Turks carried out their massacre without outside attention or interference. The genocide began on April 24, 1915, with a sweep of Armenian leaders. It did not end until 1923 when the entire Armenian population of 2 million had been killed or deported.

It is estimated that 1.5 million Armenians died at the hands of the Ottoman Turks—half of the world's Armenian population at the time. By 1923 the Turks had successfully erased nearly all remnants of the Armenian culture which had existed in their homeland for 3,000 years.

As we look back on this tragedy today, we see the memory of the victims insulted by those who say the genocide did not happen. A well-funded propaganda campaign forces the Armenian community to prove and reprove the facts of the genocide. This is itself a tragedy for a people who would rather devote their energy to commemorating the past and building the future.

I stand here today to say the genocide did happen. Nobody can erase the painful memories of the Armenian community. Nobody can deny the photos and historical references. Nobody can deny that few Armenians live where millions lived over 80 years ago.

It is our responsibility and our duty to keep the memories of the genocide alive. A world that forgets these tragedies is a world that will see them repeated again and again. The story of this and other genocides must be known by all.

We must also honor the victims who perished so brutally. We cannot right the terrible injustice inflicted upon the Armenian community and we can never heal the wounds. But by properly commemorating this tragedy, Armenians will at least know the world has not forgotten the misery of those years. Only then will Armenians begin to receive the justice they deserve.

DIVIDENDS RECEIVED DEDUCTION

HON. BILL ARCHER

OF TEXAS

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 3, 1995

Mr. ARCHER. Mr. Speaker, recent news reports suggest that corporate taxpayers may be attempting to dispose of stock of other corporations through stock redemption transactions that are the economic equivalent of sales. The transactions are structured so that the redeemed corporate shareholder apparently expects to take the position that the transaction qualifies for the corporate dividends received deduction and therefore substantially avoids the payment of full tax on the gain that would apply to a sales transaction.

For example, it has been reported that Seagram Co. intends to take the position that the corporate dividends received deduction will eliminate tax on significant distributions received from DuPont Co. in a redemption of almost all the DuPont stock held by Seagram, coupled with the issuance of certain rights to reacquire DuPont stock.—See, for example Landro and Shapiro, Hollywood Shuffle, Wall Street Journal pp. A1 and A11, April 7, 1995; Sloan, For Seagram and DuPont, a Tax Deal that No One Wants to Brandy About, Washington Post p.D3, April 11, 1995; Sheppard, Can Seagram Bail Out of DuPont without Capital Gain Tax, Tax Notes Today, 95 TNT 75–4, April 10, 1995.—Moreover, it is reported that investment bankers and other advisors are actively marketing this potential transaction. We would like to express our appreciation to Congressman STEPHEN HORN for his efforts in bringing this issue to our attention.

Today we introduce legislation intended to curtail the use of such transactions immediately. We believe the approach adopted in the bill is the correct approach, given the incentives under present law for corporations to structure transactions in an attempt to obtain the benefits of the dividends received deduction. We welcome comments on the bill and recognize that additional or alternative legislative changes may also be appropriate. However, it is anticipated that any legislative change that is enacted would apply to transactions after May 3, 1995.

No inference is intended that any transaction of the type described in the proposed legislation would in fact produce the results apparently sought by the taxpayers under present law. The bill does not address and does not modify present law regarding whether a transaction would otherwise be eligible for the dividends received deduction, nor is it intended to restrict the IRS or Treasury Department from issuing guidance regarding these or other issues.

The bill is directed at corporate shareholders because it is believed that the existence of the dividends received deduction under present law creates incentives for corporate taxpayers to report transactions selectively as dividends or sales. No inference is intended that any transaction characterized as a sale under the bill necessarily would be so characterized if the shareholder were an individual.

DESCRIPTION OF THE BILL

Under the bill, except as provided in regulations, any non pro rata redemption or partial liquidation distribution to a corporate shareholder that is otherwise eligible for the dividends received deduction under section 243, 244, or 245 of the code would be treated as a sale of the stock redeemed. The bill applies to dividends to 80-percent shareholders that would qualify for the 100-percent dividends received deduction as well as to other transactions qualifying for a lesser dividends received deduction. It is not intended to apply to dividends that are eliminated between members of affiliated groups filing consolidated returns. However, it is expected that the Treasury Department will consider whether any changes to the consolidated return regulations would be necessary to prevent avoidance of the purposes of the bill.

The bill would replace the present law provision (sec. 1059(e)(1)) that requires a corporate shareholder to reduce basis—but not recognize immediate gain—in the case of certain non pro rata redemptions or partial liquidation distributions.

It is intended that the bill apply to all non pro rata redemptions except to the extent provided by regulations.

The bill retains the existing Treasury Department regulatory authority, contained in section 1059(g) of present law, to issue regulations, including regulations that provide for the application of the provision in the case of stock dividends, stock splits, reorganizations, and other similar transactions and in the case of stock held by pass through entities. Thus, the Treasury Department can issue regulations to carry out the purposes or prevent the avoidance of the bill.

It is expected that recapitalizations or other transactions that could accomplish results similar to any non pro rata redemption or partial liquidation will also be subject to the provisions of the bill as appropriate.

It is also expected that redemptions of shares held by a partnership will be subject to the provision to the extent there are corporate partners.

There are concerns that taxpayers might seek to structure transactions to take advantage of sale treatment and inappropriately recognize losses. It is expected that the Treasury Department will by regulations address these and other concerns, including by denying losses in appropriate cases or providing rules for the allocation of basis.

It is anticipated that the private tax bar and other tax experts will provide input concerning the proposed legislation before its enactment. It is hoped that this process will identify any problems with the proposed legislation and potential improvements. Comment is encouraged in particular with respect to the loss disallowance provision, including whether the loss disallowance should be mandatory. Comment is also encouraged as to whether additional transition should be provided for existing rights to redeem contained in the terms of outstanding stock or otherwise.

EFFECTIVE DATE

The bill would be effective for redemptions occurring after May 3, 1995, unless pursuant to the terms of a written binding contract in effect on May 3, 1995 or pursuant to the terms of a tender offer outstanding on May 3, 1995.

No inference is intended regarding the tax treatment of any transaction within the scope of the bill. For example, no inference is intended that any transaction within the scope of the bill would otherwise be treated as a sale or exchange under the provisions of present law. At the same time, no inference is intended that any distribution to an individual shareholder that would be within the scope of the bill if made to a corporation should be treated as a sale or exchange to that individual because of the existence of the bill.

BROADCAST OWNERSHIP BILL

HON. CLIFF STEARNS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 3, 1995

Mr. STEARNS. Mr. Speaker, today, I am proud to introduce a bipartisan bill to reduce the restrictions on ownership of broadcasting stations and other media of mass communication. Congressman RALPH HALL from Texas, along with a number of my esteemed Republican colleagues support this bill which repeals antiquated rules and regulations and brings broadcasting up to date with technology. The bill states that the FCC is not to prescribe or enforce any regulations concerning cross ownership. The only rules that the FCC can make address national caps and local ownership combinations. The video marketplace has undergone significant changes. Today, most Americans have access not only to many