S.2823, a bill to amend the Organic Act of Guam for the purposes of clarifying the local judicial structure of Guam

Vol. 148 WASHINGTON, TUESDAY, JULY 30, 2002 No. 106

Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 107th CONGRESS, SECOND SESSION

United States
Government
Printing Office
SUPERINTENDENT
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term share price. When the betting is between massaging the numbers to "manage" quarterly profit projections and improving the quality of the business through such things as R&D investments, short-term profits, and the value of executive stock options, can be the odds-on favorite.

But the abuse of stock options in the executive suite should not be taken as an indictment of stock options in general. I remain convinced that stock option plans, as long as they are broad-based plans that extend to rank-and-file employees as well as CEOs, can play a very important role in our economy. They can enable corporations to attract and retain good workers and top talent. And they can improve motivation and productivity, by giving employees a strong personal interest in the long-term success of the corporation.

Therefore, the legislation I am introducing today aims to stop the abuses at the top while not gutting options that are so vital to rank-and-file workers. It focuses on restoring the link between the long-term interests of the company and those of senior management, and giving shareholders knowledge about and control over the stock options of corporate leaders.

Specifically, the bill would direct the Securities and Exchange Commission to issue rules, applicable to all publicly traded companies, in three main areas.

First, to increase shareholder influence and oversight with respect to grants of stock options, the bill calls for rules requiring shareholder approval of stock option plans. This would help prevent the all too common "I'll-scratch-your-back-if-you-scratch-mine" culture of clubby directors and top executives voting each other huge option packages with little or no shareholder input.

Second, the bill contains tough provisions to ensure that stock options will provide incentives for corporate officers and directors to act in the best long-term interests of their corporations, rather than incentives to stimulate short-term run-ups in the stock price. It would do this by establishing substantial vesting periods for options and holding periods for stock shares, so that top executives do not have the ability to quickly cash out and jump ship.

The holding period would be multi-tiered. Directors and officers would be allowed to sell up to one quarter of their shares six months after acquiring them, to permit a degree of diversification or to meet their current financial needs. But for the majority, they would be required to wait at least three years. And they would be required to hold on to some of their stock until at least six months after leaving the company.

Third, and finally, to improve the transparency of stock option grants to directors and officers, the bill calls for rules to provide better and more frequent information to shareholders and investors. Shareholders deserve more information than that contained in the average footnote. Specifically, the bill would require stock option information to be reported quarterly, not just annually, and broken out into a separate, easy-to-find section in each company's public SEC filings.

To date, there have been two paths offered to deal with the issue of stock options. Some think the problem is so severe that options should be pared back across the board and that Congress should dictate new accounting rules for them. Others say that business as usual should be the order of the day, and that no immediate action is necessary.

The bill that I have introduced today seeks to lay out a third path. It offers a way to ensure that broad-based stock options can continue to be a useful tool for deserving workers, shareholders and the economy as a whole, while still curbing abuses by those in the executive suites whose conduct is over the line. I don't claim that the bill is the complete solution in its present form, but I believe it offers a strong framework for a new approach, and I look forward to working with my colleagues and others to refine and improve it as it moves through the legislative process.

The job of cleaning up corporate corruption will not be complete until Congress acts to correct the abuse of stock options. I hope my colleagues will join me in this effort to put tough new rules in place that will retain broad-based stock options for workers and curb their abuse by top management.

By Mr. AKAKA (for himself and Mr. CRAIG):

S. 2823. A bill to amend the Organic Act of Guam for the purposes of clarifying the local judicial structure of Guam; to the Committee on Energy and Natural Resources.

Mr. AKAKA. Mr. President, I am pleased to introduce legislation with the senior Senator from Idaho, Mr. Craig, which amends the Organic Act of Guam to clarify Guam's judicial structure by ensuring that it is a unified and co-equal branch of the Government of Guam. The Organic Act establishes the executive and legislative branches of the Government of Guam. This legislation would simply include Guam's judicial branch in the Organic Act.

Similar legislation, H.R. 521, was introduced in the House of Representatives by Representative Robert Underwood of Guam. The Bush Administration has no objection to the enactment of H.R. 521. The Congressional Budget Office also estimated that the legislation would have no impact on the federal budget.

For those of us who have followed and worked on territorial issues for a long time, we do our best to balance the role of Congress when overriding federal interests are involved with the concerns expressed by territorial leaders and the general public. In this case, the establishment of an independent judicial branch on Guam is an overriding federal interest and is broadly supported by the people of Guam. This bill is supported by General Ben Blaz, former Guam Delegate to Congress, Guam Governor Carl Guiterrez, Justice Philip Carbullido, Acting Chief Justice of Guam's Supreme Court, the Guam Bar Association, Guam's legal community, the National Conference of Chief Justices, and the Guam Pacific Daily News.

I believe that today's legislation is necessary to ensure the integrity and independence of Guam's judicial system as co-equal with the executive and legislative branches of the Government of Guam. I look forward to working with my colleagues in the Senate on this important issue.

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

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

S. 2823

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

SECTION 1. JUDICIAL STRUCTURE OF GUAM.

(a) JUDICIAL AUTHORITY; COURTS.—Section 22(a) of the Organic Act of Guam (48 U.S.C. 1424(a)) is amended to read as follows:

"(a)(1) The judicial authority of Guam shall be vested in a court established by Congress designated as the 'District Court of Guam', and a judicial branch of Guam which branch shall constitute a unified judicial system and include an appellate court designated as the 'Supreme Court of Guam', a trial court designated as the 'Superior Court of Guam', and such other lower local courts as may have been or shall hereafter be established by the laws of Guam.

"(2) The Supreme Court of Guam may, by rules of such court, create divisions of the Superior Court of Guam and other local courts of Guam.

"(3) The courts of record for Guam shall be the District Court of Guam, the Supreme Court of Guam, the Superior Court of Guam (except the Traffic and Small Claims divisions of the Superior Court of Guam) and any other local courts or divisions of local courts that the Supreme Court of Guam shall designate.".

(b) JURISDICTION AND POWERS OF LOCAL COURTS.—Section 22A of the Organic Act of Guam (48 U.S.C. 1424-1) is amended to read as follows:

"SEC. 22A. (a) The Supreme Court of Guam shall be the highest court of the judicial branch of Guam (excluding the District Court of Guam) and shall—

"(1) have original jurisdiction over proceedings necessary to protect its appellate jurisdiction and supervisory authority and such other original jurisdiction as the laws of Guam may provide;

"(2) have jurisdiction to hear appeals over any cause in Guam decided by the Superior Court of Guam or other courts established under the laws of Guam;

"(3) have jurisdiction to issue all orders and writs in aid of its appellate, supervisory, and original jurisdiction, including those orders necessary for the supervision of the judicial branch of Guam;

"(4) have supervisory jurisdiction over the Superior Court of Guam and all other courts of the judicial branch of Guam;

"(5) hear and determine appeals by a panel of three of the justices of the Supreme Court of Guam and a concurrence of two such justices shall be necessary to a decision of the Supreme Court of Guam on the merits of an appeal;

"(6) make and promulgate rules governing the administration of the judiciary and the practice and procedure in the courts of the judicial branch of Guam, including procedures for the determination of an appeal en banc; and

"(7) govern attorney and judicial ethics and the practice of law in Guam, including admission to practice law and the conduct and discipline of persons admitted to practice law.

"(b) The Chief Justice of the Supreme Court of Guam—

"(1) shall preside over the Supreme Court unless disqualified or unable to act;

"(2) shall be the administrative head of, and have general supervisory power over, all departments, divisions, and other instrumentalities of the judicial branch of Guam; and

"(3) may issue such administrative orders on behalf of the Supreme Court of Guam as necessary for the efficient administration of the judicial branch of Guam.

"(c) The Chief Justice of the Supreme Court of Guam, or a justice sitting in place of such Chief Justice, may make any appropriate order with respect to—

"(1) an appeal prior to the hearing and determination of that appeal on the merits; or

"(2) dismissal of an appeal for lack of jurisdiction or failure to take or prosecute the appeal in accordance with applicable laws or rules of procedure.

"(d) Except as granted to the Supreme Court of Guam or otherwise provided by this Act or any other Act of Congress, the Superior Court of Guam and all other local courts established by the laws of Guam shall have such original and appellate jurisdiction over all causes in Guam as the laws of Guam provide, except that such jurisdiction shall be subject to the exclusive or concurrent jurisdiction conferred on the District Court of Guam under section 22 of this Act.

"(e) The qualifications and duties of the justices and judges of the Supreme Court of Guam, the Superior Court of Guam, and all other local courts established by the laws of Guam shall be governed by the laws of Guam and the rules of such courts.".

(c) TECHNICAL AMENDMENTS.—(1) Section 22C(a) of the Organic Act of Guam (48 U.S.C. 1424–3(a)) is amended by inserting "which is known as the Supreme Court of Guam," after "appellate court authorized by section 22A(a) of this Act,".

(2) Section 22C(d) of the Organic Act of Guam (48 U.S.C. 1424–3(d)) is amended—

(A) by inserting ", which is known as the Supreme Court of Guam," after "appellate court provided for in section 22A(a) of this Act"; and

(B) by striking "taken to the appellate court" and inserting "taken to such appellate court".

SEC. 2. APPEALS TO UNITED STATES SUPREME COURT.

Section 22B of the Organic Act of Guam (48 U.S.C. 1424–2) is amended by striking ": *Provided*, That" and all that follows through the end and inserting a period.

By Mr. DORGAN (for himself and Mr. WARNER):

S. 2825. A bill to amend the Internal Revenue Code of 1986 to allow a nonrefundable tax credit for contributions to congressional candidates; to the Committee on Finance.

Mr. DORGAN. Mr. President, earlier this year we enacted a bold new campaign finance reform bill. After years of debate and delay, the Congress passed and the President signed this far-reaching legislation, known as McCain-Feingold. This new law eliminates the large "soft money" contributions from our campaign finance system and it expanded the role that some individuals can play by raising the individual campaign contribution limits.

But there is one critical area that the McCain-Feingold bill didn't address, one important problem that the new law doesn't solve: how to give low- and middle-income families an incentive to contribute to the candidate of their choice.

Today, I am introducing a bill with my colleague from Virginia, Senator WARNER, that will do just that. It will empower millions of working Americans to become engaged in our political system, by providing a tax credit to those who donate money to congressional candidates.

As campaigns become more and more expensive, the number of small contributors is actually decreasing. The current campaign finance system is becoming dominated by big dollar contributors. This is not healthy for our campaigns and it is not good for our democracy.

My bill would make middle income Americans more able to donate to candidates. Specifically, my bill would provide a maximum $400 tax credit to married couples earning up to $120,000 for their campaign contributions. For singles with income up to $60,000, the tax credit would apply to contributions up to $200. This credit will provide a dollar for dollar offset for contributions, an incentive that could encourage the vast majority of working families to consider contributions to the candidates of their choice.

This is not a new idea. This type of credit was a part of our tax system for more than a decade in the 1970s and 1980s. It has been a part of many campaign finance reform proposals over the years, proposals that have been introduced and supported by both Democrats and Republicans. And this policy proposal is the focus of a new study by the American Enterprise Institute, AEI, which concluded that this approach would help to elevate small donors from the supporting role that they now play. So, our proposal has been successful in the past, and it has had broad support from both parties over the past thirty years.

Participation in the political process is key to a strong democracy. This bill will help broaden participation and will provide an incentive for more Americans to be included in political campaigns. That is healthy for our form of government.

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

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

S. 2825

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

SECTION 1. CREDIT FOR CONTRIBUTIONS TO CONGRESSIONAL CANDIDATES.

(a) GENERAL RULE.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25B the following new section:

"SEC. 25C. CONTRIBUTIONS TO CONGRESSIONAL CANDIDATES.

"(a) GENERAL RULE.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the total of contributions to candidates for the office of Senator or Representative in, or Delegate or Resident Commissioner to, the Congress.

"(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) for a taxable year shall not exceed $200 ($400 in the case of a joint return).

"(c) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any contribution, only if such contribution is verified in such manner as the Secretary shall prescribe by regulations.

"(d) DEFINITIONS.—For purposes of this section—

"(1) CANDIDATE; CONTRIBUTION.—The terms 'candidate' and 'contribution' have the meanings given such terms in section 301 of the Federal Election Campaign Act of 1971.

"(2) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means any taxpayer whose adjusted gross income for the taxable year does not exceed $60,000 ($120,000 in the case of a joint return).".

(b) CONFORMING AMENDMENTS.—

(1) Section 642 of the Internal Revenue Code of 1986 (relating to special rules for credits and deductions of estates or trusts) is amended by adding at the end the following new subsection:

"(j) CREDIT FOR CERTAIN CONTRIBUTIONS NOT ALLOWED.—An estate or trust shall not be allowed the credit against tax provided by section 25C.".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 25B the following new item:

"Sec. 25C. Contributions to congressional candidates.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

By Mr. SCHUMER (for himself, Mr. CRAIG, Mr. KENNEDY, and Mr. MCCAIN):

S. 2826. A bill to improve the national instant criminal background check system; and for other purposes; to the Committee on the Judiciary.

Mr. SCHUMER. Mr. President, we are an odd group of Senators, but not when it comes to making sure that guns are kept away from drug addicts, felons, illegal aliens and others.

Today, we're announcing an extremely important new bill that would plug up the gaping holes that are currently in the Justice Department's gun background check system.

This bill is needed to prevent brutal, senseless murders like the one that took place in a Long Island church a few months ago from ever happening again.