

Section 815 was added to the Code as part of the 1959 changes to the life insurance companies tax structure. Before 1959, life insurance companies were taxed only on their investment income. Underwriting (premium) income was not taxed, and underwriting expenses were not deductible. The change provided that all life insurance companies paid tax on investment income not set aside for policyholders and on one-half of their underwriting income. The other half of underwriting income for stock companies was not taxed unless it was distributed to shareholders (so-called "policyholders surplus account or PSA"). The 1959 tax structure sought to tax the proper amount of income of stock and mutual companies alike and the PSA mechanism helped implement that goal.

In 1984, Congress rewrote the rules again. Both stock and mutual companies were subjected to tax on all their investment and underwriting income. In this context, dividend deductions for mutuals were limited under Section 809, and the tax exclusion for a portion of stock company's underwriting income was discontinued. Congress made a decision not to tax the amount excluded between 1959 and 1984. Rather the amounts are only taxed if one of the specific events described in the current Section 815 occurs (principally dissolution of the company).

The bill would repeal the obsolete Section 815 provision. Since 1984, the Federal government has collected relatively small amounts of revenue with respect to PSAs as companies avoid the specific events which trigger PSAs taxation. There is not a "fund", "reserve," "provision" or "allocation" on a life insurance company's books to pay PSA taxes because, under generally accepted accounting principles, neither the government nor taxpayers have ever believed that significant amounts of tax would be triggered. Nevertheless, the continued existence of the PSAs does result in a burden on the companies in today's changing financial services world—a burden based on bookkeeping entries made from sixteen to forty-one years ago to comply with Congress' then vision of how segments of the life insurance industry should be taxed. In addition, the prior Administration made proposals to require that PSA balances be taxed, even though no triggering event has taken place—thus creating additional uncertainty.

The repeal of these two provisions, Sections 809 and 815, would provide certainty, less complexity, and remove two provisions from the Internal Revenue Code, which no longer serve a valid tax policy goal in the life insurance tax structure of the Internal Revenue Code. We urge our colleagues to join us in co-sponsoring this legislation.

TRIBUTE TO SHERIFF MICHAEL GAGE

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 14, 2001

Mr. BARCIA. Mr. Speaker, today I pay tribute to Sheriff Michael Gage upon his retirement as Huron County's top law enforcement

official. During his decade-long tenure, Sheriff Gage pioneered community policing long before the term became common-place. As a police officer, as a father, as a devoted member of his church and contributor to his community, Michael Gage serves as a model for others to emulate.

Mike's strength of character, deep sense of duty and judiciousness earned him a well-deserved reputation for principled leadership within the Sheriff's Department and his community. His service was marked by a keen understanding that the law's reach must be guided by a firm but measured hand that takes into account individual and unique circumstances, as well as one's duty to strictly enforce the law.

While never swaying from his duty, Michael Gage also refused to shrink from offering compassion to those in need. During his time and after his time as Sheriff, Mike demonstrate a continuing commitment to helping those who found themselves on the wrong side of the law. In recent years, Mike has maintained correspondence with numerous former inmates and attempts to keep them on the right path by lending a willing ear and a responsive heart.

In his work and in his life, Michael Gage has lived out his faith in ways which have made a real difference for his family and his community. Mike has been thoroughly devoted to Carol, his wife of 34 years, and their three children, and their family has also reached out across international borders in hosting 17 exchange students in 20 years.

Finally, Mr. Speaker, I am proud that my friend's decision to turn in his badge will not mean a retreat from the dedicated service to his fellow citizens that has been the benchmark of his storied career. In fact, Mike is wasting no time in continuing his public service with his recent election to the Huron County Board of Commissioners. I know the board will welcome the addition of his significant knowledge, skills and experience as they work for the future of Huron County.

I ask my colleagues to join me in expressing gratitude to Sheriff Gage for his outstanding service and wish him continued success in serving the needs of Huron County.

SOCIAL SECURITY AND MEDICARE LOCK BOX ACT OF 2001

SPEECH OF

HON. BOB RILEY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 13, 2001

Mr. RILEY. Mr. Speaker, protecting America's retirement must be of the highest order. H.R. 2 is extraordinarily important for guaranteeing a secure retirement for Americans. Our Government must never revert back to raiding the Social Security trust fund.

We have a moral obligation to not allow the Medicare or Social Security surpluses to be carelessly squandered. All funds that are originally designated for Medicare or Social Security must stay there, regardless of a surplus or not. This legislation mandates that no Social Security or Medicare surpluses can be used

for any other purpose other than debt reduction or Social Security and Medicare reform legislation. The creation of a "lockbox" for these funds, I believe, is essential for maintaining the current status of Social Security benefits and for protecting the future retirees in our country.

Every American citizen has been promised a secure retirement and access to health care in their twilight years, and as representatives of these citizens, we not only have a professional duty, but a moral obligation to keep that promise. The Social Security and Medicare LockBox Act will guarantee that these funds will be out of the reach of wasteful government spending and kept secure for today's beneficiaries and future retirees.

I urge my colleagues to join me today in support of the Social Security and Medicare Lockbox Act.

RECOGNIZING AMERICAN HEART MONTH

HON. JOE BACA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 14, 2001

Mr. BACA. Mr. Speaker, on Valentine's day, a time of celebration of our loved ones, we should take a moment to recognize American Heart Month, established by the Congress in 1963. This February the American Heart Association's 22.5 million volunteers and supporters are joining together with the message that we can combat heart disease.

I worked on this issue in California, authoring a bill to fight against heart disease, and standing with the American Heart Association on this important issue.

Cardiovascular disease, including heart attack and stroke, is America's No. 1 killer and a leading cause of permanent disability. An American dies from cardiovascular disease every 33 seconds. Nearly 61 million Americans suffer from cardiovascular diseases. Cardiovascular diseases kill nearly 1 million Americans every year—about 41% of deaths in the U.S. If cardiovascular diseases were eliminated, life expectancy would rise by almost 7 years. Cardiovascular disease, will cost Americans an estimated \$300 billion in medical expenses and lost productivity in 2001.

Coronary heart disease (including heart attack and crushing chest pain) is the single largest killer of all Americans. Every 29 seconds someone suffers a heart attack and every 60 seconds someone dies. This year, more than 1 million Americans will suffer a heart attack. More than 40% of these victims will die.

This tragic illness affects women, too. Heart disease, stroke and other cardiovascular diseases actually kill more American women than men. Cardiovascular diseases, including heart disease and stroke, remain the No. 1 killer of American females. More than 500,000 die each year. Cardiovascular diseases kill more females each year than the next 14 causes of death combined. Heart disease kills five and a half times as many American women as breast cancer. Stroke kills more than twice as many women as breast cancer. Cardiovascular diseases kill almost twice as many American females as all forms of cancer.

The American Heart Association and other organizations are working relentlessly to reduce the burden—both physical and economic—that heart disease places on Americans of all walks of life. This tragic illness affects the lives of almost all Americans in some way. We can win the fight against this devastating disease with the support of every man, woman, and child in our nation. We can save a life, if we are prepared for cardiac emergencies. We should know the signs. Call 9-1-1 immediately. Give CPR.

Unfortunately, too many Americans are not aware of the heart attack warning signs. The warning signs include uncomfortable pressure, fullness, squeezing or pain in the center of the chest lasting more than a few minutes; pain spreading to the shoulders, arm or neck; chest discomfort with lightheadedness, fainting, sweating, nausea or shortness of breath.

Together we can save a life. We will fight and win against this illness.

IN RECOGNITION OF THE RETIREMENT OF CHARLES T. HARRIS

HON. JAMES P. MORAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 14, 2001

Mr. MORAN of Virginia. Mr. Speaker, today I pay tribute to Charles T. Harris—one of our Federal Government's finest public servants and a long time resident of the Commonwealth of Virginia. This March he will retire from an exceptionally distinguished career of service to his country. He has served our nation both in uniform and as a career civil servant for over 38 years. He has been an exceptional leader and manager of the nation's treasure and his efforts have materially strengthened our national defense. It gives me pride to have the opportunity to honor him today for his tremendous accomplishments.

Mr. Harris began his career in public service in the summer of 1962 when he entered the Corps of Cadets at the United States Military Academy at West Point, New York. After graduation, he served ten years on active duty including two tours of duty with the U.S. Army in Vietnam, first as a platoon leader and then as a company commander. After leaving the Army, Mr. Harris began his civilian career in the Department of the Army as a supervisory budget analyst responsible for the Army's logistics programs. In 1985, Mr. Harris began work in the Office of the Under Secretary of Defense (Comptroller), where since 1988 he has served in the Senior Executive Service in various leadership roles, including: Associate Director for Air Force Operations, Deputy Director of the Revolving Funds Directorate, Deputy Director and then Director for Operations and Personnel.

Mr. Harris' professionalism and significant contributions have been recognized by every administration he has served. Among his many awards, he has received the Outstanding Department of the Army Civilian Award (the PACE Award), the Presidential Rank Award for Meritorious Service, and most recently, the Department of Defense Distinguished Civilian Service Award, the highest award granted to civilian employees in DoD.

Through his civilian career as a financial manager, Mr. Harris has steadily and continuously accumulated a comprehensive knowledge of the workings of the Federal budget process particularly as it pertains to financing the nation's military forces. Year after year, Mr. Harris has succeeded in transforming the administration's defense priorities into a clear, defensible and compelling, articulation of the resource requirements necessary to execute the nation's peacetime and wartime military operations. In his role as Director of the Operations and Personnel Directorate, he is directly responsible for fully 65 percent of the Department of Defense annual budget. He has become an acknowledged expert on Military Readiness, Recruiting and Retention, Quality of Life, Contingency Operations, Military Healthcare, Training and Education.

Mr. Harris is an imaginative leader and exceptional manager who inspires his people to produce work of the highest quality. Throughout his career he has repeatedly sought out opportunities to materially improve the ways in which the Department of Defense allocates its resources to effectively execute the National Military Strategy. By actively working with stakeholders in the Congress and throughout the Department of Defense he has successfully streamlined and rationalized the submission of budget justification materials so that they are both more timely and more useful to decision makers.

Senior leaders, both in the Congress and in the Department of Defense have benefitted enormously from his unsurpassed experience, wisdom and clarity. His efforts have enabled our nation's leaders to make the most effective use of defense resources to ensure America's military strength in the twenty-first century. Mr. Harris is retiring from a career of exemplary merit and has earned the profound respect of a grateful nation. On behalf of my colleagues, I thank him for his service to our country and wish him well on his retirement.

INTRODUCTION OF THE CALIFORNIA RECLAIMED WATER ACT FOR THE 21ST CENTURY

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 14, 2001

Mr. GEORGE MILLER of California. Mr. Speaker, I am proud to introduce the California Reclaimed Water Act for the 21st Century. I introduced almost identical legislation in the 106th Congress (H.R. 5555).

The dry winter we are experiencing in California should be a reminder that water shortages and drought are quite normal in our State. I strongly believe that investment in reclaimed water technology—water recycling—can help us “drought-proof” many of our community water supplies in California.

Projects that recycle water result in a net increase in available local water supplies and can decrease the need for water that must be supplied and often imported from other sources. Because wastewater for recycling is available even when other water supplies are diminished, recycled water can assist in pro-

viding a long-term, reliable, local source of water even during droughts.

Our farmers, urban dwellers, sport and commercial fishing interests, tribes, mountain communities and environmentalists all seek a more reliable and a more certain water future. Recycled water plays an important part in meeting California's water needs today and will play an even more important role in the next several decades.

About 3 percent of the water supply in the San Francisco Bay Area is now recycled. Water managers hope that eventually as much as 40 percent of the water will be recycled, perhaps as much as 500,000 acre-feet per year. California cities need planning help and financial assistance to find markets for the recycled water, and to construct the treatment and conveyance facilities needed to get the treated water to identified markets.

Recycled water can be used for irrigation of golf courses, parks, school lands, business campuses, and highway medians, and for groundwater recharge, wetlands development, and industrial purposes. We have to start thinking about recycled water as a critical component of the water supply picture in California.

Californians and government agencies have recently affirmed their support for water recycling, first with the passage of the California water bond last year, and more recently with the approval of the CALFED water agreement which broadly sets a course for California's water future. Water recycling and reuse is a major element of both these new actions and policies.

The Federal government's support for water recycling was initially authorized in the Reclamation Wastewater and Groundwater Study and Facilities Act of 1992. The Bureau of Reclamation's so-called “Title XVI” program originally approved financial assistance for planning, design and construction of four water recycling projects in California. More projects were approved in 1996.

The legislation I introduce today builds upon these Congressional efforts, voter ballot initiatives and agency studies.

The bill authorizes a series of new Title XVI water recycling projects and directs the Secretary of the Interior to work with various water districts throughout the State on water recycling activities. Specific projects included in the bill are: Castaic Lake Water Agency; Clear Lake Basin Water Reuse Project; San Ramon Valley Recycled Water Project; Inland Empire Regional Water Recycling Project; San Pablo Baylands Water Reuse Project in Sonoma, Napa, Marin and Solano Counties; State of California Water Recycling Program; Regional Brine Lines (salt removal) in Southern California and in the San Francisco Bay and the Santa Clara Valley areas; Lower Chino Dairy Area Desalination Demonstration and Reclamation Project; and the West Basin Comprehensive Desalination Demonstration Program.

These projects will have the capacity to produce hundreds of thousands of acre-feet of useable water. Each acre-foot of recycled water produced by these projects will reduce the demand in California for imported water from the Bay-Delta and the Colorado River.

Unlike traditional Bureau of Reclamation water projects, these water recycling projects