

EXTENSIONS OF REMARKS

INTRODUCTION OF H.R. 1106, THE YOUNG AMERICAN WORKERS' BILL OF RIGHTS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1993

Mr. LANTOS. Mr. Speaker, I doubt that any bill will be introduced during the 103d Congress which has greater potential for protecting our Nation's children than the Young American Workers' Bill of Rights—H.R. 1106—which was introduced in this House yesterday. This bill updates the measure sponsored last year by our colleague, Congressman Don Pease of Ohio, who is sorely missed on this and other issues, Congressman CHARLES SCHUMER of New York, and myself. In introducing this legislation in the 103d Congress, I have been joined by my distinguished colleagues, Congressman GEORGE BROWN of California, Congressman SCHUMER, Congresswoman ESHOO, and Congresswoman PAT SCHROEDER of Colorado, the distinguished Chair of the Select Committee on Children, Youth, and Families.

Mr. Speaker, with the new climate in both the Congress and the administration, I have great hope that we will now act promptly to strengthen the legal protections for young people in the workplace.

Let me emphasize first that supporters of this child labor reform legislation do not oppose young people working. I recognize the benefits which can come from holding a job during school years—learning skills, developing a sense of responsibility, contributing to a needy family's budget. It is the all-too-common exploitation of young workers that we oppose: excessive hours, interference with school, hazardous occupations, working below age 14.

As chair of the Employment and Housing Subcommittee, I held three hearings in 1990 and 1991 which elicited widespread attention, both in the media and at the Department of Labor. Under the stimulus of our initial hearings, the Labor Department undertook a nationwide series of job site sweeps, utilizing all the resources of the Wage and Hour Division. Then-Secretary Elizabeth Dole announced that "the cop was on the beat." Some 44,000 child labor violations were found in 1990, a startling increase from 10,000 in 1983 and even from 24,000 in 1989. Unfortunately the cop did not remain on the beat for long. At the subcommittee's 1991 hearing in California, we were told that outreach and education were the preferred enforcement methods. Detected violations dropped to 28,000 that year.

The massive illegal employment of children damages the United States in two major ways: First, it has a negative impact on the education and thus the future of our young people, who are our Nation's future work force and, second, it has resulted in the death and serious injury of many, many young workers.

Many studies have demonstrated the effects excessive work on students' school achievement. It appears clear that even at age 16 or 17 working more than 20 hours a week is correlated with lower grades, choice of easier courses, disengagement from families, and dropping out of school. What can be clearer than the comparison between the United States, where about two-thirds of high school students work, and Japan, where 2 percent of students are employed?

My subcommittee heard horrifying testimony about injuries and deaths of illegal young workers. A 17-year-old was killed while delivering pizzas. Others were killed in a dough-mixing machine and a paperbaler at a grocery store. A 13-year-old lost his leg while working at a carwash. A teenage girl had a fingertip severed by a restaurant slicing machine. These and more tragedies brought to life the grim statistics. The Labor Department reported only 232 violations with injuries in 1990, but this is the tip of an unmeasured iceberg. A New York State study found 1,333 workers' compensation awards in that State alone to children under 18 in 1986. Clearly we need more complete data—but most importantly, we need action to stop such disturbing and preventable injuries and deaths.

The Young American Workers' Bill of Rights will modernize the 1938 Fair Labor Standards Act provisions covering child labor. It provides criminal penalties for willful violations, including fines and imprisonment in cases of death or serious injury. Repeat violators will be ineligible for Federal grants and contracts, will not be permitted to pay the subminimum training wage, and will be prohibited from employing a minor for 5 years. To overcome the minuscule workers' compensation awards given to many injured minors or their survivors, the bill provides a right to sue.

In line with recent research, the bill establishes limits of 20 hours a week and 4 hours per school day for employment of 16 and 17-year-olds. We must have a clear public policy that education is a minor's first job and principal responsibility.

To assure that minors' work is legal, safe, and not exploitative, the Young American Workers' Bill of Rights establishes a work certificate system. Both parents and schools will be required to sign permit applications and employers will submit information concerning the nature and hours of the job. All too often we hear that parents are ignorant of their children's work situation and schools may learn about students' employment, if at all, only when it is reflected in declining achievement.

The bill provides for publicity for violators because it is my experience that fines are frequently considered a mere cost of doing business, while adverse publicity involving major national corporations, such as fast food or grocery chains, can be a major deterrent.

Mr. Speaker, issues of worker training and retraining and the rising skill threshold for jobs

in the 1990's and beyond are high on our agenda. So is the need for education reform. All of these matters are affected by child labor which exploits and limits the future potential of the young people on whom our economy and our society must depend. I urge my colleagues to support this measure which can go far to safeguard American youth.

TAXPAYER RIGHTS AMENDMENTS OF 1993

HON. JOEL HEFLEY

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1993

Mr. HEFLEY. Mr. Speaker, when President Bush vetoed H.R. 11, the Revenue Act of 1992, he did so because it included numerous tax increases and special interest provisions. At a time when the economy was perceived to be weak, Congress had presented the President with a bill that increased the tax burden on Americans.

Ironically, by vetoing H.R. 11, the President killed 2 years of effort by members of the Ways and Means Committee to help protect taxpayers from abuse by the IRS. These provisions were part of H.R. 3838, the Taxpayer Bill of Rights Act of 1991, and they were designed to improve upon the original taxpayers bill of rights.

Originally passed in 1988 as part of the Technical and Miscellaneous Revenue Act, the omnibus taxpayer bill of rights was a watershed, ending 10 years of work to address IRS excesses and provide taxpayers with a means to defend themselves from unwarranted action.

These provisions included granting taxpayers the right to sue for damages if an IRS agent recklessly or intentionally disregards provisions of the Internal Revenue Code, codifying existing IRS regulations regarding taxpayer rights, and awarding litigation and administrative costs to taxpayers who prevail against an unjustified IRS action.

With the growing deficit, however, the provisions included in the taxpayer bill of rights have been sharply tested. In 1990's budget agreement, for example, Congress called on the IRS to collect an additional \$9.4 billion by increasing their audit and collection efforts. These efforts, in turn, have increased the number of complaints regarding IRS actions.

The Ways and Means Committee responded last session by holding a series of five hearings on IRS practices and the effect of the taxpayer bill of rights. These hearings resulted in the legislation that was killed when President Bush vetoed H.R. 11.

This is a new session, and it's time to begin again to work to protect the American taxpayer. For this reason, I am reintroducing legislation I originally introduced 2 years ago.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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

This bill is called the Taxpayer Rights Amendments of 1993 and it is drafted to contribute to the progress made in the original taxpayer bill of rights by:

First, enabling additional taxpayers to recover legal expenses from the IRS;

Second, equalizing the interest rate the IRS pays to the taxpayer with the rate it charges; and

Third, expanding a taxpayer's right to sue the IRS.

I'm pleased to say the first two of these additions were included in the Ways and Means bill, H.R. 3838, and I hope to see them passed into law this session.

The first provision addresses what happens after the taxpayer has prevailed in court against the IRS. Under current law, the taxpayer can receive reasonable litigation costs from the IRS, but only if they can prove the IRS was not substantially justified in its actions.

In other words, a taxpayer has to prove in court that they paid their full share of taxes. Then, unless they want to pony up the court costs after winning their case, they have to prove that the IRS was not substantially justified in taking them to court. The entire burden of proof is placed on the taxpayer, even when they prevail.

My bill will eliminate this burden by removing the standard of substantially justified. Under this legislation, if the IRS loses its case against a taxpayer, it pays the taxpayers court costs.

The second provision will even out the interest rates the IRS charges and pays taxpayers. Under current practice, the IRS charges overdue tax payments a higher interest rate than it pays overpaid taxes. While this may be a convenient way to raise revenue, it does not engender confidence in the minds of taxpayers who notice the difference.

My bill will eliminate this shell game and require the IRS to pay the same interest rate it charges.

Two provisions in my bill that were not included in last session's committee bill deal with the taxpayer's right to sue the IRS.

Under the current taxpayer bill of rights, a taxpayer may sue the IRS if, during the collection of a tax, an IRS employee recklessly or intentionally disregards a provision of the Internal Revenue Code.

My bill will make two additions. First, it will allow taxpayers to sue for actions taken during the determination, in addition to collection, of a tax. Second, it will allow taxpayers to sue if an IRS employee carelessly, in addition to recklessly and intentionally, disregards provisions under the Internal Revenue Code.

These two changes will give taxpayers recourse in areas not addressed by the original taxpayer bill of rights. Consider the testimony of Lawrence Roush, president of Lincoln Moving & Storage, before the Small Business Committee:

In 1975, the IRS completed an employment tax audit on Lincoln. As a result of that audit, Lincoln was advised to issue 1099's to its contract truckmen but if the same individuals were occasionally used on a local hourly basis to also issue those individuals W2 forms. Subsequent to the audit, Lincoln was sold. The new owners have always been aware of the audit and continued to rely on the audit.

In September 1987, Lincoln was again contacted by the IRS. At the initial meeting on September 30 the auditor told the officers of Lincoln that because of the budget deficit, the auditor was seeking revenue and that Lincoln was a good place to start. The auditor alleged a tax liability of \$50,000. The auditor asserted that if the alleged liability was not paid, a full audit would be completed.

At that time, I informed the auditor of our previous audit and claimed 530 safe harbor protection. The IRS argued that we were not eligible for 530 protection. Over the years the IRS has asserted various reasons for this but has never given us written verification of the reasoning for denying 530 protection.

On July 22, 1988 the IRS informed Lincoln of an alleged tax liability of \$281,066.10 in a document marked "for discussion purposes only".

What is happening here is pretty obvious. IRS agents are using the knowledge that they can't be sued for actions taken during the determination process to intimidate and harass taxpayers into paying excess taxes. Hence the "for discussion purposes only" mark on the original determination. Until the IRS actually presents an official tax bill, they are immune from recourse.

This legislation will change that by including the determination period under section 7433(a) of the Internal Revenue Code. As Mr. Roush's example demonstrates, harassment and mistreatment by IRS agents can occur during the determination process as well as the collection process.

This legislation will also allow taxpayers to sue for damages if the IRS carelessly disregards provisions of the Internal Revenue Code. By now, I'm sure everyone is familiar with the tragic story of Mrs. Kay Council, whose husband committed suicide to provide her with the funds necessary to fight the IRS. As Mrs. Council concludes, she eventually won her 10-year battle with the IRS, but at a very high price:

I was cheated of my rights as a citizen. I was cheated of growing old with the man I love. I lost my best friend. Now I have to start a new life and a new career at the age where I should be able to enjoy my children and grandchildren. I have worked for 20 years as a professional, but I have not been in the job market since 1982. Our children have no father, only the emotional devastation left in their life to try and deal with. Our grandchildren have no "pop," that's the name they use for the grandfather they love dearly. Our granddaughter thinks her pop got sick and died. How do you explain the IRS and suicide to a five-year-old? It seems to me that somebody has to be held accountable for the destruction to me and my family.

Yet I am told I cannot sue the IRS for damages, economical or personal. How do you put a price tag on a life? I can't sue them for the illegal tax lien they put on us. I had no rights. The IRS had them all.

Mrs. Council can't sue the IRS because they didn't recklessly or intentionally disregard the law. Instead, they merely acted carelessly, in a slow, impersonal, and bureaucratic fashion that eventually destroyed her family. This legislation would provide Mrs. Council, and all the other taxpayers who have suffered similar experiences, a means of obtaining compensation.

In conclusion, this legislation builds upon the foundation of the original taxpayer bill of rights. It represents a continuation of the effort to balance the need to collect taxes with the inherent rights of taxpayers. I believe it is an important step toward restoring confidence in our present tax collection system and I hope my colleagues will support it.

SMALL BUSINESS LOAN
SECURITIZATION AND SECONDARY
MARKET ENHANCEMENT
ACT OF 1993

HON. RICHARD H. BAKER

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1993

Mr. BAKER of Louisiana. Mr. Speaker, yesterday I introduced legislation designed to strengthen small businesses, financial institutions, and American taxpayers. This legislation is going to energize the economy and create jobs because it will assist small businesses who are starving for credit.

In 1984, Congress removed regulatory impediments to selling securities backed by pools of residential mortgages by enacting the Secondary Mortgage Market Enhancement Act. The bill I am introducing today, the Small Business Loan Securitization and Secondary Market Enhancement Act of 1993, creates a similar secondary market for small business loans.

This proposal will help small businesses by making it easier for them to gain access to the capital markets and making more credit available at lower prices. It will help bankers because they will issue loans to small businesses without having to raise additional capital; the banks will sell these loans to investors instead of keeping them on their books. Third, institutional and individual investors will fund small businesses by purchasing investment-grade securities backed by small business loans.

This bill removes unnecessary legal barriers in Federal securities, banking, pension, and tax laws to facilitate the sale of securities backed by small business loans. These securities are called small business related securities, and are backed by pools of small business loans made by banks, credit unions, insurance companies, and similar financial institutions which are already regulated by the Federal Government.

This bill allows for the pooling of loans made to any business which meets the definition of a small business as determined by current law and by the Small Business Administration. Qualifying businesses are: First, manufacturers with as many as 1,500 employees; second, service firms with \$13.5 million in sales or less; third, wholesalers with as many as 100 employees, and fourth, construction firms with \$17 million or less in receipts.

Sections 3, 4, and 5 of this bill remove obstacles under Federal securities law concerning the delivery requirements for margins and securities. Under current law, issuers are given 35 days to pool and sell securities. This bill extends that time period to 6 months so

small business loans can be originated after a commitment to purchase the securities has been obtained and can be included in a pool backing the securities.

This legislation also removes Federal securities law impediments governing the filing of registration statements with the Securities and Exchange Commission. Under current law, selling securities backed by small business loans is time consuming and very costly. An organization must register the securities with the SEC and prepare, file, and clear registration statements in each of the 50 States. Section 7 of this bill streamlines this process by permitting the filing of a single registration statement with the SEC.

Current law imposes another burden on banks selling small business loans because banks can be required to keep a matching amount of capital even if they sell the loans. Section 8 of this bill says banks that pool and sell small business loans are not required to maintain capital against those loans if they sell the loans. Under this proposal if the bank retains some of the risk, then the bank is required to keep enough capital to protect itself against the possibility of a loss.

This legislation also removes requirements imposed by the Employee Retirement Income Securities Act. Currently, the Department of Labor exempts financial institutions that manage pension funds and package and sell mortgage-backed securities from ERISA requirements. Section 9 of this bill directs the Labor Department to grant a similar exemption for financial institutions selling securities backed by small business loans.

Lastly, section 10 of the bill directs the Secretary of the Treasury to issue tax rules for entities used to pool small business loans. In 1986, Congress helped facilitate the securitization of real estate mortgage loans by calling for tax clarification of institutions that were going to pool those loans. The Treasury Department promulgated the real estate mortgage investment conduits [REMIC's] and we ask them to issue similar rules applicable to small business backed securities.

In a recent American Banker article, Federal Reserve Chairman Alan Greenspan publicly supported the creation of strong secondary market for small business loans. He said that we could help expand credit for these businesses and speed the economic recovery. "There's no question that [a secondary market for small business loans] would be a very good contribution to the financial viability of this country," Greenspan added.

At this time, our constituents are asking us to cut Federal spending. So it is very important that I say that this bill does not create a new Federal agency to guarantee these loans. Therefore, American taxpayers are not saddled with the cost of more bureaucracy and are not exposed to the risk of potential losses on securities backed by small business loans. What we need to do now is promote economic growth and develop good-paying jobs for the citizens of this country and this legislation does just that.

Mr. Speaker, I look forward to working with you and my other colleagues in the House in moving this legislation forward so that we can assist the creation and development of American small businesses which are so vital to the

economic improvement of and job growth in our country.

TRIBUTE TO METROPOLITAN JEWISH GERIATRIC CENTER

HON. JERROLD NADLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1993

Mr. NADLER. Mr. Speaker, Metropolitan Jewish Geriatric Center was founded 85 years ago as the Brooklyn Hebrew Home and Hospital for the Aged by a group of women concerned about the health and well-being of their elderly neighbors.

From truly humble beginnings, Metropolitan has grown to become one of the largest and most respected organizations of its kind in the Nation. Today, in addition to the same 900 residents at its Parshelsky Pavilion in Coney Island, and its affiliated Branner Pavilion in the Boro Park section of Brooklyn, respectively, Metropolitan serves more than 20,000 people through a vast network of outreach programs and affiliated services.

The mission of Metropolitan: To assure that every resident and client enjoys the benefits of the finest geriatric care available and has access to the most innovative and progressive programs in the Nation.

Metropolitan's leadership in the field of geriatric care is due in large measure to the skill, the experience, and the dedication of its professional, nursing, administrative, and support staff.

This remarkable group of men and women proved their mettle, and demonstrated their dedication over 3 unforgettable days in December—when the most severe storm in memory wreaked havoc throughout the Northeast.

The Parshelsky Pavilion, with 359 frail elderly residents, was particularly hard hit. The generator and boilers were submerged in water; the lower levels of the building were flooded—in some cases up to the ceiling. Services that were affected included heat, power, and phone communications as well as food, linen, and supply delivery. Some 100 residents were evacuated under extremely arduous conditions.

Yet, miraculously, all the residents were safe and secure. Metropolitan was able to weather the crisis because of the resourcefulness of scores of staff members, who, in an amazing display of heroism, worked tirelessly to protect the elderly—some at great risk to themselves.

Their courage and the fortitude were best exemplified by the 11 Metropolitan employees who abandoned their vehicles in surging waters and literally swam to the facility to join the rescue effort.

In a recent message to the staff, Martin Simon, the president of Metropolitan, acknowledged their loyalty and their spirit. "Your dedication," he said, "will long be remembered as one of the most glorious moments in our history. We are deeply grateful for your commitment, and express our warmest thanks to all of you."

Metropolitan Jewish Geriatric Center can take pride in its staff, and in the caliber of its

leadership—Mr. Simon, the distinguished board of directors, and Eli S. Feldman, the executive vice president and chief executive officer, and Judith W. Brune, senior vice president/chief operating officer.

Mr. Speaker, it gives me great pleasure to offer this well-earned tribute to Metropolitan Jewish Geriatric Center, and to all those involved in their humane work.

LET US NOT FORGET ARMENIA

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1993

Mr. LANTOS. Mr. Speaker, it has been said that "the United States put its foreign policy pants on one crisis at a time." In light of this, I fear that among the crises in Bosnia, Somalia, and Iraq, there is a danger that we forget the ongoing tragedy in Armenia.

The hardship in Armenia and the besieged region of Nagorno-Karabakh has persisted beyond the fall of the Soviet Union. Now its neighbors are engaged in an all-out battle for influence in the region in which the largely Christian Armenians have become the odd man out.

We must do what we can to force this issue into the public domain. We must continue exerting what pressures we can until the Azerbaijanis relent and lift their brutal blockade of Armenia that threatens thousands of lives this winter. Armenia, landlocked and surrounded by neighbors who will not or cannot help, needs the help of the international community.

We can help in two ways: First, we can provide temporary relief by sending humanitarian aid to help the struggling country through a harsh winter. For a more lasting solution, however, we must work through the United Nations and the CSCE as well as applying direct pressure on Azerbaijan to bring an end to the devastating blockade that is strangling this one prosperous country.

Recently, Turkey agreed to allow humanitarian aid through its borders to relieve the suffering caused by the exceptionally harsh winter in Armenia and the Karabakh region. We must make sure this promise is fulfilled by carefully monitoring the situation until there are concrete results.

The relief effort has already started. Armenian-Americans have taken up collections and sent shipments of food, fuel, and medical supplies. Operation Winter Rescue, a group of Armenian-Americans, raised \$500,000 to send back to their kinsmen in Armenia. France has offered to send massive humanitarian aid if Turkey will let it past their borders. Humanitarian aid, however, is only a temporary solution.

Armenia seems doomed to have the stakes piled against it. Even though it was one of the more prosperous of the former Soviet republics, it is declining rapidly into the dark ages as Armenia tries to function on 20 percent of their normal fuel supplies. All factories are closed down, schools are closed until spring for lack of heat and to prevent the spread of disease, electricity is only on for a few hours a day.

Bread is rationed at 250 grams a day—it was 500 grams during World War II—and the hundreds of thousands of Armenian refugees who have been expelled from Azerbaijan and Nagorno-Karabakh are in danger of dying of exposure or starvation. The list of atrocities seems endless, from Serbian-like ethnic cleansing to the possibility of opening the Medzamar nuclear powerplant before it is completely repaired.

A letter to the editor of the New York Times describes the plight of Armenians in Nagorno-Karabakh: "the story of a minority group attempting to preserve its way of life, its language, its religion and culture from a death decreed from the central government in Baku. Azerbaijan began practicing ethnic cleansing in Karabakh before Serbia and Bosnia appeared on the map."

Despite the lack of media coverage, this crisis is as deserving of our attention and that of the various international institutions with jurisdiction in that area as the crises in the former Yugoslavia.

Let us take some time to focus on the tragic plight of the victims of this 5-year war. Let us do all that is in our power to end the devastating blockade that is strangling this small country that has been struggling toward democracy since before the fall of the Soviet Union. The time for decisive American action is now.

**AIRCRAFT EQUIPMENT
SETTLEMENT LEASES ACT OF 1993**

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1993

Mr. BROOKS. Mr. Speaker, today I am introducing legislation clarifying the status of currently pending equipment lease agreements between the Pension Benefit Guarantee Corporation [PBGC] and airlines that have sought the protection of the Bankruptcy Code. The Aircraft Equipment Settlement Leases Act of 1993 will bring certainty to this area of the law to the benefit not only of PBGC, which stands behind the pension plans of millions of Americans, but also the many workers who are employed in the troubled airline industry.

The situation which highlighted the need for this clarification in the law is that of Continental Airlines. When Continental filed for reorganization under chapter 11 of the Bankruptcy Code in 1990, one of its principal creditors was PBGC, and one of its principal assets was the equity in aircraft owned by Continental. Accordingly, an agreement was reached whereby Continental would transfer this equity to PBGC and would lease the planes back. The purpose of this bill is to ensure that this arrangement will be treated as a lease under the relevant provision of the Bankruptcy Code, as all parties intended.

Mr. Speaker, the immediate effect of this clarification will be to facilitate the emergence of an airline—such as Continental—from chapter 11 reorganization proceedings, at no cost whatsoever to the taxpayer. Given the grave concerns that I share with many of my colleagues over the competitive position of the domestic airline industry, it is essential that the

Congress do all it can to promote the economic health of domestic carriers. I urge prompt consideration by the Congress of the Aircraft Equipment Settlement Leases Act of 1993.

**EXTEND FEDERAL EMPLOYEES
HEALTH BENEFITS FOR DEPENDENTS**

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1993

Mr. GOODLING. Mr. Speaker, It came to my attention that dependents of Federal employees are covered under the Federal Employee's Health Benefits Program only until they reach the age of 22. This is an inequity which places many children of Federal employees at an educational disadvantage as compared to many children of employees in the private sector or military.

This oversight places a financial burden on those families who have children still attending a college or university after they have already turned 22 years of age. Families in this position must purchase health insurance from private carriers so that a child will be covered if some medical emergency should occur. There are many instances in which students may find themselves in this position. For example, if a student had been held back early in school or flunked a grade, that student might not graduate from college until after turning 22 years old. Also, a student may be forced to leave college for a year or semester for health reasons; again, this student might not graduate until after turning 22. In each of these instances, it is not the fault of the student that they have not already graduated from college before their health insurance expires. In fact, in some cases it is a credit to the student's character for having completed their education after experiencing an early setback. Such perseverance should be rewarded, not punished. We in the Federal Government should strive to make it possible for a child to finish his or her education without such extraneous worries.

A student presently caught in the situation which I have been discussing, would be forced to purchase a private health insurance plan. An unemployed, full-time college student would probably not have the means to purchase such a policy without neglecting his or her studies and taking an extra job. Some families might have the means to pay this added expense, but many would not.

This bill is a very simple one that would make graduating from college a little less of a burden than it already is for many families. The bill extends the age for which unmarried, dependents who are full-time college students are covered under their parent's health benefits plan to the age of 23. This bill would make this provision of the Federal Employees Health Benefits Program consistent with that of the U.S. Military, which already covers unmarried, dependent, full-time college students until the age of 23. We all know that in the private sector many dependents are covered up to the age of 25 or 26 in some cases.

In addition, many States such as Pennsylvania have a kindergarten age entry law which states that you must be 5 years old by a certain date in order to attend kindergarten. If a student is held back even 1 year, most likely that student will not graduate from college until after turning 22. This law has only been in effect for about 5 years so we do not know how many future college students this will affect.

I would like to thank my colleagues Mr. BATEMAN, Ms. MORELLA, Mr. PAYNE, Mr. SANDERS, Mr. HOCHBRUECKNER, Mr. McCLOSKEY, Mr. BOEHLERT, Ms. KAPTUR, Mr. MURPHY, Mr. SLATTERY, Mr. FROST, Ms. JOHNSON, and Mr. HANSEN for joining me as original sponsors of this bill and I would urge all of my colleagues to join me in cosponsoring the bill I introduced today to amend the Federal Employee's Health Benefits Program to cover unmarried, dependent, full-time college students.

**TAX FAIRNESS FOR
RESTAURANTEURS**

HON. MICHAEL A. ANDREWS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1993

Mr. ANDREWS of Texas. Mr. Speaker, today Congressman SUNDQUIST and I are introducing legislation that rectifies an unjust tax on small businesses across the country that has restricted job growth. As someone who worked his way through college by waiting tables, I am certainly sympathetic to arguments by restaurant owners that they are hindered in hiring workers because of this onerous tax.

Under a provision of the 1987 Omnibus Budget Reconciliation Act, an employer is unfairly required to pay payroll taxes on nonpayroll tip income. Furthermore, Federal law treats all employee tip income as employer-provided wages for tax purposes, while only treating \$2.12 per hour as wages for purposes of meeting the minimum wage. Not only has this requirement placed extreme financial burdens on thousands of businesses across the country, it has also greatly increased the paperwork burden falling upon them.

Because of the FICA tax change, employers have found themselves in an unenviable position: in encouraging employees to report accurate—usually higher—tip amounts, employers increase their own FICA tax liability. The law also puts employers at the mercy of their tipped workers. Although employers have no control over the tips their employees receive or report, employee underreporting could subject employers not only to payment of back taxes, but possibly to penalties and interest as well. Thus, the FICA tax has created a direct financial interest for employers in the private tip transaction between patron and server. The effect of this has been to worsen employer-employee relations.

Prior to this change in the law, employers paid taxes only on the cash wages and the tip credit of their employees. The bill we are introducing today provides businesses with a dollar for dollar tax credit against income taxes for the amount of FICA taxes paid on tips.

Making this change in the law would provide tremendous relief to the food service industry,

