This legislation would correct this problem by once again permitting certain tax-free liquidations of closely-held corporations into one or more tax exempt 501(c)(3) organizations.

Under current law, the problem with giving closely-held stock to charity is that the absence of a market for such stock and the typical pattern of small and sporadic dividends paid by such closely-held companies make it difficult for a charity to benefit from ownership of such stock. Accordingly, if such stock is given to a charitable organization, and in particular if a controlling interest is given, the corporation may have to be liquidated either by statutory requirement or to effectively complete the transfer of assets to the charity for its use. Under current law, such a liquidation would incur a corporate tax at a Federal rate of 35 percent. This cost is imposed as a result of the tax law changes made in 1986 that repealed the ''General Utilities'' doctrine and this imposed a corporate level tax on all corporate transfers, including those to tax exempt organizations. The charitable organization could also be subject to unrelated business income taxes. These tax costs make contributions of closely-held stock a costly and ineffective means of transferring resources to charity, and these are the costs I propose to eliminate in order to free up additional private resources for charitable purposes.

The legislation I introduce today eliminates the corporate tax upon liquidation of a qualifying closely-held corporation if certain conditions are met. Most importantly, qualification would require that 80 percent or more of the stock must be bequeathed at death to a 501(c)(3) tax-exempt organization. This bill also clarifies that the charity can receive mortgaged property in a qualified liquidation free from the unrelated business income tax for a period of 10 years. This change parallels the exemption from the unrelated business income tax [UBIT] for 10 years provided under current law for direct transfers by gift or bequest.

By eliminating the corporate tax upon liquidation, Congress would encourage additional, and much needed transfers to charity. Individuals who are willing to make generous bequests of companies and assets they have spent years building should not be discouraged by seeing the value of their gifts so substantially reduced by taxes. There will be a revenue cost to this legislation, probably in the hundreds of millions of dollars based on work the Joint Committee on Taxation has done on this concept over the past year. But it is crucial to remember that this cost represents charitable giving of many times that amount; by the same techniques used to estimate tax cost, it's estimated the giving stimulated to be as much as seven times the revenue cost, placing its value in the range of $2 to $3 billion. In short, this revenue impact represents the expectation of significant transfers to charity as a result of the legislation.

Good tax policy would advocate the broadest support of charitable giving. It is worthwhile to note that the individual donor does not receive any tax benefit from the proposal. All tax savings go to the charity. By inhibiting these charitable gifts, the Government not only hurts those individuals that most need the help of their Government and their community.

I welcome my colleagues' support and cosponsorship for this legislation. I urge each Member to talk to their constituents about it and learn for themselves the response received from those individuals and families in local communities in a position to make such a charitable gift of their business.

PERSONAL EXPLANATION

HON. CASS BALLENGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 12, 1997

Mr. BALLENGER. Mr. Speaker, on Saturday, November 8, I missed rollcall votes 617 (H.R. 2631) and 618 (H.R. 2534). Had I been present I would have voted ''yea'' on both.

TRIBUTE TO EUGENE LESESNE

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 12, 1997

Mr. COYNE. Mr. Speaker, I rise today to pay tribute to one of my constituents, Mr. Eugene Lesesne of Pittsburgh, PA.

Eugene Lesesne, a U.S. Army veteran of World War I, will be 100 years old on November 19. Born in Sumter County, SC, he served in the Quartermaster Corps in France in the final months of the First World War. He moved to Pittsburgh shortly after his discharge in 1919 and has lived there ever since.

A quiet, unassuming person, Mr. Lesesne lived a life of hard work as a laborer. He was married twice, widowed twice, and was a father of four. Mr. Lesesne attributes his long life to the good habits instilled by his parents, whom he describes as ''good Presbyterians who taught me to stay away from bad things.'' A longtime member of Grace Memorial Presbyterian Church, in 1968 he joined with church people of different races to form the Community of Reconciliation, an interracial, interdenominational church. He continues to sing tenor in that church's choir to this day and is noted for the natty way he dresses.

I commend him to this body as an example of a man who served his country overseas in his youth and came back home to lead an exemplary salt-of-the-Earth life.

COMMEMORATING THE 25TH ANNIVERSARY OF THE GREAT LAKES WATER QUALITY AGREEMENT

HON. STEVE C. LaTOURETTE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 12, 1997

Mr. LATOURETTE. Mr. Speaker, I rise today to commemorate the 25th anniversary of the Great Lakes Water Quality Agreement [GLWQA]. This groundbreaking agreement between the United States and Canada was signed on April 15, 1972, by President Richard Nixon and Canadian Prime Minister Pierre Trudeau as a binational pledge to reduce and prevent Great Lakes pollution. The GLWQA grew out of a need to reverse the decades-long trend of decline in the health and beneficial uses of the Great Lakes.

My constituents have been especially impacted by water quality since my district includes the longest Lake Erie shoreline of any Ohio congressional district. In the late 1960's, Lake Erie was considered to be a dead lake, with stinking mats of algae growing profusely, and huge parts of the lake rendered uninhabitable for fish due to lack of oxygen. After a comprehensive study of this problem was conducted, it became apparent that these problems were the result of eutrophication, or the overfertilizing of the lake. Too much phosphorus was being dumped into Lake Erie from various sources, including farms, factories, and private homes. The 1972 GLWQA included provisions for the reduction of phosphorous loadings into Lakes Erie and Ontario.

As a result of the 1972 GLWQA, phosphorus levels significantly decreased in the Great Lakes. In Lakes Erie and Ontario, phosphorus loadings have been reduced by almost 80 percent. The United States and Canada achieved this binational goal through improvements in sewage treatment, lowering the levels of phosphorus in detergents, and reducing agricultural runoff.

In 1978, the GLWQA was revised and the two countries pledged to restore and maintain the chemical, physical, and biological integrity of the waters of the Great Lakes basin ecosystem. Toxic substances were a major concern by the late 1970's, and the two countries committed themselves to achieving zero discharge of toxic substances in toxic amounts and the virtual elimination of persistent toxic substances. These persistent toxics bioaccumulate in organisms and increase in concentration up the food chain. Some of these substances, such as PCB's and dioxin, have been shown to cause adverse health effects in humans and wildlife.

Again, my constituents have been impacted by the constant plague of persistent toxics which were dumped into the lakes during a time when the consequences of pollution were not understood. The Ashtabula River and harbor in northeast Ohio was a dumping ground for toxic waste for years.

The 1987 protocol to the Great Lakes Water Quality Agreement reinforced the 1978 commitments of the United States and Canada and highlighted the importance of human and aquatic ecosystem health. Provisions were added to clean up 42 local areas of concern in the Great Lakes and included the development and implementation of remedial action plans [RAP's] and lakewide management plans [LaMPs].

The Ashtabula River and harbor was designated as an area of concern by the International Joint Commission [IJC] in 1985, and a remedial action plan has since been developed to clean the river up. Under the leadership of the IJC, a coalition of interested parties has worked continuously to make the Ashtabula River and harbor one of the first successful cleanup sites in the Great Lakes. The Ashtabula River Partnership has made great strides in recent years to secure the commitment of the Army Corps of Engineers to safely dredge the sediments and dispose of them in a manner consistent with our obligation to protect the environment.

The accomplishments under the GLWQA extend beyond my constituents' corner of the Great Lakes. As a result of the United States and Canadian commitment to reducing toxic substance releases, cormorants in the Great Lakes region have significantly increased in population from the 1950's to the 1970's levels