

THE FEDERAL EMERGENCY MANAGEMENT AGENCY BUY AMERICAN COMPLIANCE ACT

HON. MAC COLLINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 8, 2000

Mr. COLLINS. Mr. Speaker, after a strong earthquake shook Northridge, CA, the Federal Emergency Management Agency (FEMA) made funds available to the Los Angeles Department of Water and Power to improve the power system's resistance to earthquakes. A \$2 million contract for open air disconnect switches went to a foreign firm. That is not right. FEMA is subject to Buy American provisions, but there is a loophole once a grant is made. That loophole needs to be closed.

I have introduced legislation today which will apply the requirements of the Buy American Act to non-emergency Federal Emergency Management Agency (FEMA) assistance payments.

As you know, the Buy American Act was designed to provide a preference to American businesses in federal procurement. Each year FEMA awards a number of grants for non-emergency projects. Currently, the Agency adheres to the requirements of the Buy American Act. However, once the Agency awards taxpayer funds to a state or local entity in the form of a grant, that entity is not required to comply with Buy American when spending those funds. I believe this needs to be changed. Mr. Speaker, the Buy American requirements should be applied whether the federal government is directly spending the money, or whether it is passing the funds down to a state or municipality to be spent.

The Buy American Act is necessary to protect American firms from the dumping of cheap foreign-made products. Many of the nations we trade with have significantly lower labor costs than the U.S. Without the safeguard provided by the Buy American Act, foreign companies are able to underbid American companies on U.S. government contracts.

It is important to understand the Buy American Act's criteria for determining whether a product is foreign or domestic. The nation where the corporation is headquartered is irrelevant, Buy American is focused upon the origin of the materials used in the construction project. In order to be considered an American product, the product in question has to fulfill these two criteria: (1) the product must be manufactured in the United States, and (2) the cost of the components manufactured in the United States must constitute over 50% of the cost of all the components used in the item.

My proposed legislation would stipulate that taxpayer funds distributed by FEMA as financial assistance could only be used for projects in which the manufactured products are American made, according to the criteria established by the Buy American Act.

Mr. Speaker, it does not make sense that FEMA should have to comply with the Buy American Act when making an expenditure, while these same funds are somehow exempt once passed down from FEMA to another government agency. If FEMA gives a grant for a project, those taxpayer funds should still be

managed according to the terms of the Buy American Act.

Mr. Speaker, I introduce this legislation in order to ensure there is consistency in the law, with regard to FEMA and the provisions of the Buy American Act. I hope the members of this House will join me in support of this pro-American measure.

HONORING RICHARD HOFFNER-McCALL

HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 8, 2000

Mr. WELDON of Pennsylvania. Mr. Speaker, I rise today to honor the efforts of Richard Hoffner-McCall. Richard is being named as one of our country's top student volunteers in the fifth annual Prudential Spirit of Community Awards for the year 2000.

The awards are presented through a partnership between The Prudential Insurance Company of America and the National Association of Secondary School Principals with the goal to honor and recognize outstanding community service by young people. All recipients receive a bronze Distinguished Finalist medallion from the Prudential Company at a ceremony in his/her hometown.

Richard Hoffner-McCall is among the winners from my home state of Pennsylvania. Richard is a junior at Cardinal O'Hara High School and will be given his award in his hometown of Media, PA. Richard organized a program which collected over an astounding 5,000 items to be donated to the non-for-profit organization Operation Smile that provides free facial surgeries to underprivileged children around the globe.

Mr. Hoffner-McCall should be proud to be a part of such an extraordinary group of dedicated volunteers. Richard is a stand-out citizen whose actions have made our community a better place. His generous and selfless attitude has made a positive impact on the lives of others. I applaud Richard's initiative to seek out aid for those less fortunate. I express my sincerest gratitude to him for showing that the youth of today will lead us into the future with care and concern for those less fortunate. He is a credit to his family, his community and our Congressional District.

INTRODUCING THE INSTALLMENT TAX CORRECTION ACT OF 2000

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 8, 2000

Mr. HERGER. Mr. Speaker, I am pleased today to join with my good friends and colleagues, Mr. SWEENEY and Mr. TANNER, to announce the introduction of our bipartisan legislation—the Installment Tax Correction Act of 2000.

It is no secret that small business is the engine driving our current economic success. America's small businesses provide the entre-

preneurship and innovation to keep our economy moving forward. Unfortunately, many small business owners now face a tax burden which threatens to erode the value of their business and which has erected an unnecessary barrier to small business ownership. The legislation we are introducing today is necessary to correct a provision of the tax code which is imposing a serious burden on thousands of small businesses across America.

Mr. Speaker, most small business owners have chosen to use the installment sales method when selling their business because bank financing is often not available. Under an installment sale, the buyer makes a down payment up front and pays for the rest of the business over a period of years. Such sales grant greater flexibility to both the buyer and seller and have enabled thousands of Americans, who would otherwise be unable to buy a business, the opportunity to make their dream of small business ownership a reality.

Last year the President proposed, and Congress accepted as part of larger tax package, a provision to repeal the use of installment sales for certain taxpayers. This provision appeared to target larger businesses when they sold a particular asset or assets. Small business groups, Congress, and even the administration did not expect the serious effect this provision would have on small businesses across America. Unfortunately, the unintended consequences are now a reality and it is our job to fix the problem. Our legislation will do just that, by once again allowing businesses to make use of installment sales.

Mr. Speaker, this is not a theoretical discussion. The burden being felt by small business owners across America is all too real. It is affecting taxpayers such as Harold and Mary Owens who own a small family business in my district in Redding, CA. They have built up their business through 12 years of hard work and are counting on the sale of this business to provide for their retirement. To pull the rug of retirement security out from under them at this time is simply wrong. And this is just one example out of the thousands of businesses each year which will see the value of their businesses eroded if our legislation is not enacted.

I was hopeful that the President would propose a solution to this problem in his fiscal year 2001 budget, released just yesterday. While I am disappointed that the President's budget does not address this important issue, I remain hopeful that all of us—both Republican and Democrat—will work with the administration to fix this situation on behalf of our Nation's small businesses.

I am pleased by the support our effort has received so far. The legislation we are introducing has more than 70 bipartisan cosponsors. Furthermore, a coalition of more than 50 groups—including the National Federation of Independent Business, the U.S. Chamber of Commerce, the National Association of Realtors, and the National Taxpayers Union, among others—has made enactment of our legislation a top priority this year.

Mr. Speaker, we owe it to small businessmen and women across America to have a tax code which treats them fairly. It is imperative that we pass the Installment Tax Correction Act this year, and I urge all my colleagues to join this worthy, bipartisan effort.