

simplifying our international tax laws; especially in the areas of interest allocation, partnerships, and the European Union.

The business world is changing at an increasingly rapid pace. As we all know, tax laws have failed to keep up with the rapid changes in the world technology and economy. Neither one of us is under any illusion that the measure which we introduced removes all complexity or breaks bold new conceptual ground. We believe, however, that the enactment of this legislation would be a significant step in the right direction. The legislation would enhance the ability of America to continue to be the preeminent economic force in the world. If our economy is to continue to create jobs for its citizens, we must ensure that the foreign provisions of the United States income tax law do not stand in the way.

The focus of the legislation is to put some rationalization to the international tax area. In general, the bill seeks in modest but important ways to: (1) simplify this overly complex area, especially the foreign tax credit and the various antideferral mechanism; (2) encourage exports; (3) enhance U.S. competitiveness in other industrialized countries. And it seeks to achieve these objectives in a revenue-conscious manner.

Specifically, the provision regarding the Subpart F exception for active financial services income is based in large part on the one-year rule embodied in H.R. 2513, the House passed bill that resulted from lengthy negotiations between the Treasury Department and the financial services industry. The bill's provision are not intended to replace the one-year rule in H.R. 2513 that could well be enacted this year. Rather, the bill includes additional options that taxpayers would like to see in a permanent rule, to facilitate discussion regarding the parameters of a permanent rule that would effectively level the playing field with respect to our foreign competition.

Furthermore, the bill allows deferral for cross-border income received by controlled foreign corporations engaged in the active conduct of a banking, financing, or similar business, under narrowly defined circumstances that are designed to preclude opportunities for excessive "mobility" of income. The first safeguard is the requirement that income eligible for deferral must be derived from a transaction with a "customer;" the definition of a customer (which is identical to the definition prescribed under proposed treasury regulations dealing with passive foreign investment companies) would not permit a related-party transaction to qualify if one of the principal purposes for such transaction was to satisfy the underlying provision. Second, the requirement that employees meet a "material participation" test will reinforce the "active" nature of the covered activities. Thus, corporations holding passive investments would be precluded from relying on the rule.

The law as now constituted frustrates the legitimate goals and objectives of American business and erects artificial and unnecessary barriers to U.S. competitiveness. In addition, the law stands as a monument to the act that the conceptual complexity of man as applied to the Internal Revenue Code knows no limits. Neither the largest U.S. based multinational companies nor the Internal Revenue Service is in a position to administer and interpret the mind numbing complexity of many of the foreign provisions. Why not then move toward

creating a set of international tax rules which taxpayers can understand, and the government can administer?

In summary, therefore the proposed changes we believe represent a creditable package and a "down payment" on further reform in the international tax area. We ask you to join us, in this bipartisan effort, by supporting our legislation.

EXPLANATION OF VOTE ON H.R.
4103

HON. PHILIP M. CRANE

OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. CRANE. Mr. Speaker, on the evening of Wednesday, June 24th, I was away from the Capitol complex and was not notified of an impending vote. As a result, I was unable to record my vote on rollcall No. 266. Had I been present, I would have voted for H.R. 4103, The Department of Defense Appropriation bill. Indeed, I must compliment my colleague BILL YOUNG, Chairman of the Appropriations Subcommittee on National Security, for his fine work on this legislation. There is no more important appropriations bill considered by Congress than the bill providing funding for the defense of our nation, and nobody takes his responsibility more seriously than Chairman YOUNG. I look forward to Chairman YOUNG bringing back a conference report mirroring the priorities in the House version of H.R. 4103, and, assuming that to be the case, I will proudly cast my vote in support of this legislation at that time.

HONORING MAUREEN WALKER

HON. ELIOT L. ENGEL

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. ENGEL. Mr. Speaker, public service, when done honestly and done well, is the noblest of callings. Thus, I rise to honor a public servant who shows that definition to be true.

Maureen Walker has demonstrated unwavering integrity and an ardor for fiscal responsibility as Comptroller of the City of Mount Vernon. She has also shown a dedication to helping others throughout her community.

Her success has the quality of myth surrounding it. She was born in a village in Guyana to Caleb and Mildred Headley and perhaps it was living in a village that gave her the strong sense of community service that she has shown in her adoptive country.

She came to America and attended Brooklyn College, graduating Magna Cum Laude and received scholarships from Chase Manhattan and the National Association of Black Accountants. Maureen is a Certified Public Accountant with more than ten years experience. She was a senior financial analyst with Equitable Life Assurance and an auditor with Arthur Anderson & Company before becoming Mount Vernon's gain.

She has received numerous awards and has served on the Board of Estimate, the Urban Renewal Agency, the Board of Assessment and Review and, of course, on the

Board of Junior Achievers. She is also a member of the Board of the Community Aid Club.

Working with Maureen over the years I came to appreciate her ability and dedication. She gave herself to helping her community. Mount Vernon is better not only because she has served as its Comptroller, but especially because she lives there and cares.

HONORING PAUL O'DWYER

HON. NYDIA M. VELÁZQUEZ

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Ms. VELÁZQUEZ. Mr. Speaker, it is with great sadness that I rise today to recognize the passing of Paul O'Dwyer. Paul was a man of unquestioned principle who selflessly devoted his life to promoting understanding. His loss will be felt not only in New York but also around the world.

Born on an impoverished farm in Ireland, Paul O'Dwyer's humble beginnings awakened in him a desire to help those less fortunate. Subsequently, he became a champion for the underdog and a tenacious fighter for social justice. In his native country, Mr. O'Dwyer actively promoted a peaceful resolution to the conflict which plagued northern Ireland.

Upon arriving in this country, he immediately sought to correct the injustices he saw around him. Mr. O'Dwyer defended workers, teachers and civil-rights activists accused of Communist sympathies. He also helped register black voters in Mississippi during the civil rights movement.

Paul O'Dwyer's popularity among the common man helped him get elected to the New York City Council in 1963. He served as president of this organization from 1973 to 1977. Despite the constraints on his time, Paul remained a progressive leader of the Irish community in New York.

Perhaps Mr. O'Dwyer will be best remembered for his work with the United Nations, where he served as a liaison between countless diplomats and the City of New York. His ability to find common ground between New Yorkers and representatives from around the world earned him universal respect and admiration.

Mr. Speaker, yesterday New York lost a remarkable individual. This country and indeed the world could use more people like Paul O'Dwyer.

LITTLE THEATER HONORED

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES

Thursday, June 25, 1998

Mr. KANJORSKI. Mr. Speaker, I rise today to pay tribute to the Little Theater of Wilkes-Barre, Pennsylvania. This week the Little Theater will celebrate its 75th anniversary; it is believed to be possibly one of the oldest community theaters in the country. I am honored to have been asked to participate in this important celebration.

The Little Theater has been providing quality entertainment in Northeastern Pennsylvania since it was organized in 1922. The Theater's