

Mr. DOMENICI. The Office of Oil and Gas Technologies plays a vital role in two major areas. First, DOE will help ensure that the regulatory structures that emerge in these developing countries are favorable to U.S. businesses. This is a particularly important mission for the DOE to undertake because the Office of Oil and Gas Technologies has the technical experience and day-to-day interactions with businesses involved in this area. Moreover, because the energy business in many countries is still wholly or partially controlled by the Government, the prestige of the U.S. Government play a key role in gaining access to the markets for U.S. companies.

Second, the U.S. government needs to be vigilant in helping ensure that the technical and business implications of new trading agreements in the energy sector do not discriminate against U.S. businesses—especially service companies and smaller independent producers who often lack the resources to track these international developments. Since we are making the investment in the technology, we should also make the relatively much smaller investment in helping to ensure that this business and technology do not face unfair competition overseas.

Mr. GORTON. I thank the Senator for yielding.

Mr. DOMENICI. As we have seen in the past few years, tremendous opportunities have arisen for U.S. companies abroad. I hope that the Chairman will join me in supporting continued funding for the Office of Oil and Gas Technologies and their international competitiveness work. I yield the floor.

COMMENDING MICHAEL J.  
MATTHES FOR HIS SERVICE TO  
THE U.S. SENATE

Mr. WARNER. Mr. President, I would like to commend Michael J. Matthes for his exemplary service to the U.S. Senate, and to me, for these past two legislative sessions of the 104th Congress.

Mike is a graduate of the U.S. Naval Academy and has served with distinction for fifteen years in the U.S. Navy.

He has earned the rank of commander and has had extensive experience as a nuclear submarine officer.

He has served as a legislative military advisor in my office with great skill and professionalism.

The Senate will greatly miss his sound judgment, good counsel, and witty sense of humor. Soon he will assume his new duties as a commander of a nuclear submarine.

As Mike quickly became a member of my office family, I witnessed in his daily demeanor his devotion and love for his wife, Mara, and his four lovely daughters, Kelly, Cailin, Colleen, and Sarah.

Mr. President, the Senate has benefited greatly from Mike's service. I wish he and his family every success in the future and hope that his Navy ca-

reer will soon bring him back to the Senate.

EXPATRIATION PROVISION OF THE  
IMMIGRATION BILL

Mr. MOYNIHAN. Mr. President, the immigration bill signed into law on September 30 includes the following provision:

SEC. 352. EXCLUSION OF FORMER CITIZENS WHO  
RENOUNCED CITIZENSHIP TO AVOID  
UNITED STATES TAXATION

(E) FORMER CITIZENS WHO RENOUNCED CITIZENSHIP TO AVOID TAXATION.—Any alien who is a former citizen of the United States who officially renounces United States citizenship and who is determined by the Attorney General to have renounced United States citizenship for the purpose of avoiding taxation by the United States is excludable.

The wording of the statute is embarrassing. How can an alien renounce U.S. citizenship? In what capacity would said alien do so officially? One assumes that a court of law would find the language incoherent and unenforceable. Still, the intention is clear and needs to be addressed.

This is the way we legislate at 5 o'clock in the morning 4 days before adjournment. One wonders how many other similar items ended up in the continuing resolution passed by the Senate less than 6 hours before the end of the fiscal year.

The provision imposes an extraordinary penalty on certain persons who exercise the legal prerogative of expatriation: permanent exile from the United States. Wealthy individuals who renounce their American citizenship to avoid U.S. taxation—expatriates, as they are called—have now been added to the list of terrorists, convicted criminals, persons with communicable diseases, and others who are by statute deemed unworthy of admission to the United States.

It occurs infrequently, but expatriation to avoid taxes is even so a genuine abuse. By renouncing their U.S. citizenship, individuals may avoid taxes on gains that accrued during the period in which they acquired their wealth—and while they were afforded the benefits and protections of U.S. citizenship.

This issue was considered by the Finance Committee early in the 104th Congress. In March 1995, a measure to address the problem was included in Senate legislation to restore the health insurance deduction for the self-employed. Prior to the House-Senate conference, however, concerns were raised about whether the expatriation provision comported with article 12 of the International Covenant on Civil and Political Rights, which states: "Everyone shall be free to leave any country, including his own." The United States is a party to this treaty, and it is accordingly law. We consulted a number of scholars, but there was no immediate consensus on the matter.

Because of the urgency of the underlying legislation, which had to be enacted before the April 17th tax return filing deadline, the conferees chose to

drop the expatriation provision so that the questions of international law could be studied. That decision by the conferees was met with criticism in the Senate. This was surprising, since I believed—and I said on the Senate floor more than once—that it was our duty to act with special care when dealing with the rights of persons who are despised.

The issues of international law were later resolved, and on April 6, 1995, I introduced S. 700, the first Senate bill to tax expatriates on gains accrued prior to expatriation. Subsequently, Chairman ARCHER introduced a bill that did not follow the accrued gains approach, but instead built on current law. In my view and that of the Treasury Department and most other tax experts, the House bill will not effectively deter tax-motivated expatriation. However, the Joint Committee on Taxation estimated that the House bill raised more revenue, and it was included as an offset in the recently enacted Health Insurance Portability and Accountability Act of 1996.

Now, having failed to adopt the preferable—in my view—Senate expatriation measure, we have compounded our error by enacting an ill-advised provision to punish tax-motivated expatriates by banishing them from the land.

The appropriate response to exploitation of a loophole in the Tax Code is to close the loophole. Just 6 months ago, the Deputy Attorney General of the United States agreed. On March 13, 1996, Deputy Attorney General Jamie S. Gorelick wrote to House Speaker GINGRICH in opposition to the provision. She wrote:

The Administration believes that tax issues should be addressed within the context of the Internal Revenue Code, and that it would be inappropriate to use the [Immigration and Naturalization Act] to attempt to deter tax-motivated expatriation.

A short while later, however, the administration reversed its position. On May 31, 1996, Ms. Gorelick wrote another letter in support of the provision. I ask unanimous consent that excerpts of both letters be printed in the RECORD.

Mr. President, we were unable in this Congress to secure needed changes in the tax laws to resolve, again in my view, the expatriation problem. We ought to have enacted S. 700. Instead, we have enacted a measure that does not reflect well on a free society. I do hope we will reconsider this matter early in the 105th Congress.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

OFFICE OF THE  
DEPUTY ATTORNEY GENERAL,  
Washington, DC, March 13, 1996.

Hon. NEWT GINGRICH,  
Speaker, House of Representatives,  
Washington, DC.

DEAR SPEAKER GINGRICH: This letter presents the views of the Administration concerning H.R. 2202, the "Immigration in the National Interest Act of 1995," as reported by the Committee on the Judiciary on October 24, 1995.