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REPORT ON THE LEGISLATIVE AND OVERSIGHT ACTIVITIES

OF THE

COMMITTEE ON WAYS AND MEANS

DURING THE

106TH CONGRESS



DECEMBER 21, 2000.—Committed to the Committee of the Whole House
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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC, December 20, 2000.

Hon. JEFF TRANDAHL,
*Clerk of the House of Representatives,
The Capitol, Washington DC.*

DEAR MR. TRANDAHL: I am herewith transmitting, pursuant to House Rule XI, clause 1(d), the report of the Committee on Ways and Means on its legislative and oversight activities during the 106th Congress. With best personal regards,

Sincerely,

BILL ARCHER, *Chairman.*

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FOREWORD

Clause 1(d) of Rule XI of the Rules of the House, regarding the rules of procedure for committees, contains a requirement that each committee prepare a report at the conclusion of each Congress summarizing its activities. The 104th Congress added subsections on legislative and oversight activities, including a summary comparison of oversight plans and eventual recommendations and actions. The full text of the Rule, as recodified in the 106th Congress, follows:

(d)(1) Each committee shall submit to the House not later than January 2 of each odd-numbered year a report on the activities of that committee under this rule and rule X during the Congress ending at noon on January 3 of such year.

(2) Such report shall include separate sections summarizing the legislative and oversight activities of that committee during that Congress.

(3) The oversight section of such report shall include a summary of the oversight plans submitted by the committee under clause 2(d) of rule X, a summary of the actions taken and recommendations made with respect to each such plan, a summary of any additional oversight activities undertaken by that committee, and any recommendations made or actions taken thereon.

(4) After an adjournment sine die of the last regular session of a Congress, the chairman of a committee may file an activities report under subparagraph (1) with the Clerk at any time and without approval of the committee, provided that—

(A) a copy of the report has been available to each member of the committee for at least seven calendar days; and

(B) the report includes any supplemental, minority, or additional view submitted by a member of the committee.

The jurisdiction of the Committee on Ways and Means during the 106th Congress is provided in Rule X, clause 1(s), as follows:

(s) Committee on Ways and Means.

(1) Customs, collection districts, and ports of entry and delivery.

(2) Reciprocal trade agreements.

(3) Revenue measures generally.

(4) Revenue measures relating to the insular possessions.

(5) The bonded debt of the United States (subject to the last sentence of clause 4(f)).

VIII

- (6) The deposit of public monies.
- (7) Transportation of dutiable goods.
- (8) Tax exempt foundations and charitable trusts.
- (9) National social security (except health care and facilities programs that are supported from general revenues as opposed to payroll deductions and except work incentive programs).

The general oversight responsibilities of committees are set forth in clause 2 of Rule X. The 104th Congress also added the requirement in clause 2 of Rule X that each standing committee submit its oversight plans for each Congress. The text of the Rule, as re-codified in the 106th Congress, in pertinent part, follows:

2. (a) The various standing committees shall have general oversight responsibilities as provided in paragraph (b) in order to assist the House in—

(1) its analysis, appraisal, and evaluation of—

(A) the application, administration, execution, and effectiveness of Federal laws; and

(B) conditions and circumstances that may indicate the necessity or desirability of enacting new or additional legislation; and

(2) its formulation, consideration, and enactment of changes in Federal laws, and of such additional legislation as may be necessary or appropriate.

(b)(1) In order to determine whether laws and programs addressing subjects within the jurisdiction of a committee are being implemented and carried out in accordance with the intent of Congress and whether they should be continued, curtailed, or eliminated, each standing committee (other than the Committee on Appropriations) shall review and study on a continuing basis—

(A) the application, administration, execution, and effectiveness of laws and programs addressing subjects within its jurisdiction;

(B) the organization and operation of the Federal agencies and entities having responsibilities for the administration and execution of laws and programs addressing subjects within its jurisdiction;

(C) any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation addressing subjects within its jurisdiction (whether or not a bill or resolution has been introduced with respect thereto); and

(D) future research and forecasting on subjects within its jurisdiction.

(2) Each committee to which subparagraph (1) applies having more than 20 members shall establish an oversight subcommittee, or require its subcommittees to conduct oversight in their respective jurisdictions, to assist in carrying out all its responsibilities under this clause. The establishment of an oversight subcommittee does not limit the responsibility of a subcommittee with legislative jurisdiction in carrying out its oversight responsibilities.

(c) Each standing committee shall review and study on a continuing basis the impact or probable impact of tax policies affecting subjects within its jurisdiction as described in clauses 1 and 3.

(d)(1) Not later than February 15 of the first session of a Congress, each standing committee shall, in a meeting that is open to the public and with a quorum present, adopt its oversight plans for that Congress. Such plan shall be submitted simultaneously to the Committee on Government Reform and to the Committee on House Administration. In developing its plan each committee shall, to the maximum extent feasible—

(A) consult with other committees that have jurisdiction over the same or related laws, programs, or agencies within its jurisdiction with the objective of ensuring maximum coordination and cooperation among committees when conducting reviews of such laws, programs, or agencies and include in its plan an explanation of steps that have been or will be taken to ensure such coordination and cooperation;

(B) give priority consideration to including in its plan the review of those laws, programs, or agencies operating under permanent budget authority or permanent statutory authority; and

(C) have a view toward ensuring that all significant laws, programs, or agencies within its jurisdiction are subject to review every ten years.

To carry out its work during the 106th Congress, the Committee on Ways and Means had five standing Subcommittees, as follows:

Subcommittee on Trade;
 Subcommittee on Oversight;
 Subcommittee on Health;
 Subcommittee on Social Security; and
 Subcommittee on Human Resources.

The membership of the five Subcommittees of the Committee on Ways and Means in the 106th Congress is as follows:

SUBCOMMITTEE ON TRADE

PHILIP M. CRANE, Illinois, *Chairman*

BILL THOMAS, California
 E. CLAY SHAW, JR., Florida
 AMO HOUGHTON, New York
 DAVE CAMP, Michigan
 JIM RAMSTAD, Minnesota
 JENNIFER DUNN, Washington
 WALLY HERGER, California
 JIM NUSSLE, Iowa

SANDER M. LEVIN, Michigan
 CHARLES B. RANGEL, New York
 RICHARD E. NEAL, Massachusetts
 MICHAEL R. McNULTY, New York
 WILLIAM J. JEFFERSON, Louisiana
 XAVIER BECERRA, California

SUBCOMMITTEE ON OVERSIGHT

AMO HOUGHTON, New York, *Chairman*

ROB PORTMAN, Ohio	WILLIAM J. COYNE, Pennsylvania
JENNIFER DUNN, Washington	MICHAEL R. McNULTY, New York
WES WATKINS, Oklahoma	JIM McDERMOTT, Washington
JERRY WELLER, Illinois	JOHN LEWIS, Georgia
KENNY HULSHOF, Missouri	RICHARD E. NEAL, Massachusetts
J.D. HAYWORTH, Arizona	
SCOTT McINNIS, Colorado	

SUBCOMMITTEE ON HEALTH

BILL THOMAS, California, *Chairman*

NANCY L. JOHNSON, Connecticut	FORTNEY PETE STARK, California
JIM McCRERY, Louisiana	GERALD D. KLECZKA, Wisconsin
PHILIP M. CRANE, Illinois	JOHN LEWIS, Georgia
SAM JOHNSON, Texas	JIM McDERMOTT, Washington
DAVE CAMP, Michigan	KAREN L. THURMAN, Florida
JIM RAMSTAD, Minnesota	
PHILIP S. ENGLISH, Pennsylvania	

SUBCOMMITTEE ON SOCIAL SECURITY

E. CLAY SHAW, JR., Florida, *Chairman*

SAM JOHNSON, Texas	ROBERT T. MATSUI, California
MAC COLLINS, Georgia	SANDER M. LEVIN, Michigan
ROB PORTMAN, Ohio	JOHN S. TANNER, Tennessee
J.D. HAYWORTH, Arizona	LLOYD DOGGETT, Texas
JERRY WELLER, Illinois	BENJAMIN L. CARDIN, Maryland
KENNY HULSHOF, Missouri	
JIM McCRERY, Louisiana	

SUBCOMMITTEE ON HUMAN RESOURCES

NANCY L. JOHNSON, Connecticut, *Chairman*

PHILIP S. ENGLISH, Pennsylvania	BENJAMIN L. CARDIN, Maryland
WES WATKINS, Oklahoma	FORTNEY PETE STARK, California
RON LEWIS, Georgia	ROBERT T. MATSUI, California
MARK FOLEY, Florida	WILLIAM J. COYNE, Pennsylvania
SCOTT McINNIS, Colorado	WILLIAM J. JEFFERSON, Louisiana
JIM McCRERY, Louisiana	
DAVE CAMP, Michigan	

The Committee on Ways and Means submits its report on its legislative and oversight activities for the 106th Congress pursuant to the above stated provisions of the Rules of the House. Section I of the report describes the Committees' legislative activities, divided into seven sections as follows: Legislative Review of Tax, Trust Fund, and Pension Issues; Legislative Review of Trade Issues; Legislative Review of Health Issues; Legislative Review of Social Security Issues; Legislative Review of Human Resources Issues; and Legislative Review of Debt Issues.

Section II of the report describes the Committees' oversight activities. It includes a copy of the Committee's Oversight Agenda, adopted in open session on February 11, 1999, along with a description of actions taken and recommendations made with respect to the oversight plan. The report then discusses additional Committee oversight activities, and any recommendations or actions taken as a result. Finally, the report includes three appendices with Committee information which was historically included in a separate committee publication (see WMCP: 103–29). Appendix I is an expanded discussion of the Jurisdiction of the Committee on

Ways and Means along with a revised listing and explanation of blue slip resolutions and points of order under House Rule XXI 5(b), previously included in the Committee's "Overview of the Federal Tax System" (WMCP: 103-17). Appendix II is a brief Historical Note on the origins of the Committee; Appendix III is a Statistical Review of the Activities of the Committee on Ways and Means; and Appendix IV is a listing of the Chairmen and Membership of the Committee from the 1st-106th Congresses.

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REPORT ON THE LEGISLATIVE AND OVERSIGHT ACTIVITIES OF THE COMMITTEE ON WAYS AND MEANS DURING THE 106TH CONGRESS

DECEMBER 21, 2000.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means,
submitted the following

REPORT

I. Legislative Activity Review

A. LEGISLATIVE REVIEW OF TAX, TRUST FUND, AND PENSION ISSUES

1. BILLS ENACTED INTO LAW DURING THE 106TH CONGRESS

a. Operation Allied Force

On April 13, 1999, Committee Chairman Archer introduced, and the Committee marked up, H.R. 1376, a bill to extend tax relief for personnel involved in Operation Allied Force (H. Rept. 106-90). The bill passed the House and the Senate on April 15, 1999, and the President signed it on April 19, 1999 (P.L. 106-21).

In summary, the bill extended combat zone tax benefits to those serving in (or in support of) Operation Allied Force by treating the Federal Republic of Yugoslavia (Serbia/Montenegro), Albania, the Adriatic Sea, and the northern Ionian Sea (including all of their airspaces) as a qualified hazardous duty area. Thus, military personnel serving in this area became entitled to various types of tax relief, including an exemption for compensation earned while in the hazardous duty area, a suspension of various tax filing and payment requirements, and an exemption from telephone excise taxes. In addition, military personnel serving as part of Operation Allied Force but performing services outside of the qualified hazardous duty area qualified for the suspension of various tax filing and payment requirements, provided that their services were performed outside the United States and while deployed away from their permanent duty stations.

b. Tax Relief Extension Act of 1999

On September 23, 1999, Committee Chairman Archer introduced H.R. 2923, a bill to extend certain expiring provisions, to fully allow nonrefundable personal income tax credits against regular tax liability, and for other purposes. Many of its provisions were substantially identical to provisions in H.R. 2488 discussed in section I.A.2.a., below. On September 27, 1999, the Committee marked up H.R. 2923 (H. Rept. 106–344). The provisions of the bill were incorporated (along with other tax provisions) into the conference report on H.R. 1180, the “Ticket to Work and Work Incentives Improvement Act of 1999” (Conference Rept. 106–478), and that bill was signed by the President on December 17, 1999 (P.L. 106–170).

In summary, the bill extended through December 31, 2001, the following provisions: Alternative Minimum Tax treatment of non-refundable credits, subpart F exception for active financing income, suspension of the 100 percent net income limit for marginal oil and gas properties, work opportunity tax credit, welfare to work credit, employer provided educational assistance, section 45 credit (with modifications), qualified zone academy bond program (with modifications), D.C. homebuyer credit, brownfields environmental remediation, and rum excise tax coverover to Puerto Rico and the Virgin Islands. The research and experimentation tax credit was extended until June 30, 2004 (and expanded to cover research in Puerto Rico). The bill included several time sensitive provisions, including provisions related to Administrative Pricing Agreements, potential Y2K failures, *Streptococcus pneumoniae* vaccines, dyed fuels, and farm production payments. The bill also included several revenue offsets, including provisions to clarify the tax treatment of income and losses from derivatives, require the reporting of cancellation of indebtedness by non-banks, prevent conversion of ordinary income and short-term capital gains into long-term capital gains, allow transfers of excess defined benefit plan assets for retiree health, modify the installment method of accounting and prohibit its use by accrual basis taxpayers, clarify the treatment of charitable split dollar life insurance, modify the tax treatment of distributions of corporate stock by a partnership to a corporate partner, allow Real Estate Investment Trusts (“REITs”) to have taxable subsidiaries, prevent owners of REITS from delaying estimated tax payments, and modify the individual estimated tax safe harbor for taxpayers with adjusted gross incomes in the prior year in excess of \$150,000.

c. Full and Fair Political Activities Disclosure Act of 2000

On June 22, 2000, the Committee marked up H.R. 4717 (H. Rept. 106–702). On June 27, 2000, Subcommittee Chairman Houghton introduced H.R. 4762, a bill similar to H.R. 4717. The House subsequently passed under suspension of the rules, H.R. 4762, on June 28, 2000; the Senate passed the bill on June 29, 2000, and the President signed the bill into law July 1, 2000 (P.L. 106–230).

In summary, H.R. 4762 would require a political organization to give notice within 24 hours of being established in order to be eligible for treatment under section 527 of the Internal Revenue Code. The bill also provides that if notice is given after such period, the organization shall not be so treated for any period before the notice is given. In the case of an organization failing to give such notice, the bill requires the organization’s taxable income to be computed

by taking into account any exempt function income (and any deductions directly connected with the production of such income). The bill excepts certain organizations from the notification requirement. The bill makes information on organizations that file such notices, and such notices, publicly available, prescribes monetary penalties for failures to meet certain public availability requirements, and grants existing organizations to whom the bill applied 30 days from the enactment date to file a notice. The bill prescribes tax penalties for failures by political organizations to make certain disclosures of contributions and expenditures for exempt functions, exempts certain organizations and political committees from the disclosure requirement, makes such disclosures publicly available, and prescribes monetary penalties for failures to make disclosures available for inspection. The bill requires political organizations which have gross receipts of \$25,000 or more per taxable year, with an exception, to file tax returns, provides for public disclosure of such returns, and prescribes monetary penalties for failures to file or provide correct information.

d. Miscellaneous Trade and Technical Corrections Act of 1999

In addition to the trade provisions of H.R. 435, the “Miscellaneous Trade and Technical Corrections Act of 1999” (more fully described in section I.B.8.a., below), the bill included one provision amending the Internal Revenue Code. The provision generally would eliminate the distinction between the assumption of a liability and the acquisition of an asset subject to a liability for transfers after October 18, 1998. The “Miscellaneous Trade and Technical Corrections Act of 1998,” H.R. 4856, as passed by the House on October 20, 1998, contained a substantially identical provision.

e. Trade and Development Act of 2000

In addition to the trade provisions of H.R. 434, the “Trade and Development Act of 2000” (more fully described in section I.B.7., below), the bill included two tax-related provisions. One provision permits the President to waive the foreign tax credit restrictions of Internal Revenue Code section 901(j) if the President determines that such a waiver is in the U.S. national interest and will expand trade opportunities for U.S. companies. The other provision accelerates the payment of amounts attributable to the increase in the rum coverover rate to \$13.25 per proof gallon (as provided for in H.R. 1180, the “Ticket to Work and Work Incentives Improvements Act of 1999”). In addition, the bill includes two clarifications to the rules governing coverover payments.

f. FSC Repeal and Extraterritorial Income Exclusion Act of 2000

On July 27, 2000, Committee Chairman Archer introduced, and the Committee marked up, H.R. 4986, the “FSC Repeal and Extraterritorial Income Exclusion Act of 2000” (H. Rept. 106–845). The bill passed the House on September 13, 2000. The Senate passed an amended version of the bill (identical to the provision included in the conference report to H.R. 2614) on November 1, 2000. The House passed the Senate amendment on November 14, 2000, and the President signed the bill into law on November 15, 2000 (P.L. 106–519).

In response to World Trade Organization (WTO) dispute settlement decisions, the bill repealed the provisions of the Internal Revenue Code relating to foreign sales corporations (FSCs). To comply with this WTO decision and to prevent U.S. workers and companies from being disadvantaged, the bill reforms current tax rules to exclude certain extraterritorial income from gross income. As under a territorial tax system, taxpayers with certain foreign trade income would avoid double taxation of income through an exemption from U.S. taxation (rather than through a foreign tax credit relating to such income).

The bill generally applies to transactions after September 30, 2000. No new FSCs would be able to be formed after September 30, 2000, and a limited transition period would apply to existing FSCs.

g. Community Renewal Tax Relief Act of 2000

On July 24, 2000, Representative Watts introduced H.R. 4923, the "Community Renewal and New Markets Act of 2000." On July 25, 2000, the House passed H.R. 4923. Titles I, IV, and V of the bill included provisions similar to sections 701 through 705, 1101 through 1107 and 1181 of H.R. 2488, the "Taxpayer Refund and Relief Act of 1999," and sections 401 through 405, 501 through 507, and 511 of H.R. 3081, the "Small Business Tax Fairness Act." Provisions substantially similar to H.R. 4923 were also included in title VI of H.R. 5542, the "Taxpayer Relief Act of 2000," as incorporated into the conference report on H.R. 2614. On December 14, 2000, Chairman Archer introduced H.R. 5662, the "Community Renewal and New Markets Act," which included provisions identical to title VI of H.R. 5542.

On September 26, 2000, the House passed under suspension of the rules H.R. 5117, the "Missing Children Tax Fairness Act of 2000." The provisions of the bill were subsequently included in H.R. 2614, the "Taxpayer Relief Act of 2000" (see section I.A.2.b., below) and H.R. 5662. The bill would have clarified that families could continue to claim the child credit, dependent exemption and the earned income credit in the case of abducted children.

On May 25, 2000, Congressman Thomas Ewing introduced H.R. 4541, the "Commodity Futures Modernization Act of 2000." On October 19, 2000, the bill passed the House under suspension of the rules. The bill, as passed by the House, included several changes to the Internal Revenue Code. These tax-related provisions generally modified the tax treatment of securities futures contracts. The tax-related provisions of H.R. 4541 were included in H.R. 5662.

The provisions of H.R. 5662 were incorporated by reference into the conference report on H.R. 4577. H.R. 4577 passed the House and Senate on December 15, 2000.

In summary, the bill establishes a procedure for the designation of 40 "renewal communities," at least eight of which must be in rural areas. Once an area is designated as a renewal community, individuals and businesses located in the renewal community would be eligible for a variety of tax incentives: a zero capital gains rate, increased expensing for small businesses, an employment wage credit, and community revitalization deductions. The bill also permits the designation of nine new empowerment zones and expands and extends current empowerment zone tax benefits. The bill permits the Treasury Department to direct the allocation of up

to \$7.5 billion in “New Markets Tax Credits” to community development entities that provide assistance to individuals and businesses in low-income areas. The bill also includes an increase in the low income housing tax credit and an acceleration of the scheduled increase in the private activity bond volume cap. In addition, the bill permits greater deduction (rather than capitalization) of certain environmental remediation costs.

H.R. 5662 also renamed “medical savings accounts” as “Archer MSAs” and extended the program for two more years. The bill also extended the D.C. homebuyer credit for two years and the D.C. enterprise zone for one year. It extended and modified the enhanced deduction for corporate donations of computer technology and modified the tax treatment of Indian tribes for FUTA purposes. The bill included several administrative provisions and technical corrections, substantially identical to those in H.R. 5542 (see I.A.2.b., below).

2. COMPREHENSIVE TAX RELIEF PROPOSALS

a. Taxpayer Refund and Relief Act of 1999

On January 20, 1999, the Committee held hearings on the Outlook for the State of the U.S. Economy in 1999. On February 4 and March 10, 1999, the Committee held hearings on the President’s Fiscal Year 2000 Budget. On June 16 and 23, 1999, the Committee held hearings on Reducing the Tax Burden. On June 30, 1999, the Committee held a hearing on the Impact of U.S. Tax Rules on International Competitiveness.

On July 13, 1999, Committee Chairman Archer introduced H.R. 2488, the “Financial Freedom Act of 1999.” On July 13 and 14, 2000, the Committee marked up the bill (H. Rept. 106–238). The House passed the bill on July 22, 1999. The Senate passed the bill, as amended, on July 30, 1999. On August 4, 1999, the conference report on H.R. 2488 (H. Rept. 106–289), retitled the “Taxpayer Refund and Relief Act of 1999,” was filed. The House passed the conference report, as did the Senate, on August 5, 1999. The President vetoed the bill on September 23, 1999.

In summary, title I of the conference report included broad-based and family tax relief, including a reduction in individual income tax rates and expansion of the lowest individual regular income tax rate bracket, marriage penalty relief provisions (see section I.A.3.a., below), and repeal of the individual alternative minimum tax. Title II included capital gains tax relief and IRA changes. Title III consisted of business alternative minimum tax relief. Titles IV, V, and VI included education savings incentives (see section I.A.3.g., below), health care provisions (see section I.A.3.i., below), and death tax relief (see section I.A.3.b., below). Title VII would have provided tax relief for distressed communities and industries, including renewal communities (see section I.A.1.g., above) and farming, oil and gas, and timber incentives. Title VIII related to tax relief for small businesses (see section I.A.3.h., below). International tax relief, including modification of the interest allocation rules, was included in title IX, and provisions relating to tax-exempt organizations were included in title X. Title XI consisted of real estate provisions, including an increase in the low income housing tax credit (see section I.A.1.g., above) and a provision allowing tax-

able REIT subsidiaries. Title XII was composed of provisions relating to pensions (see section I.A.3.e., below). Title XIII included miscellaneous provisions affecting individuals, businesses, excise taxes, and the United States Tax Court. Title XIV would have extended several expiring provisions (see section I.A.1.b., above). Title XV included several revenue offsets.

b. Taxpayer Relief Act of 2000

On October 25, 2000, Representative Armev introduced H.R. 5542, the “Taxpayer Relief Act of 2000.” The provisions of H.R. 5542 were incorporated by reference into the conference report on H.R. 2614. The conference report on H.R. 2614 passed the House on October 26, 2000.

In summary, the bill included several provisions similar to or identical to provisions that had previously passed the House, including FSC repeal and extraterritorial income exclusion (see section I.A.1.f., above), small business tax relief (see section I.A.3.h., below), health insurance and long-term care insurance provisions (see section I.A.3.i., below), pension and individual retirement arrangement provisions (see section I.A.3.e., below), tax-exempt bond provisions for school construction (see section I.A.3.g., below) and an expansion of the qualified zone academy bond program, and community revitalization (see section I.A.1.g., above). The bill also included several administrative and miscellaneous provisions and technical corrections (see section I.A.1.g., above).

3. ISSUE SPECIFIC TAX BILLS

a. Marriage Tax Penalty Relief

On February 10, 1999, Representative Weller introduced H.R. 6. See discussion of the “Taxpayer Refund and Relief Act of 1999” at section I.A.2.a., above, for earlier action relating to marriage tax penalty relief. On February 2, 2000, the Full Committee marked up and ordered reported with an amendment, H.R. 6, the “Marriage Tax Penalty Relief Act of 2000.” The report was filed on February 7, 2000 (H. Rept. 106–493) and the House passed the bill on February 10, 2000. Pursuant to H.Con.Res. 290, budget reconciliation for Fiscal Year 2001, the provisions of H.R. 6 were introduced as H.R. 4810 and passed by the House on July 12, 2000. H.R. 4810 was amended and approved by the Senate on July 18, 2000. On July 19, 2000, a conference report to accompany H.R. 4810 was filed (H. Rept. 106–765) and was passed by the House on July 20 by a vote of 271–156 and by the Senate on July 21, 2000, by a vote of 60–34. On August 5, 2000, the President vetoed H.R. 4810. On September 13, 2000, the House failed to override the President’s veto.

In summary, H.R. 6 would have provided net tax reduction of over \$50 billion during the period Fiscal Year 2000–2005. Under the bill, the basic standard deduction for a married couple filing a joint return would have increased to twice that of a taxpayer filing a single return, effective for tax years after 2000. The bill also would have expanded, over a six-year phase-in period beginning in tax years after 2002, the 15 percent regular income tax bracket for a married couple filing a joint return to twice the size of the corresponding bracket for a single return. In addition, H.R. 6 would

have repealed current law provisions that offset refundable income tax credits by the amount of the alternative minimum tax (AMT), effective for tax years after 2001. Finally, the bill would have increased by \$2,000 the beginning and ending income levels for the earned income credit (EIC) phaseout for married couples filing jointly, effective for tax years after 2000.

The conference agreement would have provided over \$89 billion of net tax relief over fiscal years 2001–05, incorporating many of the provisions of the House passed bill. The primary difference related to the effective dates of the provisions. Under the conference agreement, the standard deduction and EIC increases, together with the 15 percent bracket expansion, would have been effective in tax year 2000. Finally, all of the tax reductions would have sunset January 1, 2005.

b. Death Tax Repeal

On February 25, 1999, Representative Dunn introduced H.R. 8, the “Death Tax Elimination Act.” On May, 25, 2000, the Committee marked up H.R. 8, retitled the “Death Tax Elimination Act of 2000” (H. Rept. 106–651). The bill passed the House on June 9, 2000, by a vote of 279–136 and the Senate on July 14, 2000 by a vote of 59–39. The bill was vetoed by the President on August 31, 2000, and the House failed to override the veto on September 7, 2000.

In summary, the bill provided for a phased-in repeal of estate, gift, and generation-skipping taxes. Prior to full repeal in 2010, the estate and gift tax rates (and the generation-skipping tax rate) would have been reduced as follows. Beginning in 2001, the 55 percent tax rate and the 5 percent surtax would have been repealed. Beginning in 2002, the highest rate would be 50 percent. Each of these rates would be reduced by 1 percentage point per year from 2003 through 2006, 1.5 percentage point in 2007, and 2 percentage points in 2008 and 2009. However, no rate would be reduced below the lowest general individual income tax rate for unmarried individuals and the highest rate would not be reduced below the highest general individual income tax rate for unmarried individuals. From 2003 through 2009, the State death tax credit rates would be reduced in proportion to the Federal estate and gift tax rate reductions. Beginning in 2001, the unified estate and gift tax credit would be replaced by an exemption. After repeal of the estate, gift, and generation skipping taxes, the basis of assets received from a decedent generally would be the basis of the decedent (i.e., carry-over basis); however, current law basis step up rules would be retained for \$3 million of assets left to a surviving spouse and \$1.3 million of other assets left to any beneficiary (the \$3 million and \$1.3 million figures would be indexed for inflation).

The bill would have made a number of simplifying changes to the generation-skipping tax prior to its repeal. In addition, the bill would have expanded the availability of the estate tax rule for qualified conservation easements by modifying the distance requirements. Under the bill, the maximum distance of eligible land from a metropolitan area, national park, or wilderness area would have been increased from 25 to 50 miles, and from an Urban National Forest, it would have been increased from 10 to 25 miles. The bill also would have clarified that the date for determining

easement compliance would be the date on which the donation was made.

c. Railroad Retirement

On July 13, 2000, Representative Shuster introduced H.R. 4844, the "Railroad Retirement and Survivors Improvement Act of 2000." On July 25, 2000, the Committee marked up H.R. 4844 (H. Rept. 106-777, Part 2). On September 7, 2000, the House passed the bill under suspension of the rules. No further action taken by Senate.

In summary, the tax provisions of the bill would have lowered the Tier 2 tax rate on employers from 16.1 percent to 15.6 percent in calendar year 2001 and 14.2 percent in 2002. Beginning in calendar year 2003, the bill would have provided for automatic modifications in the Tier 2 tax rates for employers and employees based on the ratio of certain asset balances to the sum of benefits and administrative expenses (average account benefits ratio). If the average account benefits ratio were to fall between 4.0 and 6.1, the tax rate for employers and employees would have been 13.1 percent and 4.9 percent, respectively. If the ratio were to fall below 4.0, the tax rate for employers would have automatically increased to a level specified in the law. If the ratio were to exceed 6.0, the tax rate for employers and employees would have decreased to a level specified in the law. In addition to the changes in the Tier 2 tax rate, the bill would have repealed the supplemental annuity tax paid by employers.

As passed by the Committee, the bill would have repealed the 4.3 cents-per-gallon General Fund excise taxes on diesel fuel used in trains and fuel used in barges operating on the designated inland waterways system, effective on October 1, 2000.

d. Social Security Benefits Taxation

On July 17, 2000, Committee Chairman Archer introduced H.R. 4865, the "Social Security Benefits Tax Relief Act of 2000." On July 19, 2000, the Committee marked up H. Rept. 106-780. The House passed the bill on July 27, 2000. No further action taken by Senate.

In summary, the "Social Security Benefits Tax Relief Act," would have repealed the second-tier, 85 percent inclusion of Social Security benefits enacted as part of the 1993 Omnibus Budget Reconciliation Act. Thus, the maximum amount of Social Security benefits included in gross income would have been reduced to 50 percent under the Committee bill. The amount equal to the revenues from the income taxation of Social Security benefits which would have been credited to the HI Trust Fund under the 1993 Act (but would not be credited under the repeal contained in this bill) would have been transferred to the Hospital Insurance Trust Fund from the general fund in the U.S. Department of the Treasury. The provisions would have been effective for taxable years beginning after December 31, 2000.

e. Pension Reform

On March 23, 1999, the Committee on Ways and Means Subcommittee on Oversight held a hearing on pension issues. On June 16, 1999, the Committee on Ways and Means held a hearing on enhancing retirement and health security.

The House passed pension reform five times during the 106th Congress, the first occasion in H.R. 2488, the “Taxpayer Refund and Relief Act of 1999.” For a history of that bill, refer to section I.A.2.a., above.

In summary, title II of H.R. 2488 contained a number of Individual Retirement Account (IRA) reform provisions, including: an increase in the maximum contribution limit for traditional and Roth IRAs, catch-up contributions to traditional and Roth IRAs for individuals age 50 and above, and an increase in the income limits for Roth IRA contributions and conversions. Title XII of H.R. 2488 contained a series of pension reform provisions. Subtitle A contained provisions for expanding coverage, including an increase in contribution and benefit limits, an increase in the deduction limits, modification of the top-heavy rules, and an option to treat elective deferrals as after-tax contributions. Subtitle B contained provisions for enhancing fairness for women and other participants, including additional catch-up contributions to 401(k)-type plans for individuals age 50 and above, faster vesting of employer matching contributions, and simplification and modification of the minimum required distribution rules. Subtitle C contained provisions for increasing the portability of retirement plan assets, including roll-overs between different types of retirement plans and IRAs, roll-overs of after-tax contributions, the elimination of the same-desk rule, and the purchase of service credit under governmental pension plans. Subtitle D contained provisions for strengthening pension security and enforcement, including a phase-in of the repeal of the current liability funding limit, an expansion of the maximum deduction rule, notice of significant reduction in plan benefit accruals, and the repeal of the 100 percent of compensation limit under section 415 for multiemployer plans. Subtitle E contained provisions for reducing regulatory burdens, including modification of the timing of plan valuations, reinvestment of Employee Stock Ownership Plan (“ESOP”) dividends without loss of the deduction, clarification of the treatment of employer-provided retirement advice, and modification of the nondiscrimination rules.

The House again passed pension reform in H.R. 3081, the “Wage and Employment Growth Act of 1999.” For a history of the bill, refer to section I.A.3.h., below.

In summary, title II of H.R. 3081 generally contained the same pension package as that included in title XII of H.R. 2488, the “Taxpayer Refund and Relief Act of 1999.” The principal difference was that the pension package in H.R. 3081 did not contain any modifications to the Employee Retirement Income Security Act of 1974 (“ERISA”). In addition, H.R. 3081 did not contain any modifications to the IRA rules.

On March 9, 1999, Representative Portman introduced H.R. 1102, the Comprehensive Retirement Security and Pension Reform Act.” On July 13, 2000, Committee Chairman Archer introduced, and the Committee marked up, H.R. 4843, the “Comprehensive Retirement Security and Pension Reform Act of 2000” (H. Rept. 106–753). The text of H.R. 4843 was then substituted into H.R. 1102, the “Comprehensive Retirement Security and Pension Reform Act of 2000,” and the House passed H.R. 1102 on July 19, 2000. On September 13, 2000, the Senate Finance Committee marked up

H.R. 1102, the “Retirement Security and Savings Act of 2000,” and reported the bill, as amended.

In summary, the House-passed version of H.R. 1102 generally contained the same pension package as that included in title XII of H.R. 2488, the “Taxpayer Refund and Relief Act of 1999,” and H.R. 3081, the “Small Business Tax Fairness Act of 2000.” The principal differences were that H.R. 1102 increased the deduction limit for contributions to stock bonus and profit sharing plans, provided that catch-up contributions to 401(k)-type plans are subject to the nondiscrimination and top-heavy rules, modified the section 415 aggregation rules that apply to multiemployer plans, and provided rules for prohibited allocations of stock in ESOPs of subchapter S corporations. The House-passed version of H.R. 1102 also increased the maximum contribution limit for traditional and Roth IRAs and provided for catch-up contributions to traditional and Roth IRAs for individuals age 50 and above.

On September 19, 2000, the House of Representatives passed H.R. 5203, the “Debt Relief and Retirement Security Reconciliation Act.” Division B of H.R. 5203 contained the same pension and IRA package as that contained in H.R. 1102, as passed by the House of Representatives on July 19, 2000.

The House passed pension reform for a fifth time as part of H.R. 2614 which incorporated H.R. 5542, the “Taxpayer Relief Act of 2000.” For a history of that bill, refer to section I.A.2.b., above.

Title IV of H.R. 5542, as incorporated by reference in H.R. 2614, generally contained the same pension package as that included in title XII of H.R. 2488, the “Taxpayer Refund and Relief Act of 1999,” H.R. 3081, the “Small Business Tax Fairness Act of 2000,” H.R. 1102, the “Comprehensive Retirement Security and Pension Reform Act of 2000,” and H.R. 5203, the “Debt Relief and Retirement Security Reconciliation Act.” The principal differences were that H.R. 5542 increased the deduction limit for contributions to stock bonus and profit sharing plans to 25 percent of compensation and included modifications to the Employee Retirement Income Security Act of 1974 (“ERISA”). H.R. 5542 also increased the maximum contribution limit for traditional and Roth IRAs, provided for catch-up contributions to traditional and Roth IRAs for individuals age 50 and above, increased the income limits for deductible IRA contributions and Roth IRA contributions and conversions, and allowed tax-free withdrawals from IRAs for charitable purposes.

f. Telephone Excise Tax Repeal

On March 14, 2000, Representative Portman introduced H.R. 3916, a bill to repeal the Federal excise tax on telephone and other communication services. On May 16, 2000, the Oversight Subcommittee held a hearing on internet taxation issues including the repeal of the telephone excise tax. On May 17, 2000, the Committee marked up H.R. 3916 (H. Rept. 106–631). The House passed the bill on May 25, 2000. The Senate Finance Committee reported the bill with an amendment on July 5, 2000 (S. Rept. 106–328). No further action taken. On July 27, 2000, the conference committee on H.R. 4516, the “Legislative Branch Appropriations and Treasury Postal Appropriations for FY 2001,” included a repeal of the communications excise tax, effective October 1, 2000. The House passed the conference report on September 14, 2000 and the Senate

passed the conference report on October 12, 2000. The legislation was vetoed by the President on October 30, 2000.

g. Education Tax Incentives

On March 1, 1999, Representative Hulshof introduced H.R. 7, the "Education Savings and School Excellence Act of 1999." The Ways and Means Committee held hearings on June 23, 1999, on proposals to strengthen families, including measures to provide education tax incentives. On March 22, 2000, the Committee marked up H.R. 7, retitled as the "Education Savings and School Excellence Act of 2000" (H. Rept. 106-546). No further action taken.

In summary, the bill would have increased the annual contribution limit to education savings accounts or "ESAs" (also known as education IRAs) from \$500 to \$2,000 per beneficiary and allowed corporate contributions to such accounts. Limitations were waived in the case of special needs beneficiaries. In addition, the bill would have permitted contributions to ESAs for a year until April 15 of the following tax year. The changes would have been effective for taxable years after December 31, 2000. The bill would have allowed tax-free distributions from ESAs for qualified elementary and secondary school expenses, in addition to higher education costs, effective January 1, 2001.

Both the contribution and earnings portions of distributions from qualified State tuition programs would have been excludable from gross income, beginning in 2001. In addition, private colleges would have been allowed to offer pre-paid tuition plans. As with State-sponsored tuition plans, distributions from private pre-paid plans would have been tax-free.

The bill would have increased the income limits for purposes of the student loan interest deduction so that individuals with adjusted gross incomes of up to \$45,000 could have claimed a deduction of up to \$2,500 in 2001. The bill also would have eliminated the marriage tax penalty contained in the student loan interest rules so that the beginning point of the phaseout range would be twice the phaseout limit for single taxpayers. In addition, the bill would have repealed the 60-month limitation during which interest may be deducted and the restriction that nonmandatory payments of interest are not deductible.

The bill would have provided tax-free treatment under section 117 of the Internal Revenue Code for the National Health Corps Scholarships and certain other Federal- and State-sponsored health scholarship programs.

The bill would have increased the small issuer tax exempt bond exception to \$15 million, provided that at least \$10 million of the bonds are issued to finance public schools, effective for bonds issued after 2000. In addition, the bill would have liberalized the construction bond expenditure rule for certain public school bonds.

The bill would have extended for one year, through December 31, 2001, the current law provisions which allow corporations to claim an enhanced charitable deduction for contributions of computers to elementary and secondary schools.

The bill would have provided that the 2-percent floor limitation on miscellaneous itemized deductions not apply to certain professional development expenses of elementary and secondary teachers, effective after December 31, 2000.

h. Small Business Tax Relief

On October 14, 1999, Representative Lazio introduced H.R. 3081, the “Wage and Employment Growth Act of 1999.” On November 11, 1999, the Committee marked up H.R. 3081 (H. Rept. 106–467). On March 6, 2000, Committee Chairman Archer introduced H.R. 3832, the “Small Business Tax Fairness Act of 2000.” On March 9, 2000, pursuant to H. Res. 434, the text of H.R. 3832 was considered as adopted in H.R. 3081, in lieu of the Committee on Ways and Means amendment printed in H.R. 3081. H.R. 3081, as so amended, passed the House on March 9, 2000.

In summary, the bill contained tax incentives for small businesses, including an acceleration of the scheduled increase in the 100 percent deduction for health insurance costs of self-employed persons, an increase in the trade or business property expensing limit, an increased deduction for meal expenses, modifications to the income averaging rules for farmers and fishermen, and repeal of the occupational taxes for distilled spirits, wine, and beer. The bill also included provisions related to pension reform (see section I.A.3.e., above), death tax relief (see section I.A.3.b., above), tax relief for distressed communities (see section I.A.1.g., above) and industries, and modifications to the low income housing tax credit and bond volume cap (see section I.A.1.g., above).

i. Health Care

On June 16, 1999, the Committee on Ways and Means held a hearing on enhancing retirement and health security.

The House passed three health care packages during the 106th Congress. The first of these packages was included in H.R. 2488, the “Taxpayer Refund and Relief Act of 1999.” For a history of that bill, refer to section I.A.2.a., above.

In summary, title V of the bill contained a series of health care provisions, including an above-the-line deduction for health and long-term care insurance expenses, the allowance of long-term care insurance to be offered as part of a cafeteria plan, and an additional dependency deduction for caretakers of elderly family members. Title VIII of the bill contained a series of small business tax relief provisions, including an acceleration to 100 percent of the self-employed health insurance deduction. Title XIV of the bill contained a series of miscellaneous provisions, including a credit for clinical testing research expenses attributable to certain qualified academic institutions.

On September 30, 1999, Representative Talent introduced H.R. 2990, the “Quality Care for the Uninsured Act of 1999.” On October 7, 1999, the House of Representatives passed H.R. 2990. H.R. 2990 was organized into two divisions: Division A was the “Quality Care for the Uninsured Act of 1999,” and Division B was the “Bipartisan Consensus Managed Care Improvement Act of 1999.”

In summary, Division A of H.R. 2990 generally contained the same health care package as that included in H.R. 2488, the “Taxpayer Refund and Relief Act of 1999.” The principal difference was that H.R. 2990 modified and expanded the rules applicable to medical savings accounts (MSAs) by making the program permanent, providing for full availability of the program, lowering the minimum deductible, increasing permitted contributions, permitting

both employee and employer contributions, and allowing MSAs to be offered as part of cafeteria plans.

The house again passed a health care package as part of H.R. 2614 which incorporated H.R. 5542, the "Taxpayer Relief Act of 2000." For a history of that bill, refer to section I.A.2.b., above.

Title III of H.R. 5542, as incorporated by reference in H.R. 2614, contained various health and long-term care provisions, including an above-the-line deduction for health and long-term care insurance expenses, an acceleration to 100 percent of the self-employed health insurance deduction, a two-year extension of the medical savings account program, and an additional personal deduction to caretakers of family members.

j. Taxpayer Bill of Rights 2000

On April 4, 2000, Rep. Amo Houghton introduced H.R. 4163, the Taxpayer Bill of Rights 2000. On April 5, 2000, the Committee marked up H.R. 4163 (H. Rept. 106-566). The House subsequently passed, under suspension of the rules, H.R. 4163, on April 11, 2000.

In summary, H.R. 4163 would convert the present-law penalty for failure to pay estimated tax into an interest provision; increase the threshold for underpayment of estimated tax from \$1,000 to \$2,000; simplify estimated tax calculations; exclude from gross income interest that is paid by the Internal Revenue Service (IRS) to individual taxpayers on overpayments of Federal income tax.

The bill would repeal the present-law penalty for failure to pay tax for taxpayers who have entered into installment agreements; reduce the failure to pay tax penalty for all other taxpayers who have not entered into installment agreements; expand the circumstances in which interest on an underpayment of tax may be abated; and allow taxpayers to limit their exposure to underpayment interest through the use of a qualified reserve account. In the case of an individual taxpayer, the interest netting rules would be applied without regard to the 45-day period in which the Secretary of the Treasury may refund an overpayment of tax without the payment of interest under section 6611(e).

The bill would require the IRS to disclose all advice or instructions issued to IRS or Chief Counsel employees that convey: (1) a legal interpretation of a revenue provision, (2) an IRS or Chief Counsel policy concerning a revenue provision, or (3) a legal interpretation of State law, foreign law, or other Federal law relating to the assessment or collection of any liability under a revenue provision.

The bill would require that a State conduct annual on-site reviews of all of its contractors receiving Federal returns and return information as agents of the State tax administration agency to assess the contractors' efforts to safeguard Federal returns and return information. The bill would impose higher standards to protect taxpayers when they are requested to disclose tax return information, such as on a mortgage application. The bill includes provisions to prevent taxpayers from being coerced into signing incomplete disclosure forms.

k. Right-To-Know National Payroll Act

On July 18, 2000, the House passed under suspension of the rules H.R. 1264. The bill would have required that employers show on IRS form W-2 for each employee the employer's share of taxes for old-age, survivors, and disability insurance and for hospital insurance for the employee as well as the total amount of such taxes for the employee.

4. ADDITIONAL TAX MATTERS

a. Federal Retirement Coverage Corrections Act

On February 11, 1999, the Committee marked up H.R. 416, the "Federal Retirement Coverage Corrections Act." The reported bill provided rules for the correction of certain retirement coverage errors affecting Federal employees, including several tax provisions. The bill provided that Federal retirement plans would not fail to be treated as qualified retirement plans, that no amounts would be includible in the income of any individual, and that no amounts would be subject to employment taxes, because of transfers made pursuant to the bill. However, the House-passed version of H.R. 416 did not contain any tax provisions. For a history of the bill, refer to section I.D.1., below.

b. Sunset of Internal Revenue Code

On March 9, 2000, Representative Largent introduced H.R. 4199, the "Date Certain Tax Code Replacement Act." On April 13, 2000, the House passed H.R. 4199. No further action taken.

In summary, H.R. 4199 would have repealed, effective January 1, 2005, the Internal Revenue Code of 1986 (other than chapters 2, 21, and 22) and created a National Commission on Tax Reform and Simplification to recommend a replacement tax regime.

c. Hearings on Corporate Tax Shelters

On November 10, 1999, the Committee held hearings on issues relating to corporate tax shelters.

d. Hearings on Fundamental Tax Reform

On April 11, 12, and 13, 2000, the Committee held hearings on fundamental tax reform.

e. Hearings on JCT Disclosure Study

On February 3, 2000, the Committee requested written comments on the Joint Committee on Taxation's Study of Present-Law Taxpayer Confidentiality and Disclosure Provisions mandated by the Internal Revenue Service Restructuring and Reform Act of 1998. Those comments are included in WMCP: 106-11.

B. LEGISLATIVE REVIEW OF TRADE ISSUES

1. MULTILATERAL TRADE ISSUES

a. Hearings on the Importance of Trade Negotiations in Expanding Trade and Resisting Protectionism

On February 11, 1999, and March 4, 1999, the Subcommittee held hearings on the Importance of Trade Negotiations in Expanding Trade and Resisting Protectionism, which addressed the con-

tent and strategy of trade negotiations in which the United States is participating, including negotiations on the Free Trade Area of the Americas (FTAA) and the Transatlantic Economic Partnership (TEP) and in the Asia Pacific Economic Cooperation Forum (APEC) and the World Trade Organization (WTO). The Subcommittee analyzed the relationship of these negotiations to trade negotiating authority and whether the United States is disadvantaged by not having such authority in place.

b. World Trade Organization

i. Seattle Ministerial Meeting

On August 5, 1999, the Subcommittee held a hearing on United States negotiating objectives for the WTO Ministerial Meeting, which would be hosted by the United States in Seattle in November 1999. In addition, the Subcommittee held a number of consultations with Ambassador Charlene Barshefsky, United States Trade Representative, throughout 1999 regarding the development of negotiating positions for the meeting.

From November 30–December 3, 1999, Chairman Crane led a Ways and Means Committee delegation of 20 Members to attend the meeting. In Seattle, the Delegation discussed WTO issues with delegations from other WTO member countries, including the European Union, Australia, Canada, Mexico, India, and countries seeking to accede to the WTO such as China and Taiwan (WMCP 106–10). The delegation also met with U.S. environmental groups.

The Subcommittee also requested that the GAO conduct a study on the preparations for the meeting, attend the meeting, and analyze the outcome (GAO/T–NSIAD–00–86). On February 8, 2000, the Subcommittee held a hearing on the outcome the WTO Ministerial Meeting.

On November 4, 1999, prior to the Seattle Ministerial, the House defeated a motion which would have made in order consideration of a resolution calling on the President to abstain from renegotiating international agreements governing antidumping and countervailing duty measures and from participating in any international negotiation in which antidumping or countervailing duty rules are part of the negotiating agenda. See also discussion on Antidumping and Countervailing Duty Laws.

ii. Carousel Retaliation

On the subject of effective operation of the WTO dispute settlement mechanism and lack of compliance with WTO panel decisions, particularly in cases brought by the United States in disputes with the European Union involving bananas and beef, the Committee met several times with United States Trade Representative Charlene Barshefsky. On September 22, 1999, Senator DeWine introduced S. 1619 to amend sections 301–310 of the Trade Act of 1974 to require the United States Trade Representative (USTR) to make periodic revisions of retaliation lists 120 days from the date the retaliation list is made and every 180 days thereafter. A similar bill, H.R. 2991, was introduced in the House on October 1, 1999 by Representatives Combest, Portman, Thomas, Camp and several other Members. The purpose of these bills was to facilitate efforts by the USTR to enforce rights of the United States if another WTO

member fails to comply with the results of a dispute settlement proceeding. An amended version of S. 1619 was included in Section 407 of the Trade and Development Act of 2000 (P.L. 106–200).

On October 23, 2000, Chairman Archer sent a letter to Chairman Young objecting to including in any appropriations bill a provision concerning the imposition of retaliatory measures under section 301 of the Trade Act of 1974, as amended. He insisted, on jurisdictional grounds, that such revenue provisions be excluded from any final appropriations conference report because they would violate the prerogatives of the House to originate such measures. No provision was included in any legislation in the 106th Congress.

iii. Resolution Concerning U.S. Participation in WTO

Sections 124–125 of the Uruguay Round Agreements Act (URAA) (P.L. 103–465) require the President to submit a special report on U.S. participation in the WTO every five years from the date the United States first joined the WTO. Congress received the first of these five-year reports on March 2, 2000. Submission of the report triggers an opportunity for any Member of either House of Congress to introduce a motion to withdraw Congressional approval of the WTO Agreements. Such a resolution would be considered under expedited procedures. On March 6, 2000, pursuant to section 124–125 of the URAA, Rep. Ron Paul (R–TX) introduced H.J. Res. 90, which would withdraw the approval of the United States from the agreements establishing the WTO.

On March 30, 2000, the Committee on Ways and Means held a hearing to review future prospects for U.S. participation in the WTO. The Committee received testimony from Members of Congress, the Governor of Minnesota, a former United States Trade Representative, and representatives of the U.S. private sector.

On June 8, 2000, the Committee on Ways and Means ordered H.J. Res. 90 reported adversely by a vote of 35–0 (H. Rept. 106–672).

On June 21, 2000, H.J. Res. 90 was defeated in the House by a vote of 56–363. No action was taken in the Senate.

iv. Foreign Sales Corporation

On February 24, 2000, a WTO Appellate Body, over the objections of the United States, upheld the finding of a WTO dispute settlement panel that had found that the Foreign Sales Corporation (FSC) provisions of sections 921 through 927 of the Internal Revenue Code constitute a prohibited export subsidy under the WTO Agreement on Subsidies and Countervailing Measures and under the Agreement on Agriculture. The Panel specified that FSC subsidies must be withdrawn at the latest with effect from October 1, 2000. On September 30, 2000, the United States and the European Union reached agreement on an extension of the compliance period from October 1 to November 1 to allow Congress to complete passage of legislation to comply with the WTO ruling. H.R. 4986, to amend the Internal Revenue Code of 1986 to repeal the provisions relating to foreign sales corporations (FSCs) and to exclude extraterritorial income from gross income, was signed into law on November 16, 2000. (See tax section for description of the legislative history of H.R. 4986.)

v. Agricultural Negotiating Objectives

Section 409 of the Trade and Development Act of 2000 (P.L. 106–200) contains specific agricultural negotiating objectives of the United States for the World Trade Organization’s negotiations on agriculture mandated by the Uruguay Round Trade Agreements. Section 409 also mandates consultations with Congress at specific points during the negotiations.

vi. GAO Studies

On April 5, 2000, the Subcommittee received a GAO study, requested by Chairman Crane, on the number and types of small- and medium-sized companies that export goods, and the nature and value of such goods (GAO/NSIAD–00–57R). The report aided the Subcommittee in assessing the importance of achieving further trade liberalization for these businesses through a new round of trade negotiations.

In March 2000, the Subcommittee received a GAO study, requested by Chairman Archer, concerning efforts by the U.S. government to monitor and enforce existing trade agreements (GAO/NSIAD–00–76). In June 2000, and August 2000, the Subcommittee received the following two GAO studies, requested by Chairman Archer: U.S. Experience to Date in Dispute Settlement System (GAO/NSIAD/OGC–00–196BR) and Issues in Dispute Settlement (GAO/NSIAD–00–210).

2. BILATERAL TRADE RELATIONS

a. Trade Relations with sub-Saharan Africa

Section 134 of the Uruguay Round Agreements Act (P.L. 103–465) requires the President to produce a comprehensive trade and development policy for the countries of Africa. The fourth of the President’s five annual reports was submitted to Congress on January 15, 1999. The President’s report indicated the Administration’s support for the passage of the African Growth and Opportunity Act, which had been introduced and passed by the House in the 105th Congress but did not become public law. The report laid out the key policy objectives of the President’s “Partnership for Economic Growth and Opportunity in Africa” for stimulating economic growth in sub-Saharan Africa and facilitating the region’s integration into the global economy.

On February 2, 1999, H.R. 434, the African Growth and Opportunity Act, was introduced by Subcommittee Chairman Crane and Representatives Rangel, Matsui, Thomas, Shaw, Levin, Johnson (CT), Houghton, McDermott, McNulty, Neal, Jefferson, Ramstad, Dunn, Portman, English, et alia to authorize a new trade and investment policy for sub-Saharan Africa. The bill authorized the extension of trade and other benefits to countries in sub-Saharan Africa that met certain market-based economic reform eligibility criteria. With respect to trade benefits, H.R. 434 offered eligible countries in sub-Saharan Africa enhanced benefits under the Generalized System of Preferences (GSP). In addition, the legislation called for the creation of a United States-Sub-Saharan Africa Trade and Economic Cooperation Forum to provide a regular opportunity for the discussion of trade liberalization among the participating countries. The bill also established as a policy objective the creation of

a United States-Sub-Saharan Africa Free Trade Area and expressed Congressional support for the creation of a position of Assistant United States Trade Representative for African Affairs. H.R. 434 was referred to the Committee on International Relations, and in addition to the Committees on Ways and Means, and Banking and Financial Services.

On February 3, 1999, the Subcommittee on Trade held a hearing on H.R. 434 and on ways to develop closer trade relations with countries in sub-Saharan Africa. Testimony was received from Members of Congress, the Secretary of Commerce, representatives of sub-Saharan African governments, and representatives of the U.S. private sector (WMCP 106-64). Later that day, the Subcommittee on Trade ordered H.R. 434 favorably reported to the Committee on Ways and Means without amendment by a vote of 14-0.

On February 11, 1999, the Committee on International Relations ordered H.R. 434 favorably reported out of Committee (H. Rept. 106-19, Part I).

The Committee on Ways and Means marked up H.R. 434 on June 10, 1999, and favorably reported the bill to the House by a voice vote (H. Rept. 106-19, Part II) with an amendment to incorporate revenue offsets into the bill.

On June 17, 1999, the Committee on Banking and Financial Services was discharged from further consideration of H.R. 434.

H.R. 434 was passed by the House of Representatives on July 16, 1999, by a vote of 234 to 163, with two amendments related to HIV/AIDS in sub-Saharan Africa and an amendment on the development of linkages between small businesses in the United States and sub-Saharan Africa.

On June 22, 1999, the Senate Committee on Finance considered legislation titled "The African Growth and Opportunity Act." The provisions in the version marked up by the Committee on Finance differed from the trade provisions in the House-passed version of H.R. 434. The Finance Committee draft extended duty free and quota free benefits only to apparel made from fabric of U.S. origin. On July 16, 1999, Senator Roth introduced this draft text as S. 1387. On July 20, 1999, the Committee on Finance filed S. Rept. 106-112 on S. 1387.

On November 3, 1999, the Senate passed H.R. 434, as amended, by a vote of 76 to 19. During Senate consideration of the bill, the House-passed version of the African Growth and Opportunity Act was replaced with the text of S. 1387. In addition, the Senate adopted amendments related to HIV/AIDS, debt relief, anticorruption efforts, desertification, and improving agricultural practices in sub-Saharan Africa, as well as a number of amendments unrelated to Africa. After passage of the bill, the Senate appointed Senators Roth, Grassley, Lott, Helms, Moynihan, Baucus, and Biden as conferees on H.R. 434.

On January 21, 2000, the President submitted his fifth and final report pursuant to section 134 of the Uruguay Round Agreements Act (P.L. 103-465). The President's report reiterated the Administration's support for enactment of the African Growth and Opportunity Act. In addition, it described the ways that U.S. Government agencies work to support economic reform in sub-Saharan Africa, enhance U.S.-sub-Saharan Africa economic engagement, increase

African integration into the multilateral trading system, and promote sustainable economic development.

On May 3, 2000, the Speaker appointed Representatives Gilman, Royce, Gejdenson, Archer, Crane, Rangel, Houghton, and Hoeffel to serve as conferees on H.R. 434.

On May 4, 2000, the conference report on H.R. 434 was filed (H. Rept. 106–606). The conference agreement tracks the House and Senate-passed versions of the bill extending regular and enhanced GSP benefits through September 30, 2008, to countries in sub-Saharan Africa pursuing market-based economic reform and which meet the eligibility criteria of the GSP program, including a new criterion relating to the elimination of the worst forms of child labor (See discussion on Generalized System of Preferences). In addition, the conference agreement includes provisions establishing a United States-Sub-Saharan Africa Trade and Economic Cooperation Forum and setting as a policy objective the creation of a United States-Sub-Saharan Africa Free Trade Area. The conference agreement also contains the provision from the House bill expressing Congressional support for the creation of a position of Assistant United States Trade Representative for African Affairs. In addition, the conference report contains most of the amendments adopted during House and Senate floor consideration on HIV/AIDS, small business linkages, debt relief, anticorruption efforts, desertification, and improving agricultural practices in sub-Saharan Africa. On apparel trade, the conference agreement grants duty-free and quota-free treatment through September 30, 2008 to apparel articles from eligible countries made with U.S. fabrics, or fabrics and yarns not available in the United States, certain knit-to-shape sweaters, and folklore articles. In addition, the conference agreement extends duty-free and quota-free treatment for apparel articles wholly assembled in sub-Saharan Africa from regional fabric subject to quantitative limitations. In the first year of the legislation, the cap is set at 1.5 percent of U.S. apparel imports, rising to 3.5 percent in equal annual increments through September 30, 2008. Within this cap, eligible countries with per capita incomes less than \$1,500 are granted duty-free treatment on apparel articles wholly assembled from fabric produced outside of the region until September 30, 2004. The conference agreement also contains a number of provisions unrelated to the Africa legislation including parity for countries of the Caribbean Basin, as described elsewhere in this report.

The House passed the conference report on H.R. 434 by a vote of 309 to 110 on May 4, 2000. The Senate passed the conference report by a vote of 77 to 19 on May 11, 2000. The bill was signed into law by the President on May 18, 2000 (P.L. 106–200).

Pursuant to the provisions of P.L. 106–200, the President issued Proclamation 7350 on October 2, 2000, designating countries in sub-Saharan Africa eligible to receive benefits under the African Growth and Opportunity Act.

b. Trade relations with Albania, including Normal Trade Relations

Albania first received conditional normal trade relations from the United States in 1992 under a Presidential waiver from the freedom of emigration requirements in Title IV of the Trade Act of 1974 (the Jackson-Vanik amendment). In 1997, Albania was found

to be in full compliance with the Jackson-Vanik requirements, but its trade status remained subject to annual compliance reviews.

On February 2, 1999, the President submitted a report to Congress, as required by law, on the continued compliance of Albania with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106-16).

On September 29, 1999, Senator Lautenberg introduced legislation, S. 1657, which would authorize the President to determine that the Jackson-Vanik amendment should no longer apply to Albania and to extend nondiscriminatory treatment (normal trade relations treatment) to that country. S. 1657 was referred to the Senate Committee on Finance.

On October 4, 1999, the Subcommittee on Trade issued a request for written public comment on the extension of unconditional normal trade relations to Albania. In response, the Subcommittee received comments in support of the extension of unconditional normal trade relations to Albania and none in opposition to it (WMCP 106-7).

On November 3, 1999, the Senate adopted the text of S. 1657 as an amendment to H.R. 434, the African Growth and Opportunity Act. H.R. 434 was passed by the Senate later that day by a vote of 76-19.

On February 9, 2000, the President submitted a report to Congress, as required by law, on the continued compliance of Albania with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106-195).

The conference committee on H.R. 434 filed a report on the conference agreement on H.R. 434 on May 4, 2000 (H. Rept. 106-606). The conference agreement included the Senate amendment on the extension of unconditional normal trade relations to Albania. Later that day, the House passed the conference report by a vote of 309-110. On May 11, 2000, the Senate passed the conference report by a vote of 77-19. The bill was signed into law by the President on May 18, 2000 (P.L. 106-200).

Pursuant to the provisions of P.L. 106-200, the President issued Proclamation 7326 on June 29, 2000 determining that title IV of the Trade Act of 1974 should no longer apply to Albania and declaring the extension of nondiscriminatory treatment to the products of that country.

c. Trade Relations with Armenia, including Normal Trade Relations

Armenia first received conditional normal trade relations from the United States in 1992 under a Presidential waiver from the freedom of emigration requirements in Title IV of the Trade Act of 1974 (the Jackson-Vanik amendment). In 1997, Armenia was found to be in full compliance with the Jackson-Vanik requirements, but its trade status remained subject to annual compliance reviews.

On December 28, 1998, the President submitted a report to Congress, as required by law, on the continued compliance of Armenia with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106-5).

On October 4, 1999, the Subcommittee on Trade issued a request for written public comment on the extension of unconditional normal trade relations to Armenia. In response, the Subcommittee re-

ceived several comments, most in support of the extension of unconditional normal trade relations to Armenia (WMCP 106–7).

On July 2, 1999, the President submitted a report to Congress, as required by law, on the continued compliance of Armenia with the freedom of emigration requirements in the Jackson-Vanik amendment (No House Document Number).

On January 7 and June 30, 2000, the President submitted additional reports to Congress, as required by law, on the continued compliance of Armenia with the freedom of emigration requirements in the Jackson-Vanik amendment (House Documents 106–164 and 106–265).

No further action was taken during the 106th Congress.

d. Trade Relations with Caribbean Basin Countries

On March 4, 1999, Chairman Crane and Representatives Rangel, Matsui, and Kolbe introduced H.R. 984, the Caribbean and Central American Relief and Economic Stabilization Act, which would grant NAFTA parity to nations in the Caribbean Basin. Title I of the bill would have amended the Caribbean Basin Economic Recovery Act to: (1) promote the growth of free enterprise and economic opportunity in the Caribbean Basin region; (2) increase trade and investment between the Caribbean region and the United States; and (3) encourage the participation of these countries in the Free Trade Area of the Americas. On March 23, 1999, the Subcommittee held a hearing on H.R. 984. The Subcommittee approved H.R. 984 by voice vote on May 18, 1999. The Ways and Means Committee approved H.R. 984, as amended, by voice vote on June 10, 1999. The bill was sequentially referred to the Committee on International Relations, the Committee on Banking and Financial Services, the Committee on Judiciary, and the Committee on Armed Services. No further action on H.R. 984 was taken in the House.

On June 22, 1999, the Senate Committee on Finance considered draft legislation reported titled the “United States-Caribbean Basin Trade Enhancement Act.” The provisions in the version marked up by the Committee on Finance differed from the trade provisions in H.R. 984, as approved by the Committee on Ways and Means, by requiring that imports of apparel products from the Caribbean Basin region qualifying for duty free and quota free entry be made of fabric of U.S. origin. On July 16, 1999, Senator Roth introduced the draft text as S. 1389. On July 16, 2000, the Committee on Finance filed its report on S. 1389 (S. Rept. 106–160).

On November 3, 1999, the Senate passed H.R. 434, the “African Growth and Opportunity Act,” as amended, by a vote of 76–19. During Senate consideration of the bill, the text of S. 1389 was added as an amendment. After passage of the bill, the Senate appointed Senators Roth, Grassley, Lott, Helms, Moynihan, Baucus, and Biden as conferees on H.R. 434. On May 3, 2000, the Speaker appointed Representatives Gilman, Royce, Gejdenson, Archer, Crane, Rangel, Houghton, and Hoeffel to serve as conferees.

On May 4, 2000, the conference report on H.R. 434 was filed (H. Rept. 106–606). The conference agreement builds on the Caribbean Basin Economic Recovery Act enacted in 1984 and extends additional trade benefits through 2008. It extends duty-free benefits to: (1) apparel made in the Caribbean Basin from U.S. yarn and fabric; (2) knit apparel made in CBI from regional fabric made with U.S.

yarn and to knit-to-shape apparel (except socks), up to a cap of 250 million square meter equivalents, with a growth rate of 16 percent per year for first three years; and (3) an additional category of regional knit apparel products up to a cap of 4.2 million dozen, growing 16 percent per year for the first three years. Benefits under the Caribbean Basin Trade Partnership Act are conditioned on countries meeting certain eligibility criteria including intellectual property protection, investment protection, improved market access for U.S. exports, the extent to which the country provides internationally recognized worker rights, and whether a country has implemented its commitments to eliminate the worst forms of child labor. See discussion on the Generalized System of Preferences. The bill requires that eligible countries implement Customs procedures to guard against transshipment. Under a “one strike and you are out” provision, if an exporter is determined to have engaged in illegal transshipment of textile and apparel products from a CBI country, the President is required to deny all benefits under the bill to that exporter for a period of two years.

The House passed the conference report on H.R. 434 by a vote of 309–110 on May 4, 2000. The Senate passed the conference report by a vote of 77–19 on May 11, 2000. The bill was signed into law by the President on May 18, 2000 (P.L. 106–2000).

e. Trade Relations with the People’s Republic of China, including Normal Trade Relations

On June 3, 1999, the President announced his decision to waive for another year the freedom of emigration requirements in Title IV of the Trade Act of 1974, with respect to China, thereby granting normal trade relations (NTR) treatment to China between July 1, 1999 and June 30, 2000. On June 7, 1999, Representative Rohrabacher introduced H.J. Res. 57, a joint resolution disapproving the President’s waiver with respect to the People’s Republic of China. The effect of this resolution would have been to withdraw NTR benefits from Chinese products. The Subcommittee examined the President’s annual determination to renew China’s NTR status in 1999 with a hearing on June 8, 1999. On July 1, 1999, the Committee reported H.J. Res. 57 adversely by voice vote. On July 26, 1999, the Committee reported H.J. Res. 57 adversely to the House without amendment by voice vote (H. Rept. 106–262). On July 27, 1999, H.J. Res. 57 failed in the House by a vote of 170–260.

On February 16, 2000, the Ways and Means Committee held a hearing focusing on: (1) the opportunities and issues associated with the entry of China into the WTO; and (2) the potential benefits of the U.S.-China bilateral trade agreement for U.S. firms, workers, farmers, ranchers, and other interested parties. The Committee also received testimony on how progress of China’s accession to the WTO affects the pending application of Taiwan to join the WTO and the potential impact on the United States, China, Taiwan, and Hong Kong of normalized trade relations between the United States and China. Testimony was received from Members of Congress, the Administration, and representatives of business, labor, agricultural, and human rights organizations.

On March 8, 2000, President Clinton transmitted to Congress a request for legislation to authorize the termination of the application of Title IV of the Trade Act of 1974 to China and to extend

permanent Normal Trade Relations treatment to products from China if the President certifies that China is acceding to the WTO on terms no less favorable than the agreement negotiated between the United States and China in November of 1999.

On March 23, 2000, Senator William Roth introduced S. 2277, to terminate the application of Title IV of the Trade Act of 1974 with respect to the People's Republic of China. The bill was referred to the Committee on Finance. On May 17, 2000, the Finance Committee ordered S. 2277 to be reported favorably without amendment by a vote of 19-1 (S. Rept. 106-305).

On May 3, 2000, the Ways and Means Committee held a second hearing on the bilateral trade agreement between the U.S. and China and the pending accession of China to the World Trade Organization (WTO). The focus of the hearing was to examine: (1) the opportunities and issues associated with the entry of China into the WTO; (2) the potential benefits of the U.S.-China bilateral trade agreement for U.S. firms, workers, farmers, ranchers, and other interested parties; and (3) the current status of negotiations in Geneva for China to accede to the WTO. The Committee also received testimony on how normalizing trade relations with China would affect other U.S. objectives in China and the surrounding region, such as improved respect for human rights, progress toward democratization, and enhanced economic and regional security. Testimony was received from current and former Cabinet Members, a Member of Congress, the U.S. Trade Representative, the Commissioner of the U.S. Commission on International Religious Freedom, and various U.S. private sector witnesses.

On May 15, 2000, Chairman Archer introduced H.R. 4444, to authorize extension of nondiscriminatory treatment (normal trade relations treatment) to the People's Republic of China. As introduced, the bill would grant the President the authority to determine that Title IV of the Trade Act should no longer apply to the People's Republic of China if he transmits a report to Congress certifying that the terms and conditions for accession of China to the WTO are at least equivalent to those agreed to in the November 15, 1999 bilateral agreement between the United States and China.

On May 17, 2000, the Ways and Means Committee reported H.R. 4444 to the House with one amendment by a vote of 34-4. The amended bill included a provision codifying the import surge mechanism negotiated as part of the 1999 U.S.-China bilateral agreement. Procedures for this new "import surge mechanism" are modeled after Section 406 of the Trade Act of 1974, as amended, with certain changes to conform to the requirements of the bilateral trade agreement. The legislation establishes clear standards for the application of Presidential discretion in providing relief to injured industries and workers. It also authorizes the President to provide a provisional safeguard in cases where "delay would cause damage which it would be difficult to repair," as permitted under the United States-China Agreement. It also implements a provision in the Agreement concerning trade diversion. (H. Rept. 106-632)

When H.R. 4444 was considered in the House, the House adopted H. Res. 510, which provided for an amendment in the nature of a substitute to H.R. 4444. The amendment included the text of H.R. 4444, as reported from the Committee, and additional language establishing a Congressional-Executive Commission on China to focus

on monitoring human rights, including internationally recognized core labor standards and religious freedom. The legislation also included provisions that: (1) require USTR to submit an annual report on China's compliance with WTO obligations; (2) the United States will seek an annual review of China's compliance with its WTO obligations in the WTO as part of China's Protocol of Accession; (3) establish a task force on the prohibition on the importation of products of forced or prison labor; and (4) authorize additional resources for monitoring and enforcing China's compliance with trade agreements. The legislation also contains a sense of Congress that the accession of Taiwan and the People's Republic of China to the WTO should be considered at the same WTO General Council meeting. Finally, the legislation contains a number of other provisions not in the jurisdiction of the Committee, such as the authorization of funds to assist the development of rule of law and democracy in China.

On May 24, 2000, Congressman Bonior moved to recommit the H.R. 4444, as amended, with instructions to the House Ways and Means and House International Relations subcommittees. The instructions in the motion required the bill to promptly be reported back to the House with an amendment adding a new section to provide the conditions under which withdrawal of normal trade relations with China could occur. Such conditions included situations in which China were to attack, invade, or impose a blockade on Taiwan. The motion failed by a recorded vote of 176–258. H.R. 4444, as amended, passed the House on June 24, 2000, by a vote of 237–197.

On June 2, 2000, the President announced his decision to waive for another year the freedom of emigration requirements in Title IV of the Trade Act of 1974, with respect to China, thereby granting China NTR status between July 1, 2000 and June 30, 2001. On June 23, 2000, H.J. Res. 103, a joint resolution disapproving the extension of NTR treatment to the People's Republic of China was introduced by Representative Rohrabacher. The effect of this resolution would have been to withdraw NTR benefits from Chinese products. On July 13, 2000, the Committee reported H.J. Res. 103 adversely to the House without amendment (H. Rept. 106–755) by voice vote. On July 18, 2000, H.J. Res. 103 failed in the House by a vote of 147–281.

The Senate considered H.R. 4444 from September 8 to September 19, 2000. The Senate approved H.R. 4444 on September 19, 2000, by a vote of 83–15. The bill was signed into law by the President on October 10, 2000 (P.L. 106–286). The Ways and Means Committee continues to monitor the progress China is making in negotiations to join the WTO, which have not yet concluded.

During the 106th Congress, the Committee on Ways and Means requested two studies on China from the General Accounting Office (GAO). In March 2000, the Committee received a report entitled "China's Membership Status and Normal Trade Relations Issues," pursuant to an earlier request. On July 31, 2000, Chairman Archer joined Chairman Roth of the Senate Finance Committee in requesting GAO to assess China's fulfillment of its WTO obligations once it becomes a member of the WTO.

f. Trade Relations with Cuba

On March 15, 2000, pursuant to section 332 of the Tariff Act of 1930, the Committee requested that the ITC conduct by February 2001 a study of the economic impact of U.S. sanctions with respect to Cuba. Specifically, the report will provide an overview of U.S. sanctions against Cuba, a description of the Cuban economy and Cuban trade and investment policies and trends, and an analysis of the historical impact of U.S. sanctions on both the U.S. and Cuban economies.

Title VIII of the conference report on H.R. 4461, the Agriculture and Related Agencies Appropriations bill, contains the "Trade Sanctions Reform and Export Enhancement Act of 2000" (H. Rept. 106-948). The provision lifts existing U.S. unilateral sanctions on agricultural and medical products, and establishes a framework to be applied to the imposition of any future U.S. unilateral agricultural and medical sanctions. In addition, the provision includes certain requirements associated with the sale of agricultural and medical products to Cuba. Section 809 of the provision contains language in the jurisdiction of the Ways and Means clarifying that nothing in the title shall be construed to change the U.S. embargo against imports from Cuba. The conference report on H.R. 4461 passed the House of Representatives by a vote of 340-75 on October 11, 2000. The Senate passed the conference report on October 18, 2000 by a vote of 86-8. H.R. 4461 was signed into law by the President on October 28, 2000 (P.L. 106-387).

g. Trade Relations with the European Union

On February 11 and March 4, 1999, the Subcommittee held hearings on the Importance of Trade Negotiations in Expanding Trade and Resisting Protectionism. The hearings addressed the content and strategy of trade negotiations in which the United States is participating, including U.S./EU negotiations on the Transatlantic Economic Partnership and the Transatlantic Business Dialogue (WMCP 106-61). The Subcommittee also met with U.S. Trade Representative Charlene Barshefsky on a number of occasions to discuss U.S.-EU trade relations and EU compliance with WTO panel decisions. (See Multilateral Trade Issues.)

On June 25, 1999, the President signed into law legislation exempting certain woven fabrics containing silk from country of origin marking under the appropriate statute. This legislation was part of H.R. 435, miscellaneous trade legislation for 1999 (P.L. 106-36).

On September 27, 2000, Chairman Crane requested that the GAO conduct a review of preferential trade programs offered by the European Union to developing countries in Africa, the Caribbean and the Pacific. The Chairman requested that GAO study how the programs work and whether they affect U.S. exports. The second part of this study will examine Europe's trade agreements with Central and Eastern European countries, European-Mediterranean association agreements, and Europe's trade agreements with South Africa and Mexico.

See also discussion in WTO section concerning carousel retaliation.

h. Trade Relations with Georgia, including Normal Trade Relations

Georgia first received conditional normal trade relations from the United States in 1992 under a Presidential waiver from the freedom of emigration requirements in the Jackson-Vanik amendment to the Trade Act of 1974. In 1997, Georgia was found to be in full compliance with the Jackson-Vanik requirements, but its trade status remained subject to annual compliance reviews.

On December 28, 1998, the President submitted a report to Congress, as required by law, on the continued compliance of Georgia with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106-5).

On July 2, 1999, the President submitted a report to Congress, as required by law, on the continued compliance of Georgia with the freedom of emigration requirements in the Jackson-Vanik amendment (No House Document Number).

On October 4, 1999, the Subcommittee on Trade issued a request for written public comment on the extension of unconditional normal trade relations to Georgia. In response, the Subcommittee received several comments, most in support of the extension of unconditional normal trade relations to Georgia (WMCP 106-7).

On January 7, 2000, the President submitted an additional report to Congress, as required by law, on the continued compliance of Georgia with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106-164).

On June 29, 2000, Subcommittee Chairman Crane introduced similar legislation on Georgia, H.R. 4782, which was referred to the Committee on Ways and Means.

On June 30, 2000, the Subcommittee on Trade issued a request for written public comment on the extension of unconditional normal trade relations to Georgia. In response, the Subcommittee received comments in support of the extension of unconditional normal trade relations to Georgia and none in opposition to it. Also on June 30th, the President submitted another report to Congress on the continued compliance of Georgia with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106-265).

On September 19, 2000, the Senate Finance Committee ordered H.R. 4868, the "Tariff Suspension and Trade Act of 2000," to be reported to the Senate with an amendment in the nature of a substitute including the text of H.R. 4782 on the extension of permanent normal trade relations to Georgia. The Senate Finance Committee reported H.R. 4868 with an amendment in the nature of a substitute without a report on September 27, 2000. On October 12, 2000, the Senate Finance Committee filed a written report on H.R. 4868 (S. Rept. 106-503). On October 13, 2000, the Senate passed H.R. 4868 by unanimous consent with the amendment in the nature of a substitute reported by the Senate Finance Committee.

The House agreed to the Senate amendment on H.R. 4868 with an amendment pursuant to the provisions of H. Res. 644 on October 24, 2000, by a voice vote. The House amendment included the language on the extension of permanent normal trade relations to Georgia from the Senate amendment and added an additional finding related to the commitment of Georgia to strong and effective enforcement of internationally recognized core labor standards and to continue to improve enforcement of such standards.

On October 26, 2000, the Senate agreed to the House amendment to the Senate amendment by unanimous consent.

H.R. 4868 was signed into law by the President on November 9, 2000 (P.L. 106-476).

i. Trade Relations with Japan

In September 1999 the Subcommittee received a study from GAO, requested by Chairman Crane, to assess the implementation of the U.S.-Japan insurance agreements, as well monitoring and enforcement efforts by the U.S. government (GAO/NSIAD-99-108BR).

j. Trade Relations with Kyrgyzstan, including Normal Trade Relations

Kyrgyzstan first received conditional normal trade relations from the United States in 1992 under a Presidential waiver from the freedom of emigration requirements in the Jackson-Vanik amendment to the Trade Act of 1974. In 1997, Kyrgyzstan was found to be in full compliance with the Jackson-Vanik requirements, but its trade status remained subject to annual compliance reviews.

On December 28, 1998, the President submitted a report to Congress, as required by law, on the continued compliance of Kyrgyzstan with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106-5).

On January 28, 1999, Senator Brownback et alia introduced S. 332, authorizing the President to determine that title IV of the Trade Act of 1974 (the Jackson-Vanik amendment) should no longer apply to Kyrgyzstan and to extend nondiscriminatory treatment (normal trade relations treatment) to that country.

On May 12, 1999, the Subcommittee on Trade issued a request for written public comment on the extension of unconditional normal trade relations to Kyrgyzstan. In response, the Subcommittee received several comments, most in support of the extension of unconditional normal trade relations to Kyrgyzstan (WMCP 106-5).

On July 2, 1999, the President submitted a report to Congress, as required by law, on the continued compliance of Kyrgyzstan with the freedom of emigration requirements in the Jackson-Vanik amendment (No House Document Number).

On November 3, 1999, the Senate adopted the text of S. 332 as an amendment to H.R. 434, the "African Growth and Opportunity Act." H.R. 434 was passed by the Senate later that day by a vote of 76-19.

On January 7, 2000, the President submitted a report to Congress, as required by law, on the continued compliance of Kyrgyzstan with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106-164).

The conference committee on H.R. 434 filed a report on the conference agreement on H.R. 434 on May 4, 2000 (H. Rept. 106-606). The conference agreement included the Senate amendment on the extension of unconditional normal trade relations to Kyrgyzstan. Later that day, the House passed the conference report by a vote of 309-110. On May 11, 2000, the Senate passed the conference report by a vote of 77-19. The bill was signed into law by the President on May 18, 2000 (P.L. 106-200).

Pursuant to the provisions of P.L. 106–200, the President issued Proclamation 7326 on June 29, 2000, determining that title IV of the Trade Act of 1974 should no longer apply to Kyrgyzstan and declaring the extension of nondiscriminatory treatment to the products of that country.

k. Trade Relations with the Lao People’s Democratic Republic, including Normal Trade Relations

At present, “Laos” is listed in general note 3(b) of the Harmonized Tariff Schedule among those countries that are denied normal tariff treatment.

On July 29, 1999, the Subcommittee on Trade issued a request for written public comment on the extension of normal trade relations to the products of the Lao People’s Democratic Republic. In response, the Subcommittee received several comments both in support and opposition (WMCP 106–6).

No further action was taken during the 106th Congress.

l. Trade Relations with Moldova, including Normal Trade Relations

Moldova first received conditional normal trade relations from the United States in 1992 under a Presidential waiver from the freedom of emigration requirements in the Jackson-Vanik amendment to the Trade Act of 1974. In 1997, Moldova was found to be in full compliance with the Jackson-Vanik requirements, but its trade status remained subject to annual compliance reviews.

On December 28, 1998, the President submitted a report to Congress, as required by law, on the continued compliance of Moldova with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106–5).

On October 4, 1999, the Subcommittee on Trade issued a request for written public comment on the extension of unconditional normal trade relations to Moldova. In response, the Subcommittee received several comments, most in support of the extension of unconditional normal trade relations to Moldova (WMCP 106–7).

On July 2, 1999, the President submitted a report to Congress, as required by law, on the continued compliance of Moldova with the freedom of emigration requirements in the Jackson-Vanik amendment (No House Document Number).

On January 7 and June 30, 2000, the President submitted additional reports to Congress, as required by law, on the continued compliance of Moldova with the freedom of emigration requirements in the Jackson-Vanik amendment to the Trade Act of 1974 (House Documents 106–164 and 106–265).

No further action was taken during the 106th Congress.

m. Trade Relations with Mongolia, including Normal Trade Relations

Mongolia first received conditional normal trade relations from the United States in 1991 under a Presidential waiver from the freedom of emigration requirements in the Jackson-Vanik amendment to the Trade Act of 1974. In 1996, Mongolia was found to be in full compliance with the Jackson-Vanik requirements, but its trade status remained subject to annual compliance reviews.

On February 2, 1999, Chairman Archer, Subcommittee Chairman Crane, and Representatives Rangel and Levin introduced H.R.

435, the “Miscellaneous Trade and Technical Corrections Act of 1999.” Among the provisions of this bill was language authorizing the President to determine that title IV of the Trade Act of 1974 (the Jackson-Vanik amendment) should no longer apply to Mongolia and to proclaim the extension of nondiscriminatory treatment (normal trade relations treatment) to that country. H.R. 435 was referred to the Committee on Ways and Means.

On February 9, 1999, H.R. 435 was passed by the House under suspension of the rules by a vote of 414–1.

On February 11, 1999, the President submitted a report to Congress, as required by law, on the continued compliance of Mongolia with the freedom of emigration requirements in the Jackson-Vanik amendment (House Document 106–19).

On May 27, 1999, the Senate passed H.R. 435 by unanimous consent with an amendment in the nature of a substitute containing the provision on Mongolia. On June 7, 1999, the House agreed to the Senate amendment under suspension of the rules by a vote of 375–1. H.R. 435 was signed into law on June 25, 1999 (P.L. 106–36).

Pursuant to the provisions of P.L. 106–36, the President issued Proclamation 7207 on July 1, 1999, determining that title IV of the Trade Act of 1974 should no longer apply to Mongolia and declaring the extension of nondiscriminatory treatment to the products of that country.

n. Trade Relations with Vietnam

Vietnam first received a Presidential waiver in 1998 from the freedom of emigration requirements in the Jackson-Vanik amendment to the Trade Act of 1974. However, because a bilateral trade agreement between the United States has not been transmitted and approved by Congress, Vietnam is ineligible under Title IV of the Trade Act of 1974 to receive normal trade relations from the United States. The practical effect of the Jackson-Vanik waiver is to make Vietnam eligible for certain U.S. government credits, or investment or credit guarantee programs, provided that Vietnam meets the relevant program criteria. These programs, which lie outside the jurisdiction of the Committee on Ways and Means, include the Overseas Private Investment Corporation, the Export-Import Bank, and agricultural credit programs administered by the U.S. Department of Agriculture.

On June 3, 1999, the President transmitted a letter and report to Congress on the continuation of Vietnam’s Jackson-Vanik waiver for the next 12 month period (House Document 106–78). The President issued the waiver on the basis that it would substantially promote achievement of the objectives in the statute.

H.J. Res. 58 was introduced on June 9, 1999, by Representative Rohrabacher to disapprove the President’s June 3rd waiver determination for Vietnam. The resolution was referred to the Committee on Ways and Means.

On June 17, 1999, the Subcommittee on Trade held a hearing on U.S.-Vietnam trade relations. At the hearing, testimony was received from Members of Congress, Administration and private sector witnesses, and representatives of POW/MIA families, veterans organizations, refugees, and Vietnamese-Americans (WMCP 106–20).

On July 1, 1999, the Committee on Ways and Means reported H.J. Res. 58 adversely to the House of Representatives without amendment by a voice vote (H. Rept. 106–282).

H.J. Res. 58 was defeated in the House by a vote of 130 to 297 on August 3, 1999, thereby continuing Vietnam’s Jackson-Vanik waiver for the next year.

On June 2, 2000, the President transmitted another letter and report to Congress on the continuation of Vietnam’s Jackson-Vanik waiver for an additional 12 month period (House Document 106–252).

On June 6, 2000, Representative Rohrabacher introduced H.J. Res. 99 to disapprove the President’s June 2nd waiver determination for Vietnam. H.J. Res. 99 was referred to the Committee on Ways and Means.

On June 15, 2000, the Subcommittee on Trade held a hearing on U.S.-Vietnam Trade Relations. Oral testimony was taken from a Member of Congress, and representatives of the Administration, business, refugee, and Vietnamese-American groups.

The Committee on Ways and Means adversely reported H.J. Res. 99 by a voice vote to the House of Representatives without amendment on June 28, 2000 (H. Rept. 106–794).

H.J. Res. 99 was defeated in the House by a vote of 91–332 on July 26, 2000, thereby continuing Vietnam’s Jackson-Vanik waiver for another year.

o. Unilateral Trade Sanctions

i. “Enhancement of Trade, Security, and Human Rights Through Sanctions Reform Act”

On March 24, 1999, Subcommittee Chairman Crane, for himself and Chairman Archer, Representatives Rangel, Shaw, Johnson (CT), Houghton, Herger, McCreery, Ramstad, Dunn, Portman, English, Jefferson, Watkins, and a number of other cosponsors, introduced H.R. 1244, the “Enhancement of Trade, Security, and Human Rights Through Sanctions Reform Act.” The legislation would have established a framework for the consideration of future unilateral economic sanctions by the legislative and executive branches. In addition, H.R. 1244 would have amended the Arms Export Control Act to provide waiver authority to the President under the Glenn Amendment, the provision of law which prohibits a variety of assistance and commercial transactions outside of Ways and Means jurisdiction between the United States and a non-nuclear weapon country if the President determines that such a country has detonated a nuclear explosive device. H.R. 1244 was referred to the Committee on International Relations, and sequentially to the Committee on Ways and Means and the Committee on Banking and Financial Services.

On May 27, 1999, the Subcommittee on Trade held a hearing on the use and effect of unilateral trade sanctions. The Subcommittee received testimony from Members of Congress, the Administration, and private sector witnesses.

No further action was taken on H.R. 1244 in the 106th Congress.

ii. India and Pakistan Sanctions

In September 1999, the International Trade Commission submitted a report to the Committee on Ways and Means, requested by Chairman Archer, providing an overview and analysis of the economic impact of U.S. sanctions policy with respect to India and Pakistan (ITC Publication 3236). In 1998, the President imposed sanctions against India and Pakistan pursuant to the Glenn Amendment after both countries detonated nuclear explosive devices. Congress granted the President authority for one year to waive the application of U.S. sanctions against India and Pakistan through the enactment of the “India-Pakistan Relief Act of 1998” (P.L. 105–277). Subsequently, the conference agreement on H.R. 2561, the “Department of Defense Appropriations Act for Fiscal Year 2000,” included a provision authorizing the President to waive, without time limitation, all of the sanctions contained in the Arms Export Control Act with respect to India and Pakistan (P.L. 106–79).

iii. Gum Arabic

On May 20, 1999, Representative Menendez introduced H.R. 1808 to exempt gum Arabic from the prohibition on imports of products from Sudan under Executive Order 13067. H.R. 1808 was referred to the Committee on Ways and Means and was included as part of H.R. 4868, the “Miscellaneous Trade and Technical Corrections Act of 2000.”

On July 25, 2000, the House passed H.R. 4868 under suspension of the rules. On October 13, 2000, the Senate passed H.R. 4868 by unanimous consent with an amendment in the nature of a substitute reported by the Senate Finance Committee that did not contain the House provision related to gum Arabic.

The House agreed to the Senate amendment on H.R. 4868 with an amendment by a voice vote on October 24, 2000, pursuant to the provisions of H. Res. 644, that included revised language on gum Arabic in section 1464. Specifically, the revised provision requires the Secretary of the Treasury and the Secretary of State to consider promptly any license applications by U.S. gum Arabic processors to import gum Arabic in raw form from Sudan, and to consider whether adequate commercial quantities of the highest grade of gum Arabic in raw form are available from countries other than Sudan in reviewing such future license applications. Finally, the provision requires the President to promote the development of alternative sources of the highest grade of gum Arabic in countries other than Sudan. (See discussion under Miscellaneous Trade Issues).

On October 26, 2000, the Senate agreed to the House amendment to the Senate amendment by unanimous consent.

H.R. 4868 was signed into law by the President on November 9, 2000 (P.L. 106–476).

iv. Cuba

See earlier discussion on Cuba sanctions.

3. OPERATIONS OF THE U.S. CUSTOMS SERVICE, THE INTERNATIONAL TRADE COMMISSION, AND THE OFFICE OF THE U.S. TRADE REPRESENTATIVE

a. Budget Authorizations

Chairman Crane held a hearing on April 13, 1999, on budget authorizations for the U.S. Customs Service, the Office of the United States Trade Representative, and the International Trade Commission. Representatives of these agencies, the U.S. General Accounting Office, the National Treasury Employees Union, and invited private sector witnesses testified at the hearing.

At the hearing, the Subcommittee examined Customs automation issues—the Automated Commercial System (ACS), the Automated Commercial Environment (ACE), and the International Trade Data System (ITDS). In addition, the Subcommittee examined the impact of Customs rotation policies and collective bargaining agreements on Customs drug interdiction efforts.

In addition to requesting appropriations for Customs base expenses and other funding for the Customs Service, the President's FY 2000 budget request included a fee in FY 2000 for the use of Customs automation in order to fund the ACE and ITDS for FY 2001. According to the request, the fee would generate an amount of \$150 million for ACE and \$13 million for ITDS. The President's budget also proposed an increase in the passenger processing fee under the Consolidated Omnibus Budget Reconciliation Act of 1985 from \$5 to \$6.40 and removed the exemption for passengers arriving from Canada, Mexico, and the Caribbean.

Prior to the hearing, on March 11, 1999, Chairman Crane sent two letters to David M. Walker, the Comptroller General of the United States, requesting that GAO evaluate the Administration's cost basis for the proposed access user fee, and the passenger processing fee. The Administration's proposed access fee did not provide sufficient information, and as a result, GAO stated that it was unable to make any definitive findings on this issue. (See Requests to GAO below).

On May 18, 1999, Subcommittee Chairman Crane introduced H.R. 1833, authorizing appropriations for fiscal years 1999 and 2000 for the Customs Service for non-commercial and commercial operations, and air and marine interdiction programs, as well as authorizations for the Office of the United States Trade Representative and the International Trade Commission. With respect to the Customs authorization for commercial operations, the legislation included funding for ACE (\$150 million for FY 2000 and 2001). In addition, H.R. 1833 included authorizations for prevention of on-line child pornography, incorporated substantially the authorization provisions concerning drug interdiction contained in H.R. 3809 of the 105th Congress, the "Drug Free Borders Act of 1999," introduced by Subcommittee Chairman Crane on May 7, 1998, and included provisions amending overtime and premium pay for Customs officers. H.R. 1833 was referred to the Committee on Ways and Means.

The Trade Subcommittee marked up and favorably reported H.R. 1833 on May 18, 1999, as amended, by voice vote. On May 20, 1999, the Committee on Ways and Means considered H.R. 1833 and ordered the bill favorably reported to the House, with an amend-

ment, by a vote of 36–0 (H. Rept. 106–161). The Committee’s amendment reflected a minor change in the authorization amounts for Customs’ commercial and non-commercial operations. On May 25, 1999, the House passed the bill under the suspension of the rules by vote of 410–2.

H.R. 1833 was received in the Senate and referred to the Committee on Finance. On June 16, 1999, the Committee on Finance ordered the bill to be reported favorably with an amendment in the nature of a substitute. On July 20, 1999, the Committee filed S. Rept. 106–156 on H.R. 1833, as amended.

The Senate amendment to H.R. 1833 struck authorizations for the ITC and USTR as well as the amendments to Customs overtime and premium pay. The Senate amendment included provisions that allowed for five-year fixed term and an increased salary level for the Commissioner of Customs, reports relating to best practices by Customs, personnel flexibility, implementation of personnel allocation mode, and detection and monitoring requirements along the Southern and Northern borders. Finally, the Senate amendment included a provision that established civil penalties for marking violations.

The Senate agreed to H.R. 1833, as amended, by unanimous consent.

No further action was taken on the legislation during the 106th Congress.

b. Requests Submitted to the General Accounting Office (GAO)

In a letter dated March 11, 1999, to Mr. David M. Walker, the Comptroller General of the United States, Chairman Crane requested that GAO examine the timeliness of the Customs Office of Regulations and Rulings (OR&R) in responding to ruling requests in all categories of rulings. GAO reported its findings in September 2000 (GAO/GGD–00–181), concluding that OR&R did not generally comply with its own benchmark for timeliness and that the system used to track rulings and timeliness was not effective.

In a letter dated March 11, 1999, Chairman Crane requested that GAO evaluate the Administration’s cost basis for the President’s proposal in his FY 2000 budget request to establish an access fee for the use of the Customs automation system. GAO informally reported that it was unable to make the determination because the available information was insufficient.

The President’s FY 2000 budget request also proposed an increase in the passenger processing fee under the Consolidated Omnibus Budget Reconciliation Act of 1985 from \$5 to \$6.40 and removed the exemption for passengers arriving from Canada, Mexico, and the Caribbean. In a letter dated March 11, 1999, Chairman Crane requested that GAO assess the reasonableness and cost basis Customs used to set conveyance and passenger related fees as well as the merchandise processing fee. In a report dated October 7, 1999, GAO reported that it could not accurately determine the cost basis for the merchandise processing fee because the information necessary to determine the relationship between the fee and the cost of services was not maintained in a manner that would allow that determination (GAO/GGD–00–21R). In another report dated February 29, 2000, GAO stated that it could not determine the reasonableness of costs for processing air and sea pas-

sengers because Customs could not provide adequate supporting documentation for the labor percentages estimates used to allocate those costs (GAO/AIMD/GGD-00-94R).

In a letter dated October 12, 1999, Chairmen Archer, Crane, and Roth requested that GAO review the design and implementation of the Customs self-inspection program to determine the extent to which it will achieve the accountability the Commissioner is seeking. GAO is expected to complete this report on June 29, 2001.

4. GENERALIZED SYSTEM OF PREFERENCES

The reauthorization of the Generalized System of Preferences Program (GSP) was included in the conference report on H.R. 1180, the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). Section 508 contains a provision to reauthorize the GSP program (Title V of the Trade Act of 1974) as amended, for two years through September 30, 2001.

The Africa Growth and Opportunity Act, signed into law by the President on May 18, 2000 (P.L. 106-200) extended regular and enhanced GSP benefits through September 30, 2008, for eligible countries in sub-Saharan Africa. In addition, section 412 adds a new eligibility criterion to the Generalized System of Preferences so that the President shall not designate a country for benefits if it has not implemented its commitments to eliminate the worst forms of child labor. (See section on Bilateral Trade Relations: Trade Relations with sub-Saharan Africa.)

5. TRADE ADJUSTMENT ASSISTANCE

On June 2, 1999, the Senate Committee on Finance ordered reported a draft bill reauthorizing through September 2, 2001, the Trade Adjustment Assistance (TAA) programs for workers and firms and the NAFTA-related TAA program, all of which were scheduled to expire on June 30, 1999. This draft bill was subsequently introduced by Senator Roth on July 16, 1999 as S. 1386. On July 22, 2000, the Senate Finance Committee filed a report, S. Rept. 106-119, on S. 1386.

During Senate consideration of H.R. 434, the "African Growth and Opportunity Act," a number of amendments related to the TAA programs for workers and firms were adopted. These amendments were included in the version of H.R. 434 passed by the Senate on November 3, 1999 by a vote of 76-19. Specifically, section 401 of the Senate-passed amendment contained the text of S. 1386, reauthorizing all of the TAA programs through September 30, 2001. Section 402 of the Senate amendment would have changed the TAA eligibility criteria for textile and apparel workers to allow for certification of workers who lose their jobs as a result of a decrease in a firm's sales or production, or a plant closure or relocation. Section 601 of the Senate amendment proposed the creation of a TAA for Farmers program at the U.S. Department of Agriculture. Section 703 of the Senate amendment would have required the Comptroller General of the United States to submit a report to Congress on the efficiency and effectiveness of Federal and State coordination of employment and retraining activities associated with TAA, the Job Training Partnership Act, the Workforce Investment Act of 1998, and unemployment insurance. Section 704 of the Senate amendment provided that certain workers engaged in the decom-

missioning of a nuclear power plant who were covered by a TAA certification issued in 1993 would be eligible to apply for TAA benefits despite the expiration of their certification. Section 715 of the Senate amendment required the Secretary of Labor to submit a report to Congress on the applicability of TAA programs to agricultural commodity producers.

Reauthorization through September 30, 2001, of the general TAA programs for workers and firms, as well as the NAFTA-related TAA program was later included in the conference report to H.R. 3194, the Consolidated Appropriations Act of 1999 (H. Rept. 106-479). The conference report was passed by the House of Representatives on November 18, 1999 by a vote of 296-135, and by the Senate on the next day by a vote of 72-24. H.R. 3194 was signed into law on November 29, 1999 (P.L. 106-113).

On May 4, 2000, the conference report on H.R. 434, the Trade and Development Act of 2000, was filed (H. Rept. 106-606). Section 401 of the conference agreement contained the Senate provision requiring the Comptroller General of the United States to submit a report to Congress on the efficiency and effectiveness of Federal and State coordination of employment and retraining activities associated with TAA, the Job Training Partnership Act, the Workforce Investment Act of 1998, and unemployment insurance. Section 402 of the conference agreement contained the Senate provision providing that certain workers engaged in the decommissioning of a nuclear power plant who were covered by a TAA certification issued in 1993 are eligible to apply for TAA benefits despite the expiration of their certification. Section 408 of the conference agreement requires the Secretary of Labor to submit a report to Congress on the applicability of TAA programs to agricultural commodity producers. On May 4, 2000, the House of Representatives passed the conference report on H.R. 434 by a vote of 309-110. On May 11, 2000, the Senate passed the conference report by a vote of 77-19. The bill was signed into law by the President on May 18, 2000 (P.L. 106-200).

On October 26, 2000, the Secretary of Labor wrote to Chairman Archer to transmit a copy of the report required by section 408 of P.L. 106-200 on the applicability of TAA programs to agricultural commodity producers.

On June 12, 2000, Representative Stupak introduced H.R. 4641, providing that workers at a copper mining facility engaged in federally mandated environmental remediation associated with the mine's closure, who were covered by a TAA certification originally issued in 1995 would be eligible to apply for TAA benefits despite the expiration of their certification. H.R. 4641 was referred to the Committee on Ways and Means.

The text of H.R. 4641 was incorporated as section 2001 of H.R. 4868, the "Miscellaneous Trade and Technical Corrections Act of 2000," introduced by Subcommittee Chairman Crane on July 18, 2000. H.R. 4868 was referred to the Committee on Ways and Means.

On July 19, 2000, the Committee on Ways and Means reported H.R. 4868 to the House by a voice vote (H. Rept. 106-789). The House passed H.R. 4868 under suspension of the rules by a vote of 411-0 on July 25, 2000.

On September 19, 2000, the Senate Finance Committee ordered H.R. 4868 to be reported to the Senate with an amendment in the nature of a substitute, which included the House provision on the eligibility of certain copper mine workers for TAA benefits. The Senate Finance Committee reported this version of H.R. 4868 without a report on September 27, 2000. On October 12, 2000, the Senate Finance Committee filed a written report on H.R. 4868 (S. Rept. 106-503). On October 13, 2000, the Senate passed H.R. 4868 by unanimous consent with the amendment in the nature of a substitute reported by the Senate Finance Committee.

The House agreed to the Senate amendment on H.R. 4868 with a further amendment, and included the provision related the eligibility of certain copper mine workers for TAA benefits, pursuant to the provisions of H. Res. 644 on October 24, 2000 by a voice vote. On October 26, 2000, the Senate agreed to the House amendment to the Senate amendment by unanimous consent.

H.R. 4868 was signed into law by the President on November 9, 2000 (P.L.106-476).

6. LEGISLATION CONCERNING TRADE IN STEEL, OIL AND GAS

Pursuant to the provisions of section 111 of P.L. 105-277, the "Omnibus Appropriations Bill for Fiscal Year 1999," the President submitted a report to Congress on January 7, 1999 entitled "Comprehensive Plan for Responding to the Increase in Steel Imports." This report detailed the Administration's enforcement of U.S. trade laws, engagement of major steel exporting and importing countries to enforce fair trade, work with the International Monetary Fund (IMF) and other countries to address the Asian financial crisis which triggered an increase in U.S. steel imports, and efforts to provide American steel communities with the resources to adjust to globalization.

On February 25, 1999, the Subcommittee on Trade held a hearing on steel trade issues. Testimony was taken from Members of Congress, the Administration, and private sector witnesses (Ways and Means Hearing 106-6).

On March 4, 1999, Representative Visclosky et alia introduced H.R. 975, to direct the President to impose quotas, tariff surcharges, or negotiate enforceable voluntary export restraint agreements in order to ensure that the volume of imported steel products in the United States during any month does not exceed the average volume of imported steel for the 36-month period preceding July 1997. In addition, H.R. 975 proposed the creation of a steel import and monitoring program at the Department of Commerce. H.R. 975 was referred to the Committee on Ways and Means.

On March 5, 1999, Chairman Archer received a letter from Speaker Hastert and Majority Leader Armey requesting that the Committee on Ways and Means consider and report unfavorably H.R. 975 in the next week.

On March 15, 1999, the Committee on Ways and Means adversely reported H.R. 975 to the House by a voice vote without amendment (H. Rept. 106-52).

The House passed H.R. 975 without amendment by a vote of 289-141 on March 17, 1999.

On June 22, 1999, the Senate cloture vote on the motion to proceed to the consideration of H.R. 975 failed by a vote of 42-57.

No further action was taken on H.R. 975 in the 106th Congress. On June 18, 1999, the Senate amended and passed H.R. 1664, the "Emergency Steel Loan Guarantee and Emergency Oil and Gas Guarantee Loan Act of 1999," by a vote of 63–34. As passed by the Senate, the bill authorizes the establishment of an Emergency Steel Guarantee Loan Program for qualified steel companies that have experienced layoffs, production losses, or financial losses since the beginning of the steel import crisis in January 1998. The aggregate amount of loans guaranteed and outstanding at any one time under the steel program is capped at \$1 billion. The Senate amendment to H.R. 1664, also established a similar program, the Emergency Oil and Gas Guarantee Loan Program, for qualified oil and gas companies that have experienced layoffs, production losses, or financial losses since the beginning of the oil import crisis after January 1, 1997. The aggregate amount of loans guaranteed and outstanding at any one time under the oil and gas program is capped at \$500 million.

On August 4, 1999, Mr. Regula moved that the House agree to the Senate amendments to H.R. 1664. The House agreed to the motion by a vote of 246–175, with 1 Member voting Present. H.R. 1664 was signed into law by the President on August 17, 1999 (P.L. 106–51).

The conference report on H.R. 4577, the Consolidated Appropriations Act for Fiscal Year 2001, contained language in section 146 calling upon the President: 1) to take all appropriate action within his power to provide relief from injury caused by steel imports; and 2) to immediately request the U.S. International Trade Commission to commence an expedited investigation for positive adjustment under section 201 of the Trade Act of 1974 of such steel imports (H. Rept. 106–1033; Congressional Record, December 15, 2000, p. H12280).

7. MISCELLANEOUS PROVISIONS IN THE TRADE AND DEVELOPMENT ACT OF 2000

During Senate consideration of H.R. 434, the African Growth and Opportunity Act, several amendments related to various trade issues were adopted. These amendments were included in the version of H.R. 434 passed by the Senate on November 3, 1999. Some of these amendments were included in the conference report on H.R. 434. See also the discussion on Africa, the Caribbean Basin, Albania and Kyrgyzstan contained in the discussion above on Bilateral Trade Issues.

Specifically, section 403 of the conference report provides for re-liquidation of certain nuclear fuel assemblies. Section 710 adds the Senate Finance Committee and the House Committee on Ways and Means to the list of Committees to which the following reports are submitted: Reports Regarding Initiatives to Update the International Monetary Fund; Reports on Financial Stabilization Programs; Annual Report on the State of the International Financial System, IMF Reform, and Compliance with IMF Agreements; Audits of the IMF; and Reports on Protection of Borders Against Drug Trafficking. Section 405 clarifies section 334 of the Uruguay Round Agreements Act. Section 406 establishes within the Office of the United States Trade Representative (USTR) a Chief Agricultural Negotiator with the rank of Ambassador. Section 407 amends the

Trade Act of 1974 to require USTR to make periodic revisions of retaliation lists 120 days from the date the retaliation list is made and every 180 days thereafter. Section 409 outlines the United States agricultural trade negotiating objectives within the World Trade Organization (WTO). Section 410 amends the Trade Act of 1930 to allow for all merchandise withdrawn from a foreign trade zone during a week to be treated as a single entry billing for the purpose of assessing the merchandise processing fee. Section 411 clarifies the ban on articles made with forced or/and indentured labor includes those articles made with forced or/and indentured child labor. Section 412 adds a new eligibility criterion to the Generalized System of Preferences so that the President shall not designate a country for benefits if it has not implemented its obligations to eliminate the worst forms of child labor. Title V of the conference report reduces tariffs on high end worsted wool fabric intended for use in the manufacture of men's suits, suit-type jackets, and trousers in order to limit the tariff inversion U.S. suit-makers face in the purchase of such fabric.

On May 4, 2000, the conference report on H.R. 434 was filed (H. Rept. 106-606). On May 4, 2000, the House of Representatives passed the conference report on H.R. 434 by a vote of 309-110. On May 11, 2000, the Senate passed the conference report by a vote of 77-19. The bill was signed into law by the President on May 18, 2000 (P.L. 106-200).

8. MISCELLANEOUS TRADE ISSUES

a. Legislation Making Technical Corrections and Miscellaneous Amendments to U.S. Trade Laws (1999)

On February 2, 1999, Chairman Archer introduced H.R. 435, which contained substantially the provisions contained in H.R. 4856 of the 105th Congress. The bill was considered under suspension of the rules and passed the House by 414-1 on that same day. The bill was received in the Senate on February 11, 1999. On May 27, 1999, the Senate passed the legislation with an amendment by unanimous consent and forwarded it to the House. On June 7, 1999, the House passed the Senate amendment to H.R. 435 by a vote of 375-1. The bill was presented to the President on June 14, 1999. The President signed the legislation on June 25, 1999 (P.L. 106-36).

H.R. 4856, introduced in the 105th Congress, contained substantially the provisions contained in two other bills introduced in the 105th Congress: H.R. 4342, as amended by the Senate, and H.R. 4608. H.R. 4608 would have, among other things, allowed for the following: drawback of methyl tertiary-butyl ether (MTBE), if certain requirements are met; drawback for substituted petroleum derivatives; reliquidation of water resistant wool trousers and the issuance of a refund if applicable; reliquidation of certain entries of mueslix cereal using the Column 1 duty rate applicable to Canada for the period between 1992 through 1995 and issuance of refunds if applicable; expansion of the Foreign Trade Zone No. 163 area to include areas in the vicinity of Chico Municipal Airport in California; use of Customs user fee account to pay for preclearance activities in certain areas; a collection of a \$1 fee from cruise ship passengers to be used to pay salaries of Customs inspectors for

such passengers; establishment of a Customs Advisory Committee consisting of representatives of the airline, cruise ship, and other transportation industries to consider issues relating to the performance of Customs Service inspectional services; and exemption of certain woven fabrics containing silk from country of origin marking under the applicable statute.

H.R. 4342, of the 105th Congress contained two parts. The first part contained miscellaneous corrections to U.S. trade laws to bring them up to date with current institutions and statutes. The second part contained provisions for temporary duty suspensions and other trade provisions. The second part of H.R. 4342 was in two sections. The first section provided temporary duty suspensions for specified chemicals and dyes. The second section of H.R. 4342 substantially included provisions that would have (1) extended to certain fine jewelry the trade benefits of insular possessions of the United States; (2) permitted the deferral (until sale) of duty payment on any large yacht (exceeding 70 feet in length and used primarily for pleasure) that is imported for sale if the importer meets certain conditions; and (3) provided an exception to the five-year reviews of antidumping and countervailing orders in very limited circumstances. A more detailed legislative history of H.R. 4342 is found in H. Rept. 105-671.

Although H.R. 435 incorporated the provisions from H.R. 4608 and H.R. 4342 of the 105th Congress, H.R. 435 included changes to certain provisions as well as additional provisions. The provision relating to the collection of user fees for cruise ship passengers was changed from \$1 to \$5. A provision was added to allow payment of education costs of dependents of certain Customs Service personnel who died in the line of duty.

b. Legislation Making Technical Corrections and Miscellaneous Amendments to U.S. Trade Laws (2000)

On August 12, 1999, and April 12, 2000, Subcommittee Chairman Crane requested written comments from parties interested in miscellaneous trade proposals, technical corrections to the trade laws, and temporary duty suspensions on certain imports (Trade Advisory TR 15 and TR 20). These technical corrections related to the on-going process of identifying changes to improve the efficiency of the trade laws.

On July 18, 2000, Chairman Crane introduced H.R. 4868, the Miscellaneous Trade and Technical Corrections Act of 2000. This legislation included provisions which were non-controversial and revenue-neutral based on public comments received in response to the advisories, Administration comments, and revenue analysis by the Congressional Budget Office.

H.R. 4868 contained two parts. The first part contained a group of provisions to provide for temporary duty suspensions, extension of duty suspensions, liquidations and reliquidations, and special classifications for product development and testing. This part also contained two provisions introduced by Chairman Crane: H.R. 2714, which would change in rate for duty of goods brought by travelers returning to the United States; and H.R. 2715, which would provide duty free treatment for personal effects of participants in international sporting events. Other provisions in this section included: (1) an exception from making report of arrival and

formal entry for certain vessels (H.R. 2213); (2) designation of San Antonio International Airport for Customs processing of certain private aircraft arriving in the United States (H.R. 2256); (3) collection of fees for Customs services for arrival of certain ferries (H.R. 2881); (4) alternative mid-point interest accounting methodology for underpayment of customs duties and fees (H.R. 4337); (5) treatment of certain multiple entries of merchandise as single entry (H.R. 4337); (6) requiring a report on Customs procedures relating to entry information (H.R. 4337); (7) a prohibition on import and domestic sale of cat and dog fur products (H.R. 1622); (8) a provision removing gum Arabic from import sanctions (H.R. 1808); and (9) other miscellaneous provisions.

The second part of H.R. 4868 contained a provision for trade adjustment assistance for certain workers affected by environmental remediation or closure of a copper mining facility (H.R. 4641). In addition, the bill contained provisions relating to the importation of cigarettes, including a technical amendment to the Balanced Budget Act of 1997, and a provision that would reinstate the duty-free allowance for returning travelers bringing export-labeled cigarettes.

On July 17, 2000, the Trade Subcommittee marked up draft legislation entitled the "Miscellaneous Trade and Technical Corrections Act of 2000," which was favorably reported by voice vote to the Committee on Ways and Means. The Committee on Ways and Means amended and marked up H.R. 4868, the "Miscellaneous Trade and Technical Corrections Act of 2000," and ordered it favorably reported by voice vote on July 19, 2000. The bill was reported on July 25, 2000 (H. Rept. 106-789). The Committee amendment included several duty-free provisions, as well as withdrawal of the provisions relating to the importation of cigarettes, the technical amendment to the Balanced Budget Act of 1997, and the provision that would reinstate the duty-free allowance for returning travelers bringing export-labeled cigarettes. In addition, the Committee's amendment expanded the exception for certain vessels from making report of arrival and formal entry (H.R. 2213).

On July 25, 2000, Chairman Crane asked the House to suspend the rules and pass the bill. The bill was considered under suspension of the rules and passed the House by roll call vote of 411-0 (Roll no. 438) on July 25, 2000, and it was received in the Senate on July 26, 2000.

The Senate Committee on Finance ordered the bill favorably reported with an amendment in the nature of a substitute on September 19, 2000, and Senator Roth reported the bill with an amendment in the nature of substitute on September 27, 2000. Senator Roth filed a report on H.R. 4868 on October 12, 2000 (S. Rept. 106-503), and the bill passed the Senate with an amendment by unanimous consent. The Senate amendment added provisions relating to duty suspensions, cigarette importation, jet fuel, and reliquidation of certain entries of orange juice, tomato sauce, athletic shoes, and drawback of recycled materials. The Senate amendment added criminal penalties and increased civil penalties as well as other provisions relating to the import and domestic sale ban on cat and dog fur products (H.R. 1622), a provision granting normal trading relations to Georgia, and a provision reinstating three annual reports: ITC's report entitled *The Year in Trade*, and USTR's

reports entitled, Trade Policy Agenda and Annual Report, and, National Trade Estimate Report on Foreign Trade Barriers. All three reports had expired on December 21, 1999 and were extended through May 2000. The Senate amendment did not include the House passed provision on gum Arabic.

On October 24, 2000 the House agreed to the Senate amendment with an amendment pursuant to H. Res. 644. The House amendment added provisions relating to petroleum drawback, the salary for the chief Agricultural Negotiator at the Office of the United States Trade Representative, and a sense of the Congress relating to gum Arabic (see discussions under Unilateral Trade Sanctions). In addition, the House amended the provisions relating to the import ban on cat and dog fur products, including striking the criminal penalties provision and modifying language on labeling, in consultations with the Committees on Judiciary and Commerce. On October 26, 2000, the Senate agreed to the House amendment by unanimous consent. The President signed the bill on November 9, 2000 (P.L. 106-476).

c. Diamonds

There were a number of legislative proposals in Congress seeking to address the trade in conflict diamonds. Such diamonds generally come from mines controlled by rebel forces and are traded for arms to fuel civil war in Africa. Some of the proposals included banning diamonds imported from specified countries and requiring a certification of where the imported diamond was mined.

On September 12, 2000, Chairman Crane held a hearing on the import of conflict diamonds. This hearing was an effort to obtain viewpoints from the Administration, the industry, non-governmental organizations and other interested parties for possible solutions to the issues relating to the trade in conflict diamonds.

On June 16, 2000, Chairman Archer sent a letter to Chairman Young insisting that a Senate amendment to H.R. 4425, a bill making appropriations for Military Construction, Family Housing, and Base Realignment and Closure for the Department of Defense for the fiscal year ending September 30, 2001, be dropped from the bill during the House-Senate conference consideration of H.R. 4425. The Senate amendment would have imposed an import ban on diamonds from certain countries. Chairman Archer objected on the basis that the provision violated the prerogatives of the House to originate revenue measures. This provision was not included in the conference report.

In a letter to Chairman Young dated October 11, 2000, Chairman Archer insisted that section 406 of the Senate-passed version of H.R. 4690, the Department of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act of 2001, be dropped from the conference report on H.R. 4690. Specifically, section 406 would have imposed an import ban on diamonds from certain identified countries. However, the provision was not dropped, apparently by error, and was included in the conference report to H.R. 4690. On October 26, 2000, Chairman Archer sent another letter to Chairman Young confirming a further mutual understanding to drop, or if necessary, repeal the provision and that the provision or any similar provision would not be included in any other remaining appropriations vehicle. Finally, Chairman Archer noted

that he did not insist on the prerogatives of the House with respect to the conference report on H.R. 4690 based on the assurances of the mutual understanding they had reached. The conference report on H.R. 4690 was not acted upon by the Senate. Legislation appropriating funds for the Departments of Commerce, Justice, and State, the Judiciary was included in the conference report to H.R. 4577. That conference report did not contain a diamond import ban.

d. Bear Protection Act

On May 24, 1999, Senator McConnell introduced S. 1109, the "Bear Protection Act," to prohibit the importation, exportation, and interstate trade of bear viscera and items, products, or substances containing, or labeled or advertised as containing bear viscera. The bill was referred to the Senate Committee on the Environment and Public Works.

On July 26, 2000, S. 1109 was ordered reported to the Senate by the Committee on the Environment and Public Works without an amendment. On October 4, 2000, the Committee on the Environment and Public Works filed a report on S. 1109 (S. Rept. 106-484).

The Senate passed S. 1109 without amendment by unanimous consent on October 17, 2000. Because S. 1109 contained a revenue measure in contravention to the constitutional requirement that revenue measures originate in the House of Representatives, Subcommittee Chairman Crane introduced a resolution, H. Res. 645, to return S. 1109 to the Senate. H. Res. 645 was considered and passed by the House on October 25, 2000 by a voice vote.

e. Intelligence Authorization Bill for Fiscal Years 2000

On April 26, 1999, Chairman Goss of the House Permanent Select Committee on Intelligence introduced H.R. 1555, the Intelligence Authorization Act for Fiscal Year 2000. H.R. 1555 was referred to the House Permanent Select Committee on Intelligence and was reported to the House on May 7, 1999 (H. Rept. 106-130, Part I). On May 13, 1999, H.R. 1555 passed the House by a voice vote.

On May 11, 1999, Chairman Shelby of the Senate Select Committee on Intelligence introduced a similar bill, S. 1009. Section 303 of the bill, as introduced, contained a provision in the jurisdiction of the Committee on Ways and Means extending through January 6, 2001 sanctions waiver authority under the National Security Act of 1947. This provision dealt with the President's authority to delay the imposition of sanctions upon his determination that proceeding with sanctions could compromise an ongoing criminal investigation or an intelligence source or method. S. 1009 was reported by the Senate Select Committee on Intelligence on May 11, 1999 (S. Rept. 106-48) and by the Senate Committee on Armed Services on June 8, 1999 (no written report filed). On July 21, 1999, Chairman Shelby offered the text of S. 1009 as an amendment in the nature of a substitute to H.R. 1555. On the same day, the Senate agreed to the amendment and passed the bill, as amended, by a voice vote.

On September 18, 1999, Chairman Archer wrote to House Intelligence Chairman Goss regarding further consideration of H.R.

1555. In his letter, Chairman Archer noted that section 303 of the Senate amendment contravened the requirement in Article I, Section 7 of the Constitution that revenue measures originate in the House of Representatives. On that basis, Chairman Archer requested the deletion of section 303 of the Senate amendment in the conference on H.R. 1555. Chairman Goss replied to Chairman Archer on September 21, 1999 and indicated that he would insist on the deletion of section 303 of the Senate amendment in conference.

The conference report on H.R. 1555 was filed on November 5, 1999 and did not contain the sanctions deferral provision from the Senate amendment (H. Rept. 106-457). On November 9, 1999, the House agreed to the conference report on H.R. 1555 by a voice vote. The Senate passed the conference report on H.R. 1555 by a voice vote on November 19, 1999. H.R. 1555 was signed into law by the President on December 3, 1999 (P.L. 106-120).

f. Issues Involving U.S. Antidumping and Countervailing Duty Laws

On September 22, 1999 Representative Visclosky et alia introduced H. Res. 298, a resolution calling on the President to abstain from renegotiating international agreements governing anti-dumping and countervailing duty measures and from participating in any international negotiation in which antidumping or countervailing duty rules are part of the negotiating agenda. The bill was referred to the Committee on Ways and Means. On November 4, 1999 Representative Visclosky rose to a question of the privileges of the House and offered a privileged resolution similar to H. Res. 298. On that same day, the Speaker ruled that the resolution did not concern a question of privilege and therefore may not be considered by the House at that time. Representative Visclosky then offered a motion to lay on the table the appeal of the ruling of the chair. The motion was defeated by a vote of 218-204.

On September 25, 2000, Chairman Archer wrote to Mr. Dan Crippen, Director of the Congressional Budget Office, requesting that CBO update its analysis of a 1998 study on the usage of anti-dumping laws by the United States and its trading partners. Chairman Archer requested that the study be made available in the first quarter of 2001.

On October 3, 2000, the conference committee on H.R. 4461, the Agriculture and Related Agencies Appropriations Act for Fiscal Year 2001, adopted an amendment in the jurisdiction of the Ways and Means Committee titled "Continued Dumping and Subsidy Offset Act of 2000." This provision, included in title X of the conference report, provides for the distribution of antidumping and countervailing duties collected by the U.S. Customs Service each fiscal year to affected domestic producers who were petitioners or interested parties to antidumping or countervailing duty orders. The amendment further directs the Commissioner of the U.S. Customs Service to establish a special account in the U.S. Treasury for the deposit of antidumping and countervailing duties collected by the Customs Service. On October 4, 2000, Chairman Archer wrote to House Appropriations Committee Chairman Young (FL) asserting the jurisdiction of the Ways and Means Committee with respect to the amendment and objecting to its inclusion in the conference report.

The conference report on H.R. 4461 was filed on October 6, 2000 with the “Continued Dumping and Subsidy Offset Act of 2000” included in title X (H. Rept. 106–948). The conference report was passed by the House of Representatives by a vote of 340–75 on October 11, 2000. The Senate passed the conference report on October 18, 2000 by a vote of 86–8. H.R. 4461 was signed into law by the President on October 28, 2000 (P.L. 106–387).

g. Plant Protection Act

In a letter dated May 23, 2000, Chairman Combest requested that Chairman Archer waive the jurisdiction of the Committee on Ways and Means on H.R. 1504, a bill to streamline, modernize, and enhance the authority of the Secretary of Agriculture relating to plant protection and quarantine, and for other purposes. The conference report to H.R. 2559, the “Agricultural Risk Protection Act of 1999,” included a provision, entitled “Notification and Holding Requirements Upon Arrival,” which was within the jurisdiction of the Committee on Ways and Means. Specifically, the provision would have required the Secretary of the Treasury to notify promptly the Secretary of Agriculture of the arrival of any plant, plant product, biological control organism, plant pest, or noxious weed at a port of entry. The provision also would have required the Secretary of the Treasury to hold those products until they are inspected and authorized for entry into or transit movement through the United States, or otherwise released by the Secretary of Agriculture.

In a letter dated May 25, 2000, Chairman Archer waived the Committee’s jurisdiction with the understanding that doing so would not prejudice the jurisdictional prerogatives of the Committee on this provision or any other similar legislation and would not be considered as precedent for consideration of matters of jurisdictional interest to the Committee in the future. The bill was signed into law on June 22, 2000 (P.L. 106–224).

h. User Fees

On July 21, 2000, Chairman Archer and Ranking Member Rangel sent a letter to Chairman Young objecting to section 2132 of the Senate-passed version of H.R. 4577, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education for fiscal 2001. The amendment would have extended for seven years the authority to collect certain user fees pursuant to section 13031(a) of the Consolidated Budget Reconciliation Act of 1985. Chairman Archer and Ranking Member Rangel stated that the basis for their objection was that the provision was highly controversial and did not go through the normal legislative process with full consideration of the views of all interested parties. The provision was dropped in the conference report.

i. Children’s Sleepwear

In a letter to Chairman Young dated July 28, 1999, Chairman Archer requested that House amendment 296 to H.R. 2490, a bill making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 2000, be removed from H.R. 2490 during the House-Senate con-

ference. Specifically, amendment 296 would have prohibited the import of children's sleepwear without the labels required by the standards issued by the Consumer Product Safety Commission. Chairman Archer objected on the basis that the provision was within the jurisdiction of the Ways and Means Committee and violated the prerogatives of the House to originate revenue measures. The provision was deleted in the conference report on H.R. 2490.

j. Steam Generators

On October 27, 2000, Chairman Archer sent a letter to Chairman Young objecting to including a duty suspension provision on imported steam generators in any appropriations legislation. He insisted, on jurisdictional grounds, that such revenue provisions be excluded from any final appropriations conference report because they would violate the prerogatives of the House to originate such measures. No such provision was included in any legislation in the 106th Congress.

k. Trade Deficit Review Commission

Throughout the 106th Congress, the Subcommittee monitored work by the Emergency Trade Deficit Review Commission, which was established by Sec. 127 of the Omnibus Appropriations Bill for Fiscal Year 1999, signed into law on October 21, 1998 (P.L. 105–277). On November 13, 2000, the Ways and Means Committee received the Commission's report. H.R. 4205, the National Defense Authorization Act for Fiscal Year 2001, renamed the Trade Deficit Review Commission as the United States-China National Security Commission and directed it to monitor, investigate, and report to Congress on the national security implications of the bilateral trade and economic relationship between the United States and the People's Republic of China. H.R. 4205 passed the House on May 18, 2000, and the Senate on July 13, 2000. It was signed into law on October 30, 2000 (P.L. 106–398).

l. Reports requested from the United States International Trade Commission (ITC) pursuant to section 332(g) of the Tariff Act of 1930, 19 U.S.C. § 1332(g)

On May 12, 1999, the Committee received a report from ITC entitled *Pianos: Economic and Competitive Conditions Affecting the U.S. Industry* (ITC Publication 3196). The report contains an overview of the global market for pianos, a profile of the U.S. piano industry, and comparison of factors affecting the competitive position of the U.S. and foreign producers. This report was in response to a November 12, 1998, request made by Chairman Archer.

On August 25, 1999, the Committee requested that the ITC conduct a fact-finding investigation of the current competitive conditions affecting the U.S. foundry coke industry with respect to the role of imports from China in the U.S. market. Specifically, the report was to review the foundry coke industries in the United States and China for the most recent five year period and address, among other issues, production, prices, market factors, and transportation costs to U.S. markets for Chinese and domestic foundry coke. The ITC was to submit its report within one year of receipt of the request letter. On May 23, 2000, the Committee sent another letter to the ITC asking that the report be submitted by July 7, 2000,

rather than August 25, 2000, as originally requested. The Committee received the report entitled Foundry Coke: A Review of the Industries in the United States and China (ITC Publication 3323) on July 10, 2000.

In September 1999, the International Trade Commission submitted a report to the Committee, requested by Chairman Archer, providing an overview and analysis of the economic impact of U.S. sanctions policy with respect to India and Pakistan (ITC Publication 3236).

On February 7, 2000, the Committee requested that the ITC continue to submit its annual report on the operation of the U.S. trade agreements, The Year in Trade 1999: Operation of the Trade Agreements Program 51st Report (ITC Publication 3336). Section 1463 of H.R. 4868, the Tariff Suspension and Trade Act of 2000, reinstated the mandate for ITC to complete the Year in Trade report on an annual basis.

On March 8, 2000, the Committee requested that the ITC conduct an investigation on the civil aerostructures industry. The ITC was asked to examine the composition of the industry, the process of new aerostructures development, and the relative strengths and weaknesses of the aerostructures industries in United States, Europe, Canada, and Asia. The ITC is to submit its report no later than 15 months after receipt of the request letter.

On March 15, 2000, the Committee requested that the ITC conduct a study of the economic impact of U.S. sanctions with respect to Cuba. The ITC was asked to provide an overview of U.S. sanctions against Cuba, a description of the Cuban economy and Cuban trade and investment policies and trends, and an analysis of the historical impact of U.S. sanctions on both the U.S. and Cuban economies. The ITC is to submit its completed report to the Committee no later than 11 months following receipt of the request.

In June 2000, the International Trade Commission submitted a report to the Committee, requested by Chairman Archer, providing a simplification of the Harmonized Tariff Schedule of the United States (ITC Publication 3318).

On June 28, 2000, the Committee requested that the ITC conduct a fact-finding investigation relating to pricing of prescription drugs by certain U.S. trading partners. Specifically, the ITC was asked to determine the effect of the utilization of price controls on innovative medicine by the other G-8 countries or other countries that are signatories to the NAFTA on pricing for such drugs abroad and in the United States. The ITC was to submit the report within 90 days after receipt of the request letter. On August 9, 2000, the Committee sent a letter to the ITC extending the initial due date of the report to December 1, 2000, because of the complex nature of the study. On August 18, 2000, the Committee received a letter from Chairman Koplman confirming that the ITC will deliver the preliminary report on Pricing of Prescription Drugs on December 1, 2000. The Committee received the report entitled Pricing of Prescription Drugs on December 1, 2000 (ITC Publication 3333).

On October 30, 2000, the Committee requested that the ITC investigate tariff and non-tariff barriers that impact trade in the processed food and beverage sectors. Specifically, ITC was asked to describe the tariff and non-tariff barriers affecting trade in the processed food and beverage sectors, evaluate the prevalence of tar-

iff escalation, and analyze the impact of tariff and non-tariff barriers on trade and investment in the processed food and beverage sectors. The ITC is to submit its completed report no later than October 1, 2001.

m. Establishment of the FTAA Secretariat in Miami, Florida

On November 8, 1999, Senator Graham introduced S. Con. Res. 71, expressing the sense of the Congress that Miami, Florida, and not a competing foreign city, should serve as the permanent location for the Secretariat of the Free Trade Area of the Americas (FTAA) beginning in 2005. The Senate had passed S. Con. Res. 71 by unanimous consent on November 19, 1999. On April 11, 2000, the House suspended the rules and agreed to S. Con. Res. 71, by voice vote.

C. LEGISLATIVE REVIEW OF HEALTH ISSUES

1. THE MEDICARE, MEDICAID AND SCHIP BALANCED BUDGET REFINEMENT ACT OF 1999

The Subcommittee on Health held hearings regarding provisions later included in the Medicare, Medicaid and SCHIP Balanced Budget Refinement Act of 1999 on March 2, March 18, and October 1, 1999.

On October 14, 1999, H.R. 3075 was introduced in the House of Representatives. On October 15, 1999, the Subcommittee on Health considered and approved by voice vote H.R. 3075, and forwarded the bill to the full Ways and Means Committee. On October 21, 1999, the full Ways and Means Committee considered and approved H.R. 3075, which was then referred to the Committee on Commerce, and subsequently passed the House on November 5, 1999, by a vote of 388–25. The bill was received in the Senate on November 8, 1999 and subsequently amended to be re-introduced as H.R. 3426 on November 17, 1999. On November 19, 1999, H.R. 3426 was incorporated by cross reference in the conference report to accompany H.R. 3194, the “District of Columbia Appropriations Act,” which was enacted as P.L. 106–113 on November 29, 1999.

The health provisions of H.R. 3194, as signed by the President, provide for a number of adjustments to provisions in the Balanced Budget Act of 1997. The legislation restores \$16 billion in funding over 5 years to health care providers, including hospitals, skilled nursing facilities, home health agencies, and Medicare+Choice plans, harmed by the reductions in spending mandated in the 1997 Balanced Budget Act. Among the provisions are increased payments for Medicare+Choice plans, a slow-down in the phase-in of the risk adjustment process, and reforms to the Medicare+Choice program that offer seniors more choices and flexibility.

The bill includes provisions to improve seniors’ Medicare benefits. Seniors’ out-of-pocket costs for hospital outpatient care are limited to the same amount as the deductible for hospital inpatient care. Medicare’s coverage of anti-rejection drugs used after organ transplants are extended beyond three years. Women are provided increased access to pap smear tests and cervical cancer screening.

The legislation also provides significant, targeted funding for hospitals to smooth the transition from a cost-based payment system for hospital outpatient services to a prospective payment sys-

tem, and it establishes mechanisms to ensure that seniors continue to enjoy access to the most modern technologies and drugs through an “outlier” adjustment and a transitional “pass-through” mechanism for new technologies and drugs. A number of provisions in the bill offer financial relief specifically for hospitals and other health care providers in rural areas, including strengthening the Critical Access Hospital program and extending the Medicare Dependent Hospital program. Payments to teaching hospitals and hospices also are increased.

Skilled nursing facilities receive additional assistance in caring for medically-complex patients. Annual rehabilitation therapy caps are lifted for two years, but with safeguards to prevent fraud and abuse. The 15 percent scheduled reduction in payments to home health agencies is delayed until one year after the implementation of the prospective payment system for home health services, and agencies receive financial assistance with added paperwork and record keeping costs.

The legislation also includes several provisions to improve the State Children’s Health Insurance Program (SCHIP) for low-income children and provides more stability in SCHIP funding by creating floors and ceilings and correcting the original payment formula to account for under-representation of the population in certain areas. Additionally, the legislation makes improvements in Medicaid disproportionate share funding by providing a permanent extension for certain safety net hospitals.

2. THE MEDICARE RX 2000 ACT

The Subcommittee on Health held a hearing on Medicare beneficiaries’ access to prescription drug benefits on February 15, 2000. In addition, the Subcommittee held a hearing on the Administration’s proposal to add a prescription drug benefit to the Medicare program on May 11, 2000.

In response to these hearings, H.R. 4680, the “Medicare Rx 2000 Act,” was introduced in the House of Representatives on June 15, 2000. The bill was referred to the Committee on Ways and Means, and subsequently, to the Committee on Commerce. On June 21, the Committee considered, marked up and ordered the bill to be reported by a recorded vote of 23–14. The bill, as amended, was reported by the Committee to the House of Representatives on June 27, 2000. The Committee on Commerce discharged the bill the same day and it was placed on the Union Calendar. On June 28, 2000, the Rules committee reported H. Res. 539, making in order the consideration of H.R. 4680. The House of Representatives passed the bill the same day by a vote of 217–214. The bill was received by the Senate on June 29, 2000, but no further action was commenced on the legislation in the 106th Congress.

H.R. 4680 would have created a new outpatient prescription drug program for Medicare beneficiaries under a new Part D in Title XVIII of the Social Security Act. It would have also modified the existing Medicare+Choice program. In addition, the bill included provisions that would have reformed the Medicare coverage and claims appeals processes, clarified the scope of drugs and biologicals covered under Part B, and established a voluntary disease management demonstration project for Medicare beneficiaries with diabetes, advanced-stage congestive heart failure, or coronary

heart disease. Finally, the bill would have established a new Medicare Benefits Administration within the Department of Health and Human Services to administer both the prescription drug and Medicare+Choice programs. The Congressional Budget Office estimated that the bill would have increased Medicare outlays by \$50.6 billion and total direct spending by \$40 billion over five years.

The new prescription drug program included in H.R. 4680 would have been made available to all Medicare beneficiaries beginning in 2003. Under the program, drug benefits would be provided by either Medicare+Choice plans or new, private, prescription drug plans. The bill would have required the Secretary of Health and Human Services to contract with a sufficient number of plan sponsors, such that all Medicare beneficiaries would have access to at least two prescription drug plan options. Beneficiaries who elected to participate in the program would have chosen a plan each year during an annual enrollment period. Participation by beneficiaries in the program would have been voluntary.

The bill specified minimum benefit requirements, beneficiary protections, and organizational standards that all plan sponsors would have been required to meet to participate in the program.

With respect to benefits, plans would have had to offer at least a prescribed standard benefit package or qualified alternative coverage. For 2003, the standard coverage would have been defined to be coverage having (1) a \$250 deductible, (2) required cost-sharing of on average 50 percent on the next \$2,100 of incurred costs (above the deductible), and (3) a limitation on overall beneficiary out-of-pocket spending of \$6,000. In subsequent years, the deductible, initial coverage limit, and out-of-pocket spending limitation would have been indexed to the average annual increase in per capita aggregate expenditures for covered outpatient drugs for Medicare beneficiaries. Qualified alternative coverage would have been required to be of at least an equivalent actuarial value of the standard package, have the same out-of-pocket spending limitation, and meet other tests designed to prevent adverse selection.

Plan sponsors would have had to meet minimum information disclosure requirements, provide enrolled beneficiaries access to grievance and appeals processes, abide by specific drug formulary development, maintenance and appeals requirements, and maintain ongoing quality assurance, utilization management and medication therapy management programs. In addition, plan sponsors would have been required to be licensed as risk-bearing entities under state law or meet alternative solvency requirements established by the Secretary, and meet other organizational requirements now specified for Medicare+Choice program contractors.

In addition to the standard prescription drug benefit, H.R. 4680 included additional benefit subsidies for low-income beneficiaries who enrolled in the new prescription drug program. Under the bill, enrollees who met the resource requirements of the Qualified Medicare Beneficiary (QMB) program and whose incomes were below 135 percent of the Federal poverty level would have been eligible for complete premium subsidies. In addition, these enrollees would have only been subject to nominal copays on drug consumption up to the initial benefit maximum. Enrollees who met the QMB program resource requirements and who had incomes between 135

and 150 percent of the Federal poverty level would have been eligible for phased-out premium subsidies.

H.R. 4680 also included provisions providing for a graduated scale of reinsurance payments to participating plan sponsors. These payments would be made to plans to reimburse them for a percentage of their incurred claims as their respective enrollees' prescription drug costs exceeded certain prescribed levels. For 2003, the bill would have provided reinsurance payments equal to 30 percent of the plan's incurred claims in the \$1,250 to \$1,350 spending range, 50 percent of the plan's incurred claims in the \$1,350 to \$1,450 spending range, 70 percent of the plan's incurred claims in the \$1,450 to \$1,550 spending range, 90 percent of the plan's incurred claims in the \$1,550 to \$2,350 spending range, and 90 percent of the plan's incurred claims in the \$7,050 and above spending range. In subsequent years, the Secretary would have been required to adjust these reinsurance attachment points and percentages such that the estimated total reinsurance subsidy payments in any given year equaled 35 percent of plans incurred claims, based on standard coverage. After considering the probable effects of the low-income and reinsurance subsidies, the Congressional Budget Office estimated that the average premium for a standard prescription drug plan would have to be approximately \$39 a month and that 74 percent of eligible Medicare beneficiaries would have enrolled in the program.

H.R. 4680 would have also established a new Medicare Benefits Administration within the Department of Health and Human Services. The Medicare Benefits Administration would have been responsible for administering both the Medicare+Choice program and new prescription drug benefit program, and for conducting all Medicare beneficiary enrollment, eligibility and education activities. The bill would have also created a Medicare Ombudsman within the new Medicare Benefits Administration to assist beneficiaries.

Finally, H.R. 4680 also included provisions that would have modified the way Medicare+Choice plans were reimbursed. The bill would have phased in the scheduled risk adjuster over a ten year period; increased the national minimum payment amount to \$450 in 2002; increased the national per capita Medicare+Choice growth percentage in 2001 and 2002; increased the minimum update for payment areas with less than two plan contracts; eliminated the budget neutrality provision in current law that impedes the full financing of "blended" reimbursements in certain counties; accelerated the transition to a 50 percent national/50 percent local blended reimbursement rate; and allowed certain Medicare+Choice plans to begin negotiating their payment updates with the Medicare Benefits Administration starting in 2004.

3. THE MEDICARE, MEDICAID, AND SCHIP BENEFITS IMPROVEMENT AND PROTECTION ACT OF 2000

The Subcommittee on Health held a hearing regarding additional Medicare refinements to the Balanced Budget Act of 1997 on July 25, 2000. Many of the issues raised during the hearing were later addressed in the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000. On October 3, 2000, the Subcommittee considered, marked-up and amended draft legislation,

which was incorporated into H.R. 5543, the "Medicare, Medicaid, and S-Chip Benefits Improvement and Protection Act of 2000."

On October 25, 2000, the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 was introduced in the House of Representatives as H.R. 5543. It includes many provisions in the Medicare Refinement and Benefits Improvement Act of 2000 and provisions in H.R. 5291, the "Beneficiary Improvement and Protection Act of 2000." H.R. 5543 was included in the conference report to accompany H.R. 2614, the "Enactment of Certain Small Business, Health, Tax, and Minimum Wage Provisions," which passed the House of Representatives on October 25, 2000. After discussions with the Senate, the bill was subsequently amended to be re-introduced as H.R. 5661 on December 14, 2000. On December 15, 2000, H.R. 5661 was incorporated by cross reference in the conference report to accompany H.R. 4577, the "Departments of Labor, Health, and Human Services, and Education and Related Agencies Appropriations Act, 2001, which passed the House of Representatives on December 15, 2000, and was agreed to by the Senate by unanimous consent.

The legislation improves benefits offered to Medicare enrollees and restores funding to health care providers that have been harmed by payment reductions mandated by the Balanced Budget Act of 1997. Overall, the bill restores more than \$30 billion to seniors and providers over 5 years. The bill accelerates the reduction of high copayments that Medicare beneficiaries make for hospital outpatient services. In addition, the plan creates and extends new preventive benefits for seniors and the disabled, including coverage of biennial pap smear screenings and pelvic exams, glaucoma screenings, medical nutrition therapy for patients with diabetes or renal disease, colon cancer screenings for all Medicare patients, and study of Medicare coverage of thyroid screenings. Women are assured access to the most advanced technology (digital mammography) in the detection of breast cancer. The 24-month waiting period for Medicare coverage of individuals disabled by Amyotrophic Lateral Sclerosis (ALS), or Lou Gherig's disease, is waived.

The bill also gives Medicare beneficiaries access to an external review process and expands the rights of Medicare patients to appeal coverage decisions. The time limitation on Medicare benefits for immuno-suppressive drugs is eliminated so seniors who receive organ transplants can live longer, and balance billing limits on prescription drugs are imposed.

The legislation stabilizes and strengthens the Medicare+Choice (M+C) program by increasing payment rates, particularly in rural areas and medium-size cities. Assistance also is targeted at help those communities at greatest risk of losing their Medicare+Choice plans. M+C plans are permitted to give cash rebates on their Part B premiums.

The bill offers assistance to health care providers by providing full inflation updates to their prices in 2001, with some providers receiving additional relief in 2002. Acute care, long term, rehabilitation and psychiatric hospitals receive payment increases, as do teaching hospitals and providers of renal dialysis and ambulance services. Hospitals in rural areas receive comparable treatment relative to hospitals in urban areas in the calculation of Medicare disproportionate share hospital (DSH) payments. Additional provi-

sions build on, and strengthen, the Critical Access Hospital program. Seniors in rural areas may improve their access to world-class health care through telemedicine, and are assured better availability of home health services. Hospices receive increased payments. The planned 15 percent reduction in payments to home health agencies is delayed an additional year with study of whether nonroutine medical supplies should be carved out of the home health prospective payment system and paid on a separate basis. Skilled nursing facilities are relieved of some of the administrative burden of consolidated billing, and their payments related to the nursing component of their rates are increased so that they may hire more nurses to improve nurse staffing.

The bill also makes several modifications to the Medicaid program, including the revision of disproportionate share hospital (DSH) payments and the creation of a new prospective payment system for Federally qualified health centers (FQHCs) and rural health centers (RHCs). The legislation allows for additional entities, such as schools, to make Medicaid presumptive eligibility determinations for children. The Secretary of Health and Human Services is directed to develop a simplified national application form for States, at their option, to use for individuals who apply for medical assistance for Medicare cost sharing under the Medicaid program.

D. LEGISLATIVE REVIEW OF SOCIAL SECURITY ISSUES

1. FEDERAL RETIREMENT COVERAGE CORRECTIONS ACT

On January 19, 1999, Rep. Joe Scarborough introduced H.R. 416, the "Federal Retirement Coverage Corrections Act." On February 11, 1999, H.R. 416 was ordered favorably reported by the Full Committee (H. Rept. 106-29, Part 2). The bill passed the House on March 23, 1999. No action was taken by the Senate.

H.R. 416 provides for the correction of certain retirement coverage errors affecting Federal employees who were erroneously enrolled in the wrong retirement plan. The bill further provides that retroactive earnings will be credited if individuals elect a retirement system that includes Social Security coverage, and the Social Security Trust Funds will be compensated to reflect the election. In addition, the Commissioner of Social Security is given the authority to take actions necessary to correct Social Security earnings records. Finally, the bill makes necessary conforming changes to the Social Security Act.

2. SOCIAL SECURITY GUARANTEE INITIATIVE

On February 23, 1999, Rep. Paul Ryan introduced H.J. Res. 32, the "Social Security Guarantee Initiative." On February 24, 1999, the Full Committee ordered favorably reported H.J. Res. 32, as amended (H. Rept. 106-34). The resolution passed the House on March 2, 1999. No action was taken by the Senate.

H.J. Res. 32 states that the President and the Congress should join in strengthening the Social Security program and protecting the retirement income security of all Americans for the 21st century in a manner that: (1) ensures equal treatment across generations; (2) recognizes the unique obstacles that women face in ensuring retirement, disability, and survivor security and the essential

role the program plays in protecting women's financial stability; (3) provides a continuous benefit safety net for workers, survivors, their dependents, and the disabled; (4) protects guaranteed lifetime benefits, including cost-of-living adjustments, for current and future retirees; and (5) does not increase taxes.

3. TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999

The Subcommittee on Social Security held six hearings since 1995 to examine work incentives for recipients of Social Security Disability Insurance (SSDI) benefits and Supplemental Security Income (SSI) benefits.

On March 18, 1999, Rep. Rick Lazio introduced H.R. 1180, the "Work Incentives Improvement Act of 1999." On May 19, 1999, the Committee on Commerce ordered the bill favorably reported, as amended (H. Rept. 106-220 Part 1.)

On October 13, 1999, Rep. Kenny Hulshof introduced H.R. 3070, the "Ticket to Work and Work Incentives Improvement Act of 1999." On October 14, 1999, the Full Committee ordered favorably reported H.R. 3070, as amended (H. Rept. 106-393 Part 1).

The House approved H.R. 1180 on October 19, 1999. On October 21, 1999, H.R. 1180 passed the Senate with amendment consisting of the text of S. 331, as amended. The conference report (H. Rept. 106-478) was agreed to by the House on November 18, 1999 and by the Senate on November 19, 1999. The President signed the bill into law on December 17, 1999 (P.L. 106-170).

The law establishes a Ticket to Work and Work Incentives Improvement Program within the Social Security Administration (SSA). Under the program, recipients of SSDI and SSI benefits receive a "ticket" which can be used to purchase services to help recipients re-enter the workforce. Employment networks are paid for results (rather than the cost of their services) by sharing in the benefit savings when disabled individuals leave the rolls and return to work.

The law eases the rules for restoring cash and health benefits if a beneficiary re-enters the workforce, but must later reapply for benefits because of failing health. For SSDI beneficiaries, Medicare coverage is extended an additional 4.5 years for a total of 8.5 years of coverage. Several provisions in the law provide States with added flexibility and incentives to expand Medicare and Medigap coverage to workers with disabilities.

The law authorizes a SSDI demonstration project to study the effects of replacing the current substantial gainful activity level with a \$1 reduction in SSDI payments for every \$2 in earnings over a determined level. In addition, GAO and SSA are required to evaluate current work incentives for individuals with disabilities and ways to improve such incentives.

Finally, the law provides incentive payments to correctional institutions for reporting incarceration of SSDI beneficiaries, replaces the criteria for barring SSDI benefits to prisoners, and includes a number of technical amendments.

4. SENIOR CITIZENS' FREEDOM TO WORK ACT OF 1999

On March 1, 1999, Rep. Sam Johnson introduced H.R. 5, the "Senior Citizens' Freedom to Work Act of 1999." The Subcommittee

held a hearing on February 15, 2000 and received testimony in support of H.R. 5 from the Administration, individuals affected by the retirement earnings test, and organizations representing senior citizens.

On February 16, 2000, the Subcommittee ordered favorably reported H.R. 5, as amended. The Full Committee ordered the bill favorably reported, as amended on February 29, 2000 (H. Rept. 106-507), and the House passed the bill on March 1, 2000.

On March 22, 2000, the Senate passed the bill with amendment. The House agreed to the Senate amendment on March 28, 2000, and the President signed the bill into law on April 7, 2000 (P.L. 106-182).

The law repeals the retirement earnings test for individuals who attain the full retirement age (currently age 65).

5. SOCIAL SECURITY BENEFITS TAX RELIEF ACT OF 2000

On July 27, 2000, the House passed H.R. 4865, the "Social Security Benefits Tax Relief Act of 2000." For a discussion of this bill, see I.A.3.d. above.

6. RAILROAD RETIREMENT AND SURVIVORS' IMPROVEMENT ACT OF 2000

On July 13, 2000, Rep. Bud Shuster introduced H.R. 4844, the "Railroad Retirement and Survivors' Improvement Act of 2000." On July 25, 2000, the Full Committee ordered favorably reported H.R. 4844, as amended (H. Rept. 106-777, Part 2). The bill passed the House on September 7, 2000.

On October 3, 2000, the Senate Committee on Finance ordered favorably reported H.R. 4844 with an amendment in the nature of a substitute (Rept. 106-475). No further action was taken by the Senate.

H.R. 4844 makes several changes to the tax and benefit structure of the Railroad Retirement program and expands the program's investment authority. The bill makes four changes to Railroad Retirement benefits. First, widow(er) benefits are increased from 50 percent to 100 percent of the deceased worker's Tier 2 annuity. Second, vesting requirements for Tier 1 and Tier 2 annuities are reduced from 10 years to 5 years. Third, the normal retirement age is reduced from 62 to 60 for workers with 30 years of service in the rail industry, thus restoring the retirement age to its pre-1983 level. Fourth, the maximum benefit which applies to Tier 2 annuities is repealed.

H.R. 4844 establishes a Railroad Retirement Investment Trust outside of Treasury to invest the assets for the Railroad Retirement Account. An independent Board of Trustees is appointed to administer the Trust. A private disbursing agent consolidates all funds needed to pay current benefits and issues a single monthly benefit check to each beneficiary.

The supplemental annuity tax paid by railroad employers is eliminated, and supplemental annuity benefits are paid from the Railroad Retirement Investment Trust. In addition, the Tier 2 payroll tax rate levied on employers is gradually reduced from 16.1 to 13.1 percent. Thereafter, the tax rate is set each calendar year pursuant to a statutory formula based on a ratio of the balances and benefit obligations of the Railroad Retirement Investment Trust.

H.R. 4844, as amended by the Full Committee, would have repealed the 4.3 cent motor fuel excise tax on railroads and inland waterway transportation. This provision was not included in H.R. 4844 as passed by the House, but was included in H.R. 2614, the "Taxpayer Relief Act of 2000" which passed the House on October 26, 2000 (see I.B.2.b. above).

7. SOCIAL SECURITY NUMBER PRIVACY AND IDENTITY THEFT
PREVENTION ACT OF 2000

On May 4, 2000, the Subcommittee held a hearing to examine eligibility requirements, SSA oversight, and activities of representative payees. On May 9 and 11, 2000, the Subcommittee held a two-day hearing to examine the use and misuse of Social Security numbers (SSNs). On July 17, 2000, the Subcommittee held a field hearing on protecting privacy and preventing SSN misuse.

On July 13, 2000, Subcommittee Chairman E. Clay Shaw, Jr. introduced H.R. 4857, the "Social Security Number Privacy and Identity Theft Prevention Act of 2000." On July 20, 2000, the Subcommittee ordered favorably reported H.R. 4857, as amended. The Full Committee ordered the bill favorably reported, as amended on September 28, 2000 (H. Rept. 106-996 Part 1). No action was taken by the House or the Senate.

H.R. 4857 restricts the sale, use and public display of SSNs in the public and private sectors. The bill prohibits federal, State, and local government agencies from: (1) selling SSNs to the public, (2) displaying SSNs on internet sites and public documents, (3) displaying SSNs on government checks, (4) displaying SSNs on employee identification cards or military tags, and (5) displaying SSNs on drivers' licenses or other identification documents issued by State Departments of Motor Vehicles. The bill also prohibits government agencies from employing prisoners in jobs that provide them access to SSNs. Limited exceptions are made for the provisions prohibiting the sale and public display of SSNs, mainly to facilitate law enforcement and to ensure the accuracy of credit reporting. The bill requires GAO to study the use of the SSN as a personal identifier in all branches and levels of the government and to recommend how such use can be minimized.

H.R. 4857 authorizes the Federal Trade Commission to issue regulations restricting the purchase and sale of SSNs in the private sector. The bill discourages businesses from denying services to individuals who refuse to provide their SSNs by subjecting them to penalties under Federal law. Finally, the bill amends the definition of "credit report" under the Fair Credit Reporting Act to include the SSN so that SSNs receive the same privacy protections as other consumer credit information.

H.R. 4857 creates new criminal and civil penalties for violations of the law and enhances law enforcement authority for the Social Security Administration Office of Inspector General.

H.R. 4857 also includes several provisions to protect Social Security and SSI beneficiaries whose monthly benefits are managed by representative payees. The bill enhances oversight of representative payees, disqualifies individuals from serving as representative payees if they have been convicted of an offense resulting in more than one year of imprisonment, and provides SSA with additional means of collecting misused funds. In addition, H.R. 4857 author-

izes the re-issuance of Social Security and SSI benefit payments when a representative payee is found to have misused funds. The bill requires the payee to forfeit any fee collected from the beneficiary for months in which benefits were misused. Civil monetary penalties are extended for violations of the law.

Finally, H.R. 4857 eliminates deemed military wage credits for certain active duty military service, allowing funds to be applied to other military compensation packages. The bill also prohibits organizations from charging customers for services that SSA provides free of charge and includes several other technical and conforming amendments.

E. LEGISLATIVE REVIEW OF HUMAN RESOURCES ISSUES

1. CHILD PROTECTION, FOSTER CARE, AND ADOPTION

a. Foster Care Independence Act of 1999

Title I of H.R. 3443, the “Foster Care Independence Act of 1999,” provided States with more funding and greater flexibility in carrying out programs designed to help children make the transition from foster care to self-sufficiency. States promote the self-sufficiency of these young people by providing assistance in obtaining a high school diploma, career exploration, vocational training, job placement and retention, training in daily living skills, training in budgeting and financial management skills, substance abuse prevention, and preventive health activities (including smoking avoidance, nutrition education, and pre-pregnancy prevention).

In addition, the “Foster Care Independence Act of 1999” contained Supplemental Security Income (SSI) provisions aimed at improving payment accuracy and reducing fraud. The legislation allowed the Social Security Administration (SSA) to use additional debt collection practices in recovering SSI overpayments. It allowed SSA to count certain trust funds as resources in determining eligibility for SSI benefits; imposed a period of ineligibility on SSI applicants who transfer or sell assets for less than fair market value; and, permitted SSA to obtain financial records for SSI recipients to ensure that they meet SSI’s resource restrictions and remain eligible for benefits.

Title II created a new program under title VIII of the Social Security Act that paid benefits to SSI recipients who served in the military during World War II and moved overseas. Recipients in this new program would be ineligible for SSI but would receive monthly benefits equal to about 75 percent of their old SSI benefit. By moving overseas, they would also become ineligible for Medicaid and food stamps. This new program would apply only to veterans receiving SSI at the time of enactment and would take effect a year after enactment.

Title III narrowed and eventually eliminated the hold-harmless provision of the child support program. Under current law, Federal and State governments retain any child support collected on behalf of current recipients and certain support collected on behalf of former recipients. Under the hold-harmless provision, the Federal government guarantees that a State’s amount of retained child support will not fall below the amount that it retained in fiscal year 1995.

The Foster Care Independence Act of 1999 was originally introduced as H.R. 1802 on May 13, 1999, by Chairman Nancy Johnson and Ranking Member Ben Cardin of the Subcommittee on Human Resources. A hearing was held on May 13, 1999, to receive comments on H.R. 1802. Testimony at the hearing was presented by scholars, program administrators, foundation executives, a Member of Congress, and individuals participating in programs designed to help adolescents in foster care achieve self-sufficiency through employment or post-secondary education. The Subcommittee also conducted a hearing on March 9, 1999, which included testimony from the Administration, child advocacy groups, program administrators, and former foster children. The Subcommittee considered H.R. 1802 and ordered it favorably reported to the full Committee, as amended, on May 20, 1999 by a voice vote, with a quorum present. The full Committee on Ways and Means considered the Subcommittee reported bill on May 26, 1999, and ordered it favorably reported, as amended, on Wednesday, May 26, 1999, by voice vote (H. Rept. 106-182, Part I).

H.R. 1802 was considered and passed, as amended, in the House on June 25, 1999. H.R. 3443, an updated version of the Foster Care Independence Act of 1999, was introduced November 18, 1999, by Chairman Johnson and Ranking Member Ben Cardin. Under unanimous consent, the bill passed in the House on November 18, 1999. It passed under unanimous consent in the Senate on November 19, 1999, and was signed into law by the President on December 14, 1999 (P.L. 106-169).

b. Sense of Congress Resolution on Abandoned Babies

H. Res. 465 expressed the sense of the House of Representatives that local, State, and Federal governments should collect and disseminate statistics on the number of newborn babies abandoned in public places.

Chairman Johnson, along with Subcommittee members Dave Camp, Phil English, Wes Watkins, Mark Foley, and Scott McInnis, introduced this legislation on April 6, 2000. It was considered in the House under suspension of the rules and agreed to by voice vote on April 11, 2000.

c. Intercountry Adoption Act

The subject matter of adoption is of longstanding interest to the Committee on Ways and Means. The purpose of the Intercountry Adoption Act was to implement the Hague Convention on the Protection of Children and Cooperation in Respect of Intercountry Adoption which became final on May 29, 1993 and was signed by the United States on March 31, 1994. The treaty was designed to establish internationally agreed upon norms and procedures for international adoptions to protect the rights of, and prevent abuses against, children, birth families, and adoptive parents involved in adoptions subject to the Convention, and to ensure that such adoptions are in the children's best interests; and to improve the ability of the Federal Government to assist U.S. citizens seeking to adopt children from abroad and residents of other Convention countries seeking to adopt children from the United States.

H.R. 2909 was introduced by International Relations Committee Chairman Ben Gilman and Representative Dave Camp of the Com-

mittee on Ways and Means with 36 cosponsors on September 22, 1999. The bill was referred to the Committee on International Relations, with additional referrals to the Committees on the Judiciary, Education and the Workforce, and Ways and Means. The Committee on International Relations reported the bill as amended on March 22, 2000, and it was discharged from the Committee on Ways and Means on June 22, 2000.

The bill, as amended, passed by voice vote in the House under suspension of the rules on July 18, 2000. It passed in the Senate with an amendment by unanimous consent on July 27, 2000. On September 18, 2000, the Senate bill, as amended, was passed in the House with amendment. The Senate agreed to the House amendment to the Senate amendment by unanimous consent on September 20, 2000. H.R. 2909 was signed into law by the President on October 6, 2000 (P.L. 106-279).

d. Flexible Funding for Child Protection Act of 2000

On September 26, 2000, Chairman Johnson introduced H.R. 5292, a bill that provided for demonstration programs on flexible funding in State use of Federal child protection funds. The purpose of the demonstrations was to determine whether providing States with such flexibility has an effect on caseload levels, on availability and use of services, on efficiency of service delivery, and on child safety, permanency, and well-being. The goal was to find ways to allow States to use the Title IV-E dollars for prevention and treatment as well as out-of-home placement. On July 20, 2000, the Subcommittee held a hearing on increasing the flexibility States have in their use of Federal funds in the child protection program. A hearing on the bill was held Tuesday, October 3, 2000.

No further action was taken.

e. Adoption Incentives Bonus Provision

The Adoption and Safe Families Act (P.L. 105-89) established a new provision (Section 473A of the Social Security Act) that is intended to promote adoption through incentive payments to States that increase their number of foster child adoptions, with additional incentives for the adoption of special needs foster children who receive Federally subsidized adoption assistance. The incentive payment is \$4,000 for each foster child above the number of adoptions in a baseline year whose adoption is finalized over baseline. An additional \$2,000 incentive payment is made for each special needs child above the number of special needs adoptions in a baseline year whose adoption is finalized.

The Adoption and Safe Families Act (P.L. 105-89) originally authorized appropriations of \$20 million annually for FY 1999-FY 2003 for adoption incentive payments. For FY 1999, \$20 million was appropriated by P.L. 105-277. However, the amount of incentive payments that States earned exceeded the \$20 million level. The Foster Care Independence Act (P.L. 106-169) authorized an additional \$23 million for adoption incentive payments in FY 2000.

Current law authorizes \$20 million for FY 2001 to pay adoption incentives for FY 2000. FY 2001 appropriations for the Departments of Labor, Health and Human Services, and Education provides an additional \$23 million as a retroactive payment for the 1999 payment shortfall, bringing the total FY 2001 appropriation

to \$43 million. This provision was included in H.R. 4577, a consolidated appropriations bill that passed in the House and Senate on December 15, 2000.

2. WELFARE REFORM

a. Fathers Count Act of 1999

The Fathers Count Act of 1999, H.R. 3073, established fatherhood grant programs for public and private entity projects designed to promote marriage, encourage successful parenting, and help fathers and their families avoid or leave cash welfare and improve their economic status. The legislation also established a national clearinghouse of information about fatherhood programs and provided for funds to conduct multicity fatherhood projects.

The bill also expanded eligibility for participation in the Welfare-to-Work program under section 403(a)(5) of the Social Security Act to include more long-term welfare recipients and noncustodial parents with children on public assistance programs and expanded the definition of allowable work activities to include limited vocational education and job training.

The legislation provided for the development of an alternative penalty procedure in child support for States that failed to meet the State Disbursement Unit (SDU) requirements of current law; and established new procedures by which States can use information in the New Hire Directory to reduce fraud in the Unemployment Insurance program.

In addition, the legislation eliminated the performance bonus in the Welfare-to-Work program, provided additional funding for a major study of the effects of the 1996 welfare reform law (P.L. 104-193), and expanded training funds for court personnel in the child protection program funded under Title IV-E of the Social Security Act.

The Subcommittee conducted a hearing on April 27, 1999, on fatherhood programs, which included testimony from the Administration, researchers, advocates, individuals who have designed and conducted programs for low-income fathers, and young fathers whose children are on welfare. The Subcommittee on Human Resources held a hearing on October 5, 1999, to receive comments on early drafts of the Fathers Count Act of 1999 (later introduced as H.R. 3073), the bipartisan legislation written by Chairman Johnson and Ranking Member Cardin. Testimony at the hearing was presented by scholars, program administrators, foundation executives, and Members of the U.S. House of Representatives and the U.S. Senate.

The Fathers Count Act of 1999 was considered by the Subcommittee on Human Resources and ordered favorably reported to the full Committee, as amended, on October 13, 1999, by a voice vote, with a quorum present. The bill was then introduced on October 14, 1999, as H.R. 3073, by Chairman Johnson and Ranking Member Cardin. The full Committee on Ways and Means considered the Subcommittee reported bill on October 21, 1999, and ordered it favorably reported, as amended, on Thursday, October 28, 1999, by voice vote.

The House approved the legislation with amendments on November 10, 1999. Provisions from H.R. 3073 were included in H.R.

4678, the Child Support Distribution Act of 2000, which passed the House on September 7, 2000.

b. Welfare-to-Work

At one time included as Title III of H.R. 3073, the Fathers Count Act of 1999, the welfare-to-work provision to modify eligibility and expand the allowable work activities was passed as part of the Fiscal Year 2000 Labor, Health and Human Services, Education, and Related Agencies appropriations bill, H.R. 3194. H.R. 3194 included several appropriations bills and other legislation and was signed into law on November 29, 1999 (P.L. 106–113).

c. Census Bureau Provision for Welfare Reform Impact Evaluation

Current law authorizes and appropriates \$10 million for each of fiscal years 1996 through 2002 for the Census Bureau to collect survey information to be used to evaluate the impact of welfare reform. Under this provision, an additional \$5 million would be appropriated for the Census Bureau to address the problem of attrition from the research sample. This provision was included in H.R. 4577, a consolidated appropriations bill that passed in the House and Senate on December 15, 2000.

3. CHILD SUPPORT ENFORCEMENT

a. The Child Support Distribution Act of 2000

The Child Support Distribution Act of 2000, H.R. 4678 (introduced as H.R. 4469) provided more child support money to current and former welfare recipients, simplified the rules governing the assignment and distribution of child support collected by States on behalf of children, improved the collection of child support, authorized demonstration programs on encouraging non-IV–D public agencies to help collect child support, and implemented a fatherhood grant program to promote marriage, encourage successful parenting, and help fathers find jobs and increase their earnings.

The Subcommittee on Human Resources conducted hearings on September 23, 1999, and October 5, 1999, on child support enforcement issues. These hearings included testimony from the Administration, child support administrators, officials of local child support programs that operate independently of the Federal-State program, academic witnesses, researchers, and advocacy groups. Testimony at these hearings concerned State implementation of the 1996 child support reforms, the current and potential role of child support enforcement outside the Federal-State program funded under Title IV–D of the Social Security Act, the impact of domestic violence on child support enforcement, and fatherhood programs. The Subcommittee held a hearing on May 18, 2000, to receive comments on H.R. 4469. Testimony at the hearing was presented by the Administration, program administrators, advocates, researchers, and Members of the U.S. House of Representatives.

On June 15, 2000, Chairman Johnson introduced H.R. 4678, the Child Support Distribution Act of 2000. On June 27, 2000, the Subcommittee ordered the bill favorably reported, with amendment, to the full Committee, by recorded vote, with a quorum present. The full Committee on Ways and Means considered the Subcommittee reported bill on July 19, 2000, and ordered it favorably reported,

as amended, on July 19, 2000, by voice vote. The House passed H.R. 4678, as amended, on September 7, 2000.

No further action was taken.

b. Alternate Penalty Provision Relating to State Disbursement Units

This provision provided an alternative penalty for States that failed to meet the State Disbursement unit (SDU) requirements of current law and had submitted a corrective compliance plan by April 1, 2000. If a State comes into compliance on or after April 1, 2000 or on or before September 30, 2000, the penalty amount would be one percent. If the State fails to come into compliance by September 30, 2000 the penalty in current law is replaced by an alternative penalty of 4 percent for the first year, 8 percent for the second year, and 16 percent, 25 percent, and 30 percent for years three through five (or more) respectively; the percentage penalty is applied to the Federal administrative reimbursement of State child support enforcement expenditures.

The alternative penalty provision was included as Title IV of H.R. 3073, the Fathers Count Act of 1999. It was passed as part of the Fiscal Year 2000 Labor, Health and Human Services, Education, and Related Agencies appropriations bill, H.R. 3194. H.R. 3194 included several appropriations bills and other legislation. It was signed into law on November 29, 1999 (P.L. 106-113).

4. SUPPLEMENTAL SECURITY INCOME (SSI)

a. SSI Fraud and Abuse Provisions in the Foster Care Independence Act of 1999

The SSI Fraud Prevention Act of 1999, H.R. 631, addressed fraud and abuse in programs under Titles II (especially the disability program) and XVI of the Social Security Act. Issues addressed in the bill included prevention and collection of overpayment of benefits, prevention of SSI payments to prisoners, treatment of trusts and resources in determining eligibility, provision of new authority and responsibility to SSA with respect to fraudulent claims, improvement of data sharing, increased reporting to Congress on legislative and administrative reforms to reduce or prevent fraud and overpayments, and provision of new sources of information to SSA.

In addition, H.R. 631 allowed certain Filipino veterans of the U.S. armed forces during World War II who move back to the Philippines to receive SSI benefits.

The Subcommittee held a hearing on SSI fraud and abuse on February 3, 1999, which included testimony from Members of Congress, the Administration, and organizations representing citizens with disabilities and Filipino veterans. On February 10, 1999 the Subcommittee on Human Resources ordered favorably reported to the full Committee, as amended, H.R. 631, the "SSI Fraud Prevention Act of 1999," by a voice vote, with a quorum present.

H.R. 631 was included as Title II of H.R. 1802, the Foster Care Independence Act of 1999. Consequently, H.R. 1802 was included in H.R. 3443, which was introduced and passed in the House by unanimous consent on November 18, 1999. On November 19, 1999, H.R. 3443 passed by unanimous consent in the Senate and it was signed into law on December 14, 1999 (P.L. 106-169).

b. SSI Provision Regarding Statutory Employees

Under current law, wages are defined to include the earnings of “statutory employees” and regardless of whether the employees are self-employed, they are treated by statute as employees for Social Security purposes. While these employees are treated as statutory employees for Social Security purposes, they are treated as self-employed for income tax purposes. This bifurcation has caused problems in determining SSI eligibility, particularly for statutory employees who are parents of disabled children. This provision treats individuals who are statutory employees under Social Security as self-employed for purposes of SSI. This provision was included in H.R. 4577, a consolidated appropriations bill that passed in the House and Senate on December 15, 2000.

5. UNEMPLOYMENT COMPENSATION

On Tuesday, February 29, 2000, the Subcommittee on Human Resources held a hearing on legislation related to Unemployment Compensation (UC) and proposals to reform and improve the UC system. Provisions included in these various proposals eliminated the 0.2 percent Federal Unemployment Tax Act surcharge, changed the base period employment requirements for eligibility for UC, shifted some Federal responsibilities to the States, provided incentives for States to improve the solvency of their benefit accounts, and increased access to unemployment benefits for laid-off workers seeking part-time work. The legislation considered during the hearing included H.R. 3174, the Employment Security Financing Act of 1999 which was introduced by Rep. Jim McCrery on October 28, 1999, H.R. 3169, the Unemployment Tax Repeal Act of 1999 which was introduced by Rep. Phil English, H.R. 3708, the Parity for Part Time Workers Act which was introduced by Rep. Benjamin Cardin, and H.R. 1830, the Unemployment Compensation Amendments of 1999 which was introduced by Representatives Sander Levin and Phil English. Witnesses included Representatives English and Levin, Administration officials, State administrators, organized labor, and employer representatives.

Both before and after the February 29, 2000, hearing, a coalition of groups with an interest in the Unemployment Compensation system consisting of representatives from the Administration, organized labor, the business community, and the States met to work on a consensus reform proposal. On September 7, 2000, the Subcommittee held a hearing on this proposal. Witnesses included representatives of each group involved in the coalition meetings.

No further action was taken.

6. ABSTINENCE EVALUATION

a. Abstinence Evaluation Date Change Provision

Current law requires that the Secretary of Health and Human Services conduct an evaluation of Abstinence Education programs. The funds for evaluation must be spent by the end of Fiscal Year 2001. The provision changes the date to the end of Fiscal Year 2005. The provision passed the House on September 7, 2000 as part of H.R. 4678, the Child Support Distribution Act of 2000. This provision was included in H.R. 4577, a consolidated appropriations bill that passed in the House and Senate on December 15, 2000.

F. LEGISLATIVE REVIEW OF DEBT ISSUES

1. DEBT REDUCTION RECONCILIATION ACT OF 2000

On February 9, 2000, the Committee on Ways and Means held a hearing on the President's Fiscal Year 2001 budget proposals.

On March 24, 2000, the House approved H. Con. Res. 290, setting forth the Congressional budget for the United States Government for fiscal year 2001, revising the budget for fiscal year 2000, and setting forth appropriate budgetary levels for each fiscal year 2002 through 2005. The House agreed to the conference report on H. Con. Res. 290 on April 13, 2000.

On June 8, 2000, pursuant to Section 213(c) of H. Con. Res. 290, the Committee ordered favorably reported, as amended, its debt reconciliation recommendations which were incorporated into H.R. 4601, the "Debt Reduction Reconciliation Act of 2000," introduced by Rep. Ernest Fletcher on June 8, 2000 (H. Rept. 106-673 Part 1). On June 20, 2000, the House passed H.R. 4601, as amended. No action was taken by the Senate.

H.R. 4601 would establish an off-budget account in the U.S. Treasury, called the Public Debt Reduction Payment Account. If the Congressional Budget Office's revised estimate of the on-budget surplus for fiscal year 2000 is higher than the estimated amount set forth in the Congressional budget resolution for fiscal year 2001 (H. Con. Res. 290), the excess amount would be automatically appropriated to the account, and the statutory debt limit would be reduced by an equivalent amount. Funds in the account would be used only to reduce the debt held by the public. H.R. 4601 would require the Secretary of the Treasury and the United States Comptroller General of the United States to report to Congress on how the funds were used to reduce the debt.

2. DEBT RELIEF RECONCILIATION ACT FOR FISCAL YEAR 2001

On February 9, 2000, the Committee on Ways and Means held a hearing on the President's Fiscal Year 2001 budget proposals.

On March 24, 2000, the House approved H. Con. Res. 290, setting forth the Congressional budget for the United States Government for fiscal year 2001, revising the budget for fiscal year 2000, and setting forth appropriate budgetary levels for each fiscal year 2002 through 2005. The House agreed to the conference report on H. Con. Res. 290 on April 13, 2000.

On July 17, 2000, Rep. Ernest Fletcher introduced H.R. 4866, the "Debt Relief Reconciliation Act for Fiscal Year 2001," which contained the Committee's debt reconciliation recommendations pursuant to Section 103(b)(1) of H. Con. Res. 290. The House passed H.R. 4866 on July 18, 2000. No action was taken by the Senate.

H.R. 4866 would establish an off-budget account in the U.S. Treasury, called the Public Debt Reduction Payment Account. The bill would provide that \$25 billion would be appropriated to the account on October 1, 2000 or the date of enactment (whichever is later), and the statutory debt limit would be reduced by an equivalent amount. Funds in the account can be used only to reduce the debt held by the public. The bill would require the Secretary of the Treasury and the U.S. Comptroller General of the United States to report to Congress on how the funds were used to reduce the debt.

3. DEBT RELIEF LOCK-BOX RECONCILIATION ACT FOR FISCAL YEAR 2001

On February 9, 2000, the Committee on Ways and Means held a hearing on the President's Fiscal Year 2001 budget proposals.

On March 24, 2000, the House approved H. Con. Res. 290, setting forth the Congressional budget for the United States Government for fiscal year 2001, revising the budget for fiscal year 2000, and setting forth appropriate budgetary levels for each fiscal year 2002 through 2005. The House agreed to the conference report on H. Con. Res. 290 on April 13, 2000.

On September 14, 2000, pursuant to Sections 103(b)(2) and 213(b)(2)(C) of H. Con. Res. 290, the Committee ordered favorably reported, as amended, its debt reconciliation recommendations which were incorporated into H.R. 5173, the "Debt Relief Lock-Box Reconciliation Act for Fiscal Year 2001," introduced by Representative Ernest Fletcher on September 14, 2000 (H. Rept. 106-862, Part 1). On September 18, 2000, H.R. 5173 passed the House.

The text of H.R. 5173 was also included in H.R. 5203, the "Debt Relief and Retirement Security Reconciliation Act," introduced by Social Security Subcommittee Chairman E. Clay Shaw, Jr. on September 19, 2000. H.R. 5203 passed the House on September 19, 2000. No action was taken by the Senate on either bill.

H.R. 5173 would establish an off-budget account in the U.S. Treasury, called the Public Debt Reduction Payment Account. The bill would provide that \$42 billion would be appropriated to the account on October 1, 2000 or the date of enactment (whichever is later), and the statutory debt limit would be reduced by an equivalent amount. Funds in the account can be used only to reduce the debt held by the public. The bill would require the Secretary of the Treasury and the U.S. Comptroller General of the United States to report to Congress on how the funds were used to reduce the debt.

In addition, H.R. 5173 would establish points of order designed to reserve the surpluses in the Social Security and Medicare Hospital Insurance (HI) Trust Funds for debt reduction until legislation to save Social Security and Medicare is passed. The bill would establish a point of order against the consideration of any bill, joint resolution, amendment, motion, or conference report that would cause the on-budget surplus to be less than the projected surplus in the Medicare HI Trust Fund in any fiscal year. An exception would apply to any legislation designated as saving Social Security or Medicare.

The bill also would establish a point of order against the consideration of any subsequent legislation that would cause the on-budget surplus to be less than the projected surplus in the Medicare HI Trust Fund for any fiscal year. An exception would apply to any legislation designated as saving Social Security or Medicare.

H.R. 5173 would provide that any budget submitted by the President that recommends an on-budget surplus less than the surplus in the Medicare HI Trust Fund must include proposed legislative language for Social Security or Medicare reform.

Finally, H.R. 5173 would provide that the receipts and outlays of the Social Security Trust Funds must be excluded from official government budget documents and must be submitted separately.

II. Oversight Review

A. OVERSIGHT AGENDA

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Washington, DC, February 11, 1999.

Hon. DAN BURTON,
Chairman, Committee on Government Reform, Rayburn House Office Building, Washington, DC.

Hon. WILLIAM M. THOMAS,
Chairman, Committee on House Administration, Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN BURTON AND CHAIRMAN THOMAS: In accordance with the requirements of Clause 2 of Rule X of the rules of the House of Representatives, the following is a list of oversight hearings and other oversight-related activities which the Committee on Ways and Means and its subcommittees plan to conduct during the 106th Congress. The list has been broken down by Subcommittee, and follows an order in which the listed activities are likely to occur. This list is not intended to be exclusive; the Committee anticipates that additional oversight activities will be scheduled as issues arise and/or as time permits.

FULL COMMITTEE

1. Social Security Trust Fund solvency issues. The Committee will continue to hold hearings to examine various issues affecting the well-being of individual recipients and the long-term solvency of the Social Security Trust Funds.

2. Tax Proposals in Administration's Fiscal Year 2000 Budget. The Full Committee will hold a series of hearings beginning February 14, 1999, to examine the tax proposals in the Administration's Fiscal Year 2000 budget.

3. Fundamental Tax Reform. The Full Committee will continue to examine the impact of replacing the current income tax system with a broad-based consumption tax.

4. Y2K Computer Conversion Efforts. The Full Committee will hold a hearing on February 24, 1999, to review the Y2K conversion efforts and contingency plans of agencies within the jurisdiction of the Committee. The goal of the hearing is to determine whether the agencies have adequate financial and personnel resources and are taking appropriate measures to ensure (1) services to program beneficiaries, and (2) that taxpayers will not be disrupted in the new year.

SUBCOMMITTEE ON OVERSIGHT

1. Taxpayer Advocate Report. The Subcommittee held a hearing on February 10, 1999, to examine the third annual report of the Internal Revenue Service (IRS) Taxpayer Advocate to the tax-writing committees. In this report, which was mandated by the Taxpayer Bill of Rights 2 ("TBOR2"), the Taxpayer Advocate identifies initiatives undertaken to improve taxpayer services and IRS responsiveness and provides recommendations from the Problem Resolution Officers in IRS District Offices as to how to resolve problems which taxpayers experience in their dealings with the IRS.

2. Y2K Computer Conversion Efforts. The Subcommittee held two hearings in the 105th Congress and issued a report to review the Y2K conversion efforts and contingency plans of agencies within the jurisdiction of the Committee. Following a Full Committee hearing in February of this year, additional hearings in the Oversight Subcommittee may be scheduled as needed.

3. Steel Trade. In consultation with the Trade Subcommittee, the Oversight Subcommittee will review the President's January 1999 Report to the Congress on a Comprehensive Plan for Responding to the Increase in Steel Imports, and determine whether existing tax and trade laws (and relief for workers) are adequate in light of the recent increase in steel imports.

4. Domestic Oil and Gas Industry. The Subcommittee will review the impact of current tax and trade policies on the domestic oil and gas industry, with an emphasis on the impact of world oil prices on small, independent producers.

5. Tax Code Compliance Burden. The Subcommittee held a hearing in the 105th Congress on the compliance burden of the Internal Revenue Code for individual taxpayers and small businesses. The Subcommittee will continue this review of individual tax simplification issues such as the alternative minimum tax, family credits, and the capital gains tax, as well as small business issues such as expensing limits.

6. IRS Fiscal Year 2000 Budget/1999 Tax Return Filing Season. The Subcommittee will hold a hearing in March or April to review the Administration's request for the IRS FY 2000 budget and the status of the 1999 tax return filing season. Among other things, the Subcommittee will review how the IRS is improving customer service, how it is implementing recent changes in the tax law, and how it is progressing to modernize its computer systems to handle a growing workload as well as the century date change. Information developed at the hearing will be used as background for preparing the full Committee's recommendations to the Appropriations Committee regarding funding priorities for the IRS for FY 2000.

7. Structured Settlements. The Subcommittee will hold a hearing on the tax rules that govern the use of structured settlements and the recent growth in transactions in which the recipients of structured settlements sell off future payments to factoring companies in exchange for discounted lump sum payments.

8. Pension Policy. The Subcommittee will continue to review the pension tax law and explore ways in which it might be simplified and improved. The Subcommittee will examine employer coverage and employee participation issues, particularly for low-income and part-time workers, women and others who may not be adequately served by current law. The Subcommittee will also explore ways to remove burdensome regulatory requirements, improve the level of benefits that workers may accrue toward their retirement, and improve the portability of pension benefits by removing artificial barriers which prevent workers from rolling over their benefits among pension plans.

9. Most Serious Management Problems. The Subcommittee will hold a hearing to receive testimony from the U.S. General Accounting Office (GAO) and the Inspectors General regarding high risk programs (i.e., programs vulnerable to waste, fraud, or abuse) within the Committee's jurisdiction. The information obtained at this

hearing about high risk programs (e.g., security of information systems, and implementation of a variety of Medicare cost-saving improvements; Medicare claims fraud, IRS Accounts Receivable, Social Security Administration overpayments) will lay the groundwork for additional oversight activities in the 106th Congress.

10. Oversight of the U.S. Customs Service. In consultation with the Trade Subcommittee, the Oversight Subcommittee will review the Customs Service's operations, including efforts to upgrade computer systems, interdict illegal narcotics at the southern and northern borders, comply with the Customs Modernization Act, and implement the Results Act.

11. International Tax Law. The Subcommittee will hold a hearing to review the complexity of provisions of international tax law which have widespread application, with a focus on the need for simplification.

12. Implementation of IRS Restructuring and Reform. The 105th Congress passed the landmark IRS Restructuring and Reform Act of 1998, which contains numerous taxpayer protections, as part of its Taxpayer Bill of Rights 3 title. The Act also includes significant IRS organizational changes. The Subcommittee will review the implementation of the new law, as well as the "tax gap," focusing on the major categories of noncompliant filers, and consider ways to improve compliance where noncompliance rates and revenue losses are the greatest.

13. Public-Private Worker Training Partnerships. The Subcommittee will review whether current law tax incentives are adequate for providing worker retraining, basic and high-tech training, and educational opportunities, including an assessment of successful programs and areas where the tax rules might be strengthened.

14. Internet Commerce. The Subcommittee will examine tax issues related to commerce over the Internet.

15. Urban Revitalization and Land Use. The Subcommittee will continue its review of the impact of tax rules on urban problems and land use, including effectiveness of the Low Income Housing Tax Credit, the Work Opportunity Tax Credit, and EZ/EC programs, Brownfields, as well as urban sprawl issues.

16. Global Warming. The Subcommittee will review the adequacy of current law tax incentives in encouraging global climate change research to follow up on the full Committee's hearing on the fiscal year 2000 budget.

17. Penalty and Interest Reform. The latest comprehensive revision of the overall penalty structure in the Internal Revenue Code was enacted as part of the Omnibus Reconciliation Act of 1989. The IRS Restructuring and Reform Act of 1998 requires the Joint Committee on Taxation and the Treasury Department to conduct separate studies, due no later than July 22, 1999, reviewing the interest and penalty provisions of the Code and making recommendations for administrative and legislative changes. The Subcommittee will review the studies and assess the recommendations.

18. Taxpayer Information Privacy. The Internal Revenue Code prohibits disclosure of tax returns and taxpayer information, except as specifically authorized by the Code. These provisions have been amended in a piecemeal fashion since a major revision in 1976. The IRS Restructuring and Reform Act of 1998 requires the Joint Committee on Taxation and the Treasury Department to conduct sepa-

rate studies, due no later than January 22, 2000, on provisions regarding taxpayer confidentiality. The Subcommittee will review the reports when they are issued.

19. Field Investigations and Hearings. The Subcommittee will conduct such field investigations and hearings as Committee staffing and budget resources permit, and as are necessary for purposes of evaluating the effectiveness of and compliance with the programs and laws under the jurisdiction of the Committee on Ways and Means.

SUBCOMMITTEE ON TRADE

1. African Growth and Opportunity Act. The Subcommittee will hold a hearing on February 3 to consider the U.S. trade relationship with Africa and legislation recently introduced by Chairman Crane, Mr. Rangel, and Mr. McDermott.

2. Bilateral, Regional, and Multilateral Trade Negotiations. The Subcommittee will hold a series of hearings, beginning in February, concerning the content and strategy of trade negotiations in which the United States is participating, including the World Trade Organization Ministerial Meeting to be held in Seattle, the Asia Pacific Economic Cooperation Forum, and the negotiations on the Free Trade of the Americas Agreement. In addition, the Subcommittee will examine the prospects for further bilateral trade negotiations, including Europe, Chile, New Zealand, Australia, Singapore, and others. The Subcommittee will address the identification of U.S. priority negotiating objectives for these negotiations. The Subcommittee also intends to analyze the relationship of such negotiations to trade negotiating authority ("fast track"), particularly whether the United States is disadvantaged in these negotiations without having such authority in place. Finally, the Subcommittee will study the impact that trade agreements have on U.S. companies, farmers, workers, and others.

3. Steel Trade. The Subcommittee, with the participation of interested members of the Oversight Subcommittee, will hold a hearing in early March to address the recent increase in imports of steel including its causes and its effects on U.S. companies and workers. In addition, the Subcommittee will examine legislative and other proposals regarding steel in order to determine their consistency with the letter and spirit of the WTO, their impact on trade practices of U.S. trading partners, and their effect on the U.S. steel industry, its workers, U.S. consumers, U.S. exporters, and U.S. industrial users.

4. Authorizations for USTR, Customs, and the International Trade Commission. In March, the Subcommittee will hold a hearing to consider biannual authorizations of these agencies, as provided by statute; the Subcommittee also reviews annually the parts of the budgets of other agencies that have functions within Ways and Means oversight jurisdiction, such as the Commerce Department, State Department (payments to international organizations), etc.

5. Customs Automation and the International Trade Data System (ITDS). In March, in cooperation with the Oversight Subcommittee, the Subcommittee will hold a hearing both on Customs automation efforts and on the ITDS, a program that the Administration is proposing to serve as a single point of interaction be-

tween the U.S. Government and the trade community for the collection of revenue, including duties, related to international trade activities and information required by U.S. trade laws.

6. Trade Remedies. The Subcommittee will hold a hearing in the spring to review the application of the new Commerce antidumping and countervailing duty regulations and to review application of "sunset" procedures. In addition, the Subcommittee will focus on how the antidumping, countervailing duty, and safeguard laws benefit particular industries and will address the consistency of remedies with WTO obligations. Finally, the Subcommittee will also continue to review the effect of antidumping orders on downstream users, especially the lack of availability to users of products subject to these orders.

7. The World Trade Organization (WTO). Between now and November, the Subcommittee intends to hold a hearing and a series of consultations with the Administration on U.S. objectives for the WTO Ministerial meeting, which will be hosted by the United States. The Subcommittee and Committee expect to develop a U.S. agenda for the Ministerial together with the Administration through the process of consultations noted. Particular focus will be paid to areas in which the WTO needs to be deepened, broadened or improved, including with respect to next steps in agricultural trade, services trade, industrial tariffs, TRIPS, and addressing informal barriers to trade. The Subcommittee will also continually review ongoing trade negotiations within the WTO, including negotiations of accessions (particularly China and Russia). The Subcommittee will also examine the WTO dispute resolution system in order to assess the formal WTO review of the system and issues relating to the operation of the system in cases of interest to the United States. Finally, the Subcommittee will focus on the operation of key agreements in areas of greatest interest to the United States.

8. Unilateral Trade Sanctions. The Subcommittee intends to continue its review of the use of unilateral trade sanctions to enforce non-trade goals and whether a process should be established with guidelines for the use of such sanctions.

9. Trade Deficit Review Commission. The Subcommittee will review the findings of the Trade Deficit Review Commission and study the impact of the current account deficit on the U.S. economy.

10. Caribbean Basin Trade Security Act. Particularly in light of the severe devastation and economic dislocation wrought on Central America as a result of recent hurricanes, the Subcommittee intends to continue its oversight concerning efforts to achieve NAFTA parity for the nations of the Caribbean Basin.

11. Customs drug interdiction efforts. In cooperation with the Oversight Subcommittee, the Subcommittee will review Customs' current drug interdiction efforts to analyze their effectiveness and impact on business facilitation functions; determine whether additional authorizations are appropriate for drug interdiction efforts; study whether rotation policy should be changed to improve interdiction efforts; examine the impact of collective bargaining agreements and union grievances on drug interdiction efforts.

12. Extension of the GSP program. The current program of tariff assistance to developing countries will expire on July 1, 1999. The

Subcommittee will likely consider whether it should be renewed for short time periods (and paid for under the budget rules) or for a longer duration.

13. China's normal trade relations (NTR) status. The annual renewal process of China's NTR status under the Jackson-Vanik provisions of law begin each June with a Presidential determination of what the status should be for the upcoming year. The Subcommittee will examine the President's determinations in 1999 and 2000.

14. Trade relations with Europe. The Subcommittee will review implementation by Europe of WTO panel rulings (bananas and beef hormones); review negotiations with Europe as part of the Transatlantic Economic Partnership and the Transatlantic Business Dialogue.

15. Trade Relations with Japan. The Subcommittee will continue its oversight of U.S.-Japan trade relations, including: (1) operation of sectoral bilateral agreements (in particular, the U.S.-Japan bilateral agreement on insurance); (2) U.S.-Japan trade relations under the Uruguay Round agreements; (3) ability of WTO rules and dispute procedures to address opaque forms of protection still operating in Japan's market; and (4) importance of deregulation and market access in Japan to hastening recovery of Asia from its financial crisis.

16. Normal Trade Relations with the Kyrgyz Republic. The Subcommittee will examine whether to authorize the President to determine that the Jackson-Vanik amendment to title IV of the Trade Act of 1974 should no longer apply to the Kyrgyz Republic and to extend unconditional normal trade relations to that country.

17. Normal Trade Relations with the Lao People's Democratic Republic. Subcommittee will consider whether to extend normal trade relations to the Lao People's Democratic Republic upon publication of a Federal Register notice that a bilateral commercial agreement between the United States and the Lao People's Democratic Republic has entered into force.

18. Jackson-Vanik Waiver for Vietnam. The annual review process of Vietnam's Jackson-Vanik waiver will begin in June with a Presidential determination of what that country's status should be for the upcoming year. If a resolution of disapproval is introduced with respect to the President's determination, the Subcommittee will consider that issue. In addition, the Subcommittee will review the status of the ongoing bilateral commercial agreement negotiations with Vietnam, which must be concluded and the results approved by Congress before an extension of normal trade relations to Vietnam can take place.

19. Trade Adjustment Assistance (TAA). The Subcommittee will consider whether an extension of the general TAA programs for workers and firms, as well as the NAFTA-related TAA programs, is appropriate beyond the current expiration on June 30, 1999. In this context, the Subcommittee may also consider ways in which trade adjustment assistance programs can be improved to ensure that they are as effective as possible in enabling workers and firms to adjust rapidly to dynamic economic changes that occur as a result of the increasing importance of trade to the U.S. economy.

20. Rules of origin and country of origin marking. The Subcommittee will review and continue to consult with the Administra-

tion and the trade community on the status of the rules of origin negotiations underway in the World Customs Organization; updating rules of origin and country of origin marking to implement those negotiations so they reflect current business production, sales, and distribution practices; review whether U.S. law and practices are effective in preventing unlawful transshipment; review labeling requirements of U.S. trading partners with respect to meat and fresh produce.

21. Miscellaneous reforms of U.S. Customs laws and practices. In cooperation with the Oversight Subcommittee, the Subcommittee will continue its oversight and review of customs laws, regulations and practices to ensure that they are not creating an unnecessary burden and cost to U.S. users (including turn-around time for ruling letter and decisions relating to detained and seized merchandise); reform overtime and premium pay for Customs inspectors; verification of Customs operational enhancement; review the services provided; and conduct oversight hearings of Customs on various issues including Customs progress in implementing regulations and Customs practices under the Customs Modernization Act. In addition, the Subcommittee will work closely with the Senate Committee on Finance in its oversight efforts.

SUBCOMMITTEE ON HEALTH

1. Management of the Health Care Financing Administration. The Subcommittee will hold a hearing on February 11th to examine and evaluate the management of the Health Care Financing Administration (HCFA).

2. MedPAC Report and Recommendations. The Subcommittee will hold a hearing on the Medicare Payment Advisory Committee's (MedPAC's) 1999 recommendations to Congress regarding Medicare policies. Each year, MedPAC's panel of health care experts provides recommendations to Congress and its Committees with jurisdiction over the program.

3. Medicare+Choice Program. The Subcommittee will hold a hearing in March to examine the Administration's implementation of the Medicare+Choice program. In particular, the Subcommittee will examine the risk adjuster, the payment rates, the timing of the plans applications, and the impact of the regulations on plan participation.

4. Health Care Costs and the Uninsured. The Subcommittee will hold a hearing in March to examine health care costs and the uninsured. In particular, the hearing will examine the factors affecting health care cost growth and the impact of the rising costs on premiums and the number of uninsured.

5. Health Care Quality. The Subcommittee will hold a hearing in early Spring to examine health care quality issues. The hearing will examine changes in the health care marketplace reflecting consumer concerns.

6. Graduate Medical Education and Other Special Payments. The Subcommittee will hold a hearing during the late Spring on Medicare Graduate Medical Education payments, Disproportionate Share hospital adjustments and other special payments.

7. Development of Prospective Payment Systems. The Subcommittee will hold a hearing during late Spring to examine the Administration's development of several prospective payment sys-

tems. The Balanced Budget Act required the Secretary of Health and Human Services to move from cost-based reimbursement to prospective payment systems. The hearing will take a close look at the progress on these systems.

8. Other Issues. Further hearings will be scheduled as time permits to examine certain additional aspects of Medicare program management.

SUBCOMMITTEE ON HUMAN RESOURCES

1. Welfare Reform. The Subcommittee will conduct a series of hearings to examine the impacts of the 1996 welfare reform law. The Subcommittee intends to examine the impacts of reform on female labor force participation, especially among never-married mothers, as well as the impacts on poverty among all children and among inner-city children in particular. The Subcommittee will also examine the coordination between the welfare-to-work programs being mounted by States and the labor market services provided by both the U.S. Employment Service and the various work programs associated with the Workforce Investment Act passed by Congress in 1998.

2. Child Care. Given the dramatic movement of welfare mothers into the work force, child care has become an important issue in the States. The 1996 welfare reform law substantially reformed child care, primarily by terminating many disparate programs and combining most Federal requirements into one simplified child care program. Total Federal funding to States was increased by about \$4 billion over 6 years. The Subcommittee will examine whether States are experiencing problems with the availability, cost, or quality of child care, focusing especially on whether States are using all the Federal funds available to them for child care.

3. Child Support Enforcement. One of the most important provisions of the 1996 welfare reform law was the reform of the nation's child support enforcement program. Many of these reforms have now been implemented by States; the Subcommittee will examine the impacts of these reforms in a series of hearings. The major reforms under review will be the effects of the new hire tracking system, the effectiveness of the State Disbursement Units that handle payments, and the impacts of the new enforcement tools provided to States. In addition, the Subcommittee will explore issues of interstate child support enforcement and the possibility of more involvement of the private sector in collecting child support.

4. Supplemental Security Income (SSI). For the past several years, the General Accounting Office has kept the SSI program on its list of programs at high risk of waste, fraud, and abuse. The Subcommittee expects to report legislation on this topic shortly.

5. Child Protection. In November of last year, the Administration published regulations that outlined a proposed system of federal oversight of State child protection programs. The Subcommittee will conduct a hearing on these regulations and may introduce legislation aimed at strengthening the regulations. In addition, the Subcommittee will hold hearings to examine how State child protection programs are financed, with special attention to whether Federal funds provide States with adequate flexibility. Finally, the Subcommittee will conduct a hearing on the problems faced by adolescents who are aging out of foster care. Several studies have sug-

gested that these children are at increased risk of unemployment, poverty, homelessness, and welfare dependency. The Subcommittee will explore whether States and local governments have developed good programs to address these problems.

6. Unemployment Insurance. Following up on a hearing conducted last year, the Subcommittee will conduct a series of hearings on the nation's unemployment insurance system. Several issues, including comprehensive reform proposals that would increase State flexibility in designing and administering the unemployment insurance program, will be examined in these hearings.

7. Nonmarital Births. A major goal of the 1996 welfare reform law was to reduce the incidence of nonmarital births. The Subcommittee will conduct one or more hearings to study progress toward the goal of reducing births outside marriage, especially among teenagers. The Subcommittee will focus special attention on explanations for the reduction in nonmarital births in recent years, the first decline in a generation.

SUBCOMMITTEE ON SOCIAL SECURITY

1. Social Security Trust Fund solvency issues. The Subcommittee will hold a series of hearings beginning in February 1999 to examine various issues affecting the well-being of individual recipients and the long-term solvency of the Social Security Trust Funds. In addition, the Subcommittee will examine specific Social Security reform proposals and the experiences of other countries in making reforms to their retirement insurance programs.

2. Disability program reform and oversight. The Subcommittee will hold an early hearing on the Social Security Disability Insurance (DI) program reforms designed to assist individuals with disabilities in returning to the workforce. In addition, the Subcommittee will conduct several hearings related to the solvency of the DI program, which is projected to become insolvent in 2019. The Subcommittee will focus oversight hearings on: the disability appeals process; SSA progress in redesigning the disability determination claims process to cut costs and improve public service; and a comprehensive review of the purpose, effectiveness, and progressivity of the disability program as it enters the 21st century.

3. Social Security Administration (SSA) management of information technology. The Subcommittee will conduct an oversight hearing on SSA's year-2000 information systems readiness, and the status of SSA's efforts to implement its new modernized information systems infrastructure, to improve its software development process, and to deliver service over the Internet.

4. Waste, fraud, and abuse in Social Security programs. The Subcommittee will conduct oversight to assess the degree of waste, fraud, and abuse in Social Security programs and to explore legislative remedies.

5. Use of the Social Security number. The Subcommittee will examine the use of the Social Security number as an identifier, including the extent of its use by government and private entities, and the impact of restricting its use in keeping with privacy and other concerns.

6. Service delivery. The Subcommittee will continue its ongoing oversight of SSA's service delivery with particular focus on plans to address the service needs of aging baby boomers.

Sincerely,

BILL ARCHER, *Chairman.*

B. ACTIONS TAKEN AND RECOMMENDATIONS MADE WITH RESPECT
TO OVERSIGHT PLAN

Full Committee

1. Hearings to examine Social Security Trust Fund solvency issues.

Action Taken: On January 21, 1999, the Full Committee held a hearing to examine several issues raised by Social Security's long-term insolvency and proposals to preserve Social Security for the future. Testimony was heard from the Honorable Jack Kemp, the Reverend Jesse L. Jackson, and Dr. Alicia H. Munnell of the Boston College Carroll School of Management

On February 11, 1999, the Full Committee held a hearing to examine Social Security reform in other countries. Testimony was heard from scholars of foreign public retirement programs and representatives of selected nations that have made recent changes to their public pension programs.

On February 23, 1999, the Full Committee held a hearing to examine the President's Social Security reform framework, which was outlined in the Budget for Fiscal Year 2000. Testimony was heard from the Administration, GAO, the Congressional Budget Office, and a representative from the Committee for a Responsible Federal Budget.

On June 9–10, 1999, the Full Committee held a hearing to examine Social Security proposals offered by Members of Congress that would achieve 75-year solvency as estimated by the Social Security Administration (SSA). Testimony was heard from the Deputy Chief Actuary of SSA, Committee Chairman Bill Archer, Subcommittee Chairman E. Clay Shaw, Jr., and other Members of Congress who have authored reform plans that are estimated to restore 75-year solvency.

On October 26, 1999, the Administration submitted legislation outlining a plan that would extend the solvency of the Social Security Trust Funds. Rep. Richard Gephardt introduced the legislation (H.R. 3165, the "Strengthening Social Security and Medicare Act of 1999") on October 28, 1999. The Full Committee held a hearing on November 9, 1999 to examine the legislation. Testimony was heard from the Administration, GAO, and the Congressional Budget Office.

2. Y2K Computer Conversion Efforts.

Action taken: The Ways and Means Committee held a hearing on February 24, 1999, to determine whether Federal agencies with programs within the Committee's jurisdiction would be able to renovate their computer systems to avoid problems associated with the "Y2K bug" in order to provide continuous service to beneficiaries and taxpayers in the year 2000. The Committee heard testimony from the Social Security Administration, the Financial Management Service, the Internal Revenue Service (IRS), the Customs Service, the Health Care Financing Administration (HCFA), the

General Accounting Office and private sector stakeholders. Subsequent to the hearing, Subcommittee staff continued to monitor the progress of the agencies with emphasis on the agencies most likely to experience difficulty in their conversion efforts: the IRS and HCFA. On September 15, 1999, the Committee sent a detailed follow-up letter to each of the agencies to address specific concerns within the agencies. There were no significant interruptions in service to beneficiaries or to taxpayers associated with Y2K compliance.

Subcommittee on Oversight

A. Subcommittee Hearings for 106th Congress

1. Taxpayer Advocate Report.

Action taken: The Subcommittee held a hearing on February 10, 1999, to examine the third annual report of the Internal Revenue Service (IRS) Taxpayer Advocate to the tax-writing committees. In this report, which was mandated by the Taxpayer Bill of Rights 2 (TBOR2), the Taxpayer Advocate identifies initiatives undertaken to improve taxpayer services and IRS responsiveness and provides recommendations from the Problem Resolution Officers in IRS District Offices as to how to resolve problems which taxpayers experience in their dealings with the IRS.

2. Steel Trade.

Action taken: Members of the Oversight Subcommittee joined the Trade Subcommittee in a hearing on February 25, 1999, to review the President's January Report to Congress on a Comprehensive Plan for Responding to the Increase in Steel Imports. The Members also reviewed current tax and trade laws to determine whether they were adequate in light of increases in steel imports.

3. Domestic Oil and Gas Industry.

Action taken: The Subcommittee held a hearing on February 25, 1999, to review the current tax laws, including incentives, to determine whether they are adequate to support the domestic oil and gas industry during a significant downturn in price. H.R. 2488, the "Taxpayer Refund and Relief Act of 1999" (H. Rept. 106-289) included provisions to allow net operating losses from oil and gas properties to be carried back for up to five years, to modify the small refiner limit for percentage depletion deductions, and to allow a current deduction for geophysical and geological costs associated with oil and gas production. The President vetoed the bill on September 23, 1999.

4. Tax Code Compliance Burden.

Action taken: The Subcommittee held a hearing on May 25, 1999, to examine provisions of the Internal Revenue Code that are overly complex, subject to frequent errors, or which place unnecessary compliance burdens on individual taxpayers and small businesses. The Subcommittee received testimony calling for the repeal of the individual Alternative Minimum Tax. The Subcommittee received testimony calling for the repeal of the Alternative Minimum Tax. H.R. 2488, the "Financial Freedom Act of 1999," (H. Rept. 106-238) included such a provision. H.R. 2488 was later retitled the "Taxpayer Refund and Relief Act of 1999." The House passed the conference report on H.R. 2488 on August 5, 1999. The President vetoed the bill on September 23, 1999.

The Subcommittee held a hearing on June 29, 2000, to review the first Annual Report from the Commissioner of the Internal Revenue Service on Tax Law Complexity. The annual report was required by section 4022(a) of the IRS Restructuring and Reform Act of 1999, P.L. 105-206. Provisions discussed included simplification of filing definitions, the individual Alternative Minimum Tax, and estimated taxes.

5(a). IRS Fiscal Year 2000 Budget/1999 Tax Return Filing Season.

Action taken: The Subcommittee held a hearing on April 13, 1999, to review the IRS' budget request for FY 2000 and the 1999 tax return filing season. The IRS' budget requested \$8.2 billion to support its programs and activities in Fiscal Year 2000. H.R. 2490, the Treasury, Postal Service Appropriations bill for Fiscal Year 2000 (P.L. 106-58) appropriated \$8.2 billion for the IRS.

5(b). IRS Fiscal Year 2001 Budget/2000 Tax Return Filing Season.

Action taken: The Subcommittee held a hearing on March 28, 2000, to review the IRS' budget request for FY 2001 and the 2000 tax return filing season. The IRS budget requested \$9.0 billion to support its programs and activities in Fiscal Year 2001. H.R. 4985, the Treasury, Postal Service Appropriations bill for Fiscal Year 2001, appropriated \$8.9 billion for the IRS. H.R. 4985 was included as part of H.R. 4516, the Legislative Appropriations bill (H. Rept. 106-796). H.R. 4516 was vetoed by the President on October 30, 2000.

6. Structured Settlements.

Action taken: The Subcommittee held a hearing on March 18, 1999, to review the current tax treatment of structured settlements under section 130 of the Internal Revenue Code, to examine the tax consequences of the purchase of structured settlements, and to review proposals to levy an excise tax on the purchase of structured settlements. On July 13, 1999, Chairman Archer and Oversight Subcommittee Chairman Houghton engaged in a colloquy calling on the interested parties to settle their differences. As a result, the interested parties have agreed to a compromise that is reflected in H.R. 5421, the "Structured Settlement Protection Act."

7. Pension Policy.

Action taken: The Subcommittee held a hearing on March 23, 1999, to review the operation and effectiveness of the pension provisions in the tax law. Testimony received at the hearing helped in the development of H.R. 1002, the "Comprehensive Retirement Security and Pension Reform Act," which later was incorporated into H.R. 2488, the "Financial Freedom Act of 1999," H.R. 5542, the "Taxpayer Relief Act of 2000," and the conference report on the H.R. 2614, the "Minimum Wage Act of 2000."

8. Most Serious Management Problems.

Action taken: See activities by Social Security Subcommittee and Health Subcommittee.

9. Oversight of U.S. Customs Service.

Action taken: The Subcommittee held a hearing on May 20, 1999, to review allegations of racial profiling by customs inspectors performing personal searches of passengers arriving in the United States on international flights. Subsequent to the hearing, the Customs Service (1) implemented a new policy requiring Customs offi-

cers to consult with the local U.S. Attorney's office when a passenger has been held for more than 8 hours; (2) implemented a new policy in which Customs lawyers are available around the clock to advise Customs officers during the search process; (3) implemented a new policy requiring Customs supervisors to approve all pat-down searches (other than for weapons), (4) implemented a new policy requiring Customs supervisors to complete a checklist and review of every personal search performed; (5) implemented a new policy requiring a Customs Port Director to approve all searches that involve moving a person to a medical facility for a medical examination; (6) overhauled the Customs Personal Search Handbook; (7) instituted mandatory data collection to gather information on race, gender, age, citizenship, of all persons searched as well as the reasons for the search; (8) created a Passenger Data Analysis Unit at Customs headquarters to review all search data; and (9) instituted new and recurring training. After implementing these new passenger protections, the Customs Service conducted 61 percent fewer personal searches in Fiscal Year 2000 than in Fiscal Year 1999, yet the number of successful searches increased by 25 percent.

10. International Tax Law.

Action taken: The Subcommittee held a hearing on June 22, 1999, to examine provisions of the current U.S. international tax regime that are overly complex, subject to frequent errors by taxpayers and revenue agents, or which place U.S. taxpayers at a competitive disadvantage in the global marketplace. The Subcommittee received testimony on two provisions that were later passed into law during the 106th Congress: (1) a prohibition on disclosure of advanced pricing agreements and APA background proposals was included in the conference report on H.R. 1180, the "Ticket to Work And Work Incentives Improvement Act of 1999," P.L. 106-170, signed by the President on December 17, 1999; and (2) equitable treatment for sales of military property by foreign sales corporations in H.R. 4986, the "Foreign Sales Corporation (FCS) Repeal and Extraterritorial Income Exclusion Act of 2000," P.L. 106-519, signed by the President on November 15, 2000. The Subcommittee also received testimony on several provisions that were included in H.R. 2488, the "Financial Freedom Act of 1999," later retitled the "Taxpayer Refund and Relief Act of 1999." The conference report was passed by the House and Senate, but vetoed by the President on September 23, 1999.

11. Implementation of IRS Restructuring and Reform Act.

Action taken: The Subcommittee held a hearing on July 22, 1999, to review implementation of the IRS Restructuring and Reform Act of 1998.

12. Public-Private Worker Training Partnerships.

Action taken: The Subcommittee held a hearing on July 1, 1999, to review the operation and effectiveness of the work opportunity tax credit. Testimony taken at the hearing was helpful in developing H.R. 2101, the "Work Opportunity Tax Credit Reform and Improvement Act of 1999." The work opportunity tax credit was extended until December 31, 2001 in H.R. 1180, the "Ticket to Work And Work Incentives Improvement Act of 1999," P.L. 106-170, signed by the President on December 17, 1999. The House passed an extension of the work opportunity tax credit through June 30,

2004 on October 26, 2000 in H.R. 5542, the “Taxpayer Relief Act of 2000,” which was later incorporated into H.R. 2614, the conference report on the “Minimum Wage Act of 2000,” which was passed by the House on October 26, 2000.

13. Internet Commerce.

Action taken: The Subcommittee held a hearing on May 16, 2000, to review the Advisory Commission on Electronic Commerce’s report to Congress and to examine the effects of State and local, Federal, and international taxes on Internet access and electronic commerce. At the hearing the Subcommittee also heard testimony on H.R. 3916, a bill to repeal the Federal excise tax on telephone and other communications services. The House and Senate later passed the bill with amendments, and it was incorporated into H.R. 4516, the legislative branch and appropriations and Treasury-Postal appropriations for fiscal year 2001. The legislation was vetoed by the President on October 30, 2000.

14. Urban Revitalization and Land Use.

Action taken: The Subcommittee held a hearing on September 30, 1999, to examine the impact of Federal tax laws on environmental conservation and preservation. The conference report on the “Minimum Wage Act of 2000,” H.R. 2614, which passed the House on October 26, 2000, included modifications to the expensing of environmental remediation costs.

The Subcommittee held a hearing on March 21, 2000, to review current tax law incentives to assist distressed communities and to discuss proposals aimed to extend or strengthen current law incentives. The conference report on the “Minimum Wage Act of 2000,” H.R. 2614, which passed the House on October 26, 2000, included tax incentives for renewal communities, extension and expansion of empowerment zone incentives, a new markets tax credit, improvements in the low-income housing tax credit, and other community revitalization provisions.

15. Global Warming.

Action taken: The Subcommittee received testimony on the Energy Efficiency Technology Act as part of its September 30, 1999, hearing to examine the impact of Federal tax laws on environmental conservation and preservation.

16. Penalty and Interest Reform.

Action taken: The Subcommittee held a hearing on January 27, 2000, to review the Joint Committee on Taxation’s Study of Present-Law Penalty and Interest Provisions and the Department of Treasury’s Report to the Congress on Penalty and Interest Provisions of the Internal Revenue Code. The reports were mandated by section 3801 of the “IRS Restructuring and Reform Act of 1998,” P.L. 105–206. The purpose of the hearing was to examine the current penalty and interest provisions in the Internal Revenue Code and to consider recommendations to improve these provisions. Testimony taken at the hearing helped in the development of H.R. 4163, the “Taxpayer Bill of Rights 2000,” which passed the House on April 11, 2000.

17. Taxpayer Information Privacy.

Action taken: On February 3, 2000, the Committee requested written comments for the record from all parties interested in the study and recommendations released on January 28, 2000, by the Joint Committee on Taxation concerning disclosure of Federal tax

returns and return information. A number of provisions to strengthen the privacy of taxpayer information were included in H.R. 4163, the "Taxpayer Bill of Rights 2000," which passed the House on April 11, 2000.

Subcommittee on Trade—Comparison of oversight plan developed in January 1999 to actual activities of the Subcommittee during the 106th Congress:

1. U.S.-African Trade Relations and the African Growth and Opportunity Act.

Action taken: The Subcommittee held a hearing on U.S. trade relations with sub-Saharan Africa on February 3, 1999, to consider H.R. 434, introduced by Chairman Crane, Ranking Member Rangel, and others to strengthen and promote mutually beneficial trade relations between the United States and countries in sub-Saharan Africa undertaking political and economic reform. The legislation passed the House on July 16, 1999, and the Senate passed its version of the bill on November 3, 1999. The conference report on H.R. 434 was passed by the House on May 4, 2000, and by the Senate on May 11, 2000. H.R. 434 was signed into law by the President on May 18, 2000 (P.L. 106-200).

2. Bilateral, Regional, and Multilateral Trade Negotiations.

Actions taken: On February 11, 1999, and March 4, 1999, the Subcommittee held hearings on the Importance of Trade Negotiations in Expanding Trade and Resisting Protectionism, which addressed the content and strategy of trade negotiations in which the United States is participating, including negotiations on the Free Trade Agreement of the Americas (FTAA), the Transatlantic Economic Partnership (TEP), and in the Asia Pacific Economic Cooperation forum (APEC). The Subcommittee analyzed the relationship of these negotiations to trade negotiating authority and whether the United States is disadvantaged by not having such authority in place. The Subcommittee consulted frequently with the Administration as to the status of all of these negotiations. Finally, the Subcommittee requested that GAO conduct a study concerning efforts by the U.S. government to monitor and enforce existing trade agreements.

On April 11, 2000, the House suspended the rules and agreed, by voice vote, to S. Con. Res. 71, which expresses the sense of the Congress that Miami, Florida, and not a competing foreign city, should serve as the permanent location for the Secretariat of the Free Trade Area of the Americas (FTAA) beginning in 2005.

3. Steel Trade.

Actions taken: The Subcommittee held a hearing on steel trade issues on February 25, 1999, at which representatives of the U.S. steel industry, steel workers, and downstream users of steel products presented their views on the increase in imports of steel, including its causes and its effects on U.S. companies and workers. In addition, witnesses testified on U.S. trade remedy laws, particularly as they related to pending antidumping and countervailing duty investigations involving hot rolled steel from Japan, Russia, and Brazil.

4. Biannual Authorizations for the Office of the United States Trade Representative (USTR), the U.S. Customs Service, and the International Trade Commission (ITC).

Actions taken: The Subcommittee held a hearing on April 13, 1999 on budget authorizations for USTR, the Customs Service, and the ITC. At that hearing, the Subcommittee also examined Customs automation issues—the Automated Commercial System (ACS), the Automated Commercial Environment (ACE), and the International Trade Data System (ITDS). In addition, the Subcommittee examined the impact of Customs rotation policies and collective bargaining agreements on Customs drug interdiction efforts. The Subcommittee and Committee later reported favorably H.R. 1833, which provided budget authorizations for USTR, the ITC and Customs, and the legislation passed the House on May 25, 1999. The Senate passed its own version of the bill, and the bill is awaiting conference action.

The Subcommittee also requested and received a report from the General Accounting Office reviewing implementation of the Customs Modernization Act. In addition, the Subcommittee requested and received from GAO reviews of Customs user fees for air and sea passengers, Customs automation access fees, and the merchandise processing fee. The Subcommittee also requested and received from GAO a study analyzing the time taken by Customs to issue rulings. Finally, the Subcommittee has requested from GAO a review of the design and implementation of the Customs self-inspection program.

5. Customs Automation and the International Trade Data System (ITDS).

Actions taken: At its hearing on April 13, 1999 hearing on budget authorizations for USTR, the Customs Service, and the ITC, the Subcommittee examined Customs automation issues, including the Automated Commercial System (ACS), the Automated Commercial Environment (ACE), and the ITDS. In addition, Subcommittee requested and received from GAO a review of Customs automation access fees.

6. U.S. Trade Remedy Laws.

Actions taken: The Subcommittee took testimony on the effectiveness of U.S. trade remedy laws in responding to unfair trade practices at its February 25, 1999 hearing on steel trade issues. The Subcommittee also took testimony on the consistency under World Trade Organization rules of various proposed legislative changes to U.S. antidumping, countervailing duty, and safeguard laws. On September 25, 2000, Chairman Archer requested the Congressional Budget Office to update its 1998 analysis on the usage of antidumping laws by the United States and its trading partners. The report will be completed during the first quarter of 2001.

7. World Trade Organization and Preparation for the WTO Seattle Ministerial Meeting.

Action taken: On August 5, 1999, the Subcommittee held a hearing on United States Negotiating Objectives for the WTO Seattle Ministerial Meeting hosted by the United States in November 1999. In addition, the Subcommittee held consultations with Ambassador Barshefsky throughout the year regarding the development of U.S. negotiating positions for this meeting. From November 30–December 3, 1999, Chairman Crane led a Ways and Means Committee delegation of 20 Members to attend the meeting. The Subcommittee received reports from the General Accounting Office, as follows: a review of the issues and agenda to be considered at

the WTO Ministerial in Seattle, as well as the timing for a new round of trade negotiations; a report on the U.S. experience to date in dispute settlement system; a report analyzing the terms of China's accession to the WTO; a report on the amount of exports of goods and services by small and medium businesses; and a study concerning efforts by the U.S. government to monitor and enforce trade existing agreements. The Subcommittee has also requested a report assessing China's fulfillment of its World Trade Organization (WTO) obligations once it becomes a member of the WTO.

On the subject of effective operation of the WTO dispute settlement mechanism and lack of compliance with WTO panel decisions, particularly in cases brought by the United States in disputes with the European Union involving bananas and beef, the Committee met several times with United States Trade Representative Charlene Barshefsky.

Sections 124–125 of the Uruguay Round Agreements Act (URAA) (P.L. 103–465) require the President to submit a special report on U.S. participation in the WTO every five years from the date the United States first joined the WTO. The Committee received the first of these five-year reports on March 2, 2000.

On March 6, 2000, Rep. Ron Paul (R–TX) introduced H.J. Res. 90, which would withdraw Congressional approval of the United States from the agreements establishing the WTO. On June 8, 2000, the Committee on Ways and Means ordered H.J. Res. 90, a resolution to withdraw approval of the United States of the agreements establishing the WTO, reported adversely. On June 21, 2000, H.J. Res. 90 was defeated in the House.

8. Use and Effect of Unilateral Trade Sanctions.

Actions taken: The Subcommittee held a hearing on the use and effect of unilateral trade sanctions on May 27, 1999. During the hearing, the Subcommittee examined H.R. 1244, the “Enhancement of Trade, Security, and Human Rights Through Sanctions Reform Act,” legislation introduced by Trade Subcommittee Chairman Crane to establish a procedural framework for the consideration of future U.S. unilateral sanctions.

In September 1999, the International Trade Commission submitted a report to the Committee on Ways and Means, requested by Chairman Archer, providing an overview and analysis of the economic impact of U.S. sanctions policy with respect to India and Pakistan.

On March 15, 2000, pursuant to section 332 of the Trade Act of 1974, the Committee requested that the ITC conduct by February 2001 a study of the economic impact of U.S. sanctions with respect to Cuba.

9. Oversight and Review of the Trade Deficit Review Commission.

Action taken: The Subcommittee has monitored the formation of the Commission and work done by the Commission to date. On November 13, 2000, the Ways and Means Committee received the Commission's report.

10. Hearing on the Caribbean Basin Trade Security Act.

Actions taken: On March 4, 1999, Chairman Crane and Congressman Rangel introduced H.R. 984, the Caribbean and Central American Relief and Economic Stabilization Act, which would grant NAFTA parity to nations in the Caribbean Basin. Title I of the bill

would have amended the Caribbean Basin Economic Recovery Act (CBERA) to: promote the growth of free enterprise and economic opportunity in the Caribbean Basin region; (2) increase trade and investment between the Caribbean region and the United States; and (3) encourage the participation of these countries in the Free Trade Area of the Americas. On March 23, 1999, the Subcommittee held a hearing on H.R. 984. The Subcommittee approved H.R. 984 by voice vote on May 18, 1999. The Ways and Means Committee approved H.R. 984, as amended, by voice vote on June 10, 1999. The conference report on H.R. 434, the Trade and Development Act of 2000, was filed on May 4, 2000 (H. Rept. 106-606). The conference agreement builds on the Caribbean Basin Economic Recovery Act enacted in 1984 and extends additional trade benefits through 2008. It extends duty-free benefits to several products categories previously excluded from duty-free treatment under the CBERA. The House passed the conference report on H.R. 434 by a vote of 309-110 on May 4, 2000. The bill was signed into law by the President on May 18, 2000 (P.L. 106-200).

11. Oversight and Review of Narcotics Interdiction Efforts by the U.S. Customs Service.

Actions taken: Throughout its oversight of the Customs budget, the Subcommittee continued to review the effectiveness of Customs drug efforts and its impact on trade facilitation. As a result of this review, the Subcommittee included in H.R. 1833, the authorization legislation for the Customs Service, additional funding for drug interdiction efforts including funding for equipment purchases and hiring of additional customs inspectors, special agents, and canine officers.

12. Reauthorization of the Generalized System of Preferences.

Actions taken: The Generalized System of Preferences Program was reauthorized through September 30, 2001, as part of H.R. 1180, the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). The Africa Growth and Opportunity Act, signed into law by the President on May 18, 2000 (P.L. 106-200) extended regular and enhanced GSP benefits through September 30, 2008, for eligible countries in sub-Saharan Africa.

13. Normal Trade Relations (NTR) with the People's Republic of China.

Actions taken: The Subcommittee examined the President's annual determination to continue China's NTR status in 1999 with a hearing on June 8, 1999. A resolution disapproving the President's determination, H.J. Res. 57, was reported unfavorably by the Committee and was defeated by the House on July 27, 1999.

On February 16, 2000, the Ways and Means Committee held a hearing focusing on: (1) the opportunities and issues associated with the entry of China into the WTO, and (2) the potential benefits of the U.S.-China bilateral trade agreement for U.S. firms, workers, farmers, ranchers, and other interested parties. The Committee also received testimony on how progress of China's accession to the WTO affects the pending application of Taiwan to join the WTO and the potential impact on the United States, China, Taiwan, and Hong Kong of normalized trade relations between the United States and China.

On May 3, 2000, the Ways and Means Committee held a second hearing on the bilateral trade agreement between the U.S. and

China and the pending accession of China to the World Trade Organization (WTO). The focus of the hearing was to examine: (1) the opportunities and issues associated with the entry of China into the WTO; (2) the potential benefits of the U.S.-China bilateral trade agreement for U.S. firms, workers, farmers, ranchers, and other interested parties; and (3) the current status of negotiations in Geneva for China to accede to the WTO. The Committee also received testimony on how normalizing trade relations with China would affect other U.S. objectives in China and the surrounding region, such as improved respect for human rights, progress toward democratization, and enhanced economic and regional security.

On May 15, 2000, Chairman Archer introduced H.R. 4444, to authorize extension of nondiscriminatory treatment (normal trade relations treatment) to the People's Republic of China and to establish a framework for relations between the United States and the People's Republic of China. On May 17, 2000, the Ways and Means Committee reported H.R. 4444 to the House, with an amendment. H.R. 4444 was further amended on the House floor and passed the House on June 24, 2000.

On June 2, 2000, the President announced his decision to waive for another year the freedom-of-emigration requirements in Title IV of the Trade Act of 1974, with respect to China, thereby continuing China's NTR status between July 1, 2000 and June 30, 2001. A resolution disapproving the President's determination was reported unfavorably by the Committee and was defeated by the House.

H.R. 4444 was signed into law by the President on October 10, 2000 (P.L. 106-286). The Ways and Means Committee continues to monitor the progress China is making in negotiations to join the WTO.

In March 2000, the Committee received a report from GAO entitled, *China's Membership Status and Normal Trade Relations Issues*, pursuant to an earlier request. On July 31, 2000, Chairman Archer joined Chairman Roth of the Senate Finance Committee in requesting GAO to assess China's fulfillment of its WTO obligations once it becomes a member of the WTO.

14. Trade Relations with the European Union (EU).

Actions taken: On February 11 and March 4, 1999, the Subcommittee held hearings on the Importance of Trade Negotiations in Expanding Trade and Resisting Protectionism. The hearings addressed the content and strategy of trade negotiations in which the United States is participating, including U.S./EU negotiations on the Transatlantic Economic Partnership and the Transatlantic Business Dialogue. The Subcommittee has also met with U.S. Trade Representative Charlene Barshefsky and with EU officials on a number of occasions to discuss EU compliance with WTO panel decisions. In addition, on September 27, 2000, the Subcommittee requested GAO to determine whether EU preferential trade agreements are structured to benefit the EU to the disadvantage of non-participants.

15. Trade Relations with Japan.

Actions taken: In September 1999 the Subcommittee received a study from GAO, requested by Chairman Crane, to assess the implementation of the U.S.-Japan insurance agreements, as well monitoring and enforcement efforts by the U.S. government.

16. Normal Trade Relations with the Kyrgyz Republic.

Actions taken: The Subcommittee accepted written public comment from May 12, 1999, through June 11, 1999, on the extension of unconditional normal trade relations to the Kyrgyz Republic, which acceded to the World Trade Organization in December 1998. Legislation authorizing the President to determine that the Jackson-Vanik amendment to the Trade Act of 1974 should no longer apply to the Kyrgyz Republic and to extend unconditional normal trade relations to that country was included in the conference report on H.R. 434, the "Trade and Development Act of 2000." H.R. 434 was signed into law by the President on May 18, 2000 (P.L. 106-200).

17. Normal Trade Relations with the Lao People's Democratic Republic.

Actions taken: The Subcommittee accepted written public comment from July 29, 1999, through September 10, 1999, on the extension of unconditional normal trade relations to the Lao People's Democratic Republic upon the publication of a Federal Register notice that a bilateral commercial agreement between the United States and Laos has entered into force.

18. Renewal of Presidential Waiver Under Title IV of the Trade Act of 1974 with Respect to Vietnam.

Actions taken: The Subcommittee held a hearing on June 17, 1999, on U.S.-Vietnam trade relations, including the President's renewal of Vietnam's waiver under the Jackson-Vanik amendment to the Trade Act of 1974. A resolution disapproving the President's determination, H.J. Res. 58, was reported adversely by the Committee on July 1, 1999 and was defeated by the House on August 3, 1999.

The Subcommittee held another hearing on U.S.-Vietnam trade relations on June 15, 2000, and took testimony on the President's renewal of Vietnam's annual Jackson-Vanik waiver and the progress on the negotiation of a bilateral trade agreement with Vietnam. On June 28, 2000, a resolution disapproving the President's extension of Vietnam's Jackson-Vanik waiver, H.J. Res. 99, was reported adversely by the Committee. H.J. Res. 99 was defeated by the House on July 26, 2000.

19. Reauthorization of the Trade Adjustment Assistance (TAA) programs.

Actions taken: The general TAA programs for workers and firms, as well as the NAFTA-related TAA programs, were reauthorized through September 30, 2001, as part of the Consolidated Appropriations Act for Fiscal Year 2000 (P.L. 106-113).

Section 401 of the conference report on H.R. 434, the "Trade and Development Act of 2000," requires the General Accounting Office to submit a report to Congress on the efficiency and effectiveness of Federal and State coordination of employment and retraining activities associated with TAA, the Job Training Partnership Act, the Workforce Investment Act of 1998, and unemployment insurance. The report required pursuant to section 401 is due by February 2001. Section 408 of the same conference report requires the Secretary of Labor to submit a report to Congress on the applicability of TAA programs to agricultural commodity producers. The Secretary of Labor wrote to Chairman Archer to transmit a copy of the report required by section 408 on October 26, 2000.

20. Rules of Origin and Country-of-Origin Marking.

Actions taken: The Subcommittee has continued to review and consult with the Administration and the trade community on the status of the rules of origin negotiations underway in the World Customs Organization (WTO). In addition, the Subcommittee continues to review whether U.S. law and U.S. Customs enforcement efforts are effective in preventing unlawful transshipment. The Subcommittee is also reviewing labeling requirements of U.S. trading partners with respect to meat, fresh produce, forged hand tools, and genetically modified products. The Subcommittee accepted written public comment from October 18, 1999, through November 1, 1999, on H.R. 3066, a bill to amend the Uruguay Round Agreements Act with respect to the rules of origin for certain textile and apparel products. H.R. 435 (P.L. 106–36) amended the marking laws (19 U.S.C. 1304) relating to certain silk products.

21. Miscellaneous Reforms of U.S. Customs Laws and Practices.

Actions taken: The Subcommittee has continued its oversight and review of Customs laws, regulations, and practices to ensure that they are not creating an unnecessary burden and cost to U.S. users. On April 20, 2000, Chairman Crane asked for public and Administration comment on H.R. 4337, which included a number of Customs reform procedures. The following three provisions from the legislation were included in H.R. 4868 (P.L. 106–476): alternative mid-point interest accounting methodology for underpayment of customs duties and fees; treatment of certain multiple entries of merchandise as single entry; and requiring a report on Customs procedures relating to entry information.

The Subcommittee requested and received a number of reports related to Customs performance from the General Accounting Office (GAO) as follows: (1) a report examining the Customs Service compliance assessment of selected importers; (2) a report relating the Office of Regulations and Rulings timeliness in responding to importers' ruling requests in all categories of rulings; (3) an informal report relating to the cost basis for the President's FY 2000 budget proposed access fee for the use of Customs automation system (GAO was unable to make a determination); (4) a report on cost basis for the merchandise processing fee (GAO was unable to make a determination); and (5) a report on costs basis for user fees for processing air and sea passengers (GAO was unable to make a determination). Chairman Crane, joined by Archer and Chairmen Roth, requested that GAO review the design and implementation of the self-inspection program to determine the extent to which it will achieve the accountability the Commissioner is seeking. GAO is expected to complete this report on June 29, 2001.

Subcommittee on Health—Comparison of oversight plan developed in January 1999 to actual activities of the Subcommittee during the 106th Congress.

1. Hearing to examine Management of the Health Care Financing Administration.

Action taken: The Subcommittee hearing was held on February 11, 1999. Testimony taken at the hearing helped form the basis of legislation considered by the Committee which was included in H.R. 4680, the "Medicare Rx 2000 Act."

2. Hearing to examine MedPAC Report and Recommendations.

Action taken: The Subcommittee hearing was held on March 2, 1999. Testimony taken at the hearing helped form the basis of legislation considered by the Committee which was included in H.R. 3075, the “Balanced Budget Refinement Act of 1999.”

3. Hearing to examine Medicare+Choice Program.

Action taken: The Subcommittee hearing was held on March 18, 1999. Testimony taken at the hearing helped form the basis of legislation considered by the Committee which was included in H.R. 3075 and H.R. 4680, and in H.R. 5543, the “Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000.”

4. Hearing to examine Health Care Costs and the Uninsured.

Action taken: The Subcommittee hearing was held on June 15, 1999. Testimony taken at the hearing helped form the basis of legislation considered by the Committee which was included in H.R. 2990, the “Quality Care for the Uninsured Act of 1999.”

5. Hearing to examine Health Care Quality.

Action taken: The Subcommittee hearing was held on February 10, 2000. Testimony taken at the hearing helped form the basis of legislation considered by the Committee which was included in H.R. 2990, the “Quality Care for the Uninsured Act of 1999.”

6. Hearing to examine Graduate Medical Education and Other Special Payments.

Action taken: The Subcommittee held hearings which considered these matters on September 22, 1999, and July 25, 2000. Testimony taken at the hearing helped form the basis of legislation considered by the Committee which was included in H.R. 3075 and H.R. 5543.

7. Hearing to examine Development of Prospective Payment Systems.

Action taken: The Subcommittee held hearings which considered these matters on September 22, 1999, and July 25, 2000. Testimony taken at the hearing helped form the basis of legislation considered by the Committee which was included in H.R. 3075 and H.R. 5543.

Subcommittee on Human Resources—Comparison of oversight plan developed in January 1999 to actual activities of the Subcommittee during the 106th Congress:

1. Welfare Reform.

Action taken: On April 27, 1999, the Subcommittee held a hearing on the difficulties faced by unmarried fathers of children on welfare. Additional testimony on this issue and draft fatherhood legislation took place at an October 5, 1999 hearing. Witnesses testifying at these hearings included Administration officials, scholars, and representatives from fatherhood groups. The Subcommittee proceeded to markup and pass H.R. 3073, the Fathers Count Act of 1999, on October 13, 1999, with full Committee markup and passage on October 21, 1999. The bill passed in the House on November, 10, 1999 by a vote of 328 to 93.

The fatherhood provisions of H.R. 3073 were included as Title V of H.R. 4678, the Child Support Distribution Act of 2000. H.R. 4678 was considered by the Subcommittee on June 27, 2000, and a full Committee markup took place on July 26, 2000. On September 7, 2000, the bill passed in the House by a vote of 405 to 18.

In addition, the Subcommittee conducted several oversight hearings on welfare reform. A hearing on the effects of welfare reform

was held on May 27, 1999. Field hearings on welfare reform were held in Erie, Pennsylvania, on November 15, 1999, Riviera Beach, Florida, on January 24, 2000, and Baltimore, Maryland, on February 14, 2000.

2. Child Care.

Action taken: The Subcommittee held a hearing on March 16, 1999, on the Federal resources available for child care. The hearing examined the President's request for additional spending for child care programs and how the substantial reforms in Federal child care programs enacted as part of welfare reform were working at the State and local level. Witnesses included a representative from the Administration, researchers, State policymakers, and child care administrators.

3. Child Support Enforcement.

Action taken: On September 23, 1999, the Subcommittee held a hearing on oversight of the child support enforcement program which included testimony from the Administration, directors of child support programs, judges, and advocates. Legislation to turn child support collection over to the Internal Revenue Service, H.R. 1488, was the subject of a hearing on March 16, 2000. Representatives Henry Hyde and Lynn Woolsey, sponsors of the bill, testified at this hearing. On May 18, 2000, a hearing on child support reforms including a proposal (H.R. 4469) to increase the amount of child support going to custodial parents and children was held. Witnesses included the Administration, advocacy groups, advocates for local government and private child support agencies, and State child support administrators.

On June 27, 2000, the Subcommittee ordered H.R. 4678 (introduced as H.R. 4469), the Child Support Distribution Act of 2000, favorably reported to the full Committee. The full Committee considered the Subcommittee reported bill and ordered it favorably reported on July 19, 2000. The House passed H.R. 4678 on September 7, 2000.

4. Supplemental Security Income.

Action taken: The Subcommittee held a hearing on Supplemental Security Income (SSI) fraud and abuse on February 3, 1999, which included testimony from Members of Congress, the Administration, and organizations representing citizens with disabilities and Filipino veterans. On February 10, 1999 the Subcommittee ordered favorably reported to the full Committee H.R. 631, the "SSI Fraud Prevention Act of 1999." H.R. 631 was included as Title II of H.R. 1802, the Foster Care Independence Act of 1999. H.R. 1802 passed the House on July 25, 1999. H.R. 1802 was reintroduced as H.R. 3443 and passed in the House by unanimous consent on November 18, 1999. On November 19, 1999, it passed by unanimous consent in the Senate and was signed into law on December 14, 1999 (P.L. 106-169). In addition, a joint hearing with the Social Security Subcommittee on the management of disability cases was held on October 21, 1999. Witnesses included representatives from the Social Security Administration, the U.S. General Accounting Office, judges, advocates, and organized labor.

5. Child Protection.

Action taken: On March 9, 1999, a Subcommittee hearing on the challenges confronting children aging out of the foster care system was held. Witnesses included the Administration, young adults

who had recently left foster care, State program directors, and advocates. On April 22, 1999, a hearing on child protection oversight to examine the adequacy of the newly established Federal child protection review system was held. Witnesses included representatives from the Administration, the Congressional Research Service, State policymakers, and advocacy groups. H.R. 1802, the Foster Care Independence Act of 1999, as introduced by Chairman Johnson and Ranking Member Cardin, was the subject of a May 13, 1999, hearing. Witnesses included Representative Tom DeLay. The Subcommittee met to markup H.R. 1802 and pass it by voice on May 20, 1999. This was followed by full Committee markup and passage on May 26, 1999. H.R. 1802 was considered and passed in the House on June 25, 1999.

The major provisions of H.R. 1802 were included in H.R. 3443, the Foster Care Independence Act of 1999, that was introduced November 18, 1999, by Chairman Johnson and Ranking Member Ben Cardin. Under unanimous consent, H.R. 3443 passed in the House on November 18, 1999. It passed under unanimous consent in the Senate on November 19, 1999, and was signed into law by the President on December 14, 1999 (P.L. 106–169).

Other hearings held by the Subcommittee included a July 20, 1999, hearing on promoting adoption and other permanent placements, a February 17, 2000, hearing on State child and family services reviews, and a March 23, 2000, hearing on the availability of court personnel to decide child protection cases and the extent of substance abuse among families in the child protection system. A July 20, 2000, hearing on increasing State flexibility in use of Federal child protection funds was followed by an October 3, 2000, hearing on a bill introduced by Chairman Johnson, H.R. 5292, the Flexible Funding for Child Protection Act of 2000.

6. Unemployment Insurance.

Action taken: On February 29, 2000, and September 7, 2000, the Subcommittee held hearings on a variety of proposals to reform and improve the Unemployment Compensation system. Witnesses from the U.S. Department of Labor, employer groups, organized labor, and the State administrators testified at these hearings.

7. Nonmarital Births.

Action taken: Witnesses at a June 29, 1999, Subcommittee hearing on nonmarital births included advocacy organizations, scholars, and the senior researcher on this issue from the National Center for Health Statistics.

Subcommittee on Social Security—Comparison of oversight plan developed in January 1999 to actual activities of the Subcommittee during the 106th Congress:

1. Hearings to examine Social Security Trust Fund solvency issues.

Action taken: The Subcommittee held a series of hearings on the impacts of the current Social Security system. The first hearing in the series was held on February 2, 1999 to examine the effects of the current program on young and future workers. Testimony was heard from program scholars and policy experts who discussed the impact on young and future workers if Social Security reform is delayed and the need to save now to prepare for their retirement.

The second hearing in the series was held on February 3, 1999 to examine how the current Social Security program protects

women and how these protections can be enhanced. Testimony was heard from the U.S. General Accounting Office (GAO), Social Security experts, and organizations interested in women's retirement security.

The third hearing in the series was held on February 10, 1999 to examine the role of Social Security in reducing poverty among minorities, surviving families, and individuals with disabilities. Testimony was heard from GAO and various organizations representing interested groups.

In addition to this series, the Subcommittee held other hearings to examine Trust Fund solvency.

On March 3, 1999, the Subcommittee held a hearing to examine the effects of investing Social Security trust funds in the private markets. Testimony regarding the differences between government investing and individual investing was heard from the Administration and from several Social Security and financial experts.

On March 25, 1999, the Subcommittee held a hearing on the goals of the Social Security program and the criteria for assessing reform proposals. Testimony was heard from the Administration, GAO, and Social Security experts.

On April 15, 1999, the Subcommittee held a hearing to examine the findings of the 1999 Annual Report of the Board of Trustees on the financial status of the Social Security Trust Funds. Testimony was heard from the public representatives on the Board of Trustees who testified that the Social Security Trust Funds are expected to be depleted by 2034 under intermediate assumptions about economic and demographic variables.

On April 6, 2000, the public representatives of the Board of Trustees testified before the Subcommittee regarding the findings of the 2000 Annual Report of the Board of Trustees. They testified that the date of depletion of the Social Security Trust Funds was extended from 2034 to 2037, mainly because of improvements in economic growth.

On September 21, 2000 the Subcommittee held a hearing to examine the global aging crisis and the effects of global aging on public pension systems in other industrialized countries. Testimony was heard from Social Security and financial experts, including participants of the Global Aging Initiative of the Center for Strategic and International Studies.

2. Hearings to examine disability program reform and oversight.

Action taken: On March 11, 1999, the Subcommittee held a hearing to examine barriers preventing disability beneficiaries from returning to work. Testimony was heard from Disability Insurance program experts, representatives of organizations that promote the self-sufficiency of individuals with disabilities, service providers who assist return-to-work efforts, and consumers and potential consumers of those services. Witnesses offered recommendations for changes to the law that would remove existing barriers. Testimony from this and previous hearings on the topic formed the basis of H.R. 3070, the "Ticket to Work and Work Incentives Improvement Act of 1999," introduced by Subcommittee Member Kenny Hulshof. The Full Committee ordered favorably reported H.R. 3070, as amended, on October 14, 1999 (H. Rept. 106-393, Part 1). A similar version of the bill, H.R. 1180, introduced by Rep. Rick Lazio,

passed the House on October 19, 1999 and was signed into law on December 17, 1999 (P.L. 106–170).

On October 21, 1999, the Subcommittee held a joint hearing with the Subcommittee on Human Resources to examine SSA's management of disability caseloads. Testimony was heard from SSA, GAO, organizations representing disability examiners, Social Security caseworkers and applicants, and disability beneficiaries.

On March 23, 2000, the Subcommittee held a hearing to examine work incentives in the Social Security Disability Insurance (SSDI) program for individuals who are blind and for those with other disabilities. Testimony was heard from policy experts, advocates for blind and disabled individuals, and affected beneficiaries. Witnesses focused their testimonies on the substantial gainful activity level used to determine initial and continuing eligibility for SSDI benefits. The "Ticket to Work and Work Incentives Improvement Act" (P.L. 106–170), which was signed into law on December 17, 1999, authorizes SSA to conduct a demonstration project regarding the effect of reducing benefits by \$1 for every \$2 of earnings in excess of the substantial gainful activity level. The law also authorizes the SSA and GAO to study work incentives for recipients of disability benefits.

On July 13, 2000, the Subcommittee held a hearing to examine the challenges facing the SSDI and Supplemental Security Income (SSI) programs in the 21st century. Testimony was heard from GAO, disability experts, and advocates for people with disabilities. Witnesses discussed the characteristics of people with severe disabilities, the supports needed to achieve independence, and changes made within foreign and private-sector disability systems to meet the changing needs of people with disabilities.

3. Hearings to examine Social Security Administration management of information technology.

Action taken: On July 29, 1999, the Subcommittee held a hearing to examine SSA's readiness for the Year 2000 and other information technology issues. Testimony was heard from SSA and GAO, which has examined Social Security information technology systems.

The Subcommittee also held a series of hearings to examine Social Security's readiness for the impending wave of Baby Boom retirees. The first hearing in the series was held on February 10, 2000 with the Subcommittee on Human Resources. The second hearing was held on March 16, 2000. Testimony was heard from SSA, GAO, service delivery experts, management and employee representatives, and advocates for beneficiaries. Witnesses testified about current and future service delivery challenges that SSA is facing in the 21st Century and what the agency is doing to prepare for those challenges. The agency's information technology initiatives and future needs were discussed at the hearing. On October 11, 2000, Subcommittee Chairman E. Clay Shaw, Jr. introduced H.R. 5447, the "Social Security Administration Preparedness Act of 2000" to ease budgetary rules, making it easier for the agency to receive administrative resources to prepare for future service delivery challenges and to invest in technology initiatives.

4. Hearings to examine waste, fraud, and abuse in Social Security programs.

On March 30, 2000, the Subcommittee held a hearing to examine SSA's program integrity activities designed to prevent waste, fraud and abuse in the Social Security program. Testimony was heard from the Deputy Commissioner of Social Security and the Social Security Inspector General.

On May 4, 2000, the Subcommittee held a hearing to examine Social Security representative payees who are hired to manage the monthly benefit payments of some Social Security and SSI beneficiaries. Testimony was heard from SSA, the Social Security Inspector General, and organizations that serve as representative payees. Witnesses discussed the current eligibility requirements for representative payees, SSA's oversight systems, instances in which those systems failed to protect beneficiaries from fraud and abuse, and suggestions for improving beneficiary protections. On November 13, Subcommittee Chairman E. Clay Shaw, Jr. introduced H.R. 4857, the "Social Security Number Privacy and Identity Theft Prevention Act of 2000." The bill includes several provisions to strengthen eligibility requirements for representative payees, enhance oversight, and protect Social Security and SSI beneficiaries who rely on representative payees. H.R. 4857 was ordered favorably reported by the Subcommittee and the Full Committee on July 20, 2000 and September 28, 2000, respectively. No action was taken by the House or Senate.

5. Hearings to examine use of the Social Security number.

Action taken: On May 9 and 11, 2000, the Subcommittee held a two-day hearing regarding the use and misuse of the Social Security number (SSN). On the first day of the hearing, testimony was heard from GAO, the Social Security Inspector General, and identity theft victims. On the second day of the hearing, testimony was heard from Members of Congress who have introduced SSN privacy legislation, consumer privacy advocates, and representatives from industries who would be affected if SSN use were limited.

On July 17, 2000, the Subcommittee held a field hearing in Delray Beach, Florida on protecting privacy and preventing SSN misuse. Testimony was heard from identity theft victims, law enforcement officials, State government officials, and private investigators.

In response to information gathered at these hearings, Subcommittee Chairman E. Clay Shaw, Jr., introduced H.R. 4857, the "Social Security Number Privacy and Identity Theft Prevention Act of 2000." The Subcommittee ordered the bill favorably reported on July 20, 2000, and the Full Committee ordered the bill favorably reported September 28, 2000. No action was taken by the House or the Senate.

6. Hearings on SSA's service delivery.

Action taken: The Subcommittee held a series of hearings to examine SSA's readiness for the impending wave of Baby Boomer beneficiaries. The first hearing in the series was held on February 10, 2000 with the Subcommittee on Human Resources. The hearing examined current and future service delivery challenges that SSA is facing in the 21st Century. Testimony was heard from members of the Social Security Advisory Board, which released a report on the topic identifying several impending challenges. Testimony was also heard from GAO and service delivery experts.

The second hearing in the series was held on March 16, 2000 to examine what SSA is doing to prepare for future challenges. Testi-

mony was heard from the Commissioner of Social Security, Social Security management and employee representatives, and advocates for Social Security and SSI recipients.

In response to this series of hearings, Subcommittee Chairman E. Clay Shaw, Jr. introduced H.R. 5447, the "Social Security Administration Preparedness Act of 2000," on October 11, 2000. The bill eases budgetary rules applying to SSA's administrative budget, making it easier for the agency to receive the resources it needs to address future service delivery challenges.

On June 14, 2000, the Subcommittee held a hearing on SSA's processing of fees for attorneys who represent Social Security claimants. Testimony was heard from GAO, SSA, and individuals affected by the processing procedures. On June 9, 2000, Subcommittee Chairman E. Clay Shaw, Jr. introduced H.R. 4633 to improve SSA's payment system for attorneys.

On September 26, 2000, the Subcommittee held a hearing to examine the quality of the notices which SSA sends to the public and action taken by the agency to improve the notices. Testimony was heard from SSA and GAO. In 1994, GAO reported that SSA's letters to the public were often difficult to understand, lacked essential details, presented information in an illogical order, and required complex analysis to understand how benefit adjustments had been made. Chairman Shaw had asked GAO to assess SSA's progress in improving its letters. GAO presented its findings at the hearing.

C. ADDITIONAL OVERSIGHT ACTIVITIES AND ANY RECOMMENDATION OR ACTIONS TAKEN

1. ADDITIONAL OVERSIGHT ACTIVITIES OF THE TRADE SUBCOMMITTEE

In addition to the oversight activities detailed above with respect to the Committee's oversight plan, the Subcommittee held hearing on September 13, 2000 to examine issues related to trade in African conflict diamonds.

On February 24, 2000, a WTO Appellate Body, over the objections of the United States, upheld the finding of a WTO dispute settlement panel that had found that the Foreign Sales Corporation (FSC) provisions of sections 921 through 927 of the Internal Revenue Code constitute a prohibited export subsidy under the WTO Agreement on Subsidies and Countervailing Measures and under the Agreement on Agriculture. H.R. 4986, to amend the Internal Revenue Code of 1986 to repeal the provisions relating to foreign sales corporations (FSCs) and to exclude extraterritorial income from gross income, was signed into law on November 16, 2000. In developing this legislation, the Committee consulted heavily with the Administration and all parties affected.

The Subcommittee also requested written public comment concerning the extension of unconditional normal trade relations with Albania, Armenia, Georgia, and Moldova.

The Subcommittee also requested public and Administration comment concerning hundreds of legislative proposals making miscellaneous and technical changes to U.S. trade statutes. The Congress passed, and the President signed into law, two such omnibus bills during the 106th Congress: P.L. 106-36 and P.L. 106-476.

In January 1999, Chairman Archer led a delegation of Members to Chile, Venezuela, and Brazil. In April 2000, Chairman Archer led a delegation of Members to the Czech Republic, Egypt, and Morocco. The purpose of these trips was to provide an opportunity for Members to exchange views with foreign officials and the U.S. business community abroad about multilateral, regional, and bilateral trade issues.

Finally, the Subcommittee requested and received a number of reports not listed in its oversight plans, as follows: received a report from the International Trade Commission (ITC) on the competitive conditions of the U.S. piano industry; received a report from the ITC of the current competitive conditions affecting the U.S. foundry coke industry with respect to the role of imports from China in the U.S. market; received a report from the ITC providing an overview and analysis of the economic impact of U.S. sanctions policy with respect to India and Pakistan; received ITC's annual report on the operation of the U.S. trade agreements; requested a study by the ITC on the civil aerostructures industry; requested that the ITC conduct a study of the economic impact of U.S. sanctions with respect to Cuba; received an ITC report providing a simplification of the Harmonized Tariff Schedule of the United States; requested a report from the ITC relating to pricing of prescription drugs by certain U.S. trading partners; and requested a report from the ITC on tariff and non-tariff barriers that impact trade in the processed food and beverage sectors.

2. ADDITIONAL OVERSIGHT ACTIVITIES OF THE OVERSIGHT SUBCOMMITTEE

1. Joint Hearings to Review Strategic Plans and Budget of the IRS.

The Ways and Means Committee participated in joint hearings to review the strategic plans and budget of the IRS on May 25, 1999 and May 3, 2000. The joint hearings were mandated by the IRS Restructuring and Reform Act of 1998 [P.L. 105-206] and included two Members from the majority and one Member from the minority from each of the House Committees on Ways and Means, Appropriations, and Government Reform and Senate Committees on Finance, Appropriations, and Governmental Affairs. Oversight Subcommittee Chairman Houghton, Subcommittee Ranking Minority Member Coyne, and Subcommittee Member Rob Portman represented the Committee on Ways and Means.

2. Repeal of the Installment Method of Accounting for Accrual Basis Taxpayers.

Action taken: The Subcommittee held a hearing on February 29, 2000, to examine the effects of the repeal of the installment method of accounting for accrual basis taxpayers and to discuss possible regulatory and legislative solutions. On March 9, 2000, pursuant to H. Res. 434, the House adopted H.R. 3832, the "Small Business Tax Fairness Act of 2000," to amend the Internal Revenue Code to repeal revisions to the Code (made by the "Ticket to Work and Work Incentives Improvement Act of 1999") which repealed the use of the installment method of accounting for accrual method taxpayers and modified the pledge rules of installment obligations. H.R. 5542, the "Taxpayer Relief Act of 2000," which was later incorporated into H.R. 2614, the conference report on the "Minimum

Wage Act of 2000,” also repealed the use of the installment method of accounting for accrual method taxpayers and modified the pledge rules of installment obligations. The House passed the conference report on October 26, 2000.

3. Disclosure of Political Activities by Tax-Exempt Organizations.

Action taken: The Subcommittee held a hearing on June 20, 2000, on proposals for enhanced public disclosure relating to political activities of tax-exempt organizations. On June 22, 2000, the Committee ordered favorably reported H.R. 4717, the “Full and Fair Political Disclosure Act of 2000,” to require the disclosure of political and lobbying activities by all tax-exempt organizations permitted to engage in such activities. H.R. 4762, to amend the Internal Revenue Code of 1986 to require 527 organizations to disclose their political activities, subsequently passed the House on June 28 and the Senate on June 29, 2000, and was signed into law on July 1, 2000 [P.L. 106–230].

4. Transportation Infrastructure.

Action taken: The Subcommittee held a hearing on July 25, 2000, to review the effect of the Internal Revenue Code on transportation infrastructure. The testimony supported improved tax treatment of expenditures for transportation infrastructure such as H.R. 3700, the “High Speed Rail Investment Act.” The conference report on the “Minimum Wage Act of 2000,” H.R. 2614, which passed the House on October 26, 2000, by a vote of 237–174, provided for a credit to holders of qualified Amtrak bonds.

5. Tax Code and New Economy.

Action taken: The Subcommittee held hearings on September 26 and 28, 2000, to examine the cost recovery rules for physical property, including a review of the Treasury Department’s “Report to Congress on Depreciation Recovery Periods and Methods”; the Federal tax treatment of research and development expenses; and the Federal tax treatment of the cost of maintaining a skilled workforce. The purpose of the hearing was to examine whether Federal tax laws have adequately kept pace with the changes in the economy in the advent of the information age and to consider possible solutions where they have not.

6. Stock Options.

Action taken: The Subcommittee held a hearing on October 12, 2000, to examine the Federal tax treatment of employee stock option plans and to discuss recommendations to expand the types of stock option plans available to businesses and their employees.

7. Field Investigations and Hearings.

Action taken: The Subcommittee did not deem it necessary to hold field hearings during the 106th Congress.

3. ADDITIONAL OVERSIGHT ACTIVITIES OF THE HUMAN RESOURCES
SUBCOMMITTEE

In addition to the Subcommittee’s oversight activities on welfare reform and other legislative issues described above, on March 9, 2000, the Subcommittee held a hearing on the Unemployment Compensation (UC) system and the Family and Medical Leave Act. This hearing focused on a proposed rule issued by the U.S. Department of Labor to allow the use of UC funds to provide partial wage replacement to parents on leave following the birth or adoption of a child. A Subcommittee hearing on maintaining health coverage

for families leaving the Temporary Assistance for Needy Families program for work was conducted on May 16, 2000. A joint hearing with the Committee on Education and the Workforce Subcommittee on Postsecondary Education, Training, and Life-Long Learning was held on June 29, 2000, on One-Stop Job Centers. Witnesses included the U.S. General Accounting Office, the U.S. Department of Labor, State workforce boards, and State employment office administrators.

4. ADDITIONAL OVERSIGHT ACTIVITIES OF THE HEALTH SUBCOMMITTEE

In addition to the activities detailed above, the Subcommittee on Health continued its investigations into several matters of importance to the Medicare program. Among these was a hearing on the Medicare Coverage and Appeals process as administered by the Health Care Financing Administration (HCFA), held on April 22, 1999. Testimony taken from this hearing was instrumental in the formulation of H.R. 2356, the "Medicare Patient Appeals Act of 1999," and H.R. 4680, the "Medicare Rx 2000 Act," as well as H.R. 5543, the "Medicare, Medicaid, and S-Chip Benefits Improvement and Protection Act of 2000." The Subcommittee also held two hearings on the subject of the confidentiality of medical records. The first hearing, held July 20, 1999, examined HCFA's current administrative procedures for protecting the confidentiality of health information pertaining to Medicare beneficiaries that is collected incident to the administration of Medicare. The second hearing, held February 17, 2000, examined the Administration's proposed regulation respecting the confidentiality of health information. Also, the Subcommittee considered a myriad of potential amendments to the Balanced Budget Act of 1997 in two separate hearings on October 1, 1999, and July 25, 2000. The testimony at these hearings helped form the basis of H.R. 5543 and H.R. 3075.

The Subcommittee also had several other hearings of vital interest to the Medicare program. Among these hearings were a July 1, 1999, hearing on the topic of Veterans' Subvention and a February 10, 2000, hearing on the Institute of Medicine report regarding Medical Errors in the Medicare Program.

During the 106th Congress, the Subcommittee on Health also held a hearing on May 13, 1999, discussing Medicare "self-referral" laws which helped form the basis for H.R. 2651, the "Physician Self-Referral Amendments of 1999." Additionally, two hearings were held regarding the topic of prescription drug coverage under the Medicare program. Held on February 15, 2000, and May 11, 2000, these hearings helped form the basis for H.R. 4680, the "Medicare Rx 2000 Act."

5. ADDITIONAL OVERSIGHT ACTIVITIES OF THE SOCIAL SECURITY SUBCOMMITTEE

In addition to the activities detailed above, the Social Security Subcommittee held a hearing on April 11, 2000 to examine the Social Security Administration's (SSA) efforts to inform the public about the Social Security program. Possible changes to the Social Security statement (which is now sent to all workers age 25 and older each year) were discussed. Testimony was heard from Members of Congress, the Commissioner of Social Security, the U.S. General Accounting Office (GAO), and program experts.

On June 27, 2000, the Subcommittee held a hearing on the Government Pension Offset (GPO). Testimony was heard from Rep. William Jefferson (who has introduced H.R. 1217, a bill that would reduce the GPO), SSA, the Congressional Budget Office, program experts, and representatives from Federal and State government employee associations. Witnesses discussed why the GPO was created, the effect it has on certain beneficiaries, and the effect of reducing or eliminating the GPO.

On February 15, 2000, the Subcommittee held a hearing on improving Social Security work incentives. Testimony was heard from the Commissioner of Social Security, policy experts who have studied work disincentives within the Social Security program (including the retirement earnings test), and seniors affected by the retirement earnings test. On February 29, 2000, the Full Committee ordered favorably reported H.R. 5, "the Senior Citizens Freedom to Work Act of 2000," as amended. The bill was signed into law on April 7, 2000.

In addition to these hearings, Subcommittee Chairman E. Clay Shaw, Jr. has requested a GAO study regarding the use Social Security numbers in the public sector and how that use can be minimized.

6. ADDITIONAL OVERSIGHT ACTIVITIES OF THE FULL COMMITTEE

In addition to the activities detailed above, the Full Committee held a hearing on September 29, 1999 to examine Treasury's debt buyback proposal. On August 4, 1999, the U.S. Department of Treasury announced regulations (31 CFR Part 375) to allow Treasury to buy back outstanding debt before it matures. Treasury indicated that the prospect of large and sustained budget surpluses has created a need to examine new cash and debt management policies. This hearing focused on the potential costs and benefits of Treasury's debt buyback proposal and the effect such a proposal would have on the budget. In addition, the hearing explored Treasury's debt management goals and the policy issues posed by growing surpluses. Testimony was heard from the Treasury Department, the U.S. General Accounting Office, and other experts on financial markets and debt management.

Appendix I. Jurisdiction of the Committee on Ways and Means

A. U.S. CONSTITUTION

Article I, section 7, of the Constitution of the United States provides as follows:

All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

In addition, Article I, Section 8, Constitution of the United States provides the following:

The Congress shall have Power To lay and collect Taxes, Duties, Imports and Excises, to pay the Debts and * * * To borrow Money on the credit of the United States.

B. RULE X, CLAUSE 1, RULES OF THE HOUSE OF REPRESENTATIVES

Rule X, clause 1(s), of the Rules of the House of Representatives, in effect during the 106th Congress, provides for the jurisdiction of the Committee on Ways and Means, as follows:

(s) Committee on Ways and Means.

(1) Customs, collection districts, and ports of entry and delivery.

(2) Reciprocal trade agreements.

(3) Revenue measures generally.

(4) Revenue measures relating to insular possessions.

(5) The bonded debt of the United States, subject to the last sentence of clause 4(f). [The last sentence of clause 4(f) requires the Committee on Ways and Means to include in its annual report to the Committee on the Budget a specific recommendation, made after holding public hearings, as to the appropriate level of the public debt that should be set forth in the concurrent resolution on the budget and serve as the basis for an increase or decrease in the statutory limit on such debt.]

(6) Deposit of public monies.

(7) Transportation of dutiable goods.

(8) Tax exempt foundations and charitable trusts.

(9) National Social Security (except health care and facilities programs that are supported from general revenues as opposed to payroll deductions and except work incentive programs).

C. BRIEF DESCRIPTION OF COMMITTEE'S JURISDICTION

The foregoing recitation of the provisions of House Rule X, clause 1, paragraph (s), does not convey the comprehensive nature of the jurisdiction of the Committee on Ways and Means. The following summary provides a more complete description:

(1) *Federal revenue measures generally.*—The Committee on Ways and Means has the responsibility for raising the revenue required to finance the Federal Government. This includes individual and corporate income taxes, excise taxes, estate taxes, gift taxes, and other miscellaneous taxes.

(2) *The bonded debt of the United States.*—The Committee on Ways and Means has jurisdiction over the authority of the Federal Government to borrow money. Title 31 of Chapter 31 of the U.S. Code authorizes the Secretary of the Treasury to conduct any necessary public borrowing subject to a maximum limit on the amount of borrowing outstanding at any one time. This statutory limit on the amount of public debt (“the debt ceiling”) currently is \$5.95 trillion. The committee’s jurisdiction also includes conditions under which the Department of the Treasury manages the Federal debt, such as restrictions on the conditions under which certain debt instruments are sold.

(3) *National Social Security programs.*—The Committee on Ways and Means has jurisdiction over most of the programs authorized by the Social Security Act, which includes not only those programs that are normally referred to colloquially as “Social Security” but

also social insurance programs and a whole series of grant-in-aid programs to State governments for a variety of purposes. The Social Security Act, as amended, contains 20 titles (a few of which have either expired or have been repealed). The principal programs established by the Social Security Act and under the jurisdiction of the Committee on Ways and Means in the 106th Congress can be outlined as follows:

(a) Old-age, survivors, and disability insurance (title II)—At present, there are approximately 154 million workers in employment covered by the program, and as of December 1999, \$386 billion in benefits were being paid annually to 45 million individuals.

(b) Medicare (title XVIII)—Provides hospital insurance benefits to 33.6 million persons over the age of 65 and to 5.3 million disabled persons. Voluntary supplementary medical insurance is provided to 32.4 million aged persons and 4.6 million disabled persons. Total program outlays under these programs were \$212 billion in fiscal year 1999.

(c) Supplemental security income (title XVI)—The SSI program was inaugurated in January 1974 under the provisions of Public Law 92-603, as amended. It replaced the former Federal-State programs for the needy aged, blind, and disabled. In 1999, 6.6 million persons received federally administered benefits under the SSI program. Of these 6.6 million persons, approximately 1.3 million received benefits on the basis of age, and 5.2 million on the basis of blindness or disability. Total federally administered payments during fiscal year 1999 amounted to approximately \$30.9 billion, of which \$26.8 billion were basic Federal benefits and \$3.3 billion were federally administered State supplements to the payments.

(d) Temporary Assistance for Needy Families (TANF) (part A of title IV)—The TANF program is a block grant of about \$16.5 billion dollars awarded to states to provide income assistance to poor families, to end dependency on welfare benefits, to prevent nonmarital births, and to encourage marriage. TANF also includes incentive funds for states that achieve the overall program goals and additional incentive funds for states that are successful in reducing nonmarital births. In most cases, TANF benefits for individuals are limited to 5 years and individuals must work to maintain their eligibility. In December of 1999, about 2.4 million families and 6.3 million individuals received benefits from the TANF program. In fiscal year 1999, Federal administrative expenditures totaled \$2.7 billion for the child support enforcement program. Child support collections for that year totaled \$15.8 billion.

(e) Social services (title XX)—Title XX authorizes the Federal Government to reimburse the States for money spent to provide persons with various services. Generally, the specific services provided are determined by each State. The statutory ceiling on Federal matching funds available to the States for fiscal year 2000 was \$2.4 billion and \$1.8 billion was appropriated for fiscal year 2000. These funds are allocated on the basis of population.

(f) Unemployment compensation programs (titles II, IX, etc.)—These titles include the State unemployment compensa-

tion programs and the permanent extended benefits program. In fiscal year 2000, an estimated \$21.6 billion was paid in unemployment compensation benefits, with approximately 7.0 million workers receiving unemployment benefits.

(g) Child welfare, foster care and adoption assistance (parts B and E of title IV)—Provides funds to States for child welfare services, for abused and neglected children; foster care for AFDC children and adoption assistance for children with special needs. In fiscal year 2000, Federal expenditures for child welfare services totaled \$292 million. Federal expenditures for foster care were approximately \$4.5 billion.

(4) *Trade and tariff legislation.*—The Committee on Ways and Means has responsibility over legislation relating to tariffs, import trade, and trade negotiations. In the early days of the Republic, tariff and customs receipts were major sources of revenue for the Federal Government. As the committee with jurisdiction over revenue-raising measures, the Committee on Ways and Means thus evolved as the primary committee responsible for international trade policy.

The Constitution vests the power to levy tariffs and to regulate international commerce specifically in the Congress as one of its enumerated powers. Any authority to regulate imports or to negotiate trade agreements must therefore be delegated to the executive branch through legislative action. Statutes including the Reciprocal Trade Agreements Acts beginning in 1934, the Trade Expansion Act of 1962, the Trade Act of 1974, the Trade Agreements Act of 1979, the Trade and Tariff Act of 1984, the Omnibus Trade and Competitiveness Act of 1988, the North American Free Trade Agreement Implementation Act, and the Uruguay Round Agreements Act provide the basis for U.S. bargaining with other countries to achieve the mutual reduction of tariff and nontariff trade barriers under reciprocal trade agreements.

The committee's jurisdiction includes the following authorities and programs:

(a) The tariff schedules and all tariff preference programs, such as the Generalized System of Preferences and the Caribbean Basin Initiative;

(b) Laws dealing with unfair trade practices, including the antidumping law, countervailing duty law, section 301, and section 337;

(c) Other laws dealing with import trade, including section 201 (escape clause), section 232 national security controls, section 22 agricultural restrictions, international commodity agreements, textile restrictions under section 204, and any other restrictions or sanctions affecting imports;

(d) General and specific trade negotiating authority, as well as implementing authority for trade agreements and the grant of normal-trade-relations (NTR) status;

(e) General and NAFTA-related trade adjustment assistance programs for workers, and trade adjustment assistance for firms;

(f) Customs administration and enforcement, including rules of origin and country of origin marking, customs classification, customs valuation, customs user fees, and U.S. participation in the World Customs Organization (WCO);

(g) Authorization of the budget for the U.S. International Trade Commission (ITC), the U.S. Customs Service, and the Office of the U.S. Trade Representative (USTR).

D. REVENUE ORIGINATING PREROGATIVE OF THE HOUSE OF REPRESENTATIVES

The Constitutional Convention debated adopting the British model in which the House of Lords could not amend revenue legislation sent to it from the House of Commons. Eventually, however, the Convention proposed and the States later ratified the Constitution providing that “All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills.” (Article 1, Section 7, clause 1.)

In order to pass constitutional scrutiny under this “origination clause,” a tax bill must be passed first by the House of Representatives. After the House has completed action on a bill and approved it by a majority vote, the bill is transmitted to the Senate for formal action. The Senate may have already reviewed issues raised by the bill before its transmission. For example, the Senate Committee on Finance frequently holds hearings on tax legislative proposals before the legislation embodying those proposals is transmitted from the House of Representatives. On occasion, the Senate will consider a revenue bill in the form of a Senate or “S.” bill, and then await passage of a revenue (“H.R.”) bill from the House. The Senate then will add or substitute provisions of the “S.” bill as an amendment to the “H.R.” bill and send the “H.R.” bill back to the House of Representatives for its concurrence or for conference on the differing provisions.

E. THE HOUSE’S EXERCISE OF ITS CONSTITUTIONAL PREROGATIVE: “BLUE-SLIPPING”

When a Senate bill or amendment to a House bill infringes on the constitutional prerogative of the House to originate revenue measures, that infringement may be raised in the House as a matter of privilege. That privilege has also been asserted on a Senate amendment to a House amendment to a Senate bill (see 96th Congress, 1st Session, November 8, 1979, Congressional Record p H10425).

Note that the House in its sole discretion may determine that legislation passed by the Senate infringes on its prerogative to originate revenue legislation. In the absence of such determination by the House, the Federal courts are occasionally asked to rule a certain revenue measure to be unconstitutional as not having originated in the House (see *U.S. v. Munoz-Flores*, 495 U.S. 385 (1990)).

Senate bills or amendments to nonrevenue bills infringe on the House’s prerogative even if they do not raise or reduce revenue. Such infringements are referred to as “revenue affecting.” Thus, any import ban which could result in lost customs tariffs must originate in the House (100th Congress, 1st Session, July 30, 1987 100th Congress, 2d Session, June 16, 1988, Congressional Record p. H4356).

Offending bills and amendments are returned to the Senate through the passage in the House of a House Resolution which

states that the Senate provision: “in the opinion of the House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privilege of the House and that such bill be respectfully returned to the Senate with a message communicating this resolution” (e.g., 100th Congress, 1st Session, July 30, 1987, Congressional Record p. H6808) This practice is referred to as “blue slipping” because the resolution returning the offending bill to the Senate is printed on blue paper.

In other cases, the Committee of the Whole House has passed a similar or identical House bill in lieu of a Senate bill or amendment (e.g., 91st Congress, 2d Congress, May 11, 1970, Congressional Record pp. H14951–14960). The Committee on Ways and Means has also reported bills to the House which were approved and sent to the Senate in lieu of Senate bills (e.g., 93d Congress, 1st Session, November 6, 1973, Congressional Record pp. 36006–36008). In other cases, the Senate has substituted a House bill or delayed action on its own legislation to await a proper revenue affecting bill or amendment from the House (see 95th Congress, 2d Session, September 22, 1978, Congressional Record p. H30960; January 22, 1980, Congressional Record p. S107).

Any Member may offer a resolution seeking to invoke Article I, Section 7. However, the determination that a bill violates the Origination Clause has been traditionally made by members of the Committee on Ways and Means, and the resolution has been offered by the Chairman or another Member of the Committee on Ways and Means. Because Article I, Section 7 involves the privileges of the House, a blue-slip resolution offered by the Chairman or other member of the Committee on Ways and Means has been typically adopted by voice vote on the House Floor. There have been instances where the House has agreed to not deal directly with the issue by tabling a resolution.^{1,2}

BLUE SLIP RESOLUTIONS—97TH CONGRESS THROUGH 106TH CONGRESS CHRONOLOGICAL LIST

[Resolutions passed by the House returning to the Senate bills passed in violation of the origination clause of the United States Constitution (Clause 1, Section 7 of Article 1)]

H. Res., sponsor, and date of House passage	Description of Senate action (and related House action, if any)
106th Congress: H. Res. 645, Mr. Crane, October 24, 2000.	On October 17, 2000, the Senate passed S. 1109, the Bear Protection Act of 1999. This legislation would have conserved global bear populations by prohibiting the importation, exportation, and interstate trade of bear viscera and items, products, or substances containing, or labeled or advertised as containing, bear viscera. The proposed change in the import laws constituted a revenue measure in the constitutional sense, because it would have had a direct impact on customs revenues.

¹ In cases where the Chairman of the Committee on Ways and Means did not believe that the bill in question violated the Origination Clause or the objection had been dealt with in another manner, resolutions offered by other Members of the House have been tabled. [See adoption of motion by Mr. Rostenkowski to table H. Res. 571, 97–2, p. 22127.]

² This was an instance where the Chairman of the Committee on Ways and Means raised a question of the privilege of the House pursuant to Article I, Section 7, of the U.S. Constitution on H.R. 4516, Legislative Branch Appropriations. The motion was laid on the table.

BLUE SLIP RESOLUTIONS—97TH CONGRESS THROUGH 106TH CONGRESS CHRONOLOGICAL LIST—
Continued

[Resolutions passed by the House returning to the Senate bills passed in violation of the origination clause of the United States Constitution (Clause 1, Section 7 of Article 1)]

H. Res., sponsor, and date of House passage	Description of Senate action (and related House action, if any)
H. Res. 394, Mr. Weller, November 18, 1999.	On November 3, 1999, the Senate passed S. 1232, Federal Erroneous Retirement Coverage Corrections Act. This legislation would have provided that no Federal retirement plan involved in the corrections under the bill would fail to be treated as a tax-qualified retirement plan by reason of the correction, and that any fund transfers or government contributions resulting from the corrections would have no impact on the tax liability of individuals. These changes constituted a revenue measure in the constitutional sense because they would have had a direct impact on Federal revenues.
H. Res. 393, Mr. Weller, November 18, 1999.	On February 24, 1999, the Senate passed S. 4, the Soldiers', Sailors', Airmen's, and Marines' Bill of Rights Act of 1999. The legislation would have allowed members of the Armed Forces to participate in the Federal Thrift Savings Program and to avoid the tax consequences that would otherwise have resulted from certain contributions in excess of the limitations imposed in the Internal Revenue Code. This proposed exemption therefore constituted a revenue measure in the constitutional sense because it would have had a direct impact on Federal revenues.
H. Res. 249, Mr. Portman, July 16, 1999.	On May 20, 1999, the Senate passed S. 254, the Violent and Repeat Juvenile Offender Accountability and Rehabilitation Act of 1999. The legislation would have had the effect of banning the import of large capacity ammunition feeding devices. The proposed change in the import laws constituted a revenue measure in the constitutional sense, because it would have had a direct impact on customs revenues.
105th Congress:	
H. Res. 601, Mr. Crane, October 15, 1998.	On October 8, 1998, the Senate passed S. 361, the Tiger and Rhinoceros Conservation Act of 1998. This legislation would have had the effect of creating a new basis and mechanism for applying import restrictions for products intended for human consumption or application containing (or labeled as containing) any substance derived from tigers or rhinoceroses. The proposed change in the import laws constituted a revenue measure in the constitutional sense, because it would have had a direct impact on customs revenues.
H. Res. 379, Mr. Ensign, March 5, 1998.	On April 15, 1997, the Senate passed S. 104, the Nuclear Waste Policy Act of 1997. This legislation would have repealed a revenue provision and replaced it with a user fee. The revenue provision in question was a fee of 1 mill per kilowatt hour of electricity generated by nuclear power imposed by the Nuclear Waste Policy Act of 1982. The proposed user fee in the legislation would have been limited to the amount appropriated for nuclear waste disposal. The original fee was uncapped, and, in fact, because the fees collected exceeded the associated costs, it was being used as revenue to finance the federal government generally. Its proposed repeal therefore constituted a revenue measure in the constitutional sense because it would have had a direct impact on federal revenues.
104th Congress:	
H. Res. 554, Mr. Crane, September 28, 1996.	On June 30, 1996, the Senate passed H.R. 400, the Anaktuvuk Pass Land Exchange and Wilderness Redesignation Act of 1995, with an amendment. Section 204(a) of the Senate amendment would have overridden existing tax law by expanding the definition of actions not subject to federal, state, or local taxation under the Alaska Native Claims Settlement Act. These changes constituted a revenue measure in the constitutional sense because they would have had a direct impact on federal revenues.
H. Res. 545, Mr. Archer, September 27, 1996.	On September 25, 1996, the Senate passed S. 1311, the National Physical Fitness and Sports Foundation Establishment Act. Section 2 of the bill would have waived the application of certain rules governing recognition of tax-exempt status for the foundation established under this legislation. This exemption constituted a revenue measure in the constitutional sense because it would have had a direct impact on federal revenues.

BLUE SLIP RESOLUTIONS—97TH CONGRESS THROUGH 106TH CONGRESS CHRONOLOGICAL LIST—
Continued

[Resolutions passed by the House returning to the Senate bills passed in violation of the origination clause of the United States Constitution (Clause 1, Section 7 of Article 1)]

H. Res., sponsor, and date of House passage	Description of Senate action (and related House action, if any)
H. Res. 402, Mr. Shaw, April 16, 1996.	On January 26, 1996, the Senate passed S. 1463, to amend the Trade Act of 1974. The bill would have changed the authority and procedure for investigations by the International Trade Commission for certain domestic agricultural products. Such investigations are a predicate necessary for achieving access to desired trade remedies that the President may order, such as tariff adjustments, tariff-rate quotas, quantitative restrictions, or negotiation of trade agreements to limit imports. By creating a new basis and mechanism for import restrictions under authority granted to the President, the bill constituted a revenue measure in the constitutional sense because it would have had a direct impact on customs revenues.
H. Res. 387, Mr. Crane, March 21, 1996.	On February 1, 1996, the Senate passed S. 1518, repealing the Tea Importation Act of 1897. Under existing law in 1996, it was unlawful to import substandard tea, except as provided in the Harmonized Tariff Schedule. Changing import restrictions constituted a revenue measure in the constitutional sense because it would have had a direct impact on customs revenues.
103d Congress:	
H. Res. 577, Mr. Gibbons, October 7, 1994.	On October 3, 1994, the Senate passed S. 1216, the Crow Boundary Settlement Act of 1994. The bill would have overridden existing tax law by exempting certain payments and benefits from taxation. These exemptions constituted a revenue measure in the constitutional sense because they would have had a direct impact on federal revenues.
H. Res. 518, Mr. Gibbons, August 12, 1994.	On July 20, 1994, the Senate passed H.R. 4554, the Agriculture and Rural Development Appropriation for FY1995, with amendments. Senate amendment 83 would have provided authority for the Food and Drug Administration to collect fees to cover the costs of regulation of products under their jurisdiction. However, these fees were not limited to covering the cost of specified regulatory activities, and would have been charged to a broad cross-section of the public (rather than been limited to those who would have benefited from the regulatory activities) to fund the cost of the FDA's activities generally. These fees constituted a revenue measure in the constitutional sense because they were not based on a direct relationship between their level and the cost of the particular government activity for which they would have been assessed, and would have had a direct impact on federal revenues.
H. Res. 487, Mr. Gibbons, July 21, 1994.	On May 25, 1994, the Senate passed S. 1030, the Veterans Health Programs Improvement Act of 1994. A provision in the bill would have exempted from taxation certain payments made on behalf of participants in the Education Debt Reduction Program. This provision constituted a revenue measure in the constitutional sense because it would have had a direct impact on federal revenues.
H. Res. 486, Mr. Gibbons, July 21, 1994.	On May 29, 1994, the Senate passed S. 729, to amend the Toxic Substances Control Act. Title I of the bill included several provisions to prohibit the importation of specific categories of products which contained more than specified quantities of lead. By establishing these import restrictions, the bill constituted a revenue measure in the constitutional sense because it would have had a direct impact on customs revenues.
H. Res. 479, Mr. Rangel, July 14, 1994.	On June 22, 1994, the Senate passed H.R. 4539, the Treasury, Postal Service, and General Government Appropriation for FY1995, with amendments. Senate amendment 104 would have prohibited the Treasury from using appropriations to enforce the Internal Revenue Code requirement for the use of undyed diesel fuel in recreational motorboats. This prohibition therefore constituted a revenue measure in the constitutional sense because it would have had a direct impact on federal revenues.

BLUE SLIP RESOLUTIONS—97TH CONGRESS THROUGH 106TH CONGRESS CHRONOLOGICAL LIST—
Continued

[Resolutions passed by the House returning to the Senate bills passed in violation of the origination clause of the United States Constitution (Clause 1, Section 7 of Article 1)]

H. Res., sponsor, and date of House passage	Description of Senate action (and related House action, if any)
102d Congress:	
H. Res. 373, Mr. Rostenkowski, February 25, 1992.	On August 1, 1991, the Senate passed S. 884 amended, the Driftnet Moratorium Enforcement Act of 1991; This legislation would require the President to impose economic sanctions against countries that fail to eliminate large-scale driftnet fishing. Foremost among the sanction provisions are those which impose a ban on certain imports into the United States from countries which continue to engage in driftnet fishing on the high seas after a certain date. These changes in our tariff laws constitute a revenue measure in the constitutional sense, because they would have a direct effect on customs revenues.
H. Res. 267, Mr. Rostenkowski, October 31, 1991.	On February 20, 1991, the Senate passed S. 320, to reauthorize the Export Administration Act of 1979. This legislation contains several provisions which impose, or authorize the imposition of, a ban on imports into the United States. Among the provisions containing import sanctions are those relating to certain practices by Iraq, the proliferation and use of chemical and biological weapons, and the transfer of missile technology. These changes in our tariff laws constitute a revenue measure in the constitutional sense, because they would have a direct effect on customs revenues.
H. Res. 251, Mr. Russo, October 22, 1991.	On July 11, 1991, the Senate passed S. 1241, the Violent Crime Act of 1991. This legislation contains several amendments to the Internal Revenue Code. Sec. 812(f) provides that the police corps scholarships established under the bill would not be included in gross income for tax purposes. In addition, secs. 1228, 1231, and 1232 each make amendments to the Tax Code with respect to violations of certain firearms provisions. Finally, title VII amends sec. 922 of title VIII of the U.S. Code, making it illegal to transfer, import or possess assault weapons. These changes in our tariff and tax laws constitute revenue measures in the constitutional sense, because they would have an immediate impact on revenues anticipated by U.S. Customs and the Internal Revenue Services.
101st Congress:	
H. Res. 287, Mr. Cardin, Nov. 9, 1989.	On August 4, 1989, the Senate passed S. 686, the Oil Pollution Liability and Compensation Act of 1989. This legislation contained a provision which would have allowed a credit against the oil spill liability tax for amounts transferred from the Trans-Alaska Pipeline Trust Fund to the Oil Spill Liability Trust Fund.
H. Res. 177, Mr. Rostenkowski, June 15, 1989.	On Apr. 19, 1989, the Senate passed S. 774, the Financial Institution Reform, Recovery and Enforcement Act of 1989. This legislation would create two corporations to administer the financial assistance under the bill: the Resolution Trust Corporation and the Resolution Financing Corporation. S. 774 would have conferred tax-exempt status to these two corporations. Without these two tax provisions, these two corporations would be taxable entities under the Federal income tax.
100th Congress:	
H. Res. 235, Mr. Rostenkowski, July 30, 1987.	On Mar. 30, 1987, the Senate passed S. 829, legislation which would authorize appropriations for the U.S. International Trade Commission, the U.S. Customs Service, and the Office of the U.S. Trade Representative for fiscal year 1988, and for other purposes. In addition, the bill contained a provision relating to imports from the Soviet Union which amends provisions of the Tariff Act of 1930.
H. Res. 474, Mr. Rostenkowski, June 16, 1988 (see also H.R. 3391).	On Oct. 6, 1987, the Senate passed S. 1748, legislation which would prohibit the importation into the United States of all products from Iran. (The House passed H.R. 3391, which included similar provisions, on Oct. 6, 1987.)
H. Res. 479, Mr. Rostenkowski, June 21, 1988 (see also H.R. 2792 and H.R. 4333).	On May 13, 1987, the Senate passed S. 727, legislation which would clarify Indian treaties and Executive orders with respect to fishing rights. This legislation dealt with the tax treatment of income derived from the exercise of Indian treaty fishing rights. (The House passed H.R. 2792, which included similar provisions, on June 20, 1988, under suspension of the rules and was enacted into law as part of Public Law 100-647, H.R. 4333.)
H. Res. 544, Mr. Rostenkowski, Sept. 23, 1988 (see also H.R. 1154).	On Sept. 9, 1988, the Senate passed S. 2662, the Textile and Apparel Trade Act of 1988. This legislation would impose global import quotas on textiles and footwear products.

BLUE SLIP RESOLUTIONS—97TH CONGRESS THROUGH 106TH CONGRESS CHRONOLOGICAL LIST—
Continued

[Resolutions passed by the House returning to the Senate bills passed in violation of the origination clause of the United States Constitution (Clause 1, Section 7 of Article 1)]

H. Res., sponsor, and date of House passage	Description of Senate action (and related House action, if any)
H. Res. 552, Mr. Rostenkowski, Sept. 28, 1988.	On Sept. 9, 1988, the Senate passed S. 2763, the Genocide Act of 1988. This legislation contained a ban on the importation of all oil and oil products from Iraq.
H. Res. 603, Mr. Rostenkowski, Oct. 21, 1988.	On Mar. 30, 1988, the Senate passed S. 2097, the Uranium Mill Tailings Remedial Action Amendments of 1987. This legislation would establish a Federal fund to assist in the financing of reclamation and other remedial action at currently active uranium and thorium processing sites and would increase the demand for domestic uranium. The fund would be financed in part by what are called "mandatory fees" which are equal to \$22 per kilogram for uranium contained in fuel assemblies initially loaded into civilian nuclear power reactors during calendar years 1989–1993. In addition, S. 2097 would impose charges on domestic utilities that use foreign-source uranium in new fuel assemblies loaded in their nuclear reactors.
H. Res. 604, Mr. Rostenkowski, Oct. 21, 1988.	On Aug. 8, 1988, the Senate passed H.R. 1315, legislation which would authorize appropriations for the Nuclear Regulatory Commission for fiscal years 1988 and 1989. Title IV of the legislation would, among other things, establish a Federal fund to assist in the financing of reclamation and other remedial action at currently active uranium and thorium processing sites and would assist the domestic uranium industry by increasing the demand for domestic uranium. The fund would be financed in part by what are called "mandatory fees" equal to \$72 per kilogram of uranium contained in fuel assemblies initially loaded into civilian nuclear power reactors on or after Jan. 1, 1988. These fees would be paid by licensees of civilian nuclear power reactors and would be in place until \$1 billion had been raised.
99th Congress: H. Res. 283, Mr. Rostenkowski, Oct. 1, 1985.	On Sept. 26, 1985, the Senate passed S. 1712, legislation which would extend the 16-cents-per-pack cigarette excise tax rate for 45 days, through Nov. 14, 1985. (The House passed H.R. 3452, which included a similar extension, on Sept. 30, 1985.)
H. Res. 562, Mr. Rostenkowski, Sept. 25, 1986.	The Senate passed S. 638, legislation to provide for the sale of Conrail to the Norfolk Southern Railroad. The legislation contained numerous provisions relating to the tax treatment of the sale of Conrail.
98th Congress: H. Res. 195, Mr. Rostenkowski, June 17, 1983.	On Apr. 21, 1983, the Senate passed S. 144, a bill to insure the continued expansion of international market opportunities in trade, trade in services and investment for the United States, and for other purposes
97th Congress: None.	

F. PREROGATIVE UNDER THE RULES OF THE HOUSE OVER "REVENUE MEASURES GENERALLY"

In the House of Representatives, tax legislation is initiated by the Committee on Ways and Means. The Committee's exclusive prerogative to report "revenue measures generally" is provided by Rule X(1)(s) of the Rules of the House of Representatives. The jurisdiction of the Committee on Ways and Means under Rule X(1)(s) is protected through the exercise of Rule XXI(5)(a) which states:

A bill or joint resolution carrying a tax or tariff measure may not be reported by a committee not having jurisdiction to report tax or tariff measures, and an amendment in the House or proposed by the Senate carrying a tax or tariff measure shall not be in order during the consideration of a bill or joint resolution reported by a committee not having that jurisdiction. A point of order against a tax or tariff measure in such a bill, joint resolution, or amend-

ment thereto may be raised at any time during pendency of that measure for amendment.

Based on the precedents of the House, especially those involving Rule XXI(5)(a), the following statements can be made concerning points of order made under the rule.

1. *Timeliness.*—The point of order can be raised at any point during consideration of the bill. However, that section of the bill in which the “tax or tariff” provision lies must either have been previously read or currently open for amendment. A point of order may not be raised after the Committee of the Whole has risen and reported the bill to the House. A point of order against an amendment must be made prior to its adoption.

2. *Effect.*—If a point of order is sustained, the effect is that the provision in the bill or amendment is automatically deleted.

3. *Substance over form.*—A provision need not involve an amendment to the Internal Revenue Code (IRC) or the Harmonized Tariff Schedule (HTS) in order to be determined to be a “tax or tariff” provision.

4. *Revenue decreases and increases.*—A provision need not raise revenue in order to be found to be a “tax or tariff measure.” Provisions which would have the effect of decreasing revenues are also covered by the rule. Similarly, provisions which could have a revenue effect have been determined to be covered by the rule.

The following is a detailed listing of each of the occasions on which points of order relating to the rule have been sustained:

G. POINTS OF ORDER—HOUSE RULE XXI, CLAUSE 5, PARAGRAPH (a)
CHRONOLOGICAL LIST

September 8, 1999

H.R. 2684, Departments of Veterans Affairs and Housing and Urban Development Appropriations for 2000

A point of order was raised against an amendment offered by Representative Edwards, which would have offset an increase in funding for veterans’ health care by postponing the implementation of a capital gains tax cut. The chair ruled that the amendment constituted legislation in violation of Rule XXI, clause 2(c), and, in addition, constituted a tax measure in violation of Rule XXI, clause 5(a). The point of order was sustained, and the amendment ruled not in order. [106–1, p. H7923]

September 3, 1997

H.R. 2159, Foreign Operations Appropriations for FY 1998

A point of order was raised against section 539 of the bill, which would have restricted the President’s ability to issue an executive order lifting import sanctions against Yugoslavia (Serbia). The Chair ruled that since current law allowed the President to waive the application of certain sanctions, including import prohibitions which affect tariff collections, the provision in question was a tariff measure within the meaning of Rule XXI, clause 5(b). The point of order was sustained, and the provision stricken from the bill. [105–1, p. H 6731]

July 17, 1996

H.R. 3756, Treasury, Postal Service, and General Government Appropriations Act of 1997

A point of order was raised against an amendment which prohibited the use of funds by the United States Customs Service to take any action that allowed certain imports into the United States from the People's Republic of China. The point of order was sustained. [104-2, p. H 7708]

May 9, 1995

H.R. 1361, Coast Guard Authorization

A point of order was raised against an amendment which increased certain fees for large foreign-flag cruise ships. The Chair ruled that by increasing the fees charged by the Coast Guard for inspecting large foreign-flag cruise ships by an unspecified amount in order to offset a decrease in fees for other vessels, the amendment attenuated the relationship between the amount of the fee and the cost of the particular government activity for which it was assessed. Therefore the increased fee qualified as a tax or tariff within the meaning of Rule XXI, clause 5(b). The point of order was sustained, and the amendment ruled out of order. [1-4-1, p. H 4593]

June 15, 1994

H.R. 4539, Treasury, Postal Service, and General Government Appropriation for FY 1995

A point of order was raised against section 527 of the bill, which would have amended the Harmonized Tariff Schedule to create a new tariff classification. The new classification would have changed the rate of duty on the import of certain fabrics intended for use in the manufacture of hot air balloons, thus having direct impact on customs revenues. The point of order was conceded and sustained, and the provision was stricken from the bill. [103-2, p. H 4531]

September 16, 1992

H.R. 5231, The National Competitiveness Act of 1992

A point of order was raised against an amendment offered by Rep. Walker. The bill was reported solely from the Committee on Science and Technology and amended the Internal Revenue Code to provide, inter alia, changes in the tax treatment of capital gains.

The Chair sustained the point of order without elaboration. [H102- p. H8621]

October 23, 1990

H.R. 5021, Department of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 1991

A point of order was raised against amendment 139 which increased the rate of fees paid to the Securities and Exchange Commission at the time of filing a registration statement. The Chair ruled that since the amendment provided that the increased level of fees would be deposited in the Treasury, the fee involved was in

reality a tax and the revenues were to be used to defray general governmental costs. The point of order was conceded and sustained. [101-2, p. H 11412]

July 13, 1990

H.R. 5241, Treasury, Postal Service and General Government Appropriations Act of 1991

A point of order was raised against section 528 which prohibited that “no funds appropriated” would be used to impose or assess any tax under section 4181 of the Internal Revenue Code relating to the excise tax on the manufacture of firearms. The point of order was conceded and sustained. [101-2, p. H 4692]

July 13, 1990

H.R. 5241, Treasury, Postal Service and General Government Appropriations Act of 1991

A point of order was raised against section 524 which prohibited the Internal Revenue Service from enforcing rules governing the antidiscrimination rules of the exclusion for employer provided health-care plans (section 89 of the Internal Revenue Code). The point of order was conceded and sustained. [101-2, p. H 4692]

October 5, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 3201 which imposed fees on the filing of certain forms required to be filed annually in connection with maintaining pension and benefit plans. The point of order was sustained with the Chair ruling that the revenue raised funded “general government activity.” [101-1, p. H 6662]

October 4, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 3156 which imposed a “Termination Fee.” Under the provision of the bill, an employer who terminated a pension plan in a standard termination was required to pay a \$200-per-participant fee to the Pension Benefit Guaranty Corporation (PBGC), the Federal insurance agency established to insure defined pension plans against insolvency. The point of order was conceded and sustained. [101-1, p. H 6621]

October 4, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 3131(b) which exempted multi-employer pension plans from the full funding limits of the Internal Revenue Code, section 412(c)(7). This provision directly amended the Internal Revenue Code to allow the deductibility of contributions to a multi-employer pension plan in excess of the full funding limit. The point of order was conceded and sustained. [101-1, p. H 6622]

October 4, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 7002 which imposed an annual fee of \$1 per acre on the holder of Outer Continental Shelf leases. This fee has been designated to offset the costs of ocean related environmental research, assessment, and protection programs. The point of order was sustained with the Chair stating that "a provision raising revenue to finance general government functions improperly characterized as a tax within the jurisdiction of Clause 5(b) of Rule XXI. [101-1, p. H 6610]

October 4, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 7002 which imposed a fee of \$20 per passenger on vessels engaged in U.S. cruise trade or which offer off-shore gambling. The proceeds of this fee were to be deposited in both the Harbor Maintenance Trust Fund and the Treasury's general fund. The point of order was conceded and sustained. [101-1, p. H 6620]

September 30, 1988

H.R. 4637, Conference Agreement to accompany the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1989

A point of order was raised against the motion to concur in the Senate amendment No. 176 which provided that S. 2848 (Sanctions Against Iraqi Chemical Weapons Use Act), be added to the bill. The point of order was conceded and sustained. [100-2, p. H 9236]

June 25, 1987

H.R. 3545, Budget Reconciliation Act of 1987

A point of order was raised against the section of the bill providing that "all earnings and distributions" from the Enjebi Community Trust Fund, "shall not be subject to any form of Federal, State, or local taxation." The point of order was conceded and sustained. [100-1, p. H 5539-40]

August 1, 1986

H.R. 5294, Appropriations, Treasury, Postal Service and General Government Appropriations, 1987

A point of order was raised against section 103 which denied funds to the Internal Revenue Service to impose vesting requirements for qualified pension funds more stringent than 4/40. As a result, legally collectible taxes on employer contributions to such plans would be indefinitely deferred. The point of order was conceded and sustained. [99-2, p. H 5311]

August 1, 1986

H.R. 5294, Appropriations, Treasury, Postal Service and General Government Appropriations, 1987

A point of order was raised against section 3 which prohibited the use of funds to implement regulations issued by the Department of the Treasury to implement section 274(d) of the Internal Revenue Code relating to the duty imposed on taxpayers to substantiate deductibility of certain expenses relating to travel, gifts, and entertainment.

The Chair sustained the point of order stating that a limitation otherwise in order under Clause 2(c), of House Rule XXI which “effectively and inherently either preclude[s] the IRS from collecting revenues otherwise due to be [owed] under provision of the Internal Revenue Code or require[s] the collection of revenue not legally due and owing constitutes a tax provision within the meaning of Rule XXI, Clause 5(b).”

The Chair also noted that when the point of order was raised that under the rule the point of order against the provision could be raised at any point during the consideration of the bill. [99–2, p. H 5310]

October 24, 1986

H.R. 3500, Budget Reconciliation Act of 1985

A point of order was raised against section 3113. The provision in the reconciliation bill reported from the Budget Committee contained a recommendation from the Committee on Education and Labor to exclude certain interest on obligations to Student Loan Marketing Association from Application of Internal Revenue Code (IRC), section 265 which denies a deduction for certain expenses and interest relating to the production of tax-exempt income. The point of order was sustained. [99–1, p. H 5310]

October 24, 1985

H.R. 3500, Budget Reconciliation Act of 1985

A point of order was raised against section 6701 which had been reported from the Committee on the Budget containing a recommendation of the Committee on Merchant Marine and Fisheries. Section 6701 expanded tax benefits available to ship owners through the “capital construction fund” (section 7518 of the Internal Revenue Code), by permitting repatriation of foreign-source income to avoid U.S. taxes and expanding the definition of vessels eligible to establish such tax-exempt funds. [99–1, p. H 9189]

July 26, 1985

H.R. 3036, Appropriations, Treasury, Postal Service, and General Government Appropriation, 1986

A point of order was raised against section 106 which prohibited the use of funds to implement or enforce regulations imposing or collecting a tax on the interest deferral from entrance or accommodation fees paid by elderly residents of continuing care facilities (section 7872 of the Internal Revenue Code). The Chair sustained

the point of order against the provision as a tax provision within the meaning of House Rule XXI, Clause 5(b). [99-1, p. H 6418]

July 11, 1985

H.R. 1555, International Security and Development Act of 1985

A point of order was raised against section 1208 which denied trade benefits to Afghanistan, provided for the denial of most favored nation status to Afghanistan and denied trade credits to Afghanistan. The point of order was conceded and sustained. [99-1, p. H 5489]

June 4, 1985

H.R. 1460, Anti-Apartheid Act of 1985

A point of order was raised against an amendment to prohibit the entry of South African Krugerrands or gold coins into the customs territory of the United States unless uniform 5 percent fee were paid. The point of order was sustained on the grounds that the fee was equivalent to a tariff uniform charge imposed at ports of entry with proceeds deposited in the Treasury. [99-1, p. H 3762]

September 12, 1984

H.R. 5798, Conference Report to accompany the Appropriations, Treasury, Postal Service, Executive Office of the President and certain independent agencies Appropriation, 1985

A point of order was raised against a Senate amendment, No. 92 which amended the existing customs law under the Tariff Act of 1930 with respect to seizures and forfeitures of property by the Customs Service. The point of order was conceded and sustained. [98-2, p. H 9407]

September 12, 1984

H.R. 5798, Conference Report to accompany the Appropriations, Treasury, Postal Service, Executive Office of the President and certain independent agencies Appropriation, 1985

A point of order was raised against a Senate amendment, No. 26 which amended the tariff schedule of the United States (TSUS) to provide duty-free importation of a telescope for the University of Arizona. The point of order was conceded and sustained. [98-2, p. H 9396]

September 12, 1984

H.R. 5798, Conference Report to accompany the Appropriations, Treasury, Postal Service, Executive Office of the President and certain independent agencies Appropriation, 1985

A point of order was raised against a Senate amendment, No. 24 which provided that "none of the funds appropriated by this act or any other act" shall be used to impose or assess the manufacturer's excise tax on sporting goods. The point of order specifically stated

that the term “tax” and “tariff” under House Rule XXI, Clause 5(b), included provisions such as these contained in the amendment which would result less revenue spent than under the operation of existing law. The point of order was conceded and sustained. [98–2, p. H 9395–9396]

October 27, 1983

H.R. 4139, Conference Report to accompany the Appropriations Treasury, Postal Service, Executive Office of the President and certain independent agencies Appropriation, 1984

The Chair sustained a point of order against section 511 which would have prohibited the Customs Service from enforcing a provision of law permitting agricultural products to enter the United States duty-free under the Caribbean Basin Initiative. The Chair ruled that the effect of the provision was to cause duties on certain imports to be imposed where none is required and to require collections of revenue contrary to existing tariff laws and that, as a result, section 511 was a tariff provision rather than a limitation of appropriated funds. [98–1, p. H 8717]

September 21, 1983

H.R. 1036, Community Renewal Employment Act

The Chair sustained a point of order against a motion to recommit a bill to a committee without jurisdiction over revenue measures (the Committee on Education and Labor), and to report the bill back to the House with tax provisions relating to “enterprise zones.” The motion was ruled to violate House Rule XVI, Clause 7, and House Rule XXI Clause 5(b). [98–1, p. H 7244]

H. RESTRICTIONS ON “FEDERAL INCOME TAX RATE INCREASES”

House Rule XXI, clause 5(b) and (c) prohibit retroactive Federal income tax rate increases and require a supermajority [3/5] vote for any bill containing a prospective Federal income tax rate increase. The wording of the rule and its legislative history make it clear that the rule applies only to increases in specific statutory rates in the Internal Revenue Code and not to provisions merely because they raise revenue or otherwise modify the income tax base.

Appendix II. Historical Note

The Committee on Ways and Means was first established as an ad hoc committee in the first session of the First Congress, on July 24, 1789. Mr. Fitzsimons, from Pennsylvania, in commenting on the report of a select committee concerning appropriations and revenues, pointed out the desirability of having a committee to review the expenditure needs of the Government and the resources available, as follows:

The finances of America have frequently been mentioned in this House as being very inadequate to the demands. I have never been of a different opinion, and do believe that the funds of this country, if properly drawn into operation, will be equal to every claim. The estimate of supplies necessary for the current year appears very great from a report on your table, and which report has found its

way into the public newspapers. I said, on a former occasion, and I repeat it now, notwithstanding what is set forth in the estimate, that a revenue of \$3 million in specie, will enable us to provide every supply necessary to support the Government, and pay the interest and installments on the foreign and domestic debt. If we wish to have more particular information on these points, we ought to appoint a Committee of Ways and Means, to whom, among other things, the estimate of supplies may be referred, and this ought to be done speedily, if we mean to do it this session.

After discussion, the motion was agreed to and a committee consisting of one member from each State (North Carolina and Rhode Island had not yet ratified the Constitution) was appointed as follows: Messrs. Fitzsimons (Pennsylvania), Vining (Delaware), Livermore (New Hampshire), Cadwalader (New Jersey), Laurance (New York), Wadsworth (Connecticut), Jackson (Georgia), Gerry (Massachusetts), Smith (Maryland), Smith (South Carolina), and Madison (Virginia).

While there does not appear to be any direct relationship, it is interesting to note that the appointment of this ad hoc committee came within a few weeks after the House, in Committee of the Whole, had spent a good part of the months of April, May, and June in wrestling with the details involved in writing bills "for laying a duty on goods, wares, and merchandises imported into the United States" and for imposing duties on tonnage. Tariffs, of course, became a prime revenue source for the new government.

However, the results of this ad hoc committee are not clear. It existed for a period of only 8 weeks, being dissolved on September 17, 1789, with the following order:

That the Committee on Ways and Means be discharged from further proceeding on the business referred to them, and that it be referred to the Secretary of the Treasury to report thereon.

It has also been suggested by one student that the committee was dissolved because Alexander Hamilton had become Secretary of the newly created Department of the Treasury, and thus it was presumed that the Treasury Department could provide the necessary machinery for developing information which would be needed. During the next 6 years there was no Ways and Means Committee or any other standing committee for the examination of estimates. Rather, ad hoc committees were appointed to draw up particular pieces of legislation on the basis of decisions made in the Committee of the Whole House. On November 13, 1794, a rule was adopted providing that:

All proceedings touching appropriations of money shall be first moved and discussed in a Committee on the Whole House.

In the next Congress historians have suggested that the House was determined to curtail Secretary Hamilton's influence by first setting up a Committee on Ways and Means and requiring that committee to submit a report on appropriations and revenue measures before consideration in the Committee of the Whole House. It was also said that this Ways and Means Committee was put on a more or less standing basis since such a committee appeared at some point in every Congress until it was made a permanent committee.

In the first session of the 7th Congress, Tuesday, December 8, 1801, a resolution was adopted as follows:

Resolved, That a standing Committee of Ways and Means be appointed, whose duty it shall be to take into consideration all such reports of the Treasury Department, and all such propositions, relative to the revenue as may be referred to them by the House; to inquire into the state of the public debt, of the revenue, and of the expenditures; and to report, from time to time, their opinion thereon.

The following Members were appointed: Messrs. Randolph (Virginia), Griswold (Connecticut), Smith (Vermont), Bayard (Delaware), Smilie (Pennsylvania), Read (Massachusetts), Nicholson (Maryland), Van Rensselaer (New York), Dickson (Tennessee).

On Thursday, January 7, 1802, the House agreed to standing rules which, among other things, provided for standing committees, including the Committee on Ways and Means. The relevant part of the rules in this respect read as follows:

A Committee of Ways and Means, to consist of seven members;

* * * * *

It shall be the duty of the said Committee of Ways and Means to take into consideration all such reports of the Treasury Department, and all such propositions relative to the revenue, as may be referred to them by the House; to inquire into the state of the public debt, of the revenue, and of the expenditures, and to report, from time to time, their opinion thereon; to examine into the state of the several public departments, and particularly into the laws making appropriations of moneys, and to report whether the moneys have been disbursed conformably with such laws; and also to report, from time to time, such provisions and arrangements, as may be necessary to add to the economy of the departments, and the accountability of their officers.

It has been said that the jurisdiction of the committee was so broad in the early 19th century that one historian described it as follows:

It seemed like an Atlas bearing upon its shoulders all the business of the House.

The jurisdiction of the committee remained essentially the same until 1865 when the control over appropriations was transferred to a newly created Committee on Appropriations and another part of its jurisdiction was given to a newly created Committee on Banking and Currency. This action followed rather extended discussion in the House, too lengthy to review here.

During the course of that discussion, however, the following observations are of some historical interest. Mr. Cox, who was handling the motion to divide the committee, gave a very picturesque discussion of the many varied and heavy duties which had fallen on the committee over the years. He observed:

And yet, sir, powerful as the committee is constituted, even their powers of endurance, physical and mental, are not adequate to the great duty which has been imposed by the emergencies of this historic time. It is an old adage, that "whoso wanteth rest will also want of might"; and

even an Olympian would faint and flag if the burden of Atlas is not relieved by the broad shoulders of Hercules.

He continued:

I might give here a detailed statement of the amount of business thrown upon that committee since the commencement of the war. But I prefer to append it to my remarks. Whereas before the war we scarcely expended more than \$70 million a year, now, during the five sessions of the last two Congresses, there has been an average appropriation of at least \$800 million per session. The statement which I hold in my hand shows that during the first and extra session of the 37th Congress there came appropriation bills from the Committee on Ways and Means amounting to \$226,691,457.99. I say nothing now of the loan and other fiscal bills emanating from that committee. * * * During the present session I suppose it would be a fair estimate to take the appropriations of the last session of the 37th Congress, say \$900 million.

These are appropriation bills alone. They are stupendous, and but poorly symbolize the immense labors which the internal revenue, tariff, and loan bills imposed on the committee. * * * And this business of appropriations is perhaps not one-half of the labor of the committee. There are various and important matters upon which they act, but upon which they never report. Their duties comprehend all the varied interests of the United States; every element and branch of industry, and every dollar or dime of value. They are connected with taxation, tariffs, banking, loan bills, and ramify to every fiber of the body-politic. All the springs of wealth and labor are more or less influenced by the action of this committee. Their responsibility is immense, and their control almost imperial over the necessities, comforts, homes, hopes, and destinies of the people. All the values of the United States, which in the census of 1860 (page 194) amount to nearly \$17 billion, or, to be exact, \$16,159,616,068, are affected by the action of that committee, even before their action is approved by the House. Those values fluctuate whenever the head of the Ways and Means rises in his place and proposes a measure. The price of every article we use trembles when he proposes a gold bill or a loan bill, or any bill to tax directly or indirectly. * * *

* * * the interests connected with these economical questions are of all questions those most momentous for the future. Parties, statesmanship, union, stability, all depend upon the manner in which these questions are dealt with.

Congressman Morrill (who was subsequently appointed chairman of the Ways and Means Committee in the succeeding Congress, and who still later became chairman of the Senate Finance Committee after he became a Senator) observed as follows:

I am entirely indifferent as to the disposition which shall be made of this subject by the House. So far as I am my-

self concerned, I have never sought any position upon any committee from the present or any other Speaker of the House, and probably never shall. I have no disposition to press myself hereafter for any position. In relation to the proposed division of the Committee on Ways and Means, the only doubt that I have is the one expressed by my colleague on that committee, Mr. Stevens, in regard to the separation of the questions of revenue from those relating to appropriations. In ordinary times of peace I should deem it almost indispensable and entirely within their power that this committee should have the control of both subjects, in order that they might make both ends meet, that is, to provide a sufficient revenue for the expenditures. That reason applies now with greater force; but it may be that the committee is overworked. It is true that for the last 3 or 4 years the labors of the Committee on Ways and Means have been incessant, they have labored not only days but nights; not only weekends but Sundays. If gentlemen suppose that the committee have permitted some appropriations to be reported which should not have been permitted they little understand how much has been resisted.

The influence the committee emanated came not only from the nature of its jurisdiction but also because for many years the chairman of the committee was also ad hoc majority floor leader of the House.

When the revolt against Speaker Cannon took place, and the Speaker's powers to appoint the members of committees were curtailed, the Majority Members on the Committee on Ways and Means became the Committee on Committees. Subsequently, this power was disbursed to the respective party caucuses, beginning in the 94th Congress.

Throughout its history, many famous Americans have served on the Committee on Ways and Means. The long and distinguished list includes 8 Presidents of the United States, 8 Vice Presidents, 4 Justices of the Supreme Court, 34 Cabinet members, and quite interestingly, 21 Speakers of the House of Representatives. This latter figure represents nearly one-half of the 51 Speakers who have served since 1789 through the end of the 106th Congress. See the alphabetical list which follows for names.

Major positions held by former members of the Committee on Ways and Means

President of the United States:

George H.W. Bush, Texas
 Millard Fillmore, New York
 James A. Garfield, Ohio
 Andrew Jackson, Tennessee
 James Madison, Virginia
 William McKinley, Jr., Ohio
 James K. Polk, Tennessee
 John Tyler, Virginia

Vice President of the United States:

John C. Breckinridge, Kentucky

George H.W. Bush, Texas
 Charles Curtis, Kansas
 Millard Fillmore, New York
 John N. Garner, Texas
 Elbridge Gerry, Massachusetts
 Richard M. Johnson, Kentucky
 John Tyler, Virginia
 Justice of the Supreme Court:
 Philip P. Barbour, Virginia
 Joseph McKenna, California
 John McKinley, Alabama
 Fred M. Vinson, Kentucky (Chief Justice)
 Speaker of the House of Representatives:
 Nathaniel P. Banks, Massachusetts
 Philip P. Barbour, Virginia
 James G. Blaine, Maine
 John G. Carlisle, Kentucky
 Langdon Cheves, South Carolina
 James B. (Champ) Clark, Missouri
 Howell Cobb, Georgia
 Charles F. Crisp, Georgia
 John N. Garner, Texas
 John W. Jones, Virginia
 Michael C. Kerr, Indiana
 Nicholas Longworth, Ohio
 John W. McCormack, Massachusetts
 James K. Polk, Tennessee
 Henry T. Rainey, Illinois
 Samuel J. Randall, Pennsylvania
 Thomas B. Reed, Maine
 Theodore Sedgwick, Massachusetts
 Andrew Stevenson, Virginia
 John W. Taylor, New York
 Robert C. Winthrop, Massachusetts
 Cabinet Member:
 Secretary of State:
 James G. Blaine, Maine
 William J. Bryan, Nebraska
 Cordell Hull, Tennessee³
 Louis McLean, Delaware
 John Sherman, Ohio
 Secretary of the Treasury:
 George W. Campbell, Tennessee
 John G. Carlisle, Kentucky
 Howell Cobb, Georgia
 Thomas Corwin, Ohio
 Charles Foster, Ohio
 Albert Gallatin, Pennsylvania
 Samuel D. Ingham, Pennsylvania
 Louis McLean, Delaware
 Ogden L. Mills, New York
 John Sherman, Ohio
 Philip F. Thomas, Maryland

³ Recipient of Nobel Peace Prize in 1945.

Fred M. Vinson, Kentucky
 Attorney General:
 James P. McGranery, Pennsylvania
 Joseph McKenna, California
 A. Mitchell Palmer, Pennsylvania
 Caesar A. Rodney, Delaware
 Postmaster General:
 Samuel D. Hubbard, Connecticut
 Cave Johnson, Tennessee
 Horace Maynard, Tennessee
 William L. Wilson, West Virginia
 Secretary of the Navy:
 Thomas W. Gilder, Virginia
 Hilary A. Herbert, Alabama
 Victor H. Metcalf, California
 Claude A. Swanson, Virginia
 Secretary of the Interior:
 Rogers C.B. Morton, Maryland
 Jacob Thompson, Mississippi
 Secretary of Commerce and Labor:
 Victor H. Metcalf, California
 Secretary of Commerce:
 Rogers C.B. Morton, Maryland
 Secretary of Agriculture:
 Clinton P. Anderson, New Mexico

Appendix III. Statistical Review of the Activities of the Committee on Ways and Means

A. NUMBER OF BILLS AND RESOLUTIONS REFERRED TO THE COMMITTEE

As of the close of the 106th Congress on December 15, 2000, there had been referred to the Committee a total of 1762 bills, representing 25.3 percent of all the public bills introduced in the House of Representatives.

The following table gives a more complete statistical review since 1967.

TABLE 1.—NUMBER OF BILLS AND RESOLUTIONS REFERRED TO THE COMMITTEE, 90TH THROUGH 106TH CONGRESSES

	Introduced in House	Referred to Committee on Ways and Means	Percentage
90th Congress	24,227	3,806	15.7
91st Congress	23,575	3,442	14.6
92d Congress	20,458	3,157	15.4
93d Congress	21,096	3,370	16.0
94th Congress	19,371	3,747	19.3
95th Congress	17,800	3,922	22.0
96th Congress	10,196	2,337	22.9
97th Congress	9,909	2,377	26.4
98th Congress	8,104	1,904	23.5
99th Congress	7,522	1,568	20.8
100th Congress	7,043	1,419	22.1
101st Congress	7,640	1,737	22.7
102d Congress	7,771	1,972	25.4
103d Congress	6,645	1,496	22.5
104th Congress	5,329	1,071	20.1

TABLE 1.—NUMBER OF BILLS AND RESOLUTIONS REFERRED TO THE COMMITTEE, 90TH THROUGH 106TH CONGRESSES—Continued

	Introduced in House	Referred to Committee on Ways and Means	Percentage
105th Congress	5,976	1,509	25.2
106th Congress	6,942	1,762	25.3

B. PUBLIC HEARINGS

In the course of the 106th Congress, the full Committee on Ways and Means held public hearings on a total of 23 days, including 15 days in the first session and 8 days in the second session. Many of these hearings dealt with major subjects including the President's fiscal year 2000 and 2001 budgets, fundamental tax reform, and reducing the tax burden. The full Committee also focused on such issues as legislation to cover prescription drugs under Medicare, U.S.-China bilateral trade agreement and the accession of China to the WTO, and Social Security reform.

The following table specifies the statistical data on the number of days and witnesses published on each of the subjects covered by public hearings in the full Committee during the 106th Congress.

TABLE 2.—PUBLIC HEARINGS CONDUCTED BY THE FULL COMMITTEE ON WAYS AND MEANS

Subject and date	Number of	
	Days	Witnesses
1999:		
Outlook for the State of the U.S. Economy in 1999, Jan. 20	1	1
Preserving and Strengthening Social Security, Jan. 21	1	3
President's Fiscal Year 2000 Budget, Feb. 4	1	1
Social Security Reform Lessons Learned in Other Countries, Feb. 11	1	8
President's Social Security Framework, Feb. 23	1	8
Year 2000 Conversion Efforts and Implications for Beneficiaries and Taxpayers, Feb. 24	1	27
Revenue Provisions in President's Fiscal Year 2000 Budget, Mar. 10	1	15
Proposals Certified to Save Social Security, June 9, 10	2	16
Reducing the Tax Burden: I. Enhancing Retirement and Health Security, June 16	1	22
Reducing the Tax Burden: II. Providing Tax Relief to Strengthen the Family and Sustain a Strong Economy, June 23	1	30
Impact of U.S. Tax Rules on International Competitiveness, June 30	1	18
Treasury's Debt Buyback Proposal, Sept. 29	1	4
President's Social Security Legislation, Nov. 9	1	3
Corporate Tax Shelters, Nov. 10	1	11
Total for 1999	15	167
2000:		
President's Fiscal Year 2001 Budget, Feb. 9	1	1
U.S.-China Bilateral Trade Agreement and the Accession of China to the WTO, Feb. 16	1	19
Future of the World Trade Organization, Mar. 30	1	6
Fundamental Tax Reform, April 11, 12, 13	3	39
Accession of China to the WTO, May 3	1	12
Legislation to Cover Prescription Drugs Under Medicare, June 13	1	15
Total for 2000	8	92
Total for both sessions	23	259

The five subcommittees of the Committee on Ways and Means were also very active in conducting public hearings during the

106th Congress. The following table specifies in detail the number of days and witnesses published by each of the subcommittees.

TABLE 3.—PUBLIC HEARINGS CONDUCTED BY THE SUBCOMMITTEES OF THE COMMITTEE ON WAYS AND MEANS

Subject and date	Number of	
	Days	Witnesses
SUBCOMMITTEE ON TRADE		
1999:		
U.S. Trade Relations with Sub-Saharan Africa, Feb. 3	1	16
Importance of Trade Negotiations in Fighting Foreign Protectionism, Feb. 11, Mar. 4	2	10
Steel Trade Issues, Feb. 25	1	24
H.R. 984, the "Caribbean and Central American Relief and Economic Stabilization Act," Mar. 23	1	14
Trade Agency Budget Authorizations and Other Customs Issues, Apr. 13	1	17
Use and Effect of Unilateral Trade Sanctions, May 27	1	14
United States-China Trade Relations and the Possible Accession of China to the World Trade Organization, June 8	1	19
United States-Vietnam Trade Relations, June 17	1	14
United States Negotiating Objectives for the WTO Seattle Ministerial Meeting, Aug. 5	1	21
2000:		
Outcome of the WTO Ministerial in Seattle, Feb. 8	1	17
United States-Vietnam Trade Relations, June 15	1	7
Trade in African Diamonds, Sept. 12	1	11
Total	13	184
SUBCOMMITTEE ON OVERSIGHT		
1999:		
Annual Report of the Internal Revenue Service National Taxpayer Advocate, Feb. 10	1	3
Incentives for Domestic Oil and Gas Production and Status of the Industry, Feb. 25	1	10
Tax Treatment of Structured Settlements, Mar. 18	1	5
Pension Issues, Mar. 23	1	13
1999 Tax Return Filing Season and the IRS Budget for Fiscal Year 2000, Apr. 13	1	5
U.S. Customs Service Passenger Inspection Operations, May 20	1	6
Impact of Complexity in the Tax Code on Individual Taxpayers and Small Businesses, May 25	1	8
Current U.S. International Tax Regime, June 22	1	7
Work Opportunity Tax Credit, July 1	1	12
Implementation of the Internal Revenue Service Restructuring and Reform Act, July 22	1	3
Impact of Tax Law on Land Use, Conservation, and Preservation, Sept. 30	1	18
2000:		
Penalty and Interest Provisions in the Internal Revenue Code, Jan. 27	1	7
Review the Repeal of the Installment Method of Accounting for Accrual Basis Taxpayers, Feb. 29	1	4
Tax Incentives to Assist Distressed Communities, Mar. 21	1	8
2000 Tax Return Filing Season and the IRS Budget for Fiscal Year 2001, Mar. 28	1	5
Internet Tax Issues, May 16	1	13
Disclosure of Political Activities of Tax-Exempt Organizations, June 20	1	12
Complexity in Administration of Federal Tax Laws, June 29	1	1
Tax Treatment of Transportation Infrastructure, July 25	1	11
Tax Code and the New Economy, Sept. 26, 28	2	15
Employee Stock Option Plans, Oct. 12	1	5
Total	22	171
SUBCOMMITTEE ON HEALTH		
1999:		
Management of the Medicare Program, Feb. 11	1	5
Report on Medicare Payment Policies, Mar. 2	1	1
Medicare+Choice Program, Mar. 18	1	7
Medicare Coverage Decisions and Beneficiary Appeals, April 22	1	7
Medicare "Self-Referral" Laws, May 13	1	6
Uninsured Americans, June 15	1	4
Medicare "Veterans Subvention," July 1	1	4
Confidentiality of Health Information, July 20	1	7
Strengthening Medicare for Future Generations, Sept. 22	1	5
Medicare Balanced Budget Act Refinements, Oct. 1	1	9

TABLE 3.—PUBLIC HEARINGS CONDUCTED BY THE SUBCOMMITTEES OF THE COMMITTEE ON WAYS AND MEANS—Continued

Subject and date	Number of	
	Days	Witnesses
2000:		
Medical Errors, Feb. 10	1	8
Seniors' Access to Prescription Drug Benefits, Feb. 15	1	6
Confidentiality of Patient Records, Feb. 17	1	7
Administration's Prescription Drug Proposal, May 11	1	3
Additional Medicare Refinements to the Balanced Budget Act of 1997, July 25	1	7
Total	15	86
SUBCOMMITTEE ON SOCIAL SECURITY		
1999:		
Impacts of Current Social Security System, Feb. 2, 3, 10	3	24
Investing in the Private Market, Mar. 3	1	9
Barriers Preventing Disability Beneficiaries From Returning to Work, Mar. 11	1	8
Social Security's Goals and Criteria for Assessing Reforms, Mar. 25	1	5
1999 Social Security Trustees' Report, Apr. 15	1	2
Y2K and Other Social Security Information Technology Issues, July 29	1	2
Management of Disability Cases (held jointly with Subcommittee on Human Resources), Oct. 21	1	8
2000:		
Examine Social Security's Readiness for the Impending Wave of Baby Boomer Beneficiaries, Feb. 10, Mar. 16	2	13
Improving Social Security Work Incentives, Feb. 15	1	13
Work Incentives for Blind and Disabled Social Security Beneficiaries, Mar. 23	1	11
Social Security Program Integrity Activities, Mar. 30	1	2
2000 Social Security Trustees' Annual Report, Apr. 6	1	2
Efforts to Inform the Public about Social Security, Apr. 11	1	14
Social Security Representative Payees, May 4	1	7
Use and Misuse of Social Security Numbers, May 9, 11	2	14
Processing of Attorney Fees by the Social Security Administration, June 14	1	6
Social Security Government Pension Offset, June 27	1	8
Challenges Facing Social Security Disability Programs in the 21st Century, July 13	1	7
Protecting Privacy and Preventing Misuse of the Social Security Number, July 17	1	4
Global Aging Crisis, Sept. 21	1	5
Social Security Notices, Sept. 26	1	2
Total	25	166
SUBCOMMITTEE ON HUMAN RESOURCES		
1999:		
Supplemental Security Income Fraud and Abuse, Feb. 3	1	6
Challenges Confronting Older Children Leaving Foster Care, Mar. 9	1	10
Federal Resources Available for Child Care, Mar. 16	1	8
Child Protection Oversight, Apr. 2	1	8
Fatherhood, Apr. 27	1	10
Foster Care Independent Living, May 13	1	9
Effects of Welfare Reform, May 27	1	9
Reducing Nonmarital Births, June 29	1	11
Promoting Adoption and Other Permanent Placements, July 20	1	8
Oversight of the Child Support Enforcement Program, Sept. 23	1	11
Fatherhood Legislation, Oct. 5	1	15
Welfare Reform, Nov. 15	1	5
2000:		
Welfare Reform, Jan. 24	1	7
Welfare Reform, Feb. 14	1	9
Child Protection Review System, Feb. 17	1	6
Unemployment Compensation Reform, Feb. 29	1	10
Unemployment Compensation and the Family and Medical Leave Act, Mar. 9	1	8
H.R. 1488, the "Hyde-Woolsey" Child Support Bill, Mar. 16	1	10
Child Protection Issues, Mar. 23	1	12
Health Coverage for Families Leaving Welfare, May 16	1	10
Child Support Enforcement, May 18	1	13
"One-Stop Job Centers," (held jointly with Subcommittee on Postsecondary Education, Training and Life-Long Learning, Committee on Education and the Workforce), June 29	1	5

TABLE 3.—PUBLIC HEARINGS CONDUCTED BY THE SUBCOMMITTEES OF THE COMMITTEE ON WAYS AND MEANS—Continued

Subject and date	Number of	
	Days	Witnesses
Increasing State Flexibility in Use of Federal Child Protection Funds, July 20	1	7
Unemployment Compensation, Sept. 7	1	4
H.R. 5292, the "Flexible Funding for Child Protection Act of 2000," Oct. 3	1	6
Total	25	217

As the foregoing statistics indicate, during the 106th Congress the full Committee and its five subcommittees held public hearings aggregating a grand total of 123 days, during which time 1,083 witnesses testified. There were four field hearings, three held by the Subcommittee on Human Resources in Erie, Pennsylvania; Riviera Beach, Florida; and Baltimore, Maryland; and one held by the Subcommittee on Social Security in Del Ray Beach, Florida.

In addition, written comments were printed after having been requested and received by the full Committee on Joint Committee on taxation disclosure study; the Subcommittee on Oversight on recent recommendations on tax penalty and interest provisions; and the Subcommittee on Trade on the extension of unconditional normal trade relations to the Kyrgyz Republic, Albania, Armenia, Georgia, and Moldova, on the extension of normal trade relations to the Lao People's Democratic Republic, miscellaneous corrections to trade legislation and miscellaneous duty suspension bills, H.R. 3066, a bill to change customs rules-of-origin for certain textile products, technical corrections to U.S. trade laws and miscellaneous duty suspension bills, and H.R. 4782, extending unconditional normal trade relations to Georgia.

C. MARKUP SESSIONS

With respect to markup or business sessions during the 106th Congress, the full Committee and its five subcommittees were also very actively engaged. The full Committee held such sessions on 32 working days, usually both morning and afternoon sessions, and the subcommittees an aggregate of 11 working days, making a grand total of 43 working days of markup or business sessions for the full Committee and its subcommittees during the 106th Congress.

D. NUMBER AND FINAL STATUS OF BILLS REPORTED FROM THE COMMITTEE ON WAYS AND MEANS IN THE 106TH CONGRESS

During the 106th Congress, the Committee reported to the House a total of 37 bills, 32 favorably and 5 adversely. Fifty eight bills containing provisions within the purview of the Committee were passed by the House and 16 were enacted into law. It should be noted that this total is not at all indicative of the total number of bills considered by the Committee, because when the Committee goes into session on major tax, tariff, Social Security, health, unemployment compensation, or human resources matters, it very often considers the broad subject rather than certain specific bills, and in the course of consideration of the subject makes every attempt to review all of the pertinent bills pending before the Committee

which are encompassed within that subject. Further, it is the practice of the Committee normally to report bills on a major subject which may involve many sections containing subjects included in perhaps as many as several hundred bills pending before the Committee.

Appendix IV. Chairmen of the Committee on Ways and Means and Membership of the Committee From the 1st Through the 106th Congresses

A. CHAIRMEN OF THE COMMITTEE ON WAYS AND MEANS, 1789 TO PRESENT

Name	State	Party	Term of service
Thomas Fitzsimons	Pennsylvania	Federalist	1789.
William L. Smith	South Carolina	do	1794 to 1797.
Robert G. Harper	South Carolina	do	1797 to 1800.
Roger Griswold	Connecticut	do	1800 to 1801.
John Randolph	Virginia	Jeffersonian Republican	1801 to 1805, 1827.
Joseph Clay	Pennsylvania	do	1805 to 1807.
George W. Campbell	Tennessee	do	1807 to 1809.
John W. Eppes	Virginia	do	1809 to 1811.
Ezekiel Bacon	Massachusetts	do	1811 to 1812.
Langdon Cheves	South Carolina	do	1812 to 1813.
John W. Eppes	Virginia	do	1813 to 1815.
William Lowndes	South Carolina	do	1815 to 1818.
Samuel Smith	Maryland	do	1818 to 1822.
Louis McLane	Delaware	do	1822 to 1827.
George McDuffie	South Carolina	Democrat	1827 to 1832.
Gulian C. Verplanck	New York	do	1832 to 1833.
James K. Polk	Tennessee	do	1833 to 1835.
C. C. Cambreleng	New York	do	1835 to 1839.
John W. Jones	Virginia	do	1839 to 1841.
Millard Fillmore	New York	Whig	1841 to 1843.
James Iver McKay	North Carolina	Democrat	1843 to 1847.
Samuel F. Vinton	Ohio	Whig	1847 to 1849.
Thomas H. Bayly	Virginia	Democrat	1849 to 1851.
George S. Houston	Alabama	do	1851 to 1855.
Lewis D. Campbell	Ohio	Republican	1855 to 1857.
J. Glancy Jones	Pennsylvania	Democrat	1857 to 1858.
John S. Phelps	Missouri	do	1858 to 1859.
John Sherman	Ohio	Republican	1859 to 1861.
Thaddeus Stevens	Pennsylvania	do	1861 to 1865.
Justin S. Morrill	Vermont	Republican	1865 to 1867.
Robert C. Schenck	Ohio	do	1867 to 1871.
Samuel D. Hooper	Massachusetts	do	1871.
Henry L. Dawes	Massachusetts	do	1871 to 1875.
William R. Morrison	Illinois	Democrat	1875 to 1877.
Fernando Wood	New York	do	1877 to 1881.
John R. Tucker	Virginia	do	1881.
William D. Kelley	Pennsylvania	Republican	1881 to 1883.
William R. Morrison	Illinois	Democrat	1883 to 1887.
Roger Q. Mills	Texas	do	1887 to 1889.
William McKinley, Jr.	Ohio	Republican	1889 to 1891.
William M. Springer	Illinois	Democrat	1891 to 1893.
William L. Wilson	West Virginia	do	1893 to 1895.
Nelson Dingley, Jr.	Maine	Republican	1895 to 1899.
Sereno E. Payne	New York	do	1899 to 1911.
Oscar W. Underwood	Alabama	Democrat	1911 to 1915.
Claude Kitchin	North Carolina	do	1915 to 1919.
Joseph W. Fordney	Michigan	Republican	1919 to 1923.
William R. Green	Iowa	do	1923 to 1928.
Willis C. Hawley	Oregon	do	1929 to 1931.
James W. Collier	Mississippi	Democrat	1931 to 1933.
Robert L. Doughton	North Carolina	do	1933 to 1947, 1949 to 1953.

Name	State	Party	Term of service
Harold Knutson	Minnesota	Republican	1947 to 1949.
Daniel A. Reed	New York	Republican	1953 to 1955.
Jere Cooper	Tennessee	Democrat	1955 to 1957.
Wilbur D. Mills	Arkansas	do	1957 to 1975.
Al Ullman	Oregon	do	1975 to 1981.
Dan Rostenkowski	Illinois	do	1981 to 1994.
Bill Archer	Texas	Republican	1995 to 2001.

B. TABLES SHOWING PAST MEMBERSHIP OF THE COMMITTEE

1. MEMBERS OF THE COMMITTEE ON WAYS AND MEANS FROM THE 1ST THROUGH THE 106TH CONGRESS, BY STATE

Alabama:		
		<i>Congress(es)</i>
John McKinley		23
David Hubbard		26
Dixon H. Lewis		27-28
George S. Houston	29-30, 32-33	
James F. Dowdell		35
Hilary A. Herbert		48
Joseph Wheeler		53-55
Oscar W. Underwood	56, 59-63	
Ronnie G. Flippo		98-101
Arizona:		
J.D. Hayworth		105-
Arkansas:		
James K. Jones		48
Clifton R. Breckinridge	49-51, 53	
William A. Oldfield		64-70
Heartsill Ragon		70-73
William J. Driver		72
Claude A. Fuller		73-75
Wilbur D. Mills		77-94
Jim Guy Tucker, Jr		95
Beryl Anthony, Jr		97-102
California:		
Joseph McKenna		51-52
Victor H. Metcalf		57-58
James C. Needham		58-62
William E. Evans		73
Frank H. Buck		74-77
Bertrand W. Gearhart		76-80
Cecil R. King	78-79, 81-90	
James B. Utt	83, 86-91	
James C. Corman		90-96
Jerry L. Pettis		91-94
William M. Ketchum		94-95
Fortney Pete Stark		94-
John H. Rousselot		95-97
Robert T. Matsui		97-
William M. Thomas		98-
Wally Herger		103-
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Charles B. Timberlake		66-72
John A. Carroll		81
Donald G. Brotzman		92-93
George H. "Hank" Brown	100-101	
Scott McInnis		103-
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Jeremiah Wadsworth		1
Uriah Tracy		3
James Hillhouse		4
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Roger Griswold	5-8
John Davenport	8
Jonathan O. Moseley	9, 14, 16
Benjamin Tallmadge	10-11
Timothy Pitkin	12-13, 15
Ralph I. Ingersoll	21-22
Samuel D. Hubbard	30
James Phelps	45-46
Charles A. Russell	54-57
Ebenezer J. Hill	58-62, 64-65
John Q. Tilson	66-68
Antoni N. Sadlak	83-85
William R. Cotter	94-97
Barbara B. Kennelly	98-105
Nancy L. Johnson	101-
Delaware:	
John Vining	1
Henry Latimer	3
John Patten	4
James A. Bayard, Sr	5, 7
Caesar A. Rodney	8
Louis McLane	16-19
Florida:	
A.S. Herlong, Jr	84-90
Sam M. Gibbons	91-104
L.A. (Skip) Bafalis	94-97
E. Clay Shaw, Jr	100-
Karen L. Thurman	105-
Mark Foley	104-
Georgia:	
James Jackson	1
Abraham Baldwin	3-5
Benjamin Taliaferro	6
John Milledge	7
David Meriwether	8-9
William W. Bibb	12-13
Joel Abbott	15
Joel Crawford	15-16
Wiley Thompson	17-18
George R. Gilmer	20
Richard H. Wilde	22-23
George W. Owens	24-25
Charles E. Haynes	25
Mark A. Cooper	26
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Ira C. Copley	66-67
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Christopher Greenup	4
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Nathan Gaither	22
John Pope	25
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Theodore Sedgwick	4
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Harrison Gray Otis	5–6
Samuel Sewall	5
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Bailey Bartlett	6
Nathan Read	7
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Lambert Cadwalader	1
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Joshua Sands	8
Erastus Root	11
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Thomas J. Oakley	13
James W. Wilkin	14
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Charles B. Rangel	94–
Thomas J. Downey	96–102
Raymond J. McGrath	99–102
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Robert Williams	5
David Stone	6
James Holland	7
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William Gaston	13–14
Abraham Rencher	25, 27
Henry W. Conner	26
James I. McKay	28–30
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John B. Weller	28
Samuel F. Vinton	29–31
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William McKinley, Jr	46–47, 49–51
Frank H. Hurd	48
Charles H. Grosvenor	53–59
Nicholas Longworth	60–62, 64–67
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Arthur P. Lamneck	74–75
Stephen M. Young	81
Jackson E. Betts	86–92
Donald D. Clancy	93–94
Charles A. Vanik	89–96
Bill Gradison	95–103
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Thomas A. Chandler	67
James V. McClintic	73
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Oregon:	
William R. Ellis	61
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John Smilie	6–7, 10–12
Joseph Clay	8–9
John Rea	11
Jonathan Roberts	12–13
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Daniel L.D. Granger	59-60
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William L. Smith	3-5
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Abraham Nott	6
David R. Williams	9
Langdon Cheves	12
Theodore Gourdin	13
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R. Barnwell Rhett	25-26
Francis W. Pickens	27
John L. McLaurin	54-55
Ken Holland	95-97
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Tennessee:	
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William C.C. Claiborne	5
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William B. Giles	5
Richard Brent	5
Walter Jones	5
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John W. Eppes	10–11, 13
William A. Burwell	12, 14–16
James Pleasants	12–13
John Tyler	16
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Mark Alexander	21–22
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⁶ Appointed July 10, 1995.

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2. COMMITTEE MEMBERSHIP, 106TH CONGRESS

COMMITTEE ON WAYS AND MEANS

ONE HUNDRED SIXTH CONGRESS

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AMO HOUGHTON, New York	SANDER M. LEVIN, Michigan
WALLY HERGER, California	BENJAMIN L. CARDIN, Maryland
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DAVE CAMP, Michigan	GERALD D. KLECZKA, Wisconsin
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JENNIFER DUNN, Washington	WILLIAM J. JEFFERSON, Louisiana
MAC COLLINS, Georgia	JOHN S. TANNER, Tennessee
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WES WATKINS, Oklahoma	LLOYD DOGGETT, Texas
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KENNY HULSHOF, Missouri	
SCOTT McINNIS, Colorado	
RON LEWIS, Kentucky	
MARK FOLEY, Florida	

