

HOUSE OF REPRESENTATIVES—*Tuesday, March 6, 2001*

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore (Mrs. MORELLA).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
March 6, 2001.

I hereby appoint the Honorable CONSTANCE A. MORELLA to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 3, 2001, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

FEDERAL GOVERNMENT PROMOTING LIVABLE COMMUNITIES

Mr. BLUMENAUER. Madam Speaker, my priority in Congress is for the Federal Government to be a better partner in promoting livable communities, to make our families safe, healthy, and economically secure. A critical element in a livable community is making sure that we can deal with the natural disasters: floods, fire, earthquakes, and storms.

Every year natural disasters cost billions of dollars and kill and injure Americans all across this great Nation. Every year the Federal Government is there to help unfortunate victims and their States and local governments in the recovery and repair. In the last 8 years alone, the United States has suffered more than 850 people dying in floods, and the property damage has totaled almost \$90 billion. The total expenditure for disaster relief, including FEMA and insured losses, has been more than \$150 billion in the last 20 years.

There are two ways that we can help: we can be dealing after the fact, deal-

ing with the unfortunate victims and the damage that has been brought; or we can work to deal before disaster occurs to minimize damage and perhaps even prevent it all together.

I note two important provisions in the administration's recent budget submission: one is the reform of the Federal flood insurance program. This is a high priority for me. It is long overdue. The gentleman from Nebraska (Mr. BERREUTER) and I have introduced legislation in the last Congress that two floods and you are out of the taxpayer pocket bill to stop the Federal Government subsidizing people who live in areas that God has repeatedly shown that he does not want them. There is one home in suburban Houston that has suffered over \$800,000 of loss over the last 20 years, 16 occasions, a home that is only worth, they tell us, \$115,000.

Our legislation would allow people to use this money to relocate out of harm's way or to flood-proof their property. But if they do not, then they will be required to foot the bill themselves, not the U.S. taxpayer. We have seen dramatic examples of what this sort of proactive activity can do. The Arnold, Missouri, flood damage in 1993 was over \$2 million; but after work in flood-proofing the community, moving people out of harm's way, the 1995 flood, which was much larger, had only \$40,000 in damage.

Madam Speaker, I am pleased with the recognition the administration has for our legislation, but I have serious reservations about another proposal which would eliminate Project Impact. This is a Federal program that is not a grant, but instead provides seed money to help the people themselves build disaster resistant communities, to develop the partnerships and upfront investment needed to make sure that people do not suffer these horrible losses.

Madam Speaker, I was impressed this last fall to be able to address a conference of over 2,000 participants, partners all across the country in these partnerships. There are now 250 Project Impact communities and over 2,500 business partners alone, including NASA and four NASCAR race drivers. It is important for us to nurture this type of partnership, not to turn our back on it.

Project Impact and flood insurance reform are two important ways that the Federal Government can be a better partner to promote livable communities and to make our families safer,

and more economically secure.

REPEALING THE 2 PERCENT EXCISE TAX ON PRIVATE FOUNDATIONS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Florida (Mr. STEARNS) is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Madam Speaker, last week the gentleman from Illinois (Mr. CRANE) and I introduced bill H.R. 804, a bill to repeal the 2 percent excise tax on private foundations.

The United States is blessed with a deep spirit of philanthropy. Charitable organizations serve the interest of both the individual and the community. Private foundations in particular have made measurable differences in the lives of Americans, from access to public libraries, developing the polio vaccine, and even leading in the creation of the emergency number 911. Each and every American has experienced the benefits of the tireless efforts of these foundations.

Madam Speaker, currently there are 47,000 foundations in the United States. In 1998, foundations gave away an estimated \$22 billion in grants. These foundations were also forced to give the Federal Government a grant of \$500 million in 1999.

Under current law, not-for-profit private foundations generally must pay a 2 percent excise tax on their net investment income. This requirement was originally enacted in the Tax Reform Act of 1969 as a way to offset the cost of government audits on these organizations. So some 31 years ago, we instituted a tax on these foundations to cover the audit expense. However, when you look at the number of audits that have been performed, particularly since 1990, the IRS audits on private foundations has decreased from 1,200 to just 191. Yet the excise collection during these 31 years has grown from roughly \$200 million in 1990 to \$500 million in the year 1999.

In addition, private foundations are bound by a 5 percent distribution rule. Foundations must make annual qualifying distributions for charitable purposes equal to roughly 5 percent of their fair market value of the foundation's net investment assets. The required 2 percent excise tax, which is payable to the IRS, actually counts as a credit to the 5 percent distribution rule.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.