

TRIBUTE TO JOHN MORRISON

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 21, 1998

Ms. KAPTUR. Mr. Speaker, over Labor Day weekend, John Morrison died suddenly of an apparent heart attack at his home in Dubberly, Louisiana. Across the country, his family, friends, and colleagues were shocked by the news. His leadership and vision for all farmers will be greatly missed. For the past six years, John had been the Executive Director of the National Country Poultry Growers. He had founded the organization due to his own experiences as a contract grower facing the unfairness of his contract and the control exerted by the large poultry companies.

It was the commitment and leadership that John and other family farm organizations had that prompted me to sponsor H.R. 2738—The Family Farmer Cooperative Marketing Amendments Act. Other colleagues have joined me as co-sponsors. On one of the last days of the session nearly a year ago, I met with representatives of the NCPGA and national allies that are working together to increase support for this legislation in the countryside. That meeting was two days after the momentous defeat of fast-track legislation.

I remain committed to working for passage of this legislation in the next Congress. It is an important step towards restoring social and economic justice to an entire group of farm families; those who are growing and marketing their commodities; whether poultry, grain, hogs, or livestock under the excessive control of major corporations. This legislation will enable farmers in their cooperative associations to negotiate for a fair contract.

H.R. 3150, THE BANKRUPTCY REFORM ACT OF 1998**HON. GEORGE W. GEKAS**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 21, 1998

Mr. GEKAS. Mr. Speaker, I rise today to express my disappointment that the President refused to endorse bankruptcy reform legislation which passed overwhelmingly with bipartisan support in both the House and the Senate. The conference report to H.R. 3150, the Bankruptcy Reform Act of 1998, would have restored personal responsibility to our bankruptcy laws, protecting women and children, small businesses, consumers, the financial markets, state and local governments and all taxpayers who pay a \$400-a-year bankruptcy tax on goods and services. Now that the groundwork for bankruptcy reform has been laid, I plan to reintroduce bankruptcy reform legislation next year.

Despite economic growth, low unemployment and rising disposable personal income, personal bankruptcies are soaring, reaching a record 1.42 million and costing consumers more than \$40 billion in the past year. This problem continues to worsen. In fact, the Administrative Office of the U.S. courts recently reported the highest number of consumer bankruptcy filings ever in the last quarter. Over the past decade the number of personal bankruptcy filings has doubled.

I am deeply concerned about the fact that we have had such a tremendous increase in bankruptcy filings during a time of economic prosperity. When the economy begins to turn, absent reform, we will have many, many more bankruptcy filings. The White House could have played a part in preventing that—along with encouraging basic personal responsibility—but they chose not to work with us. Instead of taking the high road of reform, they chose to take the low road of political spin and emotionally heavy, but factually light, rhetoric based on untruths about the bill. One can only presume that the White House is so political that they reject any Congressional, i.e. Republican, idea out of hand, even if that idea is firmly bipartisan, i.e. Republican and Democrat. This political fact, obvious to all, is sadly noted. But, with the also obvious fact of increasing bankruptcies, I urge the White House to work with us next year to stem this tide before it becomes uncontrollable.

There are a host of societal reasons causing more Americans to file bankruptcy including, divorce, gambling, credit practices, student loans, health care expenses, and aggressive attorney practices. Congress should address each of these causes of bankruptcy as they merit individual attention. After the National Bankruptcy Review Commission issued its report last October, the Judiciary Subcommittee on Commercial and Administrative Law—the subcommittee I chair which has primary jurisdiction over bankruptcy legislation—was tasked to use the Commission Report as a starting point to formulate fair and effective bankruptcy reforms. The Bankruptcy Reform Act of 1998 was intended to help people get the relief they need—no more, no less—once they have filed for bankruptcy.

This legislation contains provisions endorsed by the National Association of Attorneys General and child support agencies throughout the country that close the “loopholes” which exist in bankruptcy making it nearly impossible for ex-spouses to collect child support and alimony payments. Current bankruptcy law protects debtors and in some instances places ex-spouses in competition with other creditors, including the big banks and credit card companies. H.R. 3150 states unequivocally that alimony payments and child support would receive the number-one priority in determining which debts are repaid. Without this legislation, child support and alimony payments will continue to rank seventh on the list of priority payments in a bankruptcy proceeding, while payments to bankruptcy attorneys continue to receive the number-one priority. This legislation would have given added protection to families dependent on this income. I am disheartened and saddened by the fact that the White House would use political scare tactics and demagoguery at the expense of women and children on this issue. America's women and children deserve better.

Moreover, H.R. 3150 incorporates provisions from H.R. 4393, the Financial Contract Netting Improvement Act to control systemic risk in the financial markets. The current bankruptcy code does not cover many new financial instruments such as asset backed securities which play a major role in the modern financial world. These provisions define these new financial instruments, promoting liquidity and legal certainty, two important components of risk management. With the current instability of the global market, these provisions are

necessary to provide market participants with certainty that their contractual arrangements will be honored, and to minimize the risk that the bankruptcy of one party to a transaction will cause negative ripple effects in the financial system.

The legislation also includes provisions that help state and local government save tax dollars by closing the loopholes that limit the government's ability to collect taxes when someone files bankruptcy. To the extent that debtors in bankruptcy are freed from paying their tax liabilities, the burden of making up the revenues lost must be shifted to other taxpayers. H.R. 3150 includes language that ensures that local school districts, police and fire departments, and a wide variety of community services are given priority in bankruptcy proceedings to recover back property taxes. School districts around the country are losing money because they tend to be last in line to collect back taxes owed by property owners who have filed for bankruptcy. It is unfortunate that we were unable to enact bankruptcy legislation which ensures that more money is put back into our schools.

Under our current bankruptcy laws, women and children, small businesses, school districts, and consumers are the losers when an individual or business decides to file bankruptcy. The conference report to H.R. 3150 contains provisions that ensure that women and children receive alimony and child support payments; protect small businesses by simplifying the process by which they collect payments from debtors; protect consumers filing for bankruptcy from aggressive attorneys; and ensure that state and local government do not lose tax revenues because of loopholes that allow debtors to avoid paying taxes. I am hopeful that we will be successful in enacting these important reforms next year.

Nonetheless, I am pleased that Chapter 12—a part of the Bankruptcy Code tailored to the special financial circumstances of farmers—has been extended for six months under an agreement reached in the Omnibus Appropriations Act. This extension is a positive sign that bankruptcy reform will be addressed again in the Spring.

As Chairman of the Judiciary Subcommittee on Commercial and Administrative Law, I am committed to making bankruptcy reform a top priority for the subcommittee during the 106th Congress. Over the recess, my subcommittee will begin the process of redrafting bankruptcy legislation and organizing hearings. The legislation will revisit many of the issues we focused on in this Congress as well as other issues that have been brought to my attention throughout the process. With signs of an economic downturn, which will increase the number of consumer and business bankruptcy filings, we will hold a series of hearings on a variety of bankruptcy issues, focusing not only on consumer bankruptcies, but the impact of bankruptcies on business, such as the telecommunications and health care industry.

Mr. Speaker, let me take this opportunity to thank all of the Members, their staffs and the outside groups who spent countless hours working on this much-needed legislation. The strong bipartisan support that we received on this legislation is a reassurance that we will enact fair and meaningful bankruptcy reforms next year.