

commercial and military vehicles while maintaining a highly skilled technological workforce in Indiana who I am very proud to represent.

Mr. Chairman, I wish to express my gratitude to the members of the Armed Services Committee who have reported a defense authorization bill that will ensure continued Hummer production. I urge my colleagues to support this legislation.

INTRODUCTION OF LEGISLATION TO PROVIDE EXTENDED PAYMENT OF ESTATE TAX FOR ESTATES WITH CLOSELY HELD BUSINESSES

**HON. NEIL ABERCROMBIE**

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 2000

Mr. ABERCROMBIE. Mr. Speaker, Mrs. MCCARTHY from New York joins me today in introducing a bill to provide estate tax relief for closely held, family-owned businesses. Both Mrs. MCCARTHY and I support repeal of the estate tax and we have co-sponsored legislation in this Congress, H.R. 8, to effect repeal. The Ways and Means Committee will soon mark up H.R. 8 and report the measure for floor action.

The estate tax threatens the survival of family businesses. Mrs. MCCARTHY has heard this in her Small Business Committee, just as I have heard from my constituents. Economists and tax experts confirm that the estate tax creates a true impediment in passing the family business to the next generation. The Congressional Budget Resolution, however, prevents an immediate repeal of the estate tax, and the anticipated committee recommendation will provide rate reduction with a gradual, extended phase down of the tax.

I support that recommendation as do many of my colleagues. But family-owned businesses need immediate relief if they are to survive as family enterprises. Any business owner who dies during that phase-down period, will face the problem of having to sell the business to pay the tax. Active, family-owned businesses are inherently illiquid. The owners have invested most, if not all, of their assets in the business. Where a business constitutes the major part of a person's estate, the estate must sell off the business assets, or in many cases the business itself, to pay the federal estate tax within 9 months of the owner's death.

Now, sale of the business or sale of the business assets is hard to complete within 9 months. The seller is not going to get the full value of the property in a forced sale. Instead of this losing proposition, an aging parent while still living will often sell the family business even though the children want to retain the enterprise.

Even the tax scholars, who argue in favor of the estate tax, agree that family businesses face a true hardship to raise cash for the estate tax. They recommend that family businesses should have an extended period to pay off the tax so that the business will not have to be sold.

Trying to deal with this problem, Congress in 1958 and again in 1976 enacted the deferral

and installment payment provisions in current law. Under section 6166 of the tax code, an executor of an estate can elect to defer payment of the federal estate tax for 4 years and pay the tax in annual installments over the next 10 years. The decedent's estate must pay the Treasury a discounted rate of interest on the amount of deferred tax outstanding. The 4-year deferral and 10-year installment payment apply as to the estate tax on a closely held business.

This relief covers ownership of a sole proprietorship, a corporation, or a partnership. But the relief is restricted under an obsolete definition of eligibility. Back in 1948, the tax code defined a small business as having 10 or less shareholders or owners for Subchapter S treatment. In the estate tax area, relief was geared to the same definition under Subchapter S. In 1976, when Congress re-visited the estate tax, it extended the deferral and installment payment relief to businesses with 15 or less owners in keeping with the revised Subchapter S definition of small business. In 1996, Congress modified the definition of a small business under Subchapter S to mean a business with less than 75 owners, but Congress failed to make the comparable change in the estate tax. Consequently estate tax relief for closely held businesses is now based on an antiquated definition.

The proposal in the bill Mrs. MCCARTHY and I are introducing, raises the number of permissible shareholders and partners in a qualifying business from 15 to 75 for purposes of section 6166 relief. Again, our proposal is consistent with the definition of a small business corporation in section 1361 of the tax code. Congress, in the Small Business Jobs Protection Act of 1996, had raised the permissible number of shareholders from 35 to 75 for small business corporations under section 1361, and Congress in that same bill should have made the same change for estate tax relief back in 1996.

As I stated earlier, owners of closely held, family businesses have to sell their business to meet their estate tax liability. The proposed relief gives family-owned businesses as well as other closely held businesses, additional time to pay the tax. Business earnings could then be used to pay the decedent's estate tax liability without having to sell business assets or the business itself. The children could continue to own and run the family business. I commend this bill to my colleagues.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this infor-

mation, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, May 23, 2000 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 24

9 a.m.  
Judiciary  
Administrative Oversight and the Courts Subcommittee  
To hold oversight hearings to examine the 1996 campaign finance investigations. SD-226

9:30 a.m.  
Energy and Natural Resources  
Business meeting to consider pending calendar business. SD-366

Environment and Public Works  
To hold hearings on S. 25, to provide Coastal Impact Assistance to State and local governments, to amend the Outer Continental Shelf Lands Act Amendments of 1978, the Land and Water Conservation Fund Act of 1965, the Urban Park and Recreation Recovery Act, and the Federal Aid in Wildlife Restoration Act (commonly referred to as the Pittman-Robertson Act) to establish a fund to meet the outdoor conservation and recreation needs of the American people; S. 2123, to provide Outer Continental Shelf Impact assistance to State and local governments, to amend the Land and Water Conservation Fund Act of 1965, the Urban Park and Recreation Recovery Act of 1978, and the Federal Aid in Wildlife Restoration Act (commonly referred to as the Pittman-Robertson Act) to establish a fund to meet the outdoor conservation and recreation needs of the American people; and S. 2181, to amend the Land and Water Conservation Fund Act to provide full funding for the Land and Water Conservation Fund, and to provide dedicated funding for other conservation programs, including coastal stewardship, wildlife habitat protection, State and local park and open space preservation, historic preservation, forestry conservation programs, and youth conservation corps; and for other purposes. SD-406

10 a.m.  
Foreign Relations  
To hold hearings on the nomination of Marc Grossman, of Virginia, to be Director General of the Foreign Service, Department of State. SD-419

Banking, Housing, and Urban Affairs  
Business meeting to markup S. 2107, to amend the Securities Act of 1933 and the Securities Exchange Act of 1934 to reduce securities fees in excess of those required to fund the operations of the Securities and Exchange Commission, to adjust compensation provisions for employees of the Commission; S. 2382, to authorize appropriations for technical assistance for fiscal year 2001, to promote trade anti-corruption measures; S. 2266, to provide for the minting

- of commemorative coins to support the 2002 Salt Lake Olympic Winter Games and the programs of the United States Olympic Committee; S. 2453, to authorize the President to award a gold medal on behalf of Congress to Pope John Paul II in recognition of his outstanding and enduring contributions to humanity; the nomination of Richard Court Houseworth, of Arizona, to be a Member of the Board of Directors of the Federal Deposit Insurance Corporation for the remainder of the term expiring December 25, 2001; and the nomination of Nuria I. Fernandez, of Illinois, to be Federal Transit Administrator.
- SD-538
- 2:30 p.m.  
Energy and Natural Resources  
Water and Power Subcommittee  
To hold hearings on S. 2163, to provide for a study of the engineering feasibility of a water exchange in lieu of electrification of the Chandler Pumping Plant at Prosser Diversion Dam, Washington; S. 2396, to authorize the Secretary of the Interior to enter into contracts with the Weber Basin Water Conservancy District, Utah, to use Weber Basin Project facilities for the impounding, storage, and carriage of nonproject water for domestic, municipal, industrial, and other beneficial purposes; S. 2248, to assist in the development and implementation of projects to provide for the control of drainage water, storm water, flood water, and other water as part of water-related integrated resource management, environmental infrastructure, and resource protection and development projects in the Colusa Basin Watershed, California; S. 2410, to increase the authorization of appropriations for the Reclamation Safety of Dams Act of 1978; and S. 2425, to authorize the Bureau of Reclamation to participate in the planning, design, and construction of the Bend Feed Canal Pipeline Project, Oregon.
- SD-366
- Indian Affairs  
To hold hearings on S. 611, to provide for administrative procedures to extend Federal recognition to certain Indian groups.
- SR-485
- MAY 25
- 9:30 a.m.  
Energy and Natural Resources  
To hold hearings to examine the outlook for America's natural gas demand.
- SD-366
- Commerce, Science, and Transportation  
To hold hearings to examine a Federal Trade Commission survey of Internet privacy policies.
- SR-253
- 10 a.m.  
Health, Education, Labor, and Pensions  
Public Health Subcommittee  
To hold hearings to examine gene therapy issues.
- SD-430
- Banking, Housing, and Urban Affairs  
Financial Institutions Subcommittee  
To hold hearings on the competition and innovation in the credit card industry, focusing on the consumer and network level.
- SD-538
- Governmental Affairs  
International Security, Proliferation and Federal Services Subcommittee  
To hold hearings to examine the issuance of semipostal stamps by the U.S. Postal Service.
- SD-342
- 2 p.m.  
Judiciary  
To hold hearings on pending nominations.
- SD-226
- Commission on Security and Cooperation in Europe  
To hold hearings to examine elections, democratization and human rights in Azerbaijan.
- 2255 Rayburn Building
- 2:30 p.m.  
Energy and Natural Resources  
National Parks, Historic Preservation, and Recreation Subcommittee  
To hold oversight hearings on the potential ban on snowmobiles in Yellowstone and Grand Teton National Parks and the recent decision by the Department of the Interior to prohibit snowmobile activities in other units of the National Park System.
- SD-366
- MAY 26
- 10 a.m.  
Governmental Affairs  
To hold hearings to examine export control implementation issues with respect to high performance computers.
- SD-342
- JUNE 7
- 9:30 a.m.  
Indian Affairs  
To hold hearings on S. 2282, to encourage the efficient use of existing resources and assets related to Indian agricultural research, development and exports within the United States Department of Agriculture.
- SR-485
- 2:30 p.m.  
Energy and Natural Resources  
Forests and Public Land Management Subcommittee  
To hold hearings on S. 2300, to amend the Mineral Leasing Act to increase the maximum acreage of Federal leases for coal that may be held by an entity in any 1 State; S. 2069, to permit the conveyance of certain land in Powell, Wyoming; and S. 1331, to give Lincoln County, Nevada, the right to purchase at fair market value certain public land in the county.
- SD-366
- Foreign Relations  
International Economic Policy, Export and Trade Promotion Subcommittee  
To hold oversight hearings to examine satellite export controls.
- SD-419
- JUNE 21
- 9:30 a.m.  
Indian Affairs  
To hold hearings on certain Indian Trust Corporation activities.
- SR-485
- JUNE 22
- 9:30 a.m.  
Commerce, Science, and Transportation  
To hold hearings to examine issues dealing with aviation and the internet, focusing on purchasing airline tickets through the internet, and whether or not this benefits the consumer.
- SR-253
- JUNE 28
- 9:30 a.m.  
Indian Affairs  
To hold hearings on S. 2283, to amend the Transportation Equity Act for the 21st Century to make certain amendments with respect to Indian tribes.
- SR-485
- JULY 12
- 9:30 a.m.  
Indian Affairs  
To hold oversight hearings on risk management and tort liability relating to Indian matters.
- SR-485
- JULY 19
- 9:30 a.m.  
Indian Affairs  
To hold oversight hearings on activities of the National Indian Gaming Commission.
- SR-485
- JULY 26
- 9:30 a.m.  
Indian Affairs  
To hold hearings on authorizing funds for programs of the Indian Health Care Improvement Act.
- SR-485
- SEPTEMBER 26
- 9:30 a.m.  
Veterans' Affairs  
To hold joint hearings with the House Committee on Veterans' Affairs on the Legislative recommendation of the American Legion.
- 345 Cannon Building