Then, why must we approach the federal government by pleading and petitioning and promising to play by their rules so we can get protection for our river?

Nobody wants the French Broad River to be an open sewer. But running to the executive branch so all the king's horses and all the king's men can put it back together again is not the only solution, and it certainly isn't the best solution. Our congressman is called a representative because that's what he does for us in Washington.

Rep. Charles Taylor has presented a viable plan for the French Broad that will use existing channels to make all applicable agencies do their jobs for us without having to be petitioned to do so. The river is not yet in perfect condition, but it's a lot cleaner than it was fifty or even twenty-five years ago. We're making too much progress to call in the feds, even if they are ''here to help us.''

HONORING RUTH PUGH

HON. THOMAS J. MANTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1998

Mr. MANTON. Mr. Speaker, I rise today to pay special tribute to Ruth Pugh—a modern day Florence Nightengale whose contribution to the nursing profession has spanned approximately 40 years.

Born in Jamaica, West Indies, Ruth was trained in Plaistow Hospital London, England, and graduated as an RN in 1961. Her interest in the study of midwifery resulted in her commencing specialized training in this field in 1962, later to be complemented by an interest and experience in the disciplines of medicine and surgery. Knowing the significance of the mind-body connection as it pertains to patient care, Ruth went on to attain a Bachelor's degree in Psychology/Sociology from Marymount College, Manhattan, New York.

A Master's degree from Long Island University soon rounded out the academic picture and manifested the striving for excellence that has always been the hallmark of her professional life. Later, a nursing administration certification in 1986 served as a preamble to her distinguished career as the Associate Director of Nursing, Department of Medicine, Jacobi Medical Center, where she was aided by her loyal associate Juanita Duncan and many friends and colleagues.

Mr. Speaker, although Ruth's academic credentials are comprehensive and impressive, they fail to show the most abiding dimension of who she is as a woman and a person—her strong sense of compassion. I, personally, know that Ruth Pugh's supervision and care of a beloved family member resulted in her being affectionately called ''Commander Pugh.'' For that is indeed who she is—a leader of people, a person who pays attention to detail, and one who inspires a sense of teamwork among the healthcare professionals with whom she serves. She can, at times, be strong and firm in ensuring that the highest quality of health care is given and then, at a moment's notice, upon seeing a distraught family member, rush to console them with prayer and kind words. This combination of qualities is unbeatable.

Mr. Speaker, those for whom she has been a steadfast source of help and support recognize this quality in her. They know that she can set a goal and, no matter how insurmountable the obstacles, achieve those goals. Such was the case when in the history of her hospital budget and financial constraints necessitated the elimination of several nursing positions. It was Ruth Pugh, who saw to it that when qualified nursing staff was so desperately needed those staff positions were reinstated. This was no small task in a time of limited resources and fiscal pressures.

Ruth Pugh is a human dynamo, a gracious human being, an accomplished professional, and a hallmark of those characteristics that define the consummate nurse—caring for others while simultaneously caring for her husband Sidney and three children. She is someone not easily forgotten, and through her care and the meaningful way she has touched people's lives, someone whose influence will endure forever.

PERSONAL EXPLANATION

HON. RON LEWIS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1998

Mr. LEWIS of Kentucky. Mr. Speaker, on March 19, 1998, I was unavoidably detained and therefore missed roll call vote #62. Had I been present I would have voted ''no.''

REAL ESTATE INVESTMENT TRUST TAX EQUITY ACT

HON. MAC COLLINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, March 24, 1998***HD***I. INTRODUCTION*

Mr. COLLINS. Mr. Speaker, I rise today to introduce the Real Estate Investment Trust Tax Equity Act. This legislation is an important measure which levels the playing field among investors and businesses competing in similar real estate markets. It addresses an inequity first recognized by Congress in 1984. Unfortunately, the legislative change that occurred in the Deficit Reduction Act of 1984 made important modifications that were too open-ended. As a result, certain players in the REIT market have taken advantage of a loophole which potentially shifts the markets in their favor. Specifically, paired-share REITS were provided a shotgun tax benefit in the 1984 legislation which has created a meaningful imbalance in certain industries. My legislation seeks to install equity, true to the intent of the 1984 changes.***HD***II. BACKGROUND

A. WHAT IS A REAL ESTATE INVESTMENT TRUST (REIT)?

A REIT is organized as a corporation, business trust or similar association which allows many investors to pool capital in order to acquire or provide financing for real estate.

REITs were first created in 1960 in order to give small investors access to the commercial real estate investment market. Previously this market had been monopolized by large capital investors, and this new structure afforded a wider group of investors to share in the profit opportunities.

A REIT is not required to pay a corporate level of tax, but must pass 95% of its taxable income through to its investors. Additionally, 95% of a REIT's income must come from passive sources, such as lease payments or interest on mortgage debt, etc. Also, 75% of a REIT's income must come from real estate. A REIT may not receive a significant portion of income from operating its real estate.

Over the years, there have been several legislative efforts to modify the REIT structure. While REITS have been generally prohibited from self-managing properties that they hold in trust, changes to the code were made in 1986 which allowed REITS that own specific types of real estate to provide customary services to their tenants. However, under current law, REITS are still restricted from operating real estate that requires a high level of operation management services (usually associated with such entities as hotels, casinos or similar properties). REITs that operate in these markets must lease the property to a third party, usually structured as a C corporation, which is tasked with providing the operation and direct management of the restricted real estate held by the REIT.

The REIT market has seen considerable recent growth. According to the National Association of REITs, five years ago there were 142 REITS with a market value of $16 billion. Today there are 210 REITs with a value of $141 billion. Experts forecast that at current growth rates, within a decade REITs will reach a market value of $1.3 trillion.

B. WHAT ARE PAIRED-SHARE REITS?

In the 1980s certain REITS began pairing their shares of the REIT with those of the management company. For each share of the REIT received by the investor, they also received one share of the management company. Pairing these shares creates significant benefits because the same shareholders derive all of the profits from operations related to the real estate owned by the REIT.

C. CONGRESSIONAL ACTION

Because of several concerns about the paired share structure, including the fact that it could cause an artificial reduction in tax liabilities attributable to the income associate to management of properties, Congress took action in 1984 to ensure that the two structures would be treated as one for purposes of applying the REIT gross income tests. However, in this legislation, Congress considered the impact on the companies that had already adopted the paired-share REIT structure. Consequently, these existing entities were grandfathered, with the acknowledgment that they would need additional time to ''unwind'' in the effort to meet the standard gross income tests.

Historical discussion language indicates Congressional intent:

''Congress did not intend to eliminate the corporate tax on the portion of an active business' income that arises from the ownership of its real estate.''

''Congress believed that to permit the use of such a transparent device would have weakened the integrity of the tax system.''

''Congress believed that all stapled entities should have adequate time to remove the requirement that shares trade in tandem . . .''

D. THE COMPETITIVE BENEFITS OF PAIRED-SHARE REITS

Although supporters of paired-share REITs argue they have no benefit over competitors within their industries, indications are to the contrary. Specifically, this structure provides significant benefit because it eliminates the sometimes adversarial relationship between the REIT and the management company. If both entities have the same group of shareholders, there is no friction over who should realize the benefit of profits.

Second, the shifting of income between the two entities can have a significant impact on the tax liability attributable to profits. There are a number of ways this can be accomplished whether through rent payments, or shifting other overhead expenses.

Third, the structure of paired-share REITs enables these entities to avoid the double taxation of income from real estate, a benefit not realized by non-paired-share REIT competitors in certain markets. Again, tax liabilities are minimized and profits are significantly increased for shareholders.

This unique business structure has made them particularly attractive to investors, thereby giving them more advantageous access to capital.

Rather than making movements to ''unwind'' or adjust their structure in anticipation of having to comply with standard REIT gross income tests, since 1995, a majority of the grandfathered entities have expanded aggressively.

Again, while today's paired-share REITs argue they have no real advantage over the traditionally structured corporations against whom they compete, their behavior indicates otherwise. Not only have some of the grandfathered REITS publicly discussed their advantage in an effort to attract investors, they have also stated in the past that they originally purchased the paired-share REIT, not for the line of business that it was participating in, but because they wanted the paired-share structure which provides unique, advantageous opportunities in certain markets.***HD***III. THE REAL ESTATE INVESTMENT TRUST EQUITY ACT

Mr. Speaker, because the REIT market continues to expand aggressively, Congress must take action to ensure that the grandfathered REITS are not enjoying tax based advantages, to the detriment of other businesses competing within the same industries. The legislation I introduce today levels the playing field by further clarifying the intent of Congress expressed in the Deficit Reduction Act of 1984. My legislation simply states that paired-share REITs must comply with the standard gross income texts applicable to all REITs, contained in section 856 of the Internal Revenue Code. Federal tax policy must be consistent so that it does not favor one competitor over another within industries. This important legislation ensures equitable tax policy so that one group of investors does not have a significant benefit over their competitors.

COMMENTS ON WORKFORCE DEVELOPMENT BY EDWARD RENDELL, MAYOR OF PHILADELPHIA

HON. CHAKA FATTAH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1998

Mr. FATTAH. Mr. Speaker, at a Town Meeting I convened in Philadelphia on March 10, the Mayor, Edward Rendell made the following remarks which I commend to my colleagues.

Mayor Rendell: Good morning. Congressman. Good morning, members of the Panel. Let me just start out by saying that there is no issue as important to the future of the City as workforce development. We are a City that has currently 66,000 families on AFDC. We are a City that will face an enormously difficult problem because as those families begin to phase off of welfare, it will be required by the Welfare Reform Act of 1996 to have jobs or lose any support whatsoever beginning in March of '99 and going through the year 2000.

We will find that with what is essentially a labor surplus market, we will not be able to accommodate, in my judgment, somewhere between 35 and 40,000 of those families. So by the year 2000, we will have in Philadelphia, a situation that hasn't occurred, in my judgment, since the Great Depression. It will not just be in Philadelphia. It will be Detroit. It will be in Newark, Baltimore, even cities like Seattle that are considered to be cities that are economically viable and not labor surplus markets.

The U.S. Conference of Mayors did a press conference and a report based on a survey in 17 cities and each city reported, in differing degrees, the same problem that I'm going to address. And it is a shocking problem that nobody is paying any attention to. I don't say nobody because you are all here, but very few people are paying any attention to it in Washington, D.C. When I had the press conference, myself and Mayor Archer had this press conference on how we viewed welfare reform and where it was going. Only CNN showed up.

About a month and-a-half later, I was in Washington at the U.S. Conference of Mayors, and myself and four other mayors were chosen to speak after our visit to the White House, and I noted that the CBA Network had 33 camera crews in Washington that week all covering various aspects of the Monica Lewinsky problem. To me, one of the greatest problems we have as a nation is that we can't get our news media to concentrate on serious issues that affect the bread and butter and really not only the quality of life but the very lives and survival of people themselves.

Now, let me tell you how I get to the 35 to 40,000 range. We believe the normal evident flow for the private sector, and the normal entry an coming off welfare, will cause 10,000 of that 66,000 to come off the rolls before the year 2000 is done.

Additionally, as you know, Congressman, myself, Mayor Archer, and Mayor Rice of Seattle were an integral part of persuading both the Administration and the Congress to appropriate additional dollars for a jobs bill for welfare recipients. As you will recall, you appropriated $3.1 billion to be administered over a two-year period. And that was certainly positive news, but one of the things that I want to recommend to you again is that you go back an tell your colleagues that that is not nearly enough money to do this job correctly, and that if we really care about welfare reform and putting former recipients of welfare on the work rolls, that we have to spend more than $3 billion.

I would reference in 1996, the Congressional Budget Office did a study which said that the Welfare Reform Act of 1996 was $12 billion short in the necessary funds to adequately transition people from welfare to work. Unfortunately, no one listened at that time. The President said he would try to cure those defects afterwards and in part, he did with his $3.1 billion jobs bill, but my experience leads me to believe that the $12 billion estimate made by the CBO in the summer of 1996 is probably 50 percent less than is needed.

I think if we are really serious about welfare reform, if we were really serious about ending welfare as we know it, we have to spend money. If you look at the individual states that have had the most success in workforce development and transitioning people from welfare to work and doing all the things that are necessary components of that, training, job skills, literacy in many cases, adequate child care, transportation, addressing all of the needs, those states spent actually more money in the first several years of their reform effort than they did in their traditional welfare systems. They spent the money up front so that down the road, they would spend less money because people would be successfully transitioned from welfare to work.

So I think we will find that the money that's been appropriated by Congress at the President's request is far too little. For example, in the next month, we will release our plans for using that federal money. That federal money, with the state match, and the state did in fact give us the necessary match, that will make somewhere between $51 and $55 million available for the next two years in Philadelphia. We are going to release our plans on how we are going to spend that money but the bottom line is that if we are successful, if we reach our goals, that will give 15,000 people the type of employment necessary, either full-term employment, 40 hours a week plus, or the 20-hour a week employment that's necessary to keep them receiving benefits at the same time.

So if you take our 15, the 10 that will come from the normal evident flow, we're down somewhere in the high 30's, 35, 38 thousand families, heads of households with children, will not find jobs in Philadelphia. And I don't know what is going to happen to those individuals. You have to realize that that's not a surprising outcome because we are truly a labor surplus area.

As you know, Congressman, Philadelphia was losing jobs at a debilitating rate. For the last nine years, we averaged a loss of 10,000 jobs a year from Philadelphia. Over a course of 11 years, we lost over 100,000 jobs from our job base. It is only in the last year and three-quarters we've now had seven-quarters straight of job gain, but those job gains are modest probably cumulatively less than 4,000, less than 4,000. While it is true that there has been some job growth in our suburban corridors, there are maybe 15 job growth centers that we've identified in the suburbs. They've added another 20,000 jobs into the mix. So we've created 25,000 new jobs.

The problem is that in addition to the 38,000 families that are going to be unaccounted for that I mentioned, we have 45,000 displaced workers on the unemployment rolls here in Philadelphia. Those are the workers from the Navy yard. Those are the workers from Breyers. Those are the workers from the Meridian/CoreStates merger, soon to be the CoreStates/First Union merger. Those are workers with job skills and job experience. So our 38,000, or to be honest, our 66,000 are competing against those 45,000 who are better skilled, better trained, better experienced.

Additionally, there are some 40,000, single males that are out there looking for jobs as a result of state changes in welfare. On top of that, each and every year, we have a new class of high school graduates that come into the job place. And the numbers don't add up. They don't add up in Philadelphia. They don't add up in Detroit. They don't add up in Atlanta. And they don't even add up in Seattle because when you put all those people into the mix looking for jobs, almost all of them were better educated, better trained, and have more work experience than the AFDC heads of households. You can see the problem we have created.

I heard a little bit of your earlier panel and I know that it is easy in Washington to say