

had not done these things," the lawyer says. Neither Mr. Starr nor the Justice Department would comment on whether such memos were sent or what they may have contained.

But Mr. Starr's carefully worded statement tracks his defense against such charges. In the magazine article, he stated that his talks with reporters did not violate grand jury secrecy because the information provided stemmed from interviews with grand jury witnesses before they testified.

If there ever is an investigation, there remains some question of how Justice would probe the OIC without compromising its independence. "Most 6(e) cases tend to be [Freedom of Information Act] cases, media requests to open the court—not dealing with the behavior of the prosecutor," says former Iran-Contra associate independent counsel John Q. Barrett.

Experts say Ms. Reno could use her general powers to appoint a "Regulatory Special Prosecutor," similar to those appointed prior to the independent counsel law. This, they say, is preferable to seeking another independent counsel—which would likely be denied by the Special Division of the U.S. Circuit Court of Appeals for the District of Columbia—or to asking Mr. Starr to expand the mandate of former DOJ official Michael Shaheen, who is probing alleged payoffs of Whitewater witness David Hale by right-wing groups.

THE "DOW JONES" CASE

Both the leaking and lying charges hinge on a May 8 ruling by the D.C. Circuit that dealt with media access to hearings spawned by the Whitewater grand jury. A passage in the ruling, which may be a nonbinding dictum because it doesn't directly involve media access, contradicts Mr. Starr's initial assertions that he did not breach 6(e). In *Re: Motions of Dow Jones & Co.*, 98-3033. Circuit Judge A. Raymond Randolph addressed 6(e)(2), which requires secrecy for "matters occurring before the grand jury."

"This phrase . . . includes not only what has occurred and what is occurring, but also what is likely to occur," he wrote. "Encompassed within the rule[is] . . . the substance of testimony [and the] strategy or direction of the investigation."

Some experts who say that using 18 U.S.C. 1001's prohibitions of lying against Mr. Starr would be a stretch also say they doubt the potency of Dow Jones on 6(e). "If I were a special prosecutor assigned to pursue this theory, it wouldn't be a slam-dunk," says Mr. Lynch.

Another facet of Mr. Starr's defense deals with charges that his alleged leaking violates Justice Department policies. Under 28 U.S.C. 594(f)(1) of the independent counsel act, Mr. Starr must obey the "established policies" of the Justice Department, "except to the extent that to do so would be inconsistent" with the act.

One of those policies is Rule 1-7.530 of the U.S. Attorney's Manual. While barring media contact concerning ongoing investigations, the rule makes an exception for "matters that have already received substantial publicity, or about which the community needs to be reassured." Mr. Starr says he was obligated to correct misinformation in the press, and therefore his press comments fell under that exception. (Mr. Lynch says that this argument is "a little lame.")

However, the independent counsel law may relieve Mr. Starr of having to follow 1-7.530 at all, if he feels that doing so would be "inconsistent" with the act.

But Mr. Lynch says this provision of the law isn't a free ride. Mr. Starr "is not a total free agent; he's a substitute for a regular prosecutor," he says. "You're not supposed to make up your own rules along the way."

INTRODUCTION OF THE VIRGINIA FLOOD CONTROL BILL

HON. BOB GOODLATTE

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1998

Mr. GOODLATTE. Mr. Speaker, I rise today to introduce a bill that is designed to alleviate a serious problem for flood victims. In 1996, much of the southeastern region of our country took the brunt of the punches hurricane Fran could muster. Soon thereafter, Congress reacted by sending emergency aid to help rebuild the lives of those caught by this natural disaster. Many of my constituents were recipients of that aid and were grateful for it. However, the bureaucracy that accompanied some of Congress' best intentions was not as welcomed.

The people of the 6th district of Virginia are good, hard working, self-reliant people. Their first reaction was not to look for government intervention when calamity struck. Instead, they turned to their families and neighbors and told each other that it was time to go to work.

The flooding caused by Hurricane Fran in Allegheny, Augusta, Rockbridge, and Rockingham Counties dumped tons of rock and other debris in fields, pastures, living rooms and basements. My constituents, the farmers and landowners, wanted simply to start their tractors, put their gloves on and begin moving rocks. However, federal bureaucrats told them they needed to apply for a permit to put their lives back together.

If the farmers and landowners came crying to the government for help to move the debris, one might understand the federal cries for delay. But these folks were simply doing what they were always taught; if you want to get a job done right, do it yourself. Imagine their frustration when someone, probably from Washington, DC, came by and threatened to fine them if they continued to move the rocks without a permit.

Homer Allman, a landowner in Rockingham County, told me the so-called "repairs" the government so readily provided left nothing to be spoken for. "The work they did is already eroding," he said. "they provided me with six people who took three or four days to work on a plot of 1500 square feet of land that needed attention. In result, they made no banking and bore out a 50-foot channel. I could have done that in one afternoon with my bulldozer, and saved the taxpayer money."

Another landowner and constituent of mine, Page Will, observed that once the Army Corps of Engineers relaxed some permitting requirements, regular folks dug in and the work was completed. This is the impetus and spirit of my bill. Once we get the federal bureaucrats and their political way of prioritizing emergency projects out of the way, stream beds were cleared, banks were stabilized, and debris removed from pastures."

My bill prohibits the Secretary of Agriculture, or other executive branch officials, from preventing a State or local government to remove any rocks or other debris from land or water when the primary purpose of the removal operation is to reduce the risk and severity of subsequent flooding. I fail to see the need for federal intervention in what is seemingly their right to fix as landowners.

It's as simple as that. Why does the federal government have to get involved if it isn't

being asked to supply the equipment or human resources to get the removal projects underway? My constituents and I strongly believe that they should not be.

I urge my colleagues to support this legislation.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1999

SPEECH OF

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 22, 1998

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 4060) making appropriations for energy and water development for the fiscal year ending September 30, 1999, and for other purposes.

Mr. SERRANO. Mr. Chairman, I would like to express my support for the Energy and Water Development Appropriations bill that we are voting on today on the House floor. With limited resources, this bill funds a diverse array of programs, everything from flood control projects to renewable energy technologies, in a truly bipartisan way.

I would also like to take this opportunity to recognize the outstanding contributions of two statesmen, Chairman MCDADE and the Ranking Member VIC FAZIO. Both of these Members have served this institution with distinction and have managed to once again carefully balance the diverse needs of our nation in a carefully crafted bill. VIC FAZIO and JOE MCDADE have been my friends, as well as colleagues, and their sense of fairness and ability to listen will be missed.

The people in the South Bronx are particularly grateful that funding was provided in this bill for the Corps of Engineers to initiate and complete a reconnaissance report for flood control, environmental restoration and other related purposes of the Bronx River. The restoration of the Bronx River is very important to the community that I represent, and this reconnaissance study will give the community the valuable information that it needs as it proceeds with its numerous efforts on behalf of the Bronx River.

Secondly, the Bronx community is deeply appreciative of the funding that was provided for the Corps of Engineers to continue design and construction activities at Orchard Beach in New York. More than two million people, many low-income and minority, visit Orchard Beach every year. Unfortunately, the beach is suffering from severe erosion and the sand needs to be replenished. In their March 1992 report, the Corps of Engineers New York District referred to this project as "environmentally acceptable with the potential to serve as a demonstration for tidal wetland restoration, provide direct environmental benefits and indirect educational value to the local population."

In conclusion, I would like to reaffirm my strong support for this legislation and for the way in which it both carefully balances the needs of our nation and takes into account the very specific needs of the residents of the South Bronx. Also, I would like to again express my deep appreciation for the fine work and many contributions of VIC FAZIO and JOE

McDADE. They will both be missed, and I wish them success in their future endeavors.

INTERNET TAX FREEDOM ACT

SPEECH OF

HON. CHRISTOPHER COX

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 22, 1998

Mr. COX of California. Mr. Speaker, even prior to recent changes which enabled the Internet Tax Freedom Act to be endorsed by the National Association of Governors, National Conference of State Legislatures, and other state and local government groups, the bill had already been endorsed by a number of prominent individual Governors, State lawmakers, State Treasurers and tax collectors.

I'd particularly like to single out for thanks the support of California Gov. Pete Wilson, New York Gov. George Pataki, Massachusetts Gov. Paul Cellucci, Virginia Gov. Jim Gilmore, former Massachusetts Gov. Bill Weld, former Virginia Gov. George Allen, California Board of Equalization Chairman Dean Andal, former Federation of Tax Administrators president Ernie Dronenburg, Ohio Treasurer Ken Blackwell, Utah Senate Democrat Leader Scott Howell, and Maryland House Republican Leader Martha Klima. (Attachment # 1).

The Internet Tax Freedom Act is strongly supported by President Clinton, who endorsed the legislation in February 1998 in a speech to high-tech executives. The legislation is also supported by the U.S. Treasury Department, which endorsed the legislation in May 1997 in testimony before Congress. I'd like to insert into the Record the following letter of support from the Deputy Secretary of the Treasury, the Honorable Lawrence H. Summers. (Attachment # 2).

In addition to significant support from prominent stated officials and President Clinton, the Internet Tax Freedom Act has also garnered support from a broad and diverse coalition of individuals and organizations, consumer and taxpayer advocates, and service and trade associations representing businesses involved in the Internet community. I'd like to ask that several letters of support from these individuals and organizations be placed in the RECORD. (Attachment # 3).

STATEMENTS OF PROMINENT STATE LAWMAKERS AND OFFICIALS WHO SUPPORT THE INTERNET TAX FREEDOM ACT

VA Gov. Jim Gilmore: "Virginia's Internet community is a thriving forum for commercial innovation and entrepreneurship. Now is not the time to tax the infant but promising marketplace of electronic commerce. Virginia must foster the economic growth of the Internet rather than thwart it with a state-by-state patchwork of burdensome tax policies."

CA Gov. Pete Wilson: "The Internet is a newly emerging business tool that holds great promise for commercial uses, and your bill will ensure that the Internet industry will have a chance to develop without the market distortions caused by a haphazard tax structure. Without that protection, countless potential businesses will never have the opportunity to succeed."

Former Federation of Tax Administrators President Ernie Dronenburg: "I am confident that the Internet Tax Freedom Act's feder-

ally-imposed hiatus will create a unified and concerted effort ultimately leading to a fair solution for states and localities, the Internet industry and their customers. The dramatic growth in the Internet industry requires that action on this legislation should occur sooner rather than later."

CA Tax Board Chairman Dean Andal: "Instead of applying traditional legal concepts to the taxation of electronic commerce, state tax bureaucrats are becoming legal contortionists in an attempt to tax Internet sales. The resulting confusion among prospective Internet merchants and service providers could substantially impede the development of Internet commerce. Congress must act, as it should have long ago, to clearly identify the boundaries of state taxation of interstate commerce."

NY Gov. George Pataki: "New York's efforts alone are not enough. There must be a national effort to protect the Internet from a myriad of new taxes and reporting requirements that would hurt the development of the whole industry and the jobs that go with it. Ordinarily such taxes would be within the jurisdiction of the states. Since the Internet does not respect traditional geographic borders, Congressional action that would have a beneficial effect on the development of on-line commerce in both New York State and the nation is justified and desirable."

Former VA Gov. George Allen: "The moratorium on Internet taxation called for by this legislation has the potential to boost the long-term growth and utilization of this technology tool in Virginia and across the nation. As a strong supporter of the Constitution's rich federalist tradition and a firm believer in common-sense Jeffersonian conservative principles, I recognize the apparent tension created by this legislation between the important principles of lower taxes and State sovereignty. I firmly believe, however, that the proper balance exists in this bill between these two seemingly distinct ideals."

Former MA Gov. Bill Weld: "The real threat to Massachusetts' future economic health is the taxing power of hundreds of jurisdictions who are thinking only of maximizing their tax revenue and not considering the creative energy and potential of the Internet. The Congress has a constitutional obligation to assess the various threats to the nation's interstate commerce."

MD House of Delegates Republican leader Martha Klima: "States' rights are enormously protested by many of us in the state legislatures, but I hope that in this instance, you help protect us from ourselves and require a satisfactory moratorium prohibiting state and local governments from various forms of taxation."

UT Senate Democrat leader Scott Howell: "A national moratorium is consistent with efforts in several states to discourage precipitous Internet taxation by local governments. We also believe that the consultative approach is a sensible way to provide breathing room to form a federal-state and international consensus on Internet policies. We understand that eventually there may be sufficient commerce taking place on the Internet to be considered as a source of tax revenues for states, but that level of activity still lies several years in the future. In the meantime, we think it is necessary for federal, state, local, and even international policy makers to develop broadly-agreed-to comprehensive policy."

THE DEPUTY SECRETARY

OF THE TREASURY,

Washington, June 23, 1998.

Hon. NEWT GINGRICH,

Speaker of the House, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: As the House prepares to consider H.R. 4105, the Internet Tax Freedom Act, I welcome the opportunity to share the Administration's views on this important legislation.

The Administration strongly supports a temporary and appropriate moratorium on taxation of the Internet and electronic commerce. The dramatic growth of the Internet and electronic commerce is creating jobs and economic growth, expanding customer choice, and making U.S. firms more competitive in global markets. We would not want duplicative, discriminatory or inappropriate taxation by 30,000 different state and local tax jurisdictions to stunt the development of what President Clinton has called "the most promising new economic opportunity in decades." Thus, any taxation of the Internet and electronic commerce must be clear, consistent, neutral, and non-discriminatory.

At the same time, we must not allow the Internet to become a tax haven that drains the sales tax and other revenues that our states and cities need to educate our children and keep our streets safe. In conjunction with this moratorium, we need to establish a commission that will explore the longer-term tax issues raised by electronic commerce, and develop a policy framework that is fair to states and localities while allowing the Internet to earn its fair place in the ever-changing business world.

The Administration strongly urges the House to act now to pass this legislation as we work to accomplish these two goals. The Administration will have suggestions for improving the bill, but we believe that any outstanding issues can be resolved in a House-Senate conference.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the presentation of this report.

Sincerely,

LAWRENCE H. SUMMERS.

CHAMBER OF COMMERCE,

June 23, 1998.

Hon. CHRISTOPHER COX,

U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE COX: On behalf of the U.S. Chamber of Commerce, the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region, we urge you to support the Internet Tax Freedom Act when it comes before the House floor.

The U.S. Chamber views the successful development of electronic commerce as essential to the future health of American business. Today's patchwork of state and local taxes on the Internet interferes with the free flow of electronic commerce and, if current trends continue, will reduce the potential of the Internet as a new frontier for commerce. The Internet Tax Freedom Act's moratorium on state and local taxes on the Internet or interactive computer services, will ease the burden on electronic commerce.

Passage of the Internet Tax Freedom Act would compliment well the Senate companion bill, S. 442, which has a six-year moratorium on all existing and future taxes on electronic commerce. Making the Internet more accessible for small business owners is a major concern for the U.S. Chamber and we may consider using this vote in our annual How They Voted vote ratings.

The U.S. Chamber commends the House on its efforts concerning this issue, and pledges