Aeronautical University in Daytona Beach, the Father Lopez High School Board, and the Volusia County Easter Seals. His indefatigable civic service earned him the title of Outstanding Citizen of the Year and Young Man of the Year from the Daytona Beach Chamber of Commerce.

Born in Claremont, NH, Ambassador Crotty exemplified leadership at an early age. He was an exceptional high school student at Bellows Falls High School in Vermont where he was a three-time state champion in tennis and graduated salutatorian of his high school class. Ambassador Crotty graduated from Dartmouth College, where he again excelled in athletics, making captain of his tennis team while also playing varsity squash and basketball. Ambassador Crotty received his law degree from the University of Michigan and obtained a master of law in taxation from New York University Law School.

The people of the United States, as well as the people of Barbados, Antigua and Barbuda, Dominica, Grenada, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines will miss my friend—a great American and personal representative of the President of the United States.

PRIVATE ENTERPRISE PROTECTION ACT OF 1999

HON. MARSHALL "MARK" SANFORD

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 18, 1999

Mr. SANFORD. Mr. Speaker, should tax-exempt bonds, subsidized by our constitutents—be used by local authorities to enter into direct competition with private enterprise, outside the traditional functions of government? I don't believe so, and I would imagine most Americans would agree.

But that, Mr. Speaker, is the question addressed by the legislation I am introducing today, the Private Enterprise Protection Act of 1999. This legislation will help protect taxpayers from having the U.S. Treasury subsidize local government efforts to engage in unfair competition with private businesses.

As my colleagues are aware, tax-exempt bonds enable State and local governments to borrow at below market interest rates in order to finance public projects. This is generally a good program allowing State and local governments to reduce borrowing costs and enabling them to build public facilities for fewer tax dollars.

However, while the program has all good intentions, I would imagine that a vast majority of the American people would agree that tax-exempt bonds should be limited to use for projects which directly benefit the public good, but not to help the government engage in competition with private enterprise.

I was pleased to see my colleague from Texas, Mr. HALL, introduce H.R. 2756 this summer. His bill also aims to fix the problem I raise. In fact, the bill I introduce today is very similar to the Hall bill, but it incorporates several changes to reflect comments received on H.R. 2756.

It is important to keep in mind that while tax-exempt bonds are generally used for worthwhile purposes, the program does entail a sizable commitment on the part of the American taxpayer. According to the Wall Street Journal in 1997, tax-exempt interest income was reported on about 4.9 million individual returns, and total tax-exempt interest amounted to $48.5 billion.

Because there is a sizable commitment here, Congress and the Treasury have developed complex and carefully crafted rules to assure that these bonds are used for bona fide pubic purposes and not for private use of the Federal subsidy in tax-exempt bonds. These rules are intended to protect the taxpayers' interest and preserve a level playing field for concerned businesses.

A couple of instances have come to my attention in the last few months which suggest that there may be some misunderstanding of the very complex rules governing tax-exempt bonds and the intent behind these rules which have led local authorities to consider use these bonds to enter into direct competition with the private sector. The instances to which I refer include one in Las Vegas, where a local authority reportedly wishes to build a large addition to its convention center, and another in San Diego, where a local authority is reportedly looking at building a large hotel.

In cases like these, the taxpayer-subsidized facility can offer customers prices well below those that could be offered by a private facility financed at higher market rates. This strikes me as blatantly unfair, particularly in those cases where a taxpayer-subsidized facility is not a new enterprise, but instead siphons off business from already existing private business. Closing this loophole is the principal goal of my bill.

Obviously, my concern is with situations where the government is acting as a business and attracting customers. This legislation will have no effect on bonds used to build, maintain, or repair schools, hospitals, roads, or other facilities performing functions which private enterprise cannot or will not perform.

Mr. Speaker, it is bad enough that the government can impose unnecessary and costly regulatory burdens on the private sector. But, when that same government uses tax-exempt bonds to engage in competition with business, it raises a question of basic fairness.

It also blurs the lines of the role of government. Is it a wise use of taxpayer dollars to subsidize local government competition with business? I would again argue that my constituents would not support this notion or many other taxpayers.

Mr. Speaker, these are serious, national policy issues which need to be addressed on a bipartisan basis so that we can protect both private enterprises from subsidized government competition and the taxpayer interests.

It should be made clear at this point that the idea that federal tax subsidies and tax exemptions should not be used to create such an unfair competitive advantage is already in the current tax code. To prevent unfair competition, for nearly 50 years, there have been laws that have taxed businesses conducted by charities if the activity of that business is the type normally conducted by private taxable enterprises.

Keeping in line with this precedence, the legislation I introduce today closely tracks H.R. 2756 by denying tax-exempt financing for certain facilities that compete directly with existing private sector facilities in the same community. Specifically, it accomplishes this by deeming as nonexempt any "private activities bond" within the meaning of Section 141 of the Internal Revenue Code, any bond issuance, a significant amount of which is used to finance the construction, expansion, or substantial reconstruction of a facility which would be rented to businesses which could otherwise be served by an existing competing private facility.

As a clarification, Mr. Speaker, let me say again that the bill does not affect bonds issued for traditional functions of government: roads, bridges, schools, etc. To make this perfectly clear, it specifically exempts from its provisions educational institutions, hospitals, or similar facilities which provide educational services or medical care to members of the general public.

With one minor exception, the bill will not apply to "qualified bonds" that Congress has previously exempted from restrictions on "private activity" bonds. This includes bonds used for so-called "exempt facilities" under Section 142 of the Code, which includes such projects as airports, water treatment plants, dockets and wharves, local power plants, etc. An exception is made for certain lodging facilities located in markets which could be served by private owned facilities, and these would generally be covered by my bill.

Furthermore, the bill include language to assure that projects, where physical construction has both already commenced in a material fashion (other than site testing, site preparation or similar activities) and is substantially underway, are not impacted. In fairness to those who may be planning transactions which fit within the parameters of this legislation, and to assure those local authorities, in an attempt to "beat the clock," do not rush through bond offerings before this bill is enacted, the bill include a clear effective date for all provisions with the exception of those addressing lodging facilities, which carry a date of enactment effective date.

Mr. Speaker, the legislation will protect businesses from having the Federal Government grant local government facilities an unfair advantage over them in the marketplace. Further, it will protect all taxpayers from having their tax dollars used to subsidize local government efforts to enter into, or expand its presence in, non-traditional business functions already being performed by private enterprise.

RECOGNIZING PARTICIPANTS OF "VOICES AGAINST VIOLENCE: A CONGRESSIONAL TEEN CONFERENCE"

HON. MICHAEL F. DOYLE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 18, 1999

Mr. DOYLE. Mr. Speaker, I rise today to recognize three wonderful teenagers from my Congressional District. Miss Ashley Cole, a junior at Woodland Hills High School; Mr. Aniruddha Chatterjee, a senior at Fox Chapel High School and Mr. Jonathan Hobaugh, a