

change shall be based on the passenger and freight shares to the destinations of the affected hub or hubs resulting in the new hub.”; and

(3) in paragraph (5)(A)(i), by striking “(g)(1)(D)(ii)” and inserting “(g)(1)(A)(iv)(II)”.

(c) **EQUITABLE TENDER.**—Section 5402(h) of title 39, United States Code, is amended—

(1) in paragraph (1), by inserting “bush” after “providing scheduled”;

(2) by striking paragraph (3) and inserting the following:

“(3)(A) Except as provided under subparagraph (C), a new or existing 121 bush passenger carrier qualified under subsection (g)(1) shall be exempt from the requirements under paragraphs (1)(B) and (2)(A) on a city pair route for a period which shall extend for—

“(i) 1 year;

“(ii) 1 year in addition to the extension under clause (i) if, as of the conclusion of the first year, such carrier has been providing not less than 5 percent of the passenger service on that route (as calculated under paragraph (5)); and

“(iii) 1 year in addition to the extension under clause (ii) if, as of the conclusion of the second year, such carrier has been providing not less than 10 percent of the passenger service on that route (as calculated under paragraph (5)).

“(B)(i) The first 3 121 bush passenger carriers entitled to the exemptions under subparagraph (A) on any city pair route shall divide no more than an additional 10 percent of the mail, apportioned equally, comprised of no more than—

“(I) 5 percent of the share of each qualified passenger carrier servicing that route that is not a 121 bush passenger carrier; and

“(II) 5 percent of the share of each nonpassenger carrier servicing that route that transports 25 percent or more of the total nonmail freight under subsection (i)(1).

“(ii) Additional 121 bush passenger carriers entering service on that city pair route after the first 3 shall not receive any additional mail share.

“(iii) If any 121 bush passenger carrier on a city pair route receiving an additional share of the mail under clause (ii) discontinues service on that route, the 121 bush passenger carrier that has been providing the longest period of service on that route and is otherwise eligible but is not receiving a share by reason of clause (ii), shall receive the share of the carrier discontinuing service.

“(C) Notwithstanding the requirements of this subsection, if only 1 passenger carrier or aircraft is qualified to be tendered nonpriority bypass mail as a passenger carrier or aircraft on a city pair route in the State of Alaska, the Postal Service shall tender 20 percent of the nonpriority bypass mail described under paragraph (1) to the passenger carrier or aircraft providing at least 10 percent of the passenger service on such route.”;

(3) in paragraph (5)(A)—

(A) by striking “(i)” after “(A)”;

(B) by striking clause (ii).

(d) **PERCENT OF NONMAIL FREIGHT.**—Section 5402(i)(6) of title 39, United States Code, is amended—

(1) by striking “(A)” after “(6)”;

(2) by striking subparagraph (B).

(e) **PERCENT OF TENDER RATE.**—Section 5402(j)(3)(B) of title 39, United States Code, is amended by striking “bush routes in the State of Alaska” and inserting “routes served exclusively by bush carriers in the State of Alaska”.

(f) **DETERMINATION OF RATES.**—Section 5402(k) of title 39, United States Code, is amended by striking paragraph (5).

(g) **TECHNICAL AND CONFORMING AMENDMENT.**—Section 5402(p)(3) of title 39, United States Code, is amended by striking “(g)(1)(D)” and inserting “(g)(1)(A)(iv)”.

(h) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided under paragraph (2), this section shall take effect on the date of enactment of this Act.

(2) **EQUITABLE TENDER.**—Subsection (c) shall take effect on July 1, 2006.

Mr. FRIST. Mr. President, I further ask unanimous consent that S. 662, as amended, be returned to the calendar and that it not be in order for the Senate to consider any conference report or House amendments to H.R. 22 if it would cause a net increase in on- or off-budget direct spending in excess of \$5 billion in any of the four 10-year periods beginning in 2016 to 2055, as estimated by the Congressional Budget Office.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER appointed Ms. COLLINS, Mr. STEVENS, Mr. VOINOVICH, Mr. COLEMAN, Mr. BENNETT, Mr. LIEBERMAN, Mr. AKAKA, and Mr. CARPER conferees on the part of the Senate.

The PRESIDING OFFICER. The majority leader.

Mr. FRIST. President, I would like to take a moment to comment on the passage of the Postal Accountability and Enhancement Act.

Today’s passage of S. 662 is a first step towards meaningful postal reform. The Postal Service forms a crucial part of the backbone of our economy, and I am encouraged by today’s action toward bringing meaningful reform to the Postal Service.

I am optimistic that the process of resolving the differences between the Senate and House bills will result in a product that goes even further to ensure that America’s Postal Service has the resources and flexibility necessary to remain relevant and competitive in the global marketplace.

I want to thank the chairman of the Homeland Security and Governmental Affairs Committee, Senator SUSAN COLLINS of Maine, and Senator TOM CARPER of Delaware, for their leadership. They worked diligently with their colleagues in the Senate, the U.S. Postal Service, the administration, and kept their focus on the thousands of postal workers in communities across America, and the businesses which rely on the mail system to craft the current compromise.

In the past three and a half decades, the needs of the Postal Service have changed dramatically. Indeed, the way we communicate has been transformed by technology through e-mail, faxes, and my personal favorite, Blackberries.

We can now pay our bills on the Internet. And online shopping is more common than catalog sales.

Nevertheless, the Postal Service remains a critical part of America’s economy. Between paper manufacturing, printing, catalog production, direct mailing and financial services, the \$900 billion mailing industry employs 11 million workers in America.

And it is fair to say that we rely on the U.S. Postal Service more than any other governmental service. In Nashville and Knoxville, and towns all across the country, the local post office still represents the heart of the community.

In recent years, the Postal Service has undergone some of its most chal-

lenging and difficult times. In 2001 and 2003, it was hit with deadly anthrax and ricin bioterrorism attacks. It was a frightening time for our country’s postal workers, and shook us all to the core.

The Postal Service has also undergone significant modernization on the business side. These reforms have made the postal service more efficient and productive, and I applaud the leadership of Postal Master Jack Potter who has been a steady, forward-thinking, responsible leader of the U.S. Postal Service.

I have worked with the Postmaster General on a number of occasions. The attacks in 2001 and 2003 brought us together to address the public health risks of mail-born bioterrorism, and to develop better ways of protecting the Postal Service’s employees and America’s mail.

And most recently, Jack and I announced the transfer of the historic post office on the Mississippi River in Memphis, to the University of Memphis for their new law school. He personally worked with me, the city and the university to get this done for the Memphis community.

The Postal Service is in good hands, and under Jack Potter’s leadership has significantly improved its financial performance. But in order for America to have a healthy and stable mail system into the future, the Postal Service needs a less cumbersome rate-setting process and better flexibility to respond to an increasingly competitive and demanding marketplace. S. 662 takes important steps toward that goal.

It grants the Postal Service Board of Governors new authority to set rates for competitive products like express mail and priority mail, and replaces the current rate-setting process for products such as first-class mail, periodicals, and library mail with a more efficient, less litigious rate cap-based structure.

The Postal Accountability and Enhancement Act also transforms the existing Postal Rate Commission into the Postal Regulatory Commission with authority to regulate rates for non-competitive rates and services, ensure financial transparency, and establish limits on the accumulation of retained earnings, among other things.

I look forward to seeing more work done on this issue, but today’s action represents the beginning of real reform to the Postal Service which will benefit the taxpayers, ratepayers, and the thousands of dedicated U.S. Postal Service employees.

Every day, we are working to keep America moving forward.

U.S. POSTAL SERVICE

Mr. HARKIN. Mr. President, I appreciate the work done by Senator COLLINS, Chair of the Homeland Security and Governmental Affairs Committee, by the ranking member Senator LIEBERMAN, and also by Senator CARPER. It has literally taken years to