century of unequaled service to the people of our city.

INTERNATIONAL TAX SIMPLIFICATION FOR AMERICAN COMPETITIVENESS ACT OF 1999

HON. AMO HOUGHTON
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, June 7, 1999

Mr. HOUGHTON. Mr. Speaker, today I am joined by my colleagues, Messrs. LEVIN, SAM JOHNSON, HERGER, MATSUI, CRANE, and ENGLISH in introducing our bill, “International Tax Simplification for American Competitiveness Act of 1999”. The world economy is globalizing at a pace unforeseen only a few years ago. Our trade laws and practices have encouraged the expansion of U.S. business interests abroad, but our tax policy lags decades behind—in fact, in many cases, our international tax policy seems to promote consequences that are contrary to the national interest.

In the 1960s, the United States accounted for over 25 percent of all U.S. merchandise export sales. Despite a 30 percent loss in world export market share, the United States was in a position to administer and interpret the foreign provisions of the United States income tax law. At the end of the 20th century, we confront an economy in which U.S. multinationals face greater competition in global markets, yet rely on these markets for a much larger share of profits and sales, than was the case even a few years ago. In light of these changed circumstances, the effects of tax policy on the competitiveness of U.S. companies operating abroad is potentially of far greater consequence today than was formerly the case.

As we begin the process of re-examining in fundamental ways our income tax system, we believe it imperative to address the area of international taxation. In an Internal Revenue Code that is stuffed with eye-gazing complexity, there is probably no area that contains as many difficult and complicated rules as international taxation. Further, I cannot stress enough the importance of continued discussion between the Congress and Treasury of simplifying our international tax laws; and in making more substantial progress in regard to eliminating particular anomalies such as with the allocation of interest expense between domestic and foreign source income for computation of the foreign tax credit or in regard to how our antiquated tax rules deal with new integrated trade areas such as the European Union.

None of us is under any illusion that the measure which we introduced removes all complexity or breaks bold new conceptual ground. We believe, however, that the enactment of this legislation would be a significant step in the right direction. The legislation would enhance the ability of America to continue to be the preeminent economic force in the world. If our economy is to continue to create jobs for its citizens, we must ensure that the foreign provisions of the U.S. income tax law do not stand in the way.

There are many aspects of the current system that should be reformed and greatly improved. These reforms would significantly lower the cost of capital, the cost of administration, and therefore the cost of doing business for U.S.-based firms. This bill addresses a number of such problems, including significant anomalies and provisions whose administrative effects burden both the taxpayers and the government.

The focus of the legislation is to put some rationalization to the international tax area. In general, the bill seeks in modest but important ways to: (1) simplify this overly complex area, especially in subpart F of the Code and the foreign tax credit mechanisms; (2) encourage exports; (3) enhance U.S. competitiveness in other industrialized countries.

The bill would, among other necessary and important adjustments, make permanent the provision regarding the subpart F exception for active financial services income, modify other provisions that apply subpart F of the Code in inappropriate ways, eliminate double taxation by extending the periods to which excess foreign tax credits may be carried, restore symmetry to the treatment of domestic and foreign losses, and make needed adjustments to the so-called “10/50 company” provisions that burden the joint venture relationships that enable our companies to form in their international business relations.

In summary, the law as now constituted frustrates the legitimate goals and objective of American business and erects artificial and unnecessary barriers to U.S. competitiveness. Neither the largest U.S. based multinational company nor the Internal Revenue Service is in a position to administer and interpret the mine numbing complexity of many of the foreign provisions. Why not then move forward creating a set of international tax rules which taxpayers can understand, and the government can administer? Therefore the proposed changes we believe represent a creditable package and a “down payment” on further reform in the international tax area. We urge our colleagues to join us in cosponsoring this important legislation.

TRIBUTES TO RETIRED COLONEL ALICE GRITSAVAGE

HON. CLIFF STEARNS
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Monday, June 7, 1999

Mr. STEARNS. Mr. Speaker, I rise to take notice of a special citizen, Retired Colonel Alice Gritsavage. She is a one of a kind person that deserves special recognition.

Ms. Gritsavage resides in my hometown of Ocala, Florida and she has had a remarkable life. Ms. Gritsavage served our nation as a nurse in both World War II and the Korean War. In fact, her outstanding record as an executive Army nurse in World War II influenced General Douglas McArthur to request that she be named to his staff as Chief Nurse of the Far East Command at the start of the Korean conflict.

I would like to quote from the congratulatory letter Col. Gritsavage received on the date of her departure from the Korean Command on May 28, 1953 from General Mark Clark, Commander in Chief of the United States Army at that time.

General Clark wrote:

You had been in the theatre only a short time when the Communist aggressors threatened world peace by their unprovoked invasion of South Korea. This event required a tremendous build up of medical and hospital facilities, both in Japan and Korea, to care for the wounded of the United Nations. Since that time the standards of the Army Nurse Corps in the Command have reached a level unparalleled in the Corps. Your unflagging efforts, outstanding leadership and devotion to duty have set a brilliant example and have been directly responsible for the excellent services performed by our gallant Army Nurses in this, the United Nations first armed bid for world peace.

Col. Gritsavage’s dedicated service to our nation led our local chapter of Korean War Veterans to name their chapter after Ms. Gritsavage. At the time of this dedication in 1995, the Ocala chapter was the only one in the nation to be named after a woman—reflecting the importance of Col. Gritsavage to our community.