

and National Guardsman have been mobilized. The activated troops serve along side active duty men and women.

It surprises me that inequities still exist between reservists and active-duty service members serving side by side to protect the interests of the United States and I am pleased to work with my colleagues in correcting one of them.

Knowing that the Senate has already acted on a similar measure, I am confident that this bill will enjoy swift approval by the House and will soon be at the President's desk for enactment into law.

#### JOB PROTECTION ACT OF 2003

### HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, April 11, 2003*

Mr. RANGEL. Mr. Speaker, I am very pleased today to be joining my good friend, Philip Crane, in introducing the Job Protection Act of 2003. I am very pleased both with the substance of this bill and the bipartisan cooperation exhibited by everyone in its development. This bill is a model for how we should be addressing national issues in this Congress.

The bill responds to the recent World Trade Organization ruling that held that our export-related tax benefit, the FSC/ETI provision, violates our trade agreements. I believe that it is necessary for this country to comply with its international agreements. But I believe that the response to the ruling must be designed in a way that preserves jobs in the United States.

The FSC/ETI provisions currently benefit companies manufacturing and producing goods in the United States. One company executive described the beneficiaries of FSC/ETI as companies "doing business the old-fashioned way," producing goods in the United States and selling them overseas.

Merely repealing FSC/ETI without returning the revenues to companies producing in the United States could result in further job losses in the United States. This would be unacceptable, particularly now when there has been a steady erosion in U.S. manufacturing jobs.

Our bill will comply with the WTO ruling by repealing the FSC/ETI benefit, but it also will provide a permanent effective rate reduction for U.S. manufacturers that is consistent with our trade agreements. It will create positive incentives for companies to expand their operations in the United States, not overseas. It will preserve, not threaten U.S. jobs.

Mr. Speaker, we have had similar challenges to our export-related benefits in the past. We always have responded in a bipartisan, bicameral basis. Such a response is appropriate because that type of challenge is not a partisan issue. It is a legal dispute between our country and our foreign competitors. In that dispute we all represent the same client, the United States. We should proceed just like a group of lawyers representing the same client, perhaps disagreeing in private, but never sharing those disagreements or competing legal briefs with our opponent.

Attached is a summary of the provisions of the bill.

The proposal would repeal the FSC/ETI benefit effective on date of enactment. The

proposal would include binding contract transition relief and general transition relief. The general transition relief would be based on the company's FSC/ETI benefit for 2001. The company would receive a deduction of 100% of its base period amount for 2004 and 2005, 75% for 2006 and 2007 and 50% for 2008, with no general transition relief thereafter.

As the general transition relief phases out, a new permanent benefit for U.S. manufacturers would be phased in. The new benefit would reduce the effective corporate tax rate on income attributable to U.S. production activities. Purely domestic companies would receive an effective rate reduction of 3.5 points (reducing the 35% rate to 31.5%). Companies with operations offshore would receive a smaller rate reduction based on the value of their U.S. and world-wide production. That adjustment would create positive incentives for companies to keep operations in the United States.

#### INTRODUCTION OF LEGISLATION TO EXPAND THE EARNED IN- COME TAX CREDIT

### HON. XAVIER BECERRA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, April 11, 2003*

Mr. BECERRA. Mr. Speaker, the earned income tax credit (EITC) provides cash assistance to lower income working parents and individuals through the tax system and is an important part of the Federal "safety net" of programs for Americans living in poverty.

Under current law, there are three categories of EITC recipients: those with no children, those with one child, and those with two or more children. One does not need to owe taxes at tax time in order to benefit—the EITC benefit amount may exceed tax liability and be received in the form of a payment from the U.S. Treasury after the tax year's end. Moreover, certain eligible workers with children may choose to receive a portion of the EITC in the form of advance payments throughout the tax year.

While the EITC has been tremendously successful and has lifted more children out of poverty than has any other government program, I believe that our efforts to use this important tax credit to fight poverty can be further improved. Recent studies have shown that 29 percent of all children in families having three or more children subsist at incomes below the poverty level. This is more than double the poverty rate among children in smaller families. Nearly three of every five poor children in this country live in families with three or more children. Our former colleague Rep. Bill Coyne introduced legislation during the 107th Congress that targeted this particular problem and made other needed improvements to the EITC program. Today I reintroduce that bill.

The bill will create a new EITC benefit level for families with 3 or more children, with a credit percentage of 45 percent, to provide a higher benefit than what they currently receive under the "two or more children" category (which has a 40 percent credit rate). The bill would also double the credit percentage for workers with no qualifying children from 7.65 percent to 15.3 percent. This change recognizes the fact that there is virtually no safety

net for people in this category, who face high federal tax burdens. The 15.3 credit percentage is the amount needed to fully offset the amount of the payroll tax, including the employer's share.

In addition, the bill will increase EITC benefits for all family categories by raising the maximum creditable earnings used to calculate the credit. For all eligible individuals with children, this amount for the year 2002 will be \$10,710, the annual wages of a full-time worker earning the minimum wage. For childless workers, the maximum creditable earnings will rise to \$6,000, approximately 60 percent of those wages. In order to balance program costs, benefits will phase out at the same income level, as is the case under current law.

The creation of the additional EITC category involving three or more children will benefit approximately 3.2 million households and further reduce poverty among these larger families. The economic stimulus function of my bill cannot be overlooked, as it will benefit the U.S. economy by providing additional incentives for more people, especially low-income women, to join the work force.

Mr. Speaker, at a time when our country is facing so many economic challenges, we must not forget that our low-income families continue to remain at the margins of our economy and are the first to suffer the effects of an economic downturn. I urge all my colleagues to join me in this effort to further enhance the highly successful EITC by cosponsoring this legislation.

#### CONCERN FOR AMERICA'S TELECOMMUNICATION INDUSTRY

### HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, April 11, 2003*

Mr. SHIMKUS. Mr. Speaker. I rise today out of concern for America's telecommunications industry.

Service providers and equipment manufacturers are going out of business, workers have been laid off, and capital investment is frozen. Experts agree the industry is experiencing an "economic meltdown." Once an engine of economic prosperity in the 1990s, this important sector is now a driver of the current recession.

Why is this happening?

In order to spur competition in the local phone market, the Telecommunications Act of 1996 required the local Bell companies to rent out their networks to competitors while they developed a customer base and built their own facilities.

That is fine. However, many state regulators set the Bells' leasing rates significantly below the cost of maintaining their lines. For some time now, the incumbent phone companies have been bleeding money while big players, such as Worldcom, take advantage of these artificially low rates that were designed to help new entrants gain access to the market. Without contributing to the local infrastructure, these companies are cherry picking lucrative business and select residential customers, while leaving the Bells to serve everyone else.

Instead of helping the little guys get started and bringing true competition to the local phone market, this regulation is a boondoggle for a few big companies at the expense of the