

The Kremlin was starving the people of Ukraine to death, because Josef Stalin and the Soviet dictators wanted to avoid mass resistance to collectivization.

So they killed the peasants—slowly, deliberately, diabolically—through mass starvation.

The West did little at the time to put an end to the man-made famine. They continued to buy grain at cheap prices from Russia, taking more food away from the Ukrainian people.

We should never forget this tragedy.

We should honor the memory of the millions of victims.

And we should support the efforts of the people of Ukraine, who were subjected to the famine and to decades of oppressive Soviet rule, as they continue on their path to democracy, respect for human rights, and economic progress.

Mr. Speaker, I urge my colleagues to support this important resolution and stand together with the people of Ukraine.

#### TRIBUTE TO STEVE WATKINS

### HON. MARION BERRY

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

*Saturday, October 10, 1998*

Mr. BERRY. Mr. Speaker, I rise today to pay tribute to a member of my staff who has decided to pursue a new career.

Steve Watkins has been a part of my team since I came to Congress in 1997. Indeed our association goes further than that as he was the Press Secretary for my first campaign for Congress. Steve was critical in managing my transition from candidate to Member and establishing a healthy relationship with members of the press in Arkansas. Within a short time I named him District Director in recognition of the vital role he was playing in the 1st District.

As a native of the 1st District and a resident of Jonesboro, Steve has given his time, talent, and dedication to the people of Arkansas for the last two years. He has helped them with their interactions with the federal government, with vital water and sewer projects, and responded to their concerns.

Steve has decided to pursue a career with Arkansas State University, his alma mater, and although their gain is our loss, Steve will always be a part of our team wherever he is.

Steve I wish you the best of success in your new career and continued happiness for you, Audrey, Adam and Emma. On behalf of the people of the 1st District, of my wife Carolyn, and of all your colleagues in Jonesboro and Washington, I thank you for a job well done and wish you continued happiness and success.

WORLD FOOD PROGRAMME'S  
FRONTLINE: DOUGLAS BRODERICK OF ROCKLAND COUNTY,  
NEW YORK

### HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Saturday, October 10, 1998*

Mr. GILMAN. Mr. Speaker, Douglas Broderick of Rockland County, New York, is an important part of the U.N. World Food Program's

(WFP) history. Working for WFP since 1992, Broderick has been on the frontline of numerous crises including the former Yugoslavia, Somalia, and Rwanda.

Today, as a WFP Senior Advisor to the Country Director in North Korea, Doug Broderick is the senior American helping to run the biggest emergency operation in WFP's history.

WFP, which has been marshaling food aid for North Korea since government mismanagement and destructive floods hit the country, appealed to the international community to provide more than 600,000 tons of emergency food aid worth \$346 million for the 12 months through next March. Three years of disastrous flooding, droughts, and tidal waves exacerbated the already existing agricultural problems facing North Korea. The result has been chronic food shortages, widespread hunger, and malnutrition.

From Mr. Broderick's base in Pyongyang, WFP is currently delivering 392,000 tons of food to over 6 million persons or almost one-third of the population. He helps manage WFP operations including a staff of 74 and sub-offices in Chongjin, Hamhung, Sinuiju, and Wonson.

By the end of 1997, WFP was able to provide emergency food to over 2.6 million children aged 6 and under, one million hospital patients as well as 250,000 farmers participating in food-for-work agricultural projects.

In North Korea, children make up the largest group of recipients—totaling 5 million. WFP's aid targets the most vulnerable populations—children, pregnant, and nursing women, orphans and hospital patients.

On the event of World Food Day, I want to hail Doug Broderick and his team who are saving lives each day in North Korea. On behalf of Rockland County and the Nation as a whole, we are proud of Doug and his WFP colleagues in their work to end hunger around the world.

#### CONSOLIDATED TAX RETURN LEGISLATION

### HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Saturday, October 10, 1998*

Mr. CRANE. Mr. Speaker, today, I am introducing, along with Representatives NANCY JOHNSON, BARBARA KENNELLY, JIM RAMSTAD and JERRY WELLER, legislation which would repeal a number of limitations contained in the consolidated return provisions of the Internal Revenue Code. These limitations, which were enacted in 1976, are a relic from a time when the financial services world, and the taxation of financial institutions, particularly insurance companies, was far different from today. The limitations serve no purpose today other than to make the application of the tax laws more complicated for both the taxpayers who have to follow them and for the Internal Revenue Service which must devote an inordinate amount of resources to review the tax returns when they are filed. Needless to say, these restrictions also place affiliated groups of corporations which include life insurance companies at an economic disadvantage compared with other corporate groups.

I had hoped that we would have been able to consider tax simplification in the consoli-

dated return provisions this year, as part of our ongoing efforts to make the tax laws easier to understand and administer. Unfortunately, that did not happen. It is my hope that introduction of this bill now will serve as a vehicle to focus attention on this problem and lead to repeal of these limitations when we consider tax legislation next year.

#### BACKGROUND

With that introduction, I would like to give a short explanation of the issues that this legislation addresses.

The consolidated return provisions in the tax laws were enacted so that the members of an affiliated group of corporations could file a single tax return. The right to file a "consolidated" return is available regardless of the nature or variety of the businesses conducted by the affiliated corporations. The thinking behind this is easy to understand. We should be taxing a complete business entity, not separate parts. It should not matter whether an enterprise's businesses are operated as divisions within one corporation or as subsidiary corporation with a common parent company. If the group is one economic unit, it should have to file only one tax return each year. The tax return should reflect the taxable income of the entire enterprise.

Corporate groups which include life insurance companies, however, are denied the ability to file a single consolidated return until they have been affiliated for at least five years. Even after groups with life insurance companies are permitted to file on a consolidated basis, they are subject to two additional limitations that do not apply to any other type of affiliated group. First, non-life insurance companies must be members of an affiliated group for five years before their losses may be used to offset life insurance company taxable income. Second, non-life insurance affiliate losses (including current year losses and any carryover losses) that may offset life insurance company taxable income are limited to the lesser of 35 percent of life insurance company taxable income or 35 percent of the non-life insurance company's losses.

Prior to 1976, life insurance companies could not file consolidated returns with other affiliated companies. The inability to file consolidated returns was of little consequence until the 1960s and early 1970s when states first began to change the laws to allow life insurance companies to have subsidiaries. Thus, the rules in present law were considered a modest step in the right direction.

The historical argument against allowing life insurance companies to file consolidated returns with other, non-life companies was that life insurance companies were not taxed on the same tax base as non-life companies. This argument is unfounded today. Prior to 1958, life insurance companies were taxed under special formulas that did not take their underwriting income or loss into account. Legislation enacted in 1959 took a major step toward taxing life insurance companies on both their investment and underwriting income. In fact, at the time the present law rules were under consideration in 1976, the Treasury Department took the position that full consolidation was consistent with sound tax policy.

In 1984 and 1986, Congress reviewed the taxation of life insurance companies and made a number of substantial changes that have resulted in these companies being subject to tax on their total income at the regular corporate

tax rates. Today, life insurance companies are as fully taxed on their income as are other corporations. There is no reason to treat them differently today.

## THE PROBLEM

The current restrictions placed affiliated groups of corporations which include life insurance companies at an economic disadvantage compared with other corporate groups and also create substantial administrative complexities for taxpayers and the Internal Revenue Service. The five-year limitations, in particular, create irrational disparities between groups containing life insurance companies and other consolidated groups. Let me provide three examples:

1. When a consolidated group acquires a target consolidated group with a life insurance company member, the target group is deconsolidated. This means that, unlike other groups, intercompany gains in the target group would be triggered into income while losses would continue to be deferred.

2. For the five year period following a consolidated group's acquisition of a life insurance company, gains on any intercompany transaction cannot be deferred. Gains of other groups, which are allowed to file a consolidated return, are allowed to be deferred.

3. Section 355 spin off transactions raise questions concerning the five year ineligibility period for the spun-off company even if the group had existed and been filing a consolidated return for many years.

The ability to file consolidated returns is particularly important for affiliated groups containing life insurance companies. Many corporations in other industries can, in effect, consolidate the returns of affiliates by establishing divisions within one corporation, rather than operating as separate corporations. Unfortunately, state law and other, non-tax, business considerations generally require a life insurance company to conduct its non-life business through subsidiaries. The inability to file consolidated returns thus operates as an economic barrier inhibiting the expansion of life insurance companies into related areas.

## SOLUTION

There are no sound reasons to deny affiliated groups of corporations including life insurance companies the same unrestricted ability to file consolidated returns that is available to other financial intermediaries (and corporations in general). Allowing the members of an affiliated group of corporations to file a consolidated return prevents the business enterprise's structure, i.e., multiple legal entities, from obscuring the fact that the true gain (or loss) of the business enterprise is the aggregate of the gain (or loss) of each of the members of the affiliated group. The limitations contained in present law are so clearly without policy justification that they should be repealed.

The legislation we are introducing today will repeal the two five-year limitations for taxable years beginning after this year. For revenue reasons, the legislation will phase out the 35% limitation over seven years. This bill should be a part of any simplification or taxpayer relief legislation that may be enacted next year, and I hope my colleagues will join me in this worthwhile effort.

HONORING MEGHAN ANN  
ELLWANGER, WINNER OF THE  
NATIONAL BUSINESS PLAN COM-  
PETITION

**HON. RON KIND**

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Saturday, October 10, 1998*

Mr. KIND. Mr. Speaker, I rise today to commend a young lady from my congressional district who has made the State of Wisconsin proud. Meghan Ann Ellwanger, of Somerset, Wisconsin, has proven herself to be an astute entrepreneur at the age of 15. Her business plan for "Berry Patch Nannies" won the 1997-98 Business Plan Competition sponsored by "An Income of Her own" a nonprofit organization dedicated to improving the economic literacy of teen girls.

Berry Patch Nannies will be a business devoted to the raising of goats and the sale of goat products which include milk, cheese, and soap lotion. It will also be an "environmentally aware business with products that are drug, disease and pest free." Miss Ellwanger gained some of the experience she will need to implement her plan for Berry Patch Nannies while she was operating Meghan's Poultry Palace, a family operated poultry business. Miss Ellwanger plans to cover her startup costs by applying for a 4-H business loan. She intends to invest her profits in a college education.

I wish her success and congratulate her on this impressive accomplishment.

LITTLE ROCK NINE MEDALS AND  
COINS ACT

SPEECH OF

**HON. DANNY K. DAVIS**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, October 9, 1998*

Mr. DAVIS of Illinois. Mr. Speaker, I rise in support of the bill H.R. 2560 to present Gold Medals to Ernest Green, Elizabeth Eckford, Jefferson Thomas, Dr. Terrence Roberts, Carlotta Walls Lanier, Minniejean Brown Trickey, Gloria Ray Karlmark, Thelma Mothershed-Wair, and Melba Pattillo Beals, collectively known as the Little Rock Nine.

I was a 16-year-old college freshman at Arkansas A.M. of N. College in Pine Bluff, Arkansas; and on a daily basis we waited with baited breath to hear or see what had taken place on that day at Central High School in Little Rock. The nine young people gave all of us a sense of pride and fulfillment as we observed their strength, courage, and determination. They were all outstanding; however, I was particularly struck by the fact that my mother, a very soft-hearted and genteel woman, declared Minniejean Brown as her hero.

These were indeed heady times for all of us in Arkansas and especially so, for those of us who were Black. Daisy Bates, president of the Little Rock NAACP became a goddess for those of us who were liberation hungry and searching for equality, equal justice, and equal opportunities. Attorney Wiley Branton, Dr. Cleon Flowers, Attorney Flowers, Dentist Mazique, President Lawrence A. Davis, Dean J.B. Johnson, Earl Evans, and others became

in my mind great civic and community leaders. I am indeed pleased to see this recognition provided to the Little Rock Nine as evidence of the significant role which they, their parents and leaders like Daisy Bates and Wiley Branton played in the school desegregation and Civil Rights Movement in this country. They were Golden Children and deserve Gold Medals.

I thank you, Mr. Speaker, and yield back the balance of my time.

TRIBUTE TO AMERICAN YOUTH  
SOCCER ORGANIZATION**HON. BRAD SHERMAN**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Saturday, October 10, 1998*

Mr. SHERMAN. Mr. Speaker, I rise before you today to pay tribute to the American Youth Soccer Organization (AYSO) and its chairman of the board, Burton K. Haines. AYSO was founded in Torrance, CA in 1964, "everyone plays" and "balanced team" philosophies have generated a youth soccer program which has literally swept the country.

Today, AYSO has 900 regional programs and 46,000 teams. The division into geographic regions has resulted in a grassroots program with local leadership. AYSO soccer is a family affair with more than 600,000 players ranging from 4½ through 18 years old. An average of one parent per family actively participates in AYSO acting as coach, referee, team parent, administrator or sponsors. AYSO is currently supported by more than 250,000 volunteers. Through AYSO, youngsters of diverse backgrounds, ethnicity, and athletic abilities are given the opportunity to participate in soccer. AYSO and its sponsors are proud to provide quality programs for its youngsters and volunteers.

Today's AYSO program is different in many respects from its origin. The emphasis is now placed on the training and development of adult volunteers. That way they can be sure the quality as well as the quantity of their programs increases. AYSO, with the help of noted experts, is working to improve the education of volunteers in the areas of child development, human behavior, sports psychology, ethics and sportsmanship.

AYSO programs work because their volunteers work. They work because they believe in the programs. Their phenomenal growth reflects AYSO's commitment to a healthy competitive atmosphere for youth soccer players and a concern for the development of caring and responsible individuals.

Recognizing the special needs within our communities, AYSO has carefully created unique programs including: TEAM-UP to provide assistance where there are ongoing economic challenges, be it rural area, small town, Native American reservation or the inner city; VIP (Very Important Player) program created to provide a quality soccer experience for children whose physical or mental challenges make it difficult to successfully participate on regular AYSO teams; CAP (College Athlete Program) designed to prepare soccer players to attend college and play soccer while in college; Girls Initiative to promote girls' participation in soccer along with fostering the development of women as coaches, referees and administrators; and Safe Haven designed to address the growing need for child and volunteer