

The Rockefeller Center Christmas tree is world-renowned. It has been capturing the magic of the holiday season for generations. This year it carries a special significance as the tree that will usher in the new millennium. We in the Third District of Connecticut are especially proud that our tree was chosen for this special year. We are also proud of how the tree will be used after the holiday season. At the conclusion of its stately reign, the branches will be mulched for use at a camp in New Jersey, and its trunk will be cut into sections for use at the U.S. Equestrian Center, where the U.S. Olympic team will practice.

While the Thompsons, and the people of Killingworth, will surely be sad to see the tree leave home, they are undoubtedly thrilled that the world will see one of the many wonders of their small town. I rise today to acknowledge this once-in-a-lifetime event for the Thompsons and this great honor for the citizens of Killingworth.

CONFERRING STATUS AS AN HONORARY VETERAN OF THE UNITED STATES ARMED FORCES ON ZACHARY FISHER

SPEECH OF

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 2, 1999

Mrs. MALONEY of New York. Mr. Speaker, I rise today to pay special tribute to Zachary Fisher, a true American patriot. H.J. Res. 46 passed unanimously today, and I would like to thank Mr. Fisher's surviving family and his friends for their continued commitment to the men and women who put their lives on the line for our country. Without their support, this legislation would not have been possible.

First, I would like to thank Mrs. Elizabeth Fisher, his devoted wife who worked alongside Zach to help our service men and women; his brother, Larry Fisher; and his nephews, Anthony and Arnold Fisher who are carrying on his work. I would also like to thank his close friends, whose energies and expertise brought to life the many contributions Zach made—Mike Stern, a close and valued friend; Bill White, longtime Chief of Staff to Mr. Fisher and his dear friend Mary Asta.

PERSONAL EXPLANATION

HON. JULIA CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 9, 1999

Ms. CARSON. Mr. Speaker, I was unavoidably absent Monday, November 8, 1999, and as a result, missed rollcall votes 574 through 576. Had I been present, I would have voted "yes" on rollcall vote 574, "yes" on rollcall vote 575, and "yes" on rollcall vote 576.

PERSONAL EXPLANATION

HON. SILVESTRE REYES

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 9, 1999

Mr. REYES. Mr. Speaker, on Friday, November 5, 1999, I was away on official business and missed rollcall votes 571, 572, and 573. Had I been present, I would have voted "yes" on the following: Rollcall vote No. 571, the Young Amendment to H.R. 3196; rollcall vote No. 572, final passage of H.R. 3196 (the Foreign Operations Appropriations bill for Fiscal Year 2000); and rollcall vote No. 573, H.R. 3075 (the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act).

EXPANSION OF IRS SECTION 1032

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 9, 1999

Mr. NEAL of Massachusetts. Mr. Speaker, today I am introducing a modest bill which builds on the recommendations of the Department of the Treasury and the New York State Bar Association. This legislation applies section 1032, which was added in 1954 to the Internal Revenue Code, to all derivative contracts. The impact of this change is to prohibit corporations from recognizing gain or loss in derivative transactions to the extent the derivative purchased by the corporation involves its own stock.

Section 1032 states that a corporation generally does not recognize gain or loss on the receipt of money or other property in exchange for its own stock. In addition, a corporation does not recognize gain or loss when it redeems its own stock for cash. Section 1032 as originally enacted simply recognized that there was no true economic gain or loss in these transactions. However, the 1984 Deficit Reduction Act extended this policy to option contracts, recognizing the potential for tax avoidance inherent in these contracts. Since that time the financial industry has developed a number of new types of derivative products. My legislation merely updates current law to include in section 1032 current and future forms of these new types of financial instruments.

On June 16, 1999 the New York State Bar Association issued a report on section 1032 which recommended the changes discussed above. In addition, building on the work of the Treasury Department's budget recommendation, the New York State Bar Association also recommended that Congress require a corporation that retires its stock and "substantially contemporaneously" enters into a contract to sell its stock forward at a fixed price, to recognize as income a time-value element. In effect, these two transactions provide a corporation with income that is economically similar to interest income but is tax-free. This legislation includes a provision that recognizes a time-value element, i.e., the version recommended by the Bar Association. The effective date of this legislation is for transactions entered into after date of enactment.

The problem identified in 1984, and in 1999 by the Department of the Treasury, is best described in the New York State Bar Association Report. The report states:

We are concerned that all the inconsistencies described above (both in the general scope of section 1032 and in its treatment of retirements combined with forward sales) present whipsaw and abuse potential; the government faces the risk that income from some transactions will not be recognized even though those transactions are economically equivalent to taxable transactions. In addition, the government faces the risk that deductions are allowed for losses from transactions that are equivalent in substance to transactions that would produce nontaxable income, or—because taxpayers may take different positions under current law—even in the same form as such transactions. To avoid these inconsistencies, we believe it is necessary to amend section 1032. . . .

Mr. Speaker, I consider the legislation I am introducing today to be a normal house-keeping chore, something the Committee on Ways and Means has done many times in the past and hopefully will do so in the future. As such, I hope it will be seen both in Congress and in the industry as relatively noncontroversial, and that it can be added to an appropriate tax bill in the near future. I do hope, however, that the industries affected will provide written comments on technical changes they believe need to be addressed in this legislation as introduced, especially on the time value of money section of the bill.

RONALD STARKWEATHER
SCHOLARSHIP FUND

HON. THOMAS M. REYNOLDS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 9, 1999

Mr. REYNOLDS. Mr. Speaker, I rise today to honor both a community and an individual.

On Wednesday, November 10, 1999, a fund-raising reception will be held in Rochester, New York, to benefit the Ronald Starkweather Scholarship Fund. The scholarship will be awarded to a student at Monroe County Community College, who meets certain academic criteria, and continues their education at a four-year college or university in Monroe County.

The Ronald Starkweather Scholarship Fund will do more than provide financial assistance to local students. It will honor a man who meant so much to our area.

Ron Starkweather passed away last September. He served as a Commissioner of the Monroe County Board of Elections from 1985 until his death. It would be difficult to list all of Ron's associations, activities and contributions to his community, for they could easily fill a volume of this CONGRESSIONAL RECORD.

A graduate of my alma mater, Springville Griffith Institute, and Roberts Wesleyan College, Ron was active in organizations such as the United Way, Chamber of Commerce and rotary Club. Ron began his professional career as a teacher at SGI and then at the Churchville-Chili High School. At both schools he coached athletics.

Ron served as Chairman of the Monroe County Republican Committee for a decade.