a 30% withholding rate on Guam. As 75% of Guam's commercial development is funded by foreign investors, such an omission has deprived Guam of attracting foreign investment opportunities.

Other territories under U.S. jurisdiction have already remedied this problem or are able to offer alternative tax benefits to foreign investors through delinkage, their unique covenant agreements with the federal government, or through federal statute. Guam, therefore, is the only state or territory in the United States which is unable to provide this tax benefit or to offer alternative tax benefits for foreign investors.

The Insular Areas Oversight Avoidance Act would be helpful to insular area governments and the federal government by requiring that situations like the U.S. negotiations on international tax treaties are for the good of all U.S. jurisdictions in the country, not just the fifty states. I understand that the U.S. government is currently renegotiating with Japan on the tax treaty between our two countries. While I hope that Guam is not excluded from being part of this treaty, the record of U.S. negotiators on previous tax treaties does not provide me with any level of comfort. This is a perfect example of why the bill I have introduced today is needed.

KLAMATH BASIN GOVERNMENT-CAUSED DISASTER COMPENSATION ACT

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. HERGER. Mr. Speaker, principles of fairness and justice demand that the Government not force some people to bear burdens, which should rightfully be borne by the public as a whole. However, that is precisely what is happening in the Klamath Basin in northern California and southern Oregon because of the Endangered Species Act (ESA), and today I rise, joined by my Oregon colleague, Congressman GREG WALDEN, to introduce legislation to address that.

The ESA has strayed far from its original mission. It was never intended to sacrifice human health and safety and economic well-being. Yet, the fact remains that under the guise of species protection, constitutionally-protected property fights are being trampled, local economies are being destroyed, families are being forced into bankruptcy and, in many cases, human health and safety are being jeopardized. There is little consideration given to the human species under the ESA. Once a species is ''listed,'' its needs must come first—before the rights and livelihoods of American people. As it is currently being implemented, the ESA requires species protections at any and all costs.

Regrettably, rural Western communities are disproportionately bearing the burdens and costs associated with species protection, burdens which should rightfully be borne by the American public as a whole. The zero-water decision that was recently handed down in the Klamath Basin is the ''poster child'' for precisely these kinds of injustices. Farmers in this rural area were told on April 6, 2001 that there would be no Klamath Project water for agriculture this year, because, in the opinion of a few government biologists, it was needed to protect two species of fish that may or may not be endangered.

The decision does not come without significant social and economic impacts. The Klamath Project supports approximately 1,500 hundred small family farmers and ranching operations and scores of related businesses. This agricultural area generates in excess of $250 million in economic activity annually. The annual value of crops produced is estimated at more than $110 million. All of this human activity has come to a grinding halt because of an ESA mandated decision that is based only on speculation and guesswork. Preliminary estimates place total economic damage in the neighborhood of $220 million. Regrettably, all of the costs and economic hardships associated with this decision will be borne solely by the people who live and work in the Klamath Basin, many of them veterans of World War II who were promised a permanent supply of water and land, and their sons and daughters.

It is important to note that this is not simply a Klamath Basin problem. Nor is it a new problem, or one that is specific to the agriculture industry in general, or to federal project irrigators in particular. Small businesses throughout the Sierra Nevada mountains in California face potentially debilitating economic losses because of forest management restrictions associated with extremely dubious concerns about the status of the California Spotted Owl. Water users throughout California have faced extreme hardship as the government has exercised what amounts to federal takings by reducing contractual water deliveries to a mere percentage of their contract amounts because of pumping or other water use restrictions driven by the ESA. A rural area in my northern California Congressional District has incurred millions of dollars in extra costs on critically important infrastructure improvement projects because of ESA-mandated mitigation. In this same area a much-needed high school continues to be delayed at taxpayer expense because of the ESA. There are many examples, but the fact remains that people are suffering economically because of the implementation of the ESA.

These requirements and restrictions are, simply, an unfunded federal mandate. The federal government should not force some to bear the costs, but should bear the burden itself, or, if it cannot pay or is not willing to pay, then it should avoid the action altogether. Or, it must find some middle ground. That is simple accountability.

For these reasons, Mr. Speaker, I rise today to introduce legislation—the ''Klamath Basin Government-Caused Disaster Compensation Act.'' It requires the Secretary of the Interior to fully compensate the individuals of the Basin who have been economically harmed as a result of the restrictions that have been placed on the operations of the Klamath Project. Such Payments would come from within the Department of Interior's budget. This legislation sends a resounding message to Washington that if the federal government is going to force this kind of social and economic harm on rural American through its laws, it will be held accountable. And if it rebukes those costs as unacceptable, then it will face the question of whether this kind of species protection—recklessly imposing requirements that may or may not benefit species, but that will certainly carry significant costs to real people—is a goal all Americans truly want, and if so, whether they're willing and prepared to share the impacts.

Ultimately, the ESA itself must be modernized if we are to ensure that people and communities come first. However, real people have been significantly harmed as the direct result of the federal government's actions in the Klamath Basin, and while the long-term social and other hidden impacts from this decision can never be fully mended, fairness and justice demand that the federal government step in to rectify the economic harm that it has caused.

TRIBUTE TO McNEIL FAMILY FOR 2001 NATIONAL WETLANDS AWARD

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 2001

Mr. McINNIS. Mr. Speaker, I would like to take this opportunity to offer my congratulations to a couple that has taken extensive efforts to promote land stewardship, wetlands conservation, research and education in the Monte Vista area of Colorado. Mike and Cathy McNeil have truly exemplified the ideals honored with the 2001 National Wetlands Award of the Natural Resources Conservation Service, the U.S. Environmental Protections Agency and the Environmental Law Institute and I would like to add my thank you and appreciation to their labors.

Nestled on the edge of Rock Creek just south of Monte Vista and neighbored by the Monte Vista National Wildlife Refuge, the McNeil ranch persists as a fourth-generation operation. Understanding the importance of responsible development and the intersection with environmental preservation, the McNeils launched the Rock Creek Heritage Project—an effort which protected nearly 15,000 acres of farm and ranch land in the Rock Creek Watershed. This collaborative effort, involving 27 landowners, accentuates 5 aspects including land protection, watershed enhancement, training in holistic management, community building and support for value-added marketing of agricultural products. Extending beyond land matters, the McNeils have adopted innovative calving patterns to provide their 800 mother cows warmer birthing periods during June and July rather than throughout the cooler winter months utilized by most ranchers in the area. In all of these endeavors the McNeils have exhibited innovation, excellence and outstanding effort.

Mr. Speaker, Mike and Cathy have been united in matrimony for 20 years and have the blessing of their daughter Kelly who is 14 years of age. The teachings of her parents are allowing Cathy to value and preserve the heritage from which she comes. Through the extraordinary contributions of the McNeils, wetland protection and land stewardship has been heralded and an example has been established for others to follow in order obtain ecological health while not compromising agricultural profitability. The National Wetlands Award will be one of many awards that the McNeils have garnered from their hard work—alongside the distinct recognition of being the Colorado Association of Soil Conservation District's Conservationists of the Year in 1999