

the Milosevic regime remains in power, the war will continue. To stop the war, NATO forces led by the United States must be mobilized to wage air strikes against Serbian military targets in Kosovo and Serbia. But, ultimately, the only way to peace and stability in the Balkans is to allow the Albanian people the right to declare their independence under international law, just as we allowed the Slovenes, Croatians, Macedonians, and Bosnians after the demise of the former Yugoslavia.

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THE PUERTO RICAN SOURCE TAX  
FAIRNESS ACT

**HON. BILL McCOLLUM**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 6, 1999*

Mr. McCOLLUM. Mr. Speaker, I rise today in support of the Puerto Rican Source Tax Fairness Act, a bill to clarify that retirement income from pension plans of the government of the Commonwealth of Puerto Rico shall be exempt from nonresident taxation in the same manner as state pension plans. This may sound complicated, but it is not.

The 104th Congress passed important legislation banning the so-called "source tax." The source tax was a state tax placed on pension earnings of a nonresident for the portion of the pension that was earned while the worker was a resident of a state. If a person lives in New York and works for 25 years, builds a pension and then moves to Florida, New York had the opportunity to tax that pension income. That is no longer the case.

The issue at the time was one of fairness. This country was born under the cry "no taxation without representation." The source tax allowed a state to tax a person where he or she had no representation. Hence, the 104th Congress took action to remedy the situation.

Unfortunately, there is a glitch in the law. As written, the law prohibits source taxes on governmental retirement plans. However, the cross referenced section does not include the government of Puerto Rico in its definition. So, Puerto Rico may still tax the governmental pensions earned in Puerto Rico even though the person may no longer live in Puerto Rico. This could not have been the intent of the law, as the other 50 states and the District of Columbia may not tax government pensions. It is simply a glitch that is easily remedied.

As we did the first time, Mr. Speaker, we are again discussing an issue of fairness. Why should former state employees around the country escape the source tax on their pensions and not the former employees of the Commonwealth of Puerto Rico? The answer is that there is no reason for it. It is taxation without representation for former employees of the Commonwealth of Puerto Rico. A simple sense of fairness dictates that we need to make this change in the law to repeal the source tax in the way it was meant to be repealed. I urge my colleagues to support the Puerto Rican Source Tax Fairness Act.

EXTENSIONS OF REMARKS

SOUTH BRONX MENTAL HEALTH  
COUNCIL, INC. EIGHTH PATIENT  
RECOGNITION AND EMPOWER-  
MENT DAY

**HON. JOSÉ E. SERRANO**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 6, 1999*

Mr. SERRANO. Mr. Speaker, I rise today to once again pay tribute to the South Bronx Mental Health Council, Inc., which will celebrate its eight annual "patient Recognition and empowerment Day."

Created in 1968 as Lincoln Community Mental Health Center, the South Bronx Mental Health Council, Inc. is a community-based organization which provides treatment and mental health services to the local population and to area schools and senior centers. It is committed to helping empower its patients and their families through the rehabilitation of patients and their reintegration in their communities.

All of us, I am sure, have known someone who, whether we were aware of it or not, struggled with some form of mental illness. Tragically, a suicide or other crisis is too often our first—and only—indication of the individual's suffering.

While it is important, and appropriate, to recognize the care givers who provide these services, it is even more important that those individuals who have made special efforts to overcome their challenges also receive our attention and support.

Mr. Speaker, I ask my colleagues to join me in saluting our friends at the South Bronx Mental Health Council, who on Friday, January 29, will celebrate the eighth annual Patient Recognition and Empowerment Day.

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CREDIT OPPORTUNITY  
AMENDMENTS ACT

**HON. BILL McCOLLUM**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, January 6, 1999*

Mr. McCOLLUM. Mr. Speaker, today I rise to reintroduce the Credit Opportunity Amendments Act which will fundamentally reform the Community Reinvestment Act [CRA] of 1977, and clarify the enforcement of our fair lending laws.

The original purpose of CRA was to encourage banks to loan into the communities in which they maintained deposit taking facilities. In addition, the 95th Congress, which passed CRA, was concerned about redlining, the practice of denying loans in certain neighborhoods based on racial or ethnic characteristics. The enforcement mechanism chosen was to have CRA performance taken into account when regulators were deciding on applications by the banks.

When CRA passed in 1977, the Senate report stated that no new paperwork would be required under the new law. It was believed that examiners had all the information they needed on hand from call reports and their examination reports to enforce CRA. This is not

*January 7, 1999*

the case. Instead of relying on existing information, regulators have created expansive new reporting requirements resulting in mounds of additional paperwork and many wasted hours that could have been used to serve the community.

CRA's enforcement mechanism has gone completely haywire. It has become what many refer to as regulatory extortion. By holding up applications on the basis of CRA protests, some community groups hope to get sizable grants or other contracts from banks. This happens all too often. Recently, the Clinton administration has linked the enforcement of CRA with other fair lending statutes. This has placed the Justice Department in the position of being an additional bank regulator. This new bank regulator caught the lending industry off guard by using the disparate impact test for proving discrimination. Disparate impact is a controversial theory for proving discrimination in employment law using only statistical data. Using this scenario, a lender can be found to have discriminated without some element of intent or without proving that any harm resulted from a lending practice.

This legislation remedies these problems while ensuring that lenders reinvest in the communities in which they serve. First, it replaces the current system of enforcement and graded written evaluations with a public disclosure requirement. This will dramatically reduce unnecessary paperwork and end the extortion-like nature of the current enforcement mechanism.

This approach allows bank customers to decide whether the bank is doing an adequate job in meeting its community obligations; not bureaucrats in Washington or organized community groups. If not, consumers can take their business elsewhere.

This will not end the congressional requirement that banks invest in their community. Nor will it stop organized groups from being involved. They will have the enforcement from the public disclosure on the bank's intentions and performance. They can raise any concerns with the bank or the regulators at any time. Consumers and the groups representing their interests can make their concerns known without having the extraordinary authority to hold up mergers and other obligations.

The second change in this bill makes the practice of redlining a violation of the Equal Credit Opportunity Act and the Fair Housing Act. Redlining will be defined as failing to make a loan based on the characteristics of the neighborhood where the house or business is located. Currently no prohibition against redlining in fair housing or fair lending exists, however, courts have interpreted these statutes to prohibit redlining. By placing a prohibition on redlining in statute, we will be sending a clear message that we are opposed to discrimination in lending in all forms, whether based on an individual's race, gender, age, sex, or makeup of neighborhood where the individual lives or works.

This will also clarify that the method chosen to enforce our antidiscrimination laws is clear and resides in the fair housing and lending laws. No longer will regulators be forced to confront laws to attempt to address problems that the laws are inadequate for the purpose.

Third, the Credit Opportunity Amendment Act adds two criteria to the current use of the