by adding at the end the following new sentence: ''This paragraph shall not apply to any individual who is subject to the provisions of section 877A.''

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 of such Code is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''

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

(1) United States citizens who relinquish (within the meaning of section 877A(e)(1) of the Internal Revenue Code of 1986, as added by this section) United States citizenship on or after October 1, 1996, and

(2) Long-term residents (as defined in such section) who cease to be subject to tax as residents of the United States on or after such date.

At the end of the bill insert the following new title:

TITLE VII—HOUSE BUDGET COMMITTEE TO REPORT NEW DISCRETIONARY SPENDING LIMITS

SEC. 701. HOUSE BUDGET COMMITTEE TO REPORT NEW DISCRETIONARY SPENDING LIMITS.

Not later than 20 days after the date of the enactment of this Act, the Committee on the Budget of the House of Representatives shall report legislation which provides general discretionary spending limits as follows:

(1) With respect to fiscal year 1996: $514,998,000,000 in new budget authority and $547,245,000,000 in outlays.

(2) With respect to fiscal year 1997: $521,281,000,000 in new budget authority and $542,111,000,000 in outlays.

(3) With respect to fiscal year 1998: $528,024,000,000 in new budget authority and $544,594,000,000 in outlays.

(4) With respect to fiscal year 1999: $527,051,000,000 in new budget authority and $543,130,000,000 in outlays.

(5) With respect to fiscal year 2000: $525,091,000,000 in new budget authority and $541,082,000,000 in outlays.

Make necessary conforming changes in title and section designations and in the tables of contents.

By unanimous consent, the previous question was ordered on the motion to recommit with instructions.

The question being put, viva voce,

Will the House recommit said bill with instructions?

The SPEAKER pro tempore, Mr. DREIER, announced that the nays had it.

Mr. GEPHARDT demanded a recorded vote on agreeing to said motion, which demand was supported by one-fifth of a quorum, so a recorded vote was ordered.

The vote was taken by electronic device.

It was decided in the negative ..... { Yeas ..... 168 / Nays 265

¶56.14 [Roll No. 293]

AYES—168

Abercrombie	Ganske	Olver
Ackerman	Gejdenson	Ortiz
Andrews	Gephardt	Owens
Baldacci	Gonzalez	Pallone
Barcia	Gordon	Pastor
Barrett (WI)	Green	Payne (NJ)
Beilenson	Gutierrez	Pelosi
Bentsen	Harman	Peterson (MN)
Berman	Hastings (FL)	Pomeroy
Bevill	Hayes	Poshard
Bishop	Hefner	Rahall
Bonior	Hilliard	Rangel
Borski	Hinchey	Reed
Boucher	Holden	Richardson
Browder	Jackson-Lee	Rivers
Brown (FL)	Jacobs	Rose
Brown (OH)	Jefferson	Roybal-Allard
Bryant (TX)	Johnson (SD)	Rush
Chapman	Johnson, E. B.	Sabo
Clay	Johnston	Sanders
Clayton	Kennedy (MA)	Sawyer
Clement	Kennedy (RI)	Schroeder
Clyburn	Kennelly	Schumer
Coleman	Kildee	Scott
Collins (IL)	LaFalce	Serrano
Collins (MI)	Lantos	Skelton
Condit	Levin	Slaughter
Conyers	Lewis (GA)	Spratt
Costello	Lincoln	Stokes
Cramer	Lofgren	Studds
Danner	Lowey	Stupak
de la Garza	Luther	Tanner
DeLauro	Maloney	Taylor (MS)
Dellums	Manton	Tejeda
Deutsch	Markey	Thompson
Dicks	Martinez	Thornton
Dingell	Mascara	Thurman
Dixon	Matsui	Torres
Doggett	McCarthy	Torricelli
Doyle	McDermott	Towns
Durbin	McHale	Traficant
Edwards	McKinney	Tucker
Engel	Meehan	Velazquez
Eshoo	Meek	Vento
Evans	Menendez	Visclosky
Farr	Mfume	Volkmer
Fattah	Miller (CA)	Ward
Fazio	Mineta	Waters
Fields (LA)	Minge	Watt (NC)
Filner	Mink	Waxman
Flake	Moakley	Williams
Foglietta	Moran	Wise
Ford	Nadler	Woolsey
Frank (MA)	Neal	Wyden
Frost	Oberstar	Wynn
Furse	Obey	Yates

NOES—265

Allard	Barton	Bonilla
Archer	Bass	Bono
Armey	Bateman	Brewster
Bachus	Becerra	Brown (CA)
Baesler	Bereuter	Brownback
Baker (CA)	Bilbray	Bryant (TN)
Baker (LA)	Bilirakis	Bunn
Ballenger	Bliley	Bunning
Barr	Blute	Burr
Barrett (NE)	Boehlert	Burton
Bartlett	Boehner	Buyer

Callahan	Heineman	Payne (VA)
Calvert	Herger	Peterson (FL)
Camp	Hilleary	Petri
Canady	Hobson	Pickett
Cardin	Hoekstra	Pombo
Castle	Hoke	Porter
Chabot	Horn	Portman
Chambliss	Hostettler	Pryce
Chenoweth	Houghton	Quillen
Christensen	Hoyer	Quinn
Chrysler	Hunter	Radanovich
Clinger	Hutchinson	Ramstad
Coble	Hyde	Regula
Coburn	Inglis	Riggs
Collins (GA)	Istook	Roberts
Combest	Johnson (CT)	Roemer
Cooley	Johnson, Sam	Rogers
Cox	Jones	Rohrabacher
Coyne	Kanjorski	Ros-Lehtinen
Crane	Kaptur	Roth
Crapo	Kasich	Roukema
Cremeans	Kelly	Royce
Cubin	Kim	Salmon
Cunningham	King	Sanford
Davis	Kingston	Saxton
Deal	Kleczka	Scarborough
DeFazio	Klink	Schaefer
DeLay	Klug	Schiff
Diaz-Balart	Knollenberg	Seastrand
Dickey	Kolbe	Sensenbrenner
Dooley	LaHood	Shadegg
Doolittle	Largent	Shaw
Dornan	Latham	Shays
Dreier	LaTourette	Shuster
Duncan	Laughlin	Sisisky
Dunn	Lazio	Skaggs
Ehlers	Leach	Skeen
Ehrlich	Lewis (CA)	Smith (MI)
Emerson	Lewis (KY)	Smith (NJ)
English	Lightfoot	Smith (TX)
Ensign	Linder	Smith (WA)
Everett	Lipinski	Solomon
Ewing	Livingston	Souder
Fawell	LoBiondo	Spence
Fields (TX)	Longley	Stark
Flanagan	Lucas	Stearns
Foley	Manzullo	Stenholm
Forbes	Martini	Stockman
Fowler	McCollum	Stump
Fox	McCrery	Talent
Franks (CT)	McDade	Tate
Franks (NJ)	McHugh	Tauzin
Frelinghuysen	McInnis	Taylor (NC)
Frisa	McIntosh	Thomas
Funderburk	McKeon	Thornberry
Gallegly	McNulty	Tiahrt
Gekas	Metcalf	Torkildsen
Geren	Meyers	Upton
Gibbons	Mica	Vucanovich
Gilchrest	Miller (FL)	Waldholtz
Gillmor	Molinari	Walker
Gilman	Mollohan	Walsh
Goodlatte	Montgomery	Wamp
Goodling	Moorhead	Watts (OK)
Goss	Morella	Weldon (FL)
Graham	Murtha	Weldon (PA)
Greenwood	Myers	Weller
Gunderson	Myrick	White
Gutknecht	Nethercutt	Whitfield
Hall (OH)	Neumann	Wicker
Hall (TX)	Ney	Wilson
Hamilton	Norwood	Wolf
Hancock	Nussle	Young (AK)
Hansen	Orton	Young (FL)
Hastert	Oxley	Zeliff
Hastings (WA)	Packard	Zimmer
Hayworth	Parker	
Hefley	Paxon	

NOT VOTING—1

Reynolds

So the motion to recommit with instructions was not agreed to.

¶56.15 POINT OF ORDER

Mr. MORAN, having previously cited clause 5(c) of rule XXI in a parliamentary inquiry as being appliable to the bill, made a point of order, and said:

''Mr. Speaker, I made a parliamentary inquiry, but I would state a point of order that any vote on this bill should require a three-fifths vote. If it does not require that, then I would appeal the ruling of the Chair.''.

Mr. ARCHER was recognized to speak to the point of order, and said:

''Mr. Speaker, I would be pleased to try to help the Chair to support his ruling.

''First, as a result of the enactment of the 50 percent exclusion applicable generally, taxpayers, other than those described in the following two paragraphs, would have a tax rate lower than 28 percent. Thus, the 28 percent maximum rate of section 1(h) of current law would not cause a reduction in tax liability as compared with that under current law; that is, as relates to current law liability, the provision would be inoperative.

''No. 2, the 50 percent exclusion would not apply to collectibles. Under H.R. 1215, for this group of taxpayers the maximum rate of 28 percent is retained in H.R. 1215.

''No. 3, a question has been raised as to the potential application of the 28 percent maximum rate under current law for taxpayers currently qualifying for the special rules of existing section of the law, 1202. In light of the fact that this provision would be repealed by 1215, the maximum rate of 28 percent would have no further application. Moreover, it should be noted that the special rules in section 1202 are an exclusion provision rather than a rate provision.

''Further, it should be noted that concerns as to whether repeal of current law, section 1202, in conjunction with the repeal of current law, section 1(h), constitutes a rate increase, are focused on the effective rate impact rather than the occurrence of any income tax rate increase.

''The House rule in question is not intended to apply to effective rate changes.''.

Mr. MORAN was recognized to speak further to the point of order, and said:

''Mr. Speaker, I would like to underscore the last comment that was made by the distinguished chairman of the Committee on Ways and Means that the House rule in question is not intended to apply to effective tax rate changes. There was never any reference to effective rate changes. In fact, it was any income tax rate increase. I read the debate again that occurred on the first day of this session. We are now making a distinction between effective rate changes apparently and statutory rate changes, although both apply here. I do have a letter from the Treasury Department explaining that this is a tax rate increase.

''How it occurred, Mr. Speaker, is in the 1993 Omnibus Budget Reconciliation Act we did pass a capital gains tax rate reduction. What it said is that when people invest in small capitalized firms for five years, their capital gains tax is reduced by 50 percent. What this bill did was to strike the capital gains rate of 28 percent, raise it to 39.6 percent, and then apply the 50 percent preference for capital gains investment. What that means is that the effective capital gains rate is 19.8 percent if this bill were to pass, whereas today there are investors getting a 14 percent tax rate on capital gains investments.

''Now, this is not an obscure provision. It is a $725 million capital gains provision that was passed in the 1993 Budget Reconciliation Act. What we have done is for some investors who have invested hundreds of millions of dollars in small capitalized firms, is increased their tax rate from 14 percent to 19.8 percent. That is an increase in the income tax rate. It is both a statutory increase, in that we remove the 28 percent level and put in 39.6 percent. It is also an effective rate increase because it changes from 14 percent to 19.8 percent. That is what the letter from both the Treasury Department and the Small Business Administration underscores, that in fact investors would be paying a higher capital gains rate.''.

Mr. CARDIN was recognized to speak to the point of order, and said:

''Mr. Speaker, I do.

''Mr. Speaker, this is a very important ruling. It is the first one that the Chair has had to make on the new rule XXI that requires an extraordinary vote on a tax rate increase. The language, as I understand it, is when the Federal tax rate increase applies we need a three-fifths vote.

''If I understand the potential ruling of the Chair, if the Chair rules that this bill does not raise a rate and therefore does not need an extraordinary vote, what the Chair is saying is that legislation which subjects a larger percentage of a taxpayer's income to an existing tax rate would not be a tax rate increase under the provisions of rule XXI. That would mean that we could effectively raise tax rates in this country by just subjecting a larger amount of a person's income to the tax rate, thereby accomplishing the effect of a tax rate increase under the potential ruling of the Chair without raising the rate.

''I just really want to point that out to the Chair before he makes his ruling, because effectively if he rules against the gentleman from Virginia [Mr. MORAN] rule XXI is meaningless.''.

Mr. SKAGGS was recognized to speak to the point of order, and said:

''Mr. Speaker, one further point I think needs to be made on this.

''During the debate on opening day, it was touted that this rules change was remedial in nature. It was to be viewed expansively as remedying a propensity of the House that needed to be curtailed. A narrow reading such as is advocated by the chairman of the Committee on Ways and Means a few minutes ago flies in the face of all of the advocacy, the legislative history, if you will, of this rules change, which is the only basis that the House has and that the Chair has for informing a ruling.

''To take a provision that was intended to be remedial, and therefore viewed expansively, and interpret it narrowly belies the absurdity of the rules change to begin with.''.

Mr. MCDERMOTT was recognized to speak to the point of order, and said:

''Yes, Mr. Speaker.

''Mr. Speaker, if I understand the ruling the Chair is about to make, you are saying for those who do not understand arcane tax law, if we raise taxes on people but we do it in a sneaky, kind of back-door way of doing it, that, Mr. Speaker, if we do it in a legislatively, carefully crafted way, we can get away with it. If we do it straight out and say to small business, your taxes go from 14 percent to 19 percent just like that, that would require a 60-percent vote. But if we can find some way parliamentarily to swing around it, whatever the effect on people is does not make any difference.

''Is that what the Chair is saying?''.

Mr. LINDER was recognized to speak to the point of order, and said:

''Mr. Speaker, this does not seem all that complicated. It does not change any rates of taxation of capital gains. It excludes 50 percent of the gain. Therefore, you are taxed at the 39.6-percent tax rate. Fifty percent of any gain would be excluded, giving an effective rate of 19.8 percent, a lower effective rate.

''If you happen to be taxed at a 35-percent tax rate, 50 percent of the gain would be excluded, giving you a 17.5-percent tax. It lowers the effective rate in every instance by excluding half of the gain from any taxation at all.''.

The SPEAKER pro tempore, Mr. DREIER, overruled the point of order, and said:

''The Chair is prepared to rule.

''In deference to the specialized expertise that has been provided, the Chair rules that this bill does not include a Federal income tax rate increase.''.

Mr. MORAN appealed the ruling of the Chair.

Mr. ARCHER moved to lay the appeal on the table.

The question being put, viva voce,

Will the House lay on the table the appeal of the ruling of the Chair?

The SPEAKER pro tempore, Mr. DREIER, announced that the nays had it.

Mr. MFUME demanded a recorded vote on agreeing to said motion, which demand was supported by one-fifth of a quorum, so a recorded vote was ordered.

The vote was taken by electronic device.

It was decided in the affirmative ..... { Yeas ..... 228 Nays 204

¶56.16 [Roll No. 294]

AYES—228

Allard	Bass	Brownback
Archer	Bateman	Bryant (TN)
Armey	Bereuter	Bunn
Bachus	Bilbray	Bunning
Baker (CA)	Bilirakis	Burr
Baker (LA)	Bliley	Burton
Ballenger	Blute	Buyer
Barr	Boehlert	Callahan
Barrett (NE)	Boehner	Calvert
Bartlett	Bonilla	Camp
Barton	Bono	Canady
Castle	Heineman	Petri
Chabot	Herger	Pombo
Chambliss	Hilleary	Porter
Chenoweth	Hobson	Portman
Christensen	Hoekstra	Pryce
Chrysler	Hoke	Quillen
Clinger	Horn	Quinn
Coble	Hostettler	Radanovich
Coburn	Houghton	Ramstad
Collins (GA)	Hunter	Regula
Combest	Hutchinson	Riggs
Cooley	Hyde	Roberts
Cox	Inglis	Rogers
Crane	Istook	Rohrabacher
Crapo	Johnson (CT)	Ros-Lehtinen
Cremeans	Johnson, Sam	Roth
Cubin	Jones	Roukema
Cunningham	Kasich	Royce
Davis	Kelly	Salmon
DeLay	Kim	Sanford
Diaz-Balart	King	Saxton
Dickey	Kingston	Scarborough
Doolittle	Klug	Schaefer
Dornan	Knollenberg	Schiff
Dreier	Kolbe	Seastrand
Duncan	LaHood	Sensenbrenner
Dunn	Largent	Shadegg
Ehlers	Latham	Shaw
Ehrlich	LaTourette	Shays
Emerson	Lazio	Shuster
English	Leach	Skeen
Ensign	Lewis (CA)	Smith (MI)
Everett	Lewis (KY)	Smith (NJ)
Ewing	Lightfoot	Smith (TX)
Fawell	Linder	Smith (WA)
Fields (TX)	Livingston	Solomon
Flanagan	LoBiondo	Spence
Foley	Longley	Stearns
Forbes	Lucas	Stockman
Fowler	Manzullo	Stump
Fox	Martini	Talent
Franks (CT)	McCollum	Tate
Frelinghuysen	McCrery	Taylor (NC)
Frisa	McDade	Thomas
Funderburk	McHugh	Thornberry
Gallegly	McInnis	Tiahrt
Ganske	McIntosh	Torkildsen
Gekas	McKeon	Upton
Gilchrest	Metcalf	Vucanovich
Gillmor	Meyers	Waldholtz
Gilman	Mica	Walker
Gingrich	Miller (FL)	Walsh
Goodlatte	Molinari	Wamp
Goodling	Moorhead	Watts (OK)
Goss	Morella	Weldon (FL)
Graham	Myers	Weldon (PA)
Greenwood	Myrick	Weller
Gunderson	Nethercutt	White
Gutknecht	Neumann	Whitfield
Hancock	Ney	Wicker
Hansen	Norwood	Wolf
Hastert	Nussle	Young (AK)
Hastings (WA)	Oxley	Young (FL)
Hayworth	Packard	Zeliff
Hefley	Paxon	Zimmer

NOES—204

Abercrombie	Costello	Gephardt
Ackerman	Coyne	Geren
Andrews	Cramer	Gibbons
Baesler	Danner	Gonzalez
Baldacci	de la Garza	Gordon
Barcia	Deal	Green
Barrett (WI)	DeFazio	Gutierrez
Becerra	DeLauro	Hall (OH)
Beilenson	Dellums	Hall (TX)
Bentsen	Deutsch	Hamilton
Berman	Dicks	Harman
Bevill	Dingell	Hastings (FL)
Bishop	Dixon	Hayes
Bonior	Doggett	Hefner
Borski	Dooley	Hilliard
Boucher	Doyle	Hinchey
Brewster	Durbin	Holden
Browder	Edwards	Hoyer
Brown (CA)	Engel	Jackson-Lee
Brown (FL)	Eshoo	Jacobs
Brown (OH)	Evans	Jefferson
Bryant (TX)	Farr	Johnson (SD)
Cardin	Fattah	Johnson, E.B.
Chapman	Fazio	Johnston
Clay	Fields (LA)	Kanjorski
Clayton	Filner	Kaptur
Clement	Flake	Kennedy (MA)
Clyburn	Foglietta	Kennedy (RI)
Coleman	Ford	Kennelly
Collins (IL)	Frank (MA)	Kildee
Collins (MI)	Frost	Kleczka
Condit	Furse	Klink
Conyers	Gejdenson	LaFalce
Lantos	Oberstar	Skelton
Laughlin	Obey	Slaughter
Levin	Olver	Spratt
Lewis (GA)	Ortiz	Stark
Lincoln	Orton	Stenholm
Lipinski	Owens	Stokes
Lofgren	Pallone	Studds
Lowey	Parker	Stupak
Luther	Pastor	Tanner
Maloney	Payne (NJ)	Tauzin
Manton	Payne (VA)	Taylor (MS)
Markey	Pelosi	Tejeda
Martinez	Peterson (FL)	Thompson
Mascara	Peterson (MN)	Thornton
Matsui	Pickett	Thurman
McCarthy	Pomeroy	Torres
McDermott	Poshard	Torricelli
McHale	Rahall	Towns
McKinney	Rangel	Traficant
McNulty	Reed	Tucker
Meehan	Richardson	Velazquez
Meek	Rivers	Vento
Menendez	Roemer	Visclosky
Mfume	Rose	Volkmer
Miller (CA)	Roybal-Allard	Ward
Mineta	Rush	Waters
Minge	Sabo	Watt (NC)
Mink	Sanders	Waxman
Moakley	Sawyer	Williams
Mollohan	Schroeder	Wilson
Montgomery	Schumer	Wise
Moran	Scott	Woolsey
Murtha	Serrano	Wyden
Nadler	Sisisky	Wynn
Neal	Skaggs	Yates

NOT VOTING—3

Franks (NJ)	Reynolds	Souder

So the motion to lay the appeal on the table was agreed to.

A motion to reconsider the vote whereby said motion was agreed to was, by unanimous consent, laid on the table.

The question being put, viva voce,

Will the House pass said bill?

The SPEAKER pro tempore, Mr. DREIER, announced that the yeas had it.

Mr. GIBBONS demanded a recorded vote on passage of said bill, which demand was supported by one-fifth of a quorum, so a recorded vote was ordered.

The vote was taken by electronic device.

It was decided in the affirmative ..... { Yeas ..... 246 Nays 188

¶56.17 [Roll No. 295]

AYES—246

Allard	Callahan	Dreier
Andrews	Calvert	Duncan
Archer	Camp	Dunn
Armey	Canady	Ehlers
Bachus	Castle	Ehrlich
Baker (CA)	Chabot	Emerson
Baker (LA)	Chambliss	English
Ballenger	Chenoweth	Ensign
Barr	Christensen	Everett
Barrett (NE)	Chrysler	Ewing
Bartlett	Clement	Fawell
Barton	Clinger	Fields (TX)
Bass	Coble	Flanagan
Bateman	Coburn	Foley
Bereuter	Collins (GA)	Forbes
Bevill	Combest	Fowler
Bilbray	Condit	Fox
Bilirakis	Cooley	Franks (CT)
Bliley	Cox	Franks (NJ)
Boehlert	Cramer	Frelinghuysen
Boehner	Crane	Frisa
Bonilla	Crapo	Funderburk
Bono	Cremeans	Gallegly
Brewster	Cubin	Ganske
Browder	Cunningham	Gekas
Brownback	Danner	Geren
Bryant (TN)	Deal	Gilchrest
Bunn	DeLay	Gillmor
Bunning	Diaz-Balart	Gilman
Burr	Dickey	Gingrich
Burton	Doolittle	Goodlatte
Buyer	Dornan	Goodling

Gordon
Goss
Graham
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Knollenberg
Kolbe
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manton
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Pallone
Parker
Paxon
Petri
Pombo
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tanner
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Torricelli
Traficant
Upton
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Young (FL)
Zeliff
Zimmer

NOES—188

Abercrombie
Ackerman
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bishop
Blute
Bonior
Borski
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Davis
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Green
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Houghton
Hoyer
Jackson-Lee
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
Klug
LaFalce
LaHood
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Moran
Morella
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Porter
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rogers
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schiff
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Tucker
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wise
Wolf
Woolsey
Wyden
Wynn
Yates
Young (AK)

NOT VOTING—1

Reynolds

So the bill was passed.

A motion to reconsider the vote whereby said bill was passed was, by unanimous consent, laid on the table.

Ordered, That the Clerk request the concurrence of the Senate in said bill.

¶56.18 SUBMISSION OF CONFERENCE REPORT—H.R. 889

Mr. LIVINGSTON submitted a conference report (Rept. No. 104–101) on the bill (H.R. 889) making emergency supplemental appropriations and rescissions to preserve and enhance the military readiness of the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes; together with a statement thereon, for printing in the Record under the rule.

¶56.19 WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 889

Ms. PRYCE, by direction of the Committee on Rules, reported (Rept. No. 104–102) the resolution (H. Res. 129) waiving certain points of order during consideration of the bill (H.R. 889) making emergency supplemental appropriations and rescissions to preserve and enhance the military readiness of the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

When said resolution and report were referred to the House Calendar and ordered printed.

¶56.20 PROVIDING FOR THE CONSIDERATION OF H.R. 483

Ms. PRYCE, by direction of the Committee on Rules, reported (Rept. No. 104–103) the resolution (H. Res. 130) providing for the consideration of the bill (H.R. 483) to amend title XVIII of the Social Security Act to permit medicare select policies to be offered in all States, and for other purposes.

When said resolution and report were referred to the House Calendar and ordered printed.

¶56.21 COMMITTEES AND SUBCOMMITTEES TO SIT

On motion of Mrs. SMITH of Washington, by unanimous consent, the following committees and their subcommittees were granted permission to sit during the 5-minute rule on Thursday, April 6, 1995: the Committee on Agriculture, the Committee on Banking and Financial Services, the Committee on Government Reform and Oversight, the Committee on International Relations, the Committee on the Judiciary, the Committee on National Security, the Committee on Small Business, the Committee on Transportation and Infrastructure, and the Committee on Veterans' Affairs.

¶56.22 BILL PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

On April 4, 1995:

H.R. 831. An Act to amend the Internal Revenue Code of 1986 to permanently extend the deduction for the health insurance costs of self-employed individuals, to repeal the provision permitting nonrecognition of gain on sales and exchanges effectuating policies of the Federal Communications Commission, and for other purposes.

And then,

¶56.23 ADJOURNMENT

On motion of Mr. SOLOMON, at 12 o'clock midnight, the House adjourned.

¶56.24 REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LIVINGSTON: Committee of Conference. Conference report on H.R. 889. A bill making emergency supplemental appropriations and rescissions to preserve and enhance the military readiness of the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes (Rept. No. 104–101). Ordered to be printed.

Mr. DREIER: Committee on Rules. House Resolution 129. Resolution waiving points of order against the conference report to accompany the bill (H.R. 889) making emergency supplemental appropriations and rescissions to preserve and enhance the military readiness of the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes (Rept. No. 104–102). Referred to the House Calendar.

Ms. PRYCE: Committee on Rules. House Resolution 130. Resolution providing for the consideration of the bill (H.R. 483), to amend title XVIII of the Social Security Act to permit Medicare select policies to be offered in all States, and for other purposes (Rept. No. 104–103). Referred to the House Calendar.

¶56.25 PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURTON of Indiana (for himself and Mr. TORRICELLI):

H.R. 1397. A bill to authorize the President to transfer 28 F–16 aircraft and associated spare parts and support equipment to Pakistan pursuant to agreements between the United States and Pakistan; to the Committee on International Relations.

By Mr. CLAY:

H.R. 1398. A bill to designate the U.S. post office building located at 1203 Lemay Ferry Road, St. Louis, MO, as the ''Charles J. Coyle Post Office Building''; to the Committee on Government Reform and Oversight.

By Mr. HAMILTON:

H.R. 1399. A bill to provide for the conveyance of certain real property at the Indiana Army Ammunition Plant in Charlestown, IN, to the State of Indiana for inclusion in a State park; to the Committee on National Security.

By Mr. RICHARDSON (for himself, Mr. NADLER, Mr. ABERCROMBIE, Mr. ACKERMAN, Mr. BERMAN, Mr. BONIOR, Mr. BROWN of California, Ms. ESHOO, Mr. EVANS, Mr. FALEOMAVAEGA, Mr. FARR, Mr. FILNER, Mr. HINCHEY, Mr. MARTINEZ, Mr. MCDERMOTT, Ms. MCKINNEY, Mr. PALLONE, Ms. PELOSI, Mr. ROMERO-BARCELO, Ms. ROYBAL-ALLARD, Mr. SABO, Mrs. SCHROEDER, Mr. SERRANO, Mr. TORRES, Ms. VELAZQUEZ, Mr. VENTO, Mr. WAXMAN, Ms. WOOLSEY, and Mr. YATES):

H.R. 1400. A bill to amend the Clean Water Act to eliminate certain discharges of chlorine compounds into navigable waters, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. HOUGHTON (for himself and Mr. GIBBONS):

H.R. 1401. A bill to establish for certain employees of international organizations an estate tax credit equivalent to the limited marital deduction; to the Committee on Ways and Means.

By Mr. JACOBS (for himself, Mr. LEACH, Mr. DELLUMS, Mr. FRANK of Massachusetts, Mrs. SCHROEDER, Mr. DEFAZIO, Mr. MILLER of California, Ms. RIVERS, Mr. TOWNS, Mr. MARKEY, Mr. OBERSTAR, Ms. VALAZQUEZ, Mr. YATES, Ms. FURSE, Mr. LEWIS of Georgia, and Mr. MCHALE):

H.R. 1402. A bill to amend the Internal Revenue Code of 1986 to improve revenue collection and to provide that a taxpayer conscientiously opposed to participation in war may elect to have such taxpayer's income, estate, or gift tax payments spent for nonmilitary purposes, to create the U.S. peace tax fund to receive such tax payments, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on International Relations, and Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. KENNEDY of Massachusetts:

H.R. 1403. A bill to regulate handgun ammunition, and for other purposes; to the Committee on the Judiciary.

By Ms. LOWEY (for herself, Mr. SHAYS, Mr. ACKERMAN, Mr. HYDE, Mr. NADLER, Mrs. MALONEY, Mr. ROEMER, Ms. PELOSI, Mr. TORRICELLI, Mr. MEEHAN, Mr. MCCOLLUM, Mr. TRAFICANT, Mr. LIPINSKI, Mr. CLAY, Mr. JACOBS, Mrs. SCHROEDER, Mr. BEILENSON, Mr. TORRES, Mr. MILLER of California, Mr. LANTOS, Mr. MORAN, Mr. VENTO, Mr. MCDERMOTT, Mr. GOSS, Mr. FILNER, Mr. MANTON, Mr. BROWN of California, Mr. DELLUMS, Mr. MARTINEZ, Mr. STARK, Mr. FRANK of Massachusetts, Mr. JOHNSTON of Florida, Ms. WOOLSEY, Mr. WAXMAN, Mr. PORTER, Ms. SLAUGHTER, Ms. ESHOO, Mr. MINETA, Mr. OWENS, Mr. DEUTSCH, Mr. YATES, Ms. ROYBAL-ALLARD, Mr. GEJDENSON, Mr. SMITH of New Jersey, Mr. MARKEY, Mr. FARR, Mr. GUTIERREZ, Mr. ABERCROMBIE, Mr. SCHUMER, Mr. ANDREWS, Mr. PAYNE of Virginia, Mr. STUDDS, Mr. FOGLIETTA, Ms. NORTON, Mrs. MINK of Hawaii, Mrs. KENNELLY, and Mr. BONIOR):

H.R. 1404. A bill to end the use of steel jaw leghold traps on animals in the United States; to the Committee on Commerce.

By Mr. MARTINEZ (for himself, Mr. FATTAH, Mr. DELLUMS, Ms. WATERS, Mr. CLAY, Mr. LEWIS of Georgia, Mr. ABERCROMBIE, Mr. OWENS, Mr. SCOTT, Ms. ROYBAL-ALLARD, and Ms. VALAZQUEZ):

H.R. 1405. A bill to establish a national public works program to provide incentives for the creation of jobs and address the restoration of infrastructure in communities across the United States, and for other purposes; to the Committee on Economic and Educational Opportunities, and in addition to the Committee on Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MASCARA:

H.R. 1406. A bill to require the Secretary of the Treasury to mint coins in commemoration of the 50th anniversary of the Marshall plan and George Catlett Marshall; to the Committee on Banking and Financial Services.

By Mr. MEEHAN:

H.R. 1407. A bill to provide for the transfer of certain excess property at Fort Devens Military Reservation to the Secretary of the Interior for inclusion in the Oxbow National Wildlife Refuge, and for the conveyance of a parcel of property at such military reservation to the town of Lancaster, MA; to the Committee on Resources, and in addition to the Committee on National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MINGE:

H.R. 1408. A bill to amend the Internal Revenue Code of 1986 to provide that a taxpayer may elect to include in income crop insurance proceeds and disaster payments in the year of the disaster or in the following year, and for other purposes; to the Committee on Ways and Means.

By Ms. NORTON (for herself and Mrs. MORELLA):

H.R. 1409. A bill to provide for funding for Federal employee pay adjustments and comparability payments through reductions in agency spending on service contracts for fiscal year 1996; to the Committee on Government Reform and Oversight.

H.R. 1410. A bill to amend the Federal Workforce Restructuring Act of 1994 to prohibit the contracting out of certain duties; to the Committee on Government Reform and Oversight.

H.R. 1411. A bill to prohibit any executive branch agency from entering into any service contract if the services procured under the contract can be performed at a lower cost by employees of the agency; to the Committee on Government Reform and Oversight.

H.R. 1412. A bill to require the Director of the Office of Management and Budget to develop and implement a system for determining and reporting the number of individuals employed by non-Federal Government entities providing services under contracts awarded by executive branch agencies; to the Committee on Government Reform and Oversight.

By Mr. PETERSON of Florida:

H.R. 1413. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to impose a limitation on State eligibility for major disaster and emergency assistance to ensure that States repay loans and advances made under that act; to the Committee on Transportation and Infrastructure.

By Mr. RANGEL:

H.R. 1414. A bill to provide grants to States to reduce crime and poverty in poor neighborhoods by providing employment opportunities to disadvantaged young adults; to the Committee on Economic and Educational Opportunities.

By Mr. SKAGGS (for himself and Mr. MCINNIS):

H.R. 1415. A bill to authorize the Secretary of the Interior to enter into an appropriate form of agreement with the town of Grand Lake, CO, authorizing the town to maintain permanently a cemetery in the Rocky Mountain National Park; to the Committee on Resources.

By Mr. SMITH of New Jersey (for himself, Mr. LANTOS, Mr. HYDE, Mr. WOLF, Mr. ROHRABACHER, Mr. YATES, Mr. FRANK of Massachusetts, Ms. PELOSI, Mr. SABO, and Ms. MCKINNEY):

H.R. 1416. A bill to implement the Convention Against Torture and Other Forms of Cruel, Inhuman, and Degrading Treatment or Punishment and to provide a program of support for victims of torture; to the Committee on the Judiciary, and in addition to the Committees on International Relations, and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. SMITH of Washington:

H.R. 1417. A bill to amend the Magnuson Fishery Conservation and Management Act to provide for a 3-year research plan to assess the status of stocks of fish that are managed under the Pacific Fisheries Management Council Pacific Coast Groundfish Plan, and for other purposes; to the Committee on Resources.

By Mr. TRAFICANT:

H.R. 1418. A bill to prohibit United States foreign assistance for Russia unless the Government of Russia prohibits the export of nuclear weapons equipment and related technology and offensive military weapons, equipment, and related technology to terrorist states; to the Committee on International Relations.

By Mr. VISCLOSKY:

H.R. 1419. A bill to provide an exemption with respect to gambling devices on certain vessels making voyages on Lake Michigan; to the Committee on Transportation and Infrastructure.

By Mr. BROWN of Ohio (for himself and Mr. STEARNS):

H. Con. Res. 57. Concurrent resolution expressing the sense of the Congress supporting the Government of India's efforts to hold free and fair elections in Jammu and Kashmir; to the Committee on International Relations.

By Mr. DEUTSCH:

H. Res. 131. Resolution to preserve the constitutional role of the House of Representatives to originate revenue measures; to the Committee on Ways and Means.

¶56.26 PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII:

Mr. METCALF introduced a bill (H.R. 1420) for the relief of Richard W. Schaffert; which was referred to the Committee on the Judiciary.

¶56.27 ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 26: Mr. TANNER, Mr. SPRATT, Mr. INGLIS of South Carolina, and Mr. JOHNSON of South Dakota.

H.R. 104: Mr. BONO.

H.R. 125: Mr. CRAMER, Mr. ORTON, and Mr. ROGERS.

H.R. 127: Mr. BROWN of California, Ms. MCCARTHY, Mrs. SCHROEDER, and Mr. VOLKMER.

H.R. 345: Mr. BEREUTER.
H.R. 359: Mr. PALLONE, Mr. BARTON of Texas, and Mr. PAYNE of New Jersey.
H.R. 398: Mr. FIELDS of Louisiana.
H.R. 399: Mr. MCHALE.
H.R. 462: Mr. EVERETT.
H.R. 483: Mr. WARD, Mr. WHITFIELD, and Mr. EVERETT.
H.R. 497: Mr. CALVERT.
H.R. 526: Mr. WATT of North Carolina and Mr. ROSE.
H.R. 570: Mr. SHAYS.
H.R. 645: Mr. MINETA.
H.R. 649: Mrs. THURMAN.
H.R. 656: Mr. BLUTE, Mr. FRISA, Mr. CALVERT, Mrs. KELLY, and Mr. FOX.
H.R. 682: Mr. JACOBS and Mrs. ROUKEMA.
H.R. 692: Mr. TANNER.
H.R. 699: Mr. BONO.
H.R. 708: Mr. MINETA.
H.R. 744: Mr. GENE GREEN of Texas.
H.R. 763: Ms. NORTON.
H.R. 764: Ms. MCKINNEY.
H.R. 782: Mr. PICKETT, Mr. JONES, Mr. HORN, Mr. RICHARDSON, Mr. COLEMAN, Mr. NEY, Mr. GOODLING, and Mr. FAZIO of California.
H.R. 789: Mr. ROBERTS and Mr. DUNCAN.
H.R. 800: Mr. CRAPO.
H.R. 803: Mr. BAKER of California, Mr. FAZIO of California, Ms. WOOLSEY, Mr. BLUTE, Mrs. MYRICK, Mr. CRAMER, and Ms. HARMAN.
H.R. 804: Mr. KIM.
H.R. 820: Mr. BARRETT of Wisconsin, Mr. BROWN of Ohio, Mr. NORWOOD, Mr. CANADY, and Mr. ROSE.
H.R. 862: Mr. PACKARD.
H.R. 893: Ms. BROWN of Florida, Mr. LEVIN, and Mr. LIPINSKI.
H.R. 895: Mr. REED and Mr. HINCHEY.
H.R. 915: Ms. PELOSI, Mr. YATES, Mr. NADLER, Ms. NORTON, Mr. LEWIS of Georgia, and Mr. TORRICELLI.
H.R. 927: Mr. ENGEL, Mr. KNOLLENBERG, Mr. WILSON, Mr. FOLEY, and Mr. BARTLETT of Maryland.
H.R. 942: Mrs. KELLY, Mr. UPTON, Mr. ROHRABACHER, Mr. WYDEN, Mr. BEILENSON, Ms. PELOSI, Mr. SHAYS, Mr. FORBES, Mr. HORN, Mr. KILDEE, and Mr. HALL of Ohio.
H.R. 957: Mr. PETERSON of Florida and Mr. HANCOCK.
H.R. 972: Mr. HAMILTON.
H.R. 987: Mr. PETE GEREN of Texas and Mr. MCCRERY.
H.R. 990: Mrs. THURMAN.
H.R. 994: Mr. CALVERT, Mr. TANNER, Mr. BENTSEN, Mr. GENE GREEN of Texas, and Mr. JOHNSON of South Dakota.
H.R. 997: Mr. HILLIARD and Mr. PALLONE.
H.R. 1002: Mr. CALLAHAN and Mrs. THURMAN.
H.R. 1003: Mr. WELLER, Mr. THOMPSON, Mr. EMERSON, and Mr. DELLUMS.
H.R. 1005: Mrs. KELLY and Mr. FUNDERBURK.
H.R. 1023: Mr. MANTON, Mr. HALL of Ohio, Mr. PETRI, and Mr. BILBRAY.
H.R. 1061: Mr. HOUGHTON and Mr. HANCOCK.
H.R. 1076: Mr. TAYLOR of North Carolina, Mr. BAKER of Louisiana, Mr. MORAN, Mrs. CHENOWETH, and Ms. LOFGREN.
H.R. 1080: Mr. HINCHEY.
H.R. 1094: Mr. CALVERT, Mr. PETERSON of Florida, Ms. LOWEY, Ms. KAPTUR, Mr. POSHARD, Mr. FOGLIETTA, Mr. WELLER, and Mr. BEREUTER.
H.R. 1114: Mr. EMERSON, Mr. OXLEY, Mr. HERGER, Mr. MILLER of Florida, and Mr. MANZULLO,
H.R. 1138: Mr. FLANAGAN, Mr. STUDDS, and Mr. HOSTETTLER.
H.R. 1162: Mr. BENTSEN, Mr. LUTHER, and Mr. QUINN.
H.R. 1184: Mr. CRANE, Mr. DOOLITTLE, Mr. MCINNIS, and Mr. NETHERCUTT.
H.R. 1200: Mr. RUSH and Mr. ACKERMAN.
H.R. 1233: Mrs. MALONEY, Mr. WILLIAMS, Mr. BARRETT of Wisconsin, Mr. MARTINEZ, Mr. THORNTON, Mr. KLUG, Mr. BROWN of California, Mr. FOX, and Mr. GEJDENSON.
H.R. 1234: Mr. MCKEON and Mr. WICKER.
H.R. 1242: Mr. ROHRABACHER, Mr. PORTMAN, Ms. DUNN of Washington, Mr. LARGENT, Mr. KASICH, Mr. LATOURETTE, Mr. BARRETT of Wisconsin, and Mr. KLUG.
H.R. 1252: Mrs. THURMAN.
H.R. 1253: Mrs. MINK of Hawaii, Mr. MATSUI, Mr. ACKERMAN, Mr. MONTGOMERY, Mr. RICHARDSON, Mr. FRANK of Massachusetts, Mr. LEACH, Mr. KLECZKA, Mr. FROST, Mr. MOAKLEY, Mr. LIPINSKI, Mr. DEFAZIO, Mr. TORRES, Mr. ABERCROMBIE, Mr. BERMAN, Mr. BROWN of California, Mrs. SCHROEDER, Mr. JACOBS, Mr. HINCHEY, Mr. ROEMER, Mr. BONIOR, and Mr. STOKES.
H.R. 1259: Mr. FROST, Mr. HAYES, Mr. UNDERWOOD, Mr. DELLUMS, Mr. HANSEN, Mr. RADANOVICH, and Mr. BROWN of California.
H.R. 1274: Mr. RUSH and Mr. PALLONE.
H.R. 1302: Mr. LAFALCE, Mr. WILLIAMS, Mr. THORNTON, Mr. GEJDENSON, and Mr. SAWYER.
H.R. 1323: Mr. BACHUS.
H.R. 1326: Mr. TRAFICANT and Mr. CLINGER.
H.R. 1328: Mr. LIPINSKI and Mr. CLINGER.
H.R. 1391: Mr. THOMAS and Mr. BILIRAKIS.
H. Con. Res. 12: Mr. ARMEY.
H. Con. Res. 47: Mr. BAKER of California, Mr. BROWN of Ohio, Mr. DELLUMS, Mr. DREIER, Ms. ESHOO, Mr. EVANS, Mr. FRANK of Massachusetts, Mr. FRANKS of New Jersey, Mr. HORN, Mr. KILDEE, Mr. KNOLLENBERG, Mr. LEVIN, Mr. MARKEY, Mr. MARTINEZ, Mr. MCHUGH, Mr. MOORHEAD, Mr. RADANOVICH, Mr. REED, Mrs. ROUKEMA, Ms. ROYBAL-ALLARD, Mr. SOUDER, Mr. STOKES, Mr. TORRES, Mr. UNDERWOOD, and Mr. WAXMAN.
H. Con. Res. 50: Mr. CALVERT and Mrs. MORELLA.
H. Con. Res. 53: Mr. MARTINEZ, Mr. ANDREWS, and Mr. BERMAN.
H. Res. 98: Mr. HINCHEY and Ms. MCKINNEY.
H. Res. 99: Mr. HOYER.
H. Res. 124: Mrs. MORELLA, Mr. BROWN of California, and Mr. RUSH.

THURSDAY, APRIL 6, 1995 (57)

¶57.1 DESIGNATION OF SPEAKER PRO TEMPORE

The House was called to order by the SPEAKER pro tempore, Mr. INGLIS, who laid before the House the following communication:

WASHINGTON, DC,
April 6, 1995.

I hereby designate the Honorable BOB INGLIS to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

¶57.2 APPROVAL OF THE JOURNAL

The SPEAKER pro tempore, Mr. INGLIS, announced he had examined and approved the Journal of the proceedings of Wednesday, April 5, 1995.

Pursuant to clause 1, rule I, the Journal was approved.

¶57.3 COMMUNICATIONS

Executive and other communications, pursuant to clause 2, rule XXIV, were referred as follows:

689. A letter from the Under Secretary for Personnel and Readiness, Department of Defense, transmitting the Department's defense manpower requirements report for fiscal year 1996, pursuant to 10 U.S.C. 115(b)(3)(A); to the Committee on National Security.

690. A letter from the Chairman, National Research Council, transmitting a study of live-fire survivability testing of the F–22 aircraft; to the Committee on National Security.

691. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report of activities under the Freedom of Information Act for calendar year 1994, pursuant to 5 U.S.C. 552(d); to the Committee on Government Reform and Oversight.

692. A letter from the President, Overseas Private Investment Corporation, transmitting the fiscal year 1994 management report, pursuant to Public Law 101–576, section 306(a) (104 Stat. 2854); to the Committee on Government Reform and Oversight.

693. A letter from the Acting Assistant Secretary for Civil Works, Department of the Army, transmitting a report recommending authorization of a deep-draft navigation project at Salem River, NJ; to the Committee on Transportation and Infrastructure.

694. A letter from the Senior Vice President, Tennessee Valley Authority; transmitting a copy of the Authority's statistical summaries as part of their annual report for the fiscal year beginning October 1, 1993, and ending September 30, 1994, pursuant to 16 U.S.C. 831h(a); to the Committee on Transportation and Infrastructure.

695. A letter from the Chairman of the Board, Pension Benefit Guaranty Corporation, transmitting the 20th annual report of the Corporation, which includes the Corporation's financial statement as of September 30, 1994, pursuant to 29 U.S.C. 1308; jointly, to the Committees on Economic and Educational Opportunities and Ways and Means.

696. A letter from the Chief Counsel for Advocacy, U.S. Small Business Administration, transmitting an analysis of the impact on small businesses of the ''Contract With America Tax Reform Act of 1995''; jointly, to the Committees on Small Business and Ways and Means.

¶57.4 MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 244) ''An Act to further the goals of the Paperwork Reduction Act to have Federal agencies become more responsible and publicly accountable for reducing the burden of Federal paperwork on the public, and for other purposes.''

¶57.5 SUBPOENA

The SPEAKER pro tempore, Mr. INGLIS, laid before the House a communication, which was read as follows:

APRIL 5, 1995.

Hon. NEWT GINGRICH,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that my office has received a subpoena issued by the Municipal Court of Manville, New Jersey.

After consultation with the General Counsel, I have determined that compliance with the subpoena is not consistent with the privileges and precedents of the House.

Sincerely,

BOB FRANKS,
Congressman.

¶57.6 WAIVING POINTS OF ORDER AGAINST THE CONFERENCE REPORT ON H.R. 889

Mr. DREIER, by direction of the Committee on Rules, called up the following resolution (H. Res. 129):