

Congress directed. The Medicare Balanced Budget Refinement Act corrects this problem and restores vital funding to the Medicare program to allow health care providers to meet the needs of their communities.

This important legislation will ease the financial crisis which has threatened the quality of health care service for millions of Americans. I am pleased we have been able to work in a bipartisan fashion to bring relief to the small rural community hospitals which provides the foundation for rural America.

I am hopeful that in addition to the supporting this legislation, the Health Care Financing Administration will make the needed administrative changes to ensure that small rural hospitals will receive adequate Medicare reimbursement. I look forward to working with HCFA and member of both political parties to restore balance to the Medicare system.

THE ARTISTS' CONTRIBUTION TO  
AMERICAN HERITAGE ACT

**HON. AMO HOUGHTON**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 8, 1999*

Mr. HOUGHTON. Mr. Speaker, I am pleased to join my colleague from Maryland, Mr. CARDIN, together with a bipartisan group of our colleagues, in introducing the "Artists' Contribution to American Heritage Act of 1999." The bill would alleviate an unfairness in the tax law as it applies to charitable donations of property by the taxpayer/creator and significantly enhance the ability of museums and public libraries to acquire important original works by artists, writers and composers, and ensure the preservation of these works for future generations.

Since 1969, the law has provided that the creator of the artistic property is only allowed a charitable deduction equal to the cost of the materials that went into the property. For example, an established artist who donates a painting to the local museum is allowed a deduction for the cost of the canvas, brushes and paint, etc., used to produce the painting. Of course, these amounts are de minimis. There is no real tax incentive to contribute such works of art for the public to enjoy. In fact, the tax law works in the other direction. It makes more financial sense to the creator to sell his or her work. If a collector or art buff buys a painting that appreciates over time, because the artist becomes well-established or was a known and collected artist when the painting was purchased, the collector is allowed a deduction for fair market value when the painting is contributed to the local museum. This is the fairness issue.

There has not always been such disparate tax treatment. Before 1969, the artists/taxpayers received the same treatment—the deduction was based on fair market value. The law was changed, primarily because of the perception that some taxpayers were taking advantage of the law through less than accurate valuations of their charitable gifts.

After the change in 1969, gifts of donor generated art work (paintings, manuscripts, compositions, artistic and historically significant correspondence and papers) to qualifying charitable organizations and governmental entities dropped significantly. Creators were

more likely to sell their works than to contribute them. Tom Downey, a former colleague of ours, introduced similar legislation in 1985. In his floor statement he noted that Igor Stravinsky had planned to donate his papers to the Music Division of the Library of Congress the month the 1969 tax change was signed into law. Instead, the papers were sold to a private foundation in Switzerland. Now, 14 years later the situation has not improved. It is time to change our law to encourage rather than discourage such contributions.

There have been significant changes in the valuation process since 1969. All taxpayers making charitable contributions of art work (other than donor generated art work) are required to: (a) provide and/or retain relevant information as to the value of the gift, (b) provide appraisals by qualified appraisers or, in some cases, (c) subject them to review by the IRS's Art Advisory Panel, depending on the dollar amount of the contribution. These changes would apply to creator-donated property under our proposal.

In addition to the valuation safeguards already in the law, our proposal would add additional protections to prevent abuse. These include the following: (a) limiting the value of the deduction to the amount of income the creator received from similar property, (b) providing that the deduction can only be claimed in the year of contribution, i.e., the carryover rules do not apply, (c) limiting the deduction to property created at least 18 months before the contribution, (d) limiting the deduction to gifts related to the purpose of the institution which receives it, and (e) excluding contributions of property (letters, memos, etc.) created by taxpayers in their role as employees or officers of an organization.

The benefit to the nation when artists are encouraged to contribute their work during their lifetime cannot be overemphasized. It allows the public, historians, scholars and others to learn from the artist his/hers aesthetic aims for the work; how it was intended to be displayed, performed, or interpreted; and what influences affected the artist.

Our proposal represents an important step in providing some tax incentive, with needed safeguards, for the creators and moves toward putting them on the same footing as collectors who contribute similar property. Most importantly, it could make the difference in a decision by the creator/donor to contribute some of their created art works to a museum or public library, rather than sell them in the marketplace. That way important works are preserved in the public domain and we all benefit. We urge our colleagues to join us in cosponsoring this legislation.

A TRIBUTE TO JIM COX FOR 30  
YEARS AS CITY MANAGER OF  
VICTORVILLE, CALIFORNIA

**HON. JERRY LEWIS**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 8, 1999*

Mr. LEWIS of California. Mr. Speaker, I would like today to recognize the remarkable career of Jim Cox, who came to Victorville, California in 1967 as an administrative assistant, became city manager in 1969 and guided the city in that position for 30 years until his recent retirement.

Jim Cox began his public service—and his time in California—when he joined the Navy at 17 and moved to San Diego to be a medic. He first joined city government as an intern in La Mesa, California, while attending San Diego State College. After serving as assistant city manager of Indio for two years, he went to work in the Mojave Desert hub of Victorville—population 11,290.

He quickly took on increasing responsibility, going from administrative assistant in charge of finance and personnel, to Director of Planning, Assistant City Manager, and finally City Manager in December 1969.

The city budget that year was \$750,000. His final budget, submitted this year, was for \$72 million, for a city with a population of 63,478.

As one of the longest-serving managers in California, Jim Cox provided a stabilizing influence not only for his rapidly growing city, but also for the entire Victor Valley, whose population has grown ten-fold in the past 30 years. He was instrumental in helping the region weather the closure of George Air Force Base in 1988, and its economic revival over the past 10 years.

Adding to his extensive public service credentials, Cox is a California Redevelopment Association director and on the Revenue and Taxation Committee for the League of California Cities. He is chairman for the Victor Valley Transit Board of Directors and served on the County Formation Review Committee.

He is an instructor with a lifetime teaching credential at California State University, San Bernardino and at Victor Valley Community College. His community activities include the Victorville Chamber of Commerce Board of Directors and Rotary International.

Mr. Speaker, Jim Cox has been justifiably credited with helping Victorville and the Victor Valley grow from a desert hamlet to a vital, successful city in one of the fastest-growing areas of California. Please join me in congratulating him on his years of public service, and wishing him well in his future endeavors.

REPUBLICANS BLOCK DEMOCRATS  
FROM OFFERING MAJOR IM-  
PROVEMENTS TO MEDICARE

**HON. FORTNEY PETE STARK**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, November 8, 1999*

Mr. STARK. Mr. Speaker, last Friday, the House passed an okay Medicare improvements bill.

But it could have been much better; it could have helped seniors get a better price for pharmaceuticals; it could have helped low-income women fight cancer; it could have provided more help to providers hurt by excessive cuts in the 1997 Balanced Budget Act. But Republicans blocked any amendments to the bill—they did not want to be embarrassed by having to vote against helping seniors with the high costs of drugs.

Following is a letter which 119 Democrats (many more would have signed if we had had more time) sent to the Speaker, outlining our request for amendments to H.R. 3075.

Mr. Speaker, the majority should be ashamed for a legislative gag rule that prevented us from improving this legislation.