

## EXTENSIONS OF REMARKS

SIKH ACTIVIST MANN SHOULD  
APOLOGIZE FOR THREAT ISSUED  
BY A LEADER OF HIS PARTY

### HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 9, 2001

Mr. TOWNS. Mr. Speaker, on Saturday, April 29, a number of Sikh leaders got together for Khalistan Day celebrations in Stockton, California. Overall, the event was very successful and it featured a number of outstanding speakers, including Dr. Gurmit Singh Aulakh, President of the Council of Khalistan, and Dr. Awatar Singh Sekhon, the Managing Editor of the International Journal of Sikh Affairs. Unfortunately, something that happened to Dr. Sekhon seriously marred this otherwise successful, celebratory event.

According to Burning Punjab, an online news service, a leading supporter of Member of Parliament Simranjit Singh Mann made a "death threat" against Dr. Sekhon after Dr. Sekhon strongly criticized Mr. Mann. Most of us in this House have been subjected to strong criticism but we have never threatened our critics nor would we permit our supporters to do so. That is not the democratic way.

Mr. Mann, a former member of the Punjab police who has become an Indian politician, has been silent on this event. If Mr. Mann wants to be taken seriously as a leader in a democratic state, he must condemn the threat that his supporter made and issue an apology on behalf of his party to Dr. Sekhon. Otherwise, people will see that there is no difference between Mr. Mann and other Indian politicians.

The Indian government's oppression of Sikhs, Christians, Muslims, and other religious minorities in India has been very well documented. Has that oppression now extended to an effort to suppress their critics in free countries like ours?

### TRIBUTE TO BILL WALSH

### HON. ZOE LOFGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 9, 2001

Ms. LOFGREN. Mr. Speaker, I rise to congratulate Bill Walsh, the vice president and general manager of the San Francisco 49ers, who has been named San Jose State University's 2001 Tower Award winner. The Tower Award is presented annually to an individual "who has made a significant contribution to the university community through his or her outstanding work."

Bill Walsh has twice graduated from San Jose State University: once with a bachelor's degree in education in 1955, and then with a master's degree in the same field in 1959. Mr. Walsh began his coaching career as an assistant at Monterey Peninsula Junior College

in 1955, before heading back to San Jose State as a graduate assistant in 1956.

After stints at the University of California and Stanford, Bill Walsh joined the Oakland Raiders as the offensive backfield coach. His illustrious career includes coaching slots with the Bengals and Chargers organizations.

Hired in 1979 as the head coach, Bill Walsh coached the San Francisco 49ers to three Super Bowl championships in the 1980s and was a 1993 inductee into the Pro Football Hall of Fame. Mr. Walsh retired from active coaching in the NFL in 1988 with a career record of 102 wins, 63 losses. Bill Walsh now serves as an assistant to the coaching staff of the 49ers.

Bill Walsh was one of only 14 coaches in the history of pro football to be elected to the NFL Hall of Fame, and the first coach in team history to reach the 100-win plateau. He was twice named NFL Coach of the Year and was later named NFL Coach of the Decade for the 1980s. He is the author of two books, "Finding the Winning Edge" and "Building A Champion."

San Jose State University president Robert Caret said of Bill Walsh, "[his] role as a coach, an author and as an executive in the industry has brought a new level of professionalism to the sports industry. It is a great source of pride that he is an alumnus of the university." I congratulate Bill Walsh on this truly prestigious award, and thank him for his support of San Jose State University. My family and I wish him the best.

### ONE SWAP FUND TRANSACTION CONTINUES TO AVOID LAW

### HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 9, 2001

Mr. NEAL of Massachusetts. Mr. Speaker, I introduced legislation in the previous Congress to eliminate a tax avoidance technique available only to the very wealthy. This technique involves the use of swap funds. Today I am introducing this legislation again.

Legislation to shut down this particular practice was enacted in 1967, 1976, and again in 1997. In 1967 Congress enacted a law to prevent swap funds from being transacted in the form of a corporation, as was popular at the time. This led to the swap fund transaction being resurrected in the form of a partnership, which was closed down in 1976. Subsequently, the industry developed methods to get around both laws by manipulating the 80 percent test for investment companies. The Taxpayer Relief Act of 1997 closed these transactions down by broadening the definition of financial assets that are taken into account for purposes of the 80 percent test. Obviously, the point here is that three times Congress has acknowledged the tax avoidance potential of this transaction, and three times Congress has made a public policy decision to close this shelter down. And three times Congress has failed.

Swap funds are designed to permit individuals with large blocks of appreciated stock to diversify their portfolio without recognizing gain and paying tax. In this transaction, a fund is established into which wealthy individuals with large blocks of undiversified stock transfer their stock. In exchange for the transferred stock, these individuals receive an equivalent interest in the funds' diversified portfolio. In effect, these individuals have now diversified their holdings by mixing their shares of stock with different shares of stock from other individuals, without having to sell that stock and pay tax on the gain like ordinary Americans.

The swap fund transaction is complicated, and is limited to individuals with large blocks of stock. For example, one offering was limited to subscriptions of \$1 million, although the general partner retained the right to accept subscriptions of lesser amounts. This, however, does not mean an individual with only a million dollars in stock could invest in the swap fund. In order to avoid Securities and Exchange Commission registration requirements, these transactions are often limited to sophisticated investors who under SEC regulations, according to a 1998 prospectus, must have total investment holdings in excess of \$5 million.

As outlined above, current law tries to stop swap funds involving a corporation or a partnership that is in investment company. An investment company is a corporation or partnership where the contribution of assets results in a diversification of the investor's portfolio, and more than 80 percent of the assets of which are defined by law as includable for purposes of this test.

In the most current form of the swap fund transaction, that limitation is avoided by holding at least 21 percent of assets in preferred and limited interests in limited partnerships holding real estate. In fact, the purpose of the fund is clearly identified by the prospectus, which states that "the value of the Private Investments will constitute at least 21% of the total value of the Fund's portfolio, so that the Fund will satisfy the applicable requirements of the Code and the Treasury Regulations governing the nonrecognition of gain for federal income tax purposes in connection with the contribution of appreciated property to a partnership." As in past years, the bill I am introducing addresses the specific transaction being used; that is, the bill would eliminate the latest avoidance technique by providing that such investments would be treated as financial assets for purposes of the 80 percent test.

The second part of this bill at long last recognizes the inadequacy of the above approach, given its 32 year record of failure. This section states that any transfer of marketable stock or securities to any entity would be a taxable event, if that entity is required to be registered as an investment company under the securities laws, or would be required to but for the fact that interests in the entity are only offered to sophisticated investors, or if that entity is formed or availed of for purposes of allowing investors to engage in tax-free exchanges of stock for diversified portfolios.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

The effective date of this legislation is for transfers after date of Committee action.

Mr. Speaker, the Committee on Ways and Means regardless of the party in charge has traditionally been concerned with tax transactions constructed for the very few the sole purpose of which is to avoid paying tax. I believe the Committee continues to hold this concern and look forward to working with the Members to enact this law later this year.

A PROCLAMATION RECOGNIZING  
MR. DICK JOHNSON

**HON. ROBERT W. NEY**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, May 9, 2001*

Mr. NEY. Mr. Speaker, I commend the following article to my colleagues:

Whereas, Mr. Dick Johnson has been selected for recognition by the Muskingum Chapter of the Boy Scouts of America to receive the distinguished honor of the "Commitment to Excellence Award"; and,

Whereas, Mr. Johnson has devoted his efforts to providing his community with exemplarily service in his positions on the Board of Directors of the Boy Scouts of America, the Muskingum College Board of Directors, and in the Wilds Board of Directors; and,

Whereas, he has served his community as a supporter of medical research; and,

Therefore, Members of Congress, with a real sense of gratitude and pride, join me in commending Mr. Dick Johnson as he has served his community above and beyond all expectations and has truly made a difference in the lives of the people of Ohio. I am proud to call him a constituent.

ON THE INTRODUCTION OF HIGHER EDUCATION AFFORDABILITY AND FAIRNESS ACT

**HON. RUSH D. HOLT**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, May 9, 2001*

Mr. HOLT. Mr. Speaker, I rise today to introduce a bill that is very important to me and many New Jersey families—the Higher Education Affordability and Fairness Act.

As a scientist and former teacher, I have spent many years working in post-secondary education, and I have seen how fortunate we are. We have some of the best colleges and universities in the world here in the U.S. and in New Jersey. However, with the increasing costs of higher education, our high quality colleges are becoming inaccessible to many.

According to the College Board, since 1980, the price of a college education has been rising between two and three times as fast as the Consumer Price Index.

In fact, tuition and fees for a four-year college education have risen 115 percent over inflation since the 1980–81 school year, while median household income has risen only 20 percent.

What is most frustrating is that despite the economic prosperity many families have enjoyed over the past decade, the cost of a college education continues to rise at a rate faster than these families can afford.

As a result, more and more families are forced to borrow money to meet tuition costs.

In fact, according to the National Association of Independent Colleges and Universities, nearly 80 percent of their full time, dependent undergraduates receive some sort of financial assistance.

This shift from grant-based assistance programs to loan-based assistance programs increases the financial burden of attending college because students and families must then assume interest costs, which can add thousands to the total cost of tuition. In fact, one of my staffers tells me that he must pay over \$9,000 in student loan interest a year.

We must change this by making college more affordable for our students and their families.

In years past, Congress has sought to address college affordability by providing a HOPE Scholarship tax credit of up to \$1,500 for the first two years of expenses and a Lifetime Learning tax credit of up to \$1,000 for the third and fourth years as well as for graduate school.

In addition, for low-income families, Congress has increased funding to \$8.75 billion for Pell Grants, a need-based grant program that will help send four million Americans to college this year.

While this is a good start, much more should be done.

Under current law, taxpayers cannot deduct higher education expenses from their taxes, unless the expenses meet a very narrow definition as "work-related".

In addition, families living in high cost states like New Jersey or California do not receive the same benefits as those living in lower cost states because of unfair income limitations. Finally, a family who invests in an Education IRA cannot use the savings for a child's college education and also receive the benefits of the HOPE or Lifetime Learning tax credits.

I am proud to introduce the Higher Education Affordability and Fairness Act (HEAFA), which will make higher education more affordable by allowing higher education expenses to be tax deductible.

HEAFA would allow families who take the HOPE tax credit to deduct up to the next \$8,000 in tuition expenses not covered by the credit, capping the deduction at \$15,000 in tuition expenses in one year if a family has more than one child in college. Families ineligible for the Hope Scholarship, due to its income limitations, would be able to deduct \$5,000 of tuition costs.

The bill would also increase the Lifetime Learning credit to 20 percent of \$10,000 of tuition, from the current 20 percent of \$5,000, and provide families with the choice of taking either the credit or a deduction on up to \$10,000 of tuition, \$5,000 if a family earns more than \$120,000 a year.

HEAFA would raise the phase-out limit for the HOPE credit to \$60,000 for singles and \$120,000 for couples, allowing more families to benefit.

In order to ensure that savings go to the intended beneficiaries, families and students, the bill directs an annual study to examine whether the federal income tax incentives to provide education assistance affect higher education tuition rates.

Finally, to address the needs of low-income families, the bill expresses the sense of the Senate that the maximum annual Pell Grant should be increased to \$4,700 per student.

College is the best investment of a lifetime. We must take steps to ensure that higher edu-

cation is within the reach of all Americans so that they are prepared to meet the challenges they will face in our increasingly competitive world.

We must make it easier for families to afford college, and we can do so this year by allowing college tuition and other expenses to be tax deductible.

I urge my colleagues to support me in this important bill. We can all agree that these are tax cuts we truly need.

TRIBUTE TO COACH PARKER  
DYKES

**HON. RONNIE SHOWS**

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, May 9, 2001*

Mr. SHOWS. Mr. Speaker, I rise today to honor a distinguished constituent of mine, Coach Parker Dykes. I am proud to share with my colleagues in Congress that Coach Dykes was recently elected President of the National Junior College Football Coaches Association. He has been head football coach at Jones County Jr. College for eight seasons. Coach Dykes has been actively involved in football for 36 years of his life, coaching at various colleges and high schools throughout Mississippi and the country. His successes in football have brought him many accolades including being repeatedly named "National Coach of the Year".

He is happily married to the former Jane White of Mendenhall, Mississippi, and they have 3 sons together: Ker, Rick, and Mike. They also are the proud grandparents of two young boys who would be fortunate to be coached by as fine a man as their grandfather.

One of Coach Dykes' passions is the Fellowship of Christian Athletes, of which he has been a member since 1964. He fondly notes that his greatest personal achievement was when he was selected for the Fellowship of Christian Athletes of Mississippi Influence Award.

Mr. Speaker, Coach Dykes has been a wonderful influence in many young athletes' lives and it is truly a pleasure and a privilege to have him as a constituent. We need more people like Coach Dykes to inspire the children in our communities.

NATIONAL TEACHERS DAY

**HON. BILL LUTHER**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, May 9, 2001*

Mr. LUTHER. Mr. Speaker, I would like to take this opportunity to celebrate National Teacher's Day and to recognize the remarkable educators who have dedicated themselves to educating the students of our country.

Since my election to the U.S. House of Representatives in 1994, I have had an opportunity to visit many schools in Minnesota and in every school I have found an amazing group of men and women dedicated to preparing our children for the future. As they create new and innovative ways of teaching,