

July 27, 2000

THE UNIVERSAL EMPLOYEE
STOCK OPTION ACT OF 2000

HON. AMO HOUGHTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 26, 2000

Mr. HOUGHTON. Mr. Speaker, I am pleased to join my colleague from California, Mr. MATSUI, in introducing the Universal Employee Stock Option Act of 2000. The bill would add another leg on the stool for employee retirement by providing another means of accumulating assets. What does the bill do? The bill would add two incentives to encourage the granting of stock options to all employees.

First, the proposal provides for a tax deferred form of employee stock options, which are only taxable when the stock is sold—a combination of ordinary income and possible capital gain accumulated after the option is exercised. The deferral aspect would provide a powerful incentive to the employee to hold the stock for the longer term. Importantly, the employee pays for the stock, through payroll deductions, with pre-tax dollars—not unlike a section 401(k) plan. The maximum employee pre-tax contribution to an option plan would be \$10,000 per year.

Second, the bill would provide a deduction to the employer for the fair market value of the stock at the time of exercise—the exact same amount the employee would report as ordinary income when the stock is sold.

The deduction by the employer at the time the option is exercised is offset by the ordinary income reported by the employee at time of sale. There would be a revenue cost associated with the deferral of reporting of the ordinary income until sale, versus the deduction by the employer at time of exercise. Of course, any gain to the employee at sale which exceeds the ordinary income portion would be taxed as capital gains. The bill provides for adequate safeguards and procedures to track the sale of stock and reporting thereof to the IRS.

Why do we need such a change? As article after article has pointed out, executive compensation keeps accelerating at a much faster pace than regular compensation. The market place will, as time moves along, maintain some control over the executive compensation. But this proposal is a way to help the ordinary working person.

In the 105th Congress, I introduced a stock option bill. I believe this new bill is an improved version because (1) the new bill covers substantially all employees, (2) the total deferral of the tax to the employee, plus purchase with pre-tax dollars, strongly encourages participation and long-term retention of the stock, and (3) the bill encourages employers to offer the tax-deferred compensation in the form of stock options by giving the employer a deduction for the value of the stock at the time of exercise.

The approach in this bill is primarily designed to attract the non-highly compensated employee, and would be an effective way to address the compensation gap and provide long-term security for the employee. We encourage our colleagues to join us by cosponsoring this legislation.

EXTENSIONS OF REMARKS

CONGRATULATORY REMARKS TO
THE INTEGRITY LODGE NO. 79 OF
THE ORDER OF ITALIAN SONS
AND DAUGHTERS OF AMERICA'S
65TH ANNIVERSARY

HON. RON KLINK

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 26, 2000

Mr. KLINK. Mr. Speaker, I rise today to pay tribute to the Integrity Lodge No. 79 of the Order of Italian Sons and Daughters of America on the occasion of its 65th anniversary.

The Integrity Lodge No. 79 was founded in 1935 by Gabriel Falleroni and received its charter on March 31, 1935. Integrity Lodge No. 79, which began with approximately 60 members, now serves as a cultural resource for hundreds of Italian-Americans. It has been a bastion for unity for all members of the Italian-American community in Allegheny County.

The Lodge has been housed in the same location, Mile Lock Lane, since 1951, where it continues to hold its weekly meetings up to this day. Dedicated to promoting ideals of good citizenship and brotherly love, it is committed, and has been from the very beginning in 1935, to furthering the principles of liberty, unity and duty among the community.

Western Pennsylvania was fortunate to receive its share of the western European settlers who immigrated to the United States in the early 1900's, many of whom were Italian immigrants. Due to the large number of Italian immigrants, western Pennsylvania was exposed to a wonderful new culture and was able to reap its benefits with the help of organizations such as Lodge No. 79. For years, members of the Integrity Lodge promoted Italian heritage by introducing all aspects of Italian culture to the community, including Italian games such as bocce. Let it be noted that members of the Lodge were very proficient in bocce and were extremely enthusiastic participants in the game. Members of the Lodge were such avid players that they eventually created their own Bocce League. Through the work of its current president, Mrs. Greco, and many others at Integrity Lodge No. 79, the emphasis on Italian culture and traditions continues to flourish.

Integrity Lodge is known throughout Allegheny County as not just an Italian-American organization, but as an outstanding member of the community. Since its conception, the Lodge has taken an active part in civic and community functions. It has been noted for its generous contributions to several charitable organizations in Allegheny County.

And so it is with great pleasure that I ask my colleagues to join me in congratulating Integrity Lodge No. 79 of the Order of Italian Sons and Daughters of America, past and present, on the celebration of its first 65 years, with best wishes for the next 65, and beyond.

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ON THE DEDICATION OF RED
ARROW PARK TO THE MEMORY
OF THE FAMED RED ARROW DI-
VISION

HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 26, 2000

Mr. STUPAK. Mr. Speaker, 83 years ago in July, National Guard units from Michigan and Wisconsin were formed into the 32nd Division. These units traced their heritage back to Spanish American War, with a few even dating back to the famed Iron Brigade, a veteran unit of Civil War fighting that was so terribly decimated on the first day of the Gettysburg battle.

The 32nd Division would soon earn its designation as the Red Arrow Division in major fighting in major offensives in World War I. It was reactivated during World War II and sent to the South Pacific, where the unit took part in six major engagements.

The Red Arrow Division was among the first units serving occupation duty in Japan, and was reactivated again as a result of the Berlin Crisis in 1961.

As a result of army reorganization, the unit now carrying the famed designation is no longer a division but instead is a mechanized brigade, the 32nd Infantry "Red Arrow" Brigade.

Mr. Speaker, while this history of the famed "Red Arrow" unit is available to anyone with a computer and access to the Internet, an important part of the Red Arrow history was lost for many years.

In 1945 the city of Marinette, Wisconsin, the twin city of my home town of Menominee, Michigan, named a beautiful piece of shoreline Red Arrow Park in honor of the fighting unit in which so many of its sons had served. This honor extended to soldiers from Upper Michigan, as well—men like my father-in-law, Ken Olson, from Escanaba, or the late Fred Matz, an honored veteran from Menominee.

But the community forgot where the name came from. Red Arrow Park was just another park—an attractive one and a great place to launch a fishing boat or hold a family reunion—but a park whose heritage had been lost.

On July 30 this situation will be remedied. In a special ceremony spearheaded by local veteran Richard J. Boye of Menominee, the community will dedicate a monument that firmly links the Red Arrow combat unit to Red Arrow Park.

This event will greatly enhance the community value of the park, Mr. Speaker. Red Arrow Park will remain an important place where families can gather in peace and freedom, where children can run and play, cooled by the breezes of Green Bay. Now, however, they will be reminded of the many residents of northern Wisconsin and Upper Michigan who served in the Red Arrow Division in two great wars and the Cold War to preserve peace and freedom.

I thank our veterans for their years of service, and I especially thank our local veterans who organized the July 30 dedication. Their efforts today in setting up this beautiful monument will help future generations remember all their comrades who have served so well.