On the steps of the Town House the crier is ringing his bell. It calls out in the salty air like a foghorn leading sailors home. . . . When I walk by the historic houses, I see the spirits of Marblehead. A woman stands on a widow’s walk. Her white dress flaps around her like the wings of wild seagulls. She is waiting for her husband to return. She is waiting to see the tall mast emerge from the fog. She is waiting.

The aged bricks and wooden clapboards of these houses are filled with voices. And the song of these voices is remember.

STATEMENT FOR THE RECORD ON THE INTRODUCTION OF A BILL TO CLARIFY THAT NATURAL GAS GATHERING LINES ARE 7-YEAR PROPERTY FOR PURPOSES OF DEPRECIATION

HON. SAM JOHNSON
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1999

Mr. SAM JOHNSON of Texas. Mr. Speaker, today I am joined by Representatives MCCRERY, HOUGHTON, WATKINS, MCINNIS, and CAMP in the introduction of legislation that will clarify the proper treatment of natural gas gathering lines for purposes of depreciation.

For several years, a level of uncertainty has hampered the natural gas processing industry as well as imposed significant costs on the energy industry as a whole. Consequently, I have worked to bring certainty to the tax treatment of natural gas gathering lines. During this time, I have corresponded and met with a variety of people from the Department of Treasury in an effort to secure the issuance of much needed guidance for the members of the natural gas processing industry regarding the treatment of these assets.

Unfortunately, I have not received satisfactory responses. Protracted Internal Revenue Service audits and litigation on this issue continue without any end in sight. As a result, I chose to introduce legislation in the 105th Congress in order to clarify that, under current law, natural gas gathering lines are properly treated as seven-year assets for purposes of depreciation.

This year, I introduced similar legislation, H.R. 674, as a part of the 106th Congress. Today’s bill supersedes my earlier bill, H.R. 674, and contains a few minor technical changes that are necessary to ensure that this legislation achieves its intended effect.

This bill specifically provides that natural gas gathering lines are subject to a seven-year cost recovery period. In addition, the legislation includes a proper definition of a “natural gas gathering line” in order to distinguish these assets from pipeline transportation lines for depreciation purposes. While I believe this result is clearly the correct result under current law, my bill will eliminate any remaining uncertainty regarding the treatment of natural gas gathering lines.

The need for certainty regarding the tax treatment of such a substantial investment is obvious in the face of the IRS’s and Treasury’s refusal to properly classify these assets. The Modified Accelerated Cost Recovery System (MACRS), the current depreciation system, includes “transmission pipeline and related production facilities” in the Asset Class for assets used in the exploration for and production of natural gas subject to a seven-year cost recovery period. Despite the plain language of the Asset Class description, the IRS and Treasury have repeatedly asserted that only gathering systems owned by producers are eligible for seven-year cost recovery and all other gathering systems should be treated as transmission pipeline assets subject to a fifteen-year cost recovery period.

The IRS’s and the Treasury’s position creates the absurd result of the same asset receiving disparate tax treatment based solely on who owns it. The distinction between gathering and transmission is well-established and recognized by the Federal Energy Regulatory Commission and other regulatory agencies. Their attempt to treat natural gas gathering lines as transmission pipelines ignores the integral role of gathering systems in production, and the different functional and physical attributes of gathering lines as compared to transmission pipelines.

Not surprisingly, the United States Court of Appeals for the Tenth Circuit recently held that natural gas gathering systems are subject to a seven-year cost recovery period under current law regardless of ownership. The potential for costly audits and litigation, however, still remains in other areas of the country. Given that even a midsize gathering system can consist of 1,200 miles of natural gas gathering lines, and that some companies own as much as 18,000 miles of natural gas gathering lines, these assets represent a substantial investment and expense. The IRS should not force businesses to incur any more additional expenses as well. My bill will ensure that these assets are properly treated under our country’s tax laws.

I urge my colleagues to join me as cosponsors of this important legislation.

HONORING THE ANNIVERSARY OF THE BIRTH OF SAMUEL S. SCHMUCKER

HON. WILLIAM F. GOODLING
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1999

Mr. GOODLING. Mr. Speaker, I rise today in recognition of the bicentennial of the birth of Samuel S. Schmucker, who made great contributions to American culture, religion, and education.

Mr. Schmucker was born 200 years ago on February 28, 1799 in Hagerstown, Maryland into a Lutheran parsonage family. At age ten, he moved with the family to York, Pennsylvania. As a young man at a time when there were no colleges under Lutheran auspices, Samuel Schmucker attended the University of Pennsylvania and Princeton Theological Seminary. While attending these schools, he demonstrated exceptional intelligence and leadership skills. After leaving school, Mr. Schmucker was determined to do everything within his power to improve education in his denomination and in his commonwealth. In 1821, at the young age of 22, Samuel Schmucker was ordained, and he quickly began to instruct candidates for the ministry. He founded and served the Lutheran Theological Seminary by preparing hundreds of men for the Lutheran ministry.

In 1832 Mr. Schmucker became the chief founder of Gettysburg College, one of the 50 oldest colleges in the United States today. Although the college was under Lutheran influence, he insisted that no student or faculty member be denied admission based on their religion. Samuel Schmucker remained an active member of the College Board of Trustees for more than 40 years. Throughout his life, he was an ardent supporter of education for women and minorities. He so adamantly opposed slavery and was outspoken on the subject that when confederate soldiers swept across the campus on July 1, 1863, his home and library were ransacked.

I am pleased to recognize the sponsors of this special event: Gettysburg College, the Lutheran Historical Society, and Lutheran Theological Seminary at Gettysburg and I commend them for acknowledging the importance of Samuel Schmucker’s accomplishments.

I am very proud of Samuel Schmucker’s contribution to the educational system and culture of Pennsylvania. His legacy of leadership has benefited many generations of Americans.

INTRODUCTION OF THE MEDICARE’S ELDERLY RECEIVING INNOVATIVE TREATMENTS (MERT) ACT OF 1999

HON. JIM RAMSTAD
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES

Thursday, May 27, 1999

Mr. RAMSTAD. Mr. Speaker, I rise today to introduce legislation to promote the coverage of frail elderly Medicare beneficiaries enrolled in innovative Medicare+Choice programs. This bill will exempt certain innovative programs specifically designed for the frail elderly living in nursing homes from being impacted by the new risk-adjusted payment methodology designed by the Health Care Financing Administration (HCFA) during its phase-in period.

While the concept of a risk-adjusted payment methodology would actually be beneficial for such programs, the interim methodology is limited in scope and is primarily based on hospital encounter data. This focus on hospitalizations will put programs that are designed to provide care in non-hospital settings, thus reducing the need for expensive hospitalizations, at a distinct disadvantage.

One such program is EverCare, an innovative health care program for the frail elderly in Minnesota and other states. A recent study by the Long Term Care Data Institute (LTCDI) has concluded that EverCare’s revenue alone will decrease 42% under this new methodology. The program could not continue with such dramatic cuts.

Recognizing that EverCare and programs like it may be adversely impacted by the new