(Known as a Section 1042 ESOP transaction.) Any other shareholder, including outside investors, are eligible for the special 1042 deferral. The proposed legislation would end the different treatment for shares acquired from a compensation arrangement as a condition of employment compared to stock acquired otherwise. This Section would also clarify that those who hold 25 percent, or more, of voting stock of a corporation, or a similar amount of stock as measured by corporate value, are not eligible to participate in an ESOP established with stock acquired in a 1042 transaction. Current law applies this restriction to any class of stock.

Section 6: The 1989 tax law had a technical glitch that inadvertently repealed the availability of one ESOP tax advantage for certain ESOPs which have employees vote on a one-person, one-vote basis as compared to the traditional one-share, one-vote basis. The glitch occurs because current code section 133, as amended in 1989 does not reference to code section 409(e)(5), as is the case in other relevant ESOP laws.

Section 7: Current law does not permit an estate tax deduction for closely-held shares transferred to an ESOP from a charitable remainder trust even though such a deduction is permitted for transfers to charity. The proposal, in limited circumstances would permit such a deduction.

MARITIME SECURITY ACT OF 1995

SPEECH OF

HON. WALTER B. JONES, JR.

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 6, 1995

The House in Committee of the While House on the State of the Union had under consideration the bill H.R. 1350, to amend the Merchant Marine Act, 1936 to revitalize the United States-flag merchant marine, and for other purposes;

Mr. JONES. Mr. Chairman, last fall the electorate called for the role of the Government to change and the size of the Government to be reduced. With downsizing and budget cutting, we in Government will need to do more for less. We must look for cost-effective entrepreneurial approaches to providing services to our country.

Reinventing Government includes programs related to national security. Not all national security programs need to be Government owned and staffed. Some activities essential to national security can be provided by provided by the private sector, functioning in a commercial environment, but readily available to the Government when needed for national security.

There is no debate whether ships and seafarers are needed to carry U.S. military cargo and supplies to the areas of conflict. The issue is whether some of the sealift can be provided by the private sector at a substantially reduced cost to the Government, compared to the alternative of a full-time Government fleet fully paid for by the Government.

Both the Bush administration and the Clinton administration recognized the need for abundant sealift capacity, especially with the reduction of forces overseas and the experiences of the Persian Gulf war. Both administrations proposed the use of U.S.-owned and U.S.-crewed commercial vessels to provide supplemental sustainment lift of military cargo and supplies. Dedicated Government-owned ships would continue to be used for immediate surge lift. The continuous carriage of cargo, called sustainment lift, would be transported on commercial vessels.

At the same time, both administrations recognized the need to reinvent the existing maritime program, reduce its costs, and deregulate its operations. They would replace the old subsidy program based on a cost differential between foreign and Government and the private industry to provide modern and efficient ships with U.S.-citizen crews when needed for war and national emergencies. Flat-fee contracts would be approximately one-half the cost of the old programs.

The new maritime program would cost the Government $100 million per year for 52 ships. The private sector would be providing to the Government 52 ships worth $5 billion paid for by the private sector. In addition to buying the vessel with private funds, the U.S. shipowner saves the Government the related inermodal transportation assets that would cost billions to duplicate. Also, rather than hiring a full-time Government crew, the Government would have use of well-trained and loyal merchant mariners when needed.

Some critics propose eliminating all support for our vital maritime industry. They fail to see how shortsighted it would be to kill a program primarily financed by the private sector which would eventually be replaced by a much more costly Government program.

Legislation reported out of the National Security Committee (H.R. 1350) and the Senate Commerce Committee (S. 1189) provides for a core fleet of approximately 50 vessels for $100 million per year. Since 1936, the old program has cost between $200 to $400 million a year.

When the Government reinvents the way it does business, it looks at the need for the program, the cost of the program, and the efficiency of the program. There is no question that there is a need for sealift. As far as the costs are concerned, the new program costs are cut in half, and, by using the private sector for sustainment sealift, the Government saves billions of dollars which otherwise would be needed to buy and maintain a Government fleet.

While I believe that there is much to be done to make our domestic commercial fleet more competitive with its foreign rivals, it is important that we recognize the role of that domestic fleet as part of our national defense capability.

I am one who supports initiatives to reduce the size and cost of Government. We must be aware of false economies, however, it would be foolish to try to save $100 million this year, only to spend billions when the Government must step in to assure its national security.

HONORING THE JEWISH COMMUNITY CENTER OF NORTHERN VIRGINIA

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 7, 1995

Mr. DAVIS. Mr. Speaker, I rise today to express my sincere appreciation to the Directors and staff of the Jewish Community Center of Northern Virginia [JCCNV], for their support and assistance in making the Job Fair I sponsored on Tuesday November 14, 1995, a great success. The center did not only donated the use of their facility, but made staff available who donated their time, energy, and spirit. Their efforts and willingness to serve make them an admirable role model.

The Jewish Community Center of Northern Virginia has served Fairfax County for almost 20 years. During that period the center and its operation have grown dramatically, from a small office with a part-time coordinator, to the center that now operates from a beautiful facility located on Little River Turnpike in Fairfax, VA. It was my privilege, first as a county supervisor, and later as chairman of the Fairfax County Board of Supervisors, to work with the center's leaders to help them realize their goals of building a center and focal point for Jewish activities in Northern Virginia. In addition, the facility serves the entire population in meeting recreational and educational needs.

On any given day the center is alive with activity—day care and early childhood classes, aerobics and fitness classes, swim instruction and basketball, senior adult clubs and after school clubs for students, programs for teens, computer classes, theater arts and Judaic studies. In addition, the center is home of the Gesher Jewish Day School.

Mr. Speaker, during this Hanukkah season, I know my colleagues join me in honoring the Jewish Community Center of Northern Virginia. It is a light that illuminates our entire region serving our families and specifically our youth. At a time when traditional values matter most, the Jewish Community Center of Northern Virginia bolsters our community and helps make Fairfax an example for other communities to follow.

HONOR AMERICA'S VETERANS ON DECEMBER 7, NATIONAL PEARL HARBOR REMEMBRANCE DAY

HON. TIM ROEMER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 7, 1995

Mr. ROEMER. Mr. Speaker, I rise today in recognition of the 54th Anniversary of the attack on Pearl Harbor. This day allows Americans of all ages to honor and remember those who lost their lives in the attack on Pearl Harbor.

Early on the morning of Sunday, December 7, 1941, the Empire of Japan launched a brutal and unprovoked attack on the U.S. Navy, Army, Air Force, and Marine Corps bases at Pearl Harbor, HI. Over 2,400 Americans were killed and 1,200 wounded on that fateful day—the day that President Roosevelt said ''will live in infamy.''

It was not until after World War II ended that the American people were fully apprised of what a severe, crippling blow the attack on Pearl Harbor inflicted on our defenses. The best of our Navy and our Army in the Pacific was virtually wiped out in one devastating blow. But what the Japanese Empire did not count on was the galvanizing effect that this dastardly attack would have on the American people. Prior to December 7, the role of the United States in world affairs was the topic of intense debate. That debate ended as the bombs fell. All Americans became united in